



The City of Calgary, Alberta  
**Annual Report**

for the year ended December 31, 2011

*Moving Calgary Onward*

calgary.ca | call 3-1-1

**Onward/ 2020 Sustainability Direction:** By 2020, The City demonstrates that a broad representation of our citizen's voice has been considered in setting priorities and delivering services.



# The City of Calgary, Alberta Annual Report

for the year ended December 31, 2011

Produced by the Chief Financial Officer's Department  
of The City of Calgary, in cooperation with all  
civic departments, offices and agencies.

**Onward!** The 2011 Annual Report highlights  
the ways in which we're creating  
meaningful, accessible conversations with citizens. | **2020  
Sustainability Direction:** By 2020, The City demonstrates  
that a broad representation of our citizen's voice has been  
considered in setting priorities and delivering services.

## PLAN OF THE TOWN OF CALGARY

BEING PARTS OF SECS 14, 15 & 16 T<sup>4</sup> 24 R<sup>4</sup> W, WEST OF 5<sup>TH</sup> M<sup>10</sup> SOUTH OF BOW RIVER

compiled from Registered & Govt Plans by  
Messrs Jephson & Wheeler D.L. Surveyors

CALGARY & NEW WESTMINSTER

Jephson & Wheeler  
D.L. Surveyors  
Calgary & New Westminster  
March 24<sup>th</sup> 1891

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## CALGARY AT A GLANCE

**1,096,833** Population (est. April 1, 2011)

**25,318** Population growth (2011)

**5.7%** Unemployment rate

**3.0%** GDP growth (2011)

**7,726** Single-detached and multiple-family housing starts

**\$4.54** Billion worth of building permits issued

**35.7** Average age

**2,405+** Hours of sunshine per year

**21.0°C** Average daily max. summer temperature

**0.4°C** Average daily max. winter temperature

*The printed version of The Year in Review highlights many of 2011’s significant accomplishments. This document can be downloaded at [calgary.ca/annualreport](http://calgary.ca/annualreport).*

In recent years we have increased our use of web-based communications. This allows us to reduce the size of our printed report, the number of copies produced and adhere to City policies on fiscal restraint and environmental responsibility.

# ONWARD

## ***Borrowing from a rich past. Speaking to a great future.***

*Since the earliest days, when pioneers first pitched their tents at the confluence of the Bow and Elbow rivers, one word best tells the Calgary story — Onward.*

*Only six letters and two syllables, Onward communicates a mindset, an attitude our city has always counted on to move forward.*

From incorporation as a town in 1884, then as a city in 1894, to becoming the one word engraved on our City crest in 1902, Onward is our official motto, guiding councils and administrations in serving generations of citizens.

This year, Onward enjoyed its own form of incorporation. In August, coinciding with the launch of our new **calgary.ca** website, we told Calgarians about a new role for Onward.

Onward will be a voice, we said, speaking in plain language to a citizenry that has big ambitions. Through efforts like imagineCALGARY and Plan It Calgary, thousands of

people have communicated their vision to City leaders, saying how they want to make a great city even better in a sustainable future.

That's where Onward comes in.

It's our job to provide the services and programs citizens want, while spending taxpayer dollars effectively. Importantly, we must tell citizens in clear language what we're doing and how it aligns with achieving their vision.

To do so, we'll use **Onward!** When new projects and services are brought forward in the future, any communication with citizens will begin with the **Onward!** visual.

It's a signal, a promise to provide a concise explanation of how these projects or services meet citizen expectations.

We think it's an exciting time in our history.

For a city always striving to be better, **Onward!** provides a new foundation, a form of communication that borrows from a rich past and speaks directly to meeting Calgarians' visions for the future.



*“Onward as a word means moving forward, shaping our future. Onward defines the essence of who The City of Calgary is.”*

*– Cindy Pickett, Director, Customer Service & Communications*

# MESSAGE FROM THE MAYOR

*In 2011, my City Council colleagues and I promised our bosses — more than one million Calgarians — that, every day, we'd work hard to make the lives of Calgarians better. And we're delivering on that promise. We call it Transforming Government.*

This year's annual report includes concrete examples of what we've done and how we're delivering on the promise of imagine-CALGARY — the 100-year vision for our city.

Transforming Government is happening everywhere. In 2011, for example, The City, for the first time, asked Calgarians for their budget ideas before Administration developed its 2012-2014 business plans and budgets.

also introduce a smart card to make using the bus or train even easier.

We've also made it more convenient to access information and hundreds of City services, like buying a dog licence or booking a tee time online at the new calgary.ca. There is also an e-trades initiative that lets new City-qualified trade applicants input their information application online. And I know that

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*Beyond budgets and buildings, Transforming Government means improving people's everyday lives and interactions with The City.*

---

More than 23,000 people joined a process that was inclusive, extensive, and insightful to collaboratively prepare for the next three-year business cycle.

In 2011, Council also created a new community investment fund to support new projects and necessary upgrades across Calgary — things like building the new central library or fixing a community pool's leaky roof.

Calgary Transit made it easier for commuters at LRT stations by installing ticket vending machines that accept debit and credit cards and provide change, and now there are new signs that tell you when the next train is coming. In 2012, Calgary Transit will

the teams who are making government even more accessible are hard at work putting more services like this online.

In short, we're working hard to transform government for Calgarians, and we're getting things done to make our great city even better.



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 and want. In carrying out its many duties, City Council must respond to citizens' immediate concerns, as well as anticipate emerging opportunities and plan for the community's long-term development and growth.*

Accordingly, City Council members sit on a wide variety of boards, commissions and committees, ranging from the Family and Community Support Services Association, to the Calgary Police Commission, and from the Calgary Public Library Board to the Calgary Stampede Board. Their participation provides a critical link between Calgary's communities and the workings of the municipal government.

The City has implemented significant corporate governance in line with the current best practices following the Corporate Governance Guidelines of the Canadian Securities Administrators to the extent they may be applicable to municipalities.

City Council's members — 14 Aldermen, each representing a ward, and the Mayor, representing the entire city — are

elected by and accountable to the people of Calgary.

Their nominating committee is the electorate, and they remain independent from the civic administration for as long as they hold office. The Mayor and Aldermen hold office for three-year terms.

After every civic election, the City Clerk and City Solicitor brief new Council members on the responsibilities of their office, the Procedures Bylaw, and other information pertinent to their positions, including ethical guidelines which require them to excuse themselves from any and all discussions involving issues in which they have a pecuniary interest. Throughout their term in office, Council members pursue ongoing training and education.

Upon accepting a position on City Council, all Council members are required to take an Oath of Office. A copy of this oath is available from the Corporate Records Centre on the main floor of the Administration Building, or on [calgary.ca](http://calgary.ca).

Council meets on two Mondays each month. One of these meetings is a regular Council meeting where the issues from the policy committees are discussed and the results of any strategic planning sessions are shared. The other meeting is a combined Council meeting and public hearing where planning matters are also discussed.

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

## City of Calgary committees

In 2011, Council set priorities, established policy and made decisions based on information from strategic sessions, as well as from various committees, including the Personnel and Accountability Committee (PAC), and four Standing Policy Committees (SPCs): Finance and Corporate Services; Community and Protective Services; Land Use, Planning and Transportation; and Utilities and Environment. The four SPCs are responsible for policy formation and decision-making in these areas.

In December, Council adopted a new governance model for its Standing Policy Committees to better reflect the current needs of our city. Beginning Jan. 1, 2012 Council

now has a new Priorities and Finance Committee, which will take on the responsibility of PAC as well as the Finance portfolio. Its four Standing Policy Committees are: Community Services & Protective Services; Utilities and Corporate Services; Planning and Urban Development; and Transportation and Transit.

During 2011, PAC oversaw the nominations and appointments to various boards, committees, commissions and other bodies, and created and maintained a process for the regular review and reporting of Council's legislative governance practices. This committee also provided annual written performance evaluations and ongoing monitoring of the City Manager as required by the Municipal Government Act.

The Audit Committee, which is comprised of five Council members and two citizen members — one of whom must be a professional accountant — oversees the activities of the City Auditor's Office, the Legislative Resource Group, the external auditors, and The City's internal controls and management information systems to help ensure Administration's accountability to Council and adherence to the Integrated Risk Management Policy.

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

### ***City of Calgary policies***

In conjunction with the Audit Committee, PAC was also responsible for overseeing the overall governance principles of The City, recommending any changes to these principles, and monitoring their disclosure. These include The City's Code of Conduct Policy and Conflict of Interest Policy, which apply equally to all City employees and provide guidelines for employee conduct in fulfilling their day-to-day responsibilities.

The Council-approved Whistle-blower Policy is also a part of The City's ongoing efforts to support open, ethical, accountable and transparent local government. This policy provides additional mechanisms to ensure processes are in place to prevent, detect, report and investigate any suspected acts of waste or wrongdoing.

Other policies directing employee behaviour in the workplace include the Acceptable Use of City Technology Resources Policy, Occupational Health and Safety Policy and a Respectful Workplace Policy that is committed to creating and sustaining a vibrant, healthy, safe, ethical and caring work environment where all employees are treated with respect, honesty and dignity.

Council employs a Triple Bottom Line decision-making approach that takes into account the potential environmental, social and economic impacts of The City's actions and operations.

The City's enviroSystem, our ISO 14001-Registered Environmental Management System, helps identify, track and continually improve The City's performance and decision-making.

The City's Sustainable Environmental and Ethical Procurement Policy also supports the purchase of products and services that minimize any negative impact on society and the environment, while obtaining good value for money.

Goods and services are sourced and contracted through policies and procedures that are designed to manage risk, optimize value and provide a fair and transparent business environment for suppliers.

Council leads an accountable and transparent business planning and budget preparation process by directing Administration with early guidelines for spending on services and revenue generation, and by providing opportunities for public review, engagement and comment on the budget prior to approval.

The City of Calgary employs a three-year business planning and budgeting process. In November, Council approved the 2012–2014 business plans and budgets, and annually reviews and approves recommended adjustments.

Public availability of The City's financial information is a cornerstone of transparency and accountability. To this end, The City ensures that information pertaining to budgets, consolidated financial statements and regular status reporting is readily accessible through [calgary.ca](http://calgary.ca).

With The City's *engage!* Policy, Council assigns priority to informing and involving citizens and other stakeholders early on, and throughout the process, when the decisions impact their lives. Through an annual survey of Calgary's citizens, Council is able to regularly monitor public satisfaction with the delivery of services, and consider citizen preferences for the nature and delivery of future services to the public.

The City has implemented corporate governance policies and practices which safeguard the public interest and promote transparency and accountability at all levels within the organization.

***For more information about City Council, the various boards, foundations and committees, and any of the policies referenced above, visit [calgary.ca](http://calgary.ca) or call 3-1-1.***





# CITY COUNCIL



**Ward 1 Alderman**  
Dale Hodges



**Ward 2 Alderman**  
Gord Lowe



**Ward 3 Alderman**  
Jim Stevenson



**Ward 4 Alderman**  
Gael MacLeod



**Ward 5 Alderman**  
Ray Jones



**Ward 6 Alderman**  
Richard Pootmans



**Ward 7 Alderman**  
Druh Farrell



**Ward 8 Alderman**  
John Mar



**Ward 9 Alderman**  
Gian-Carlo Carra



**Ward 10 Alderman**  
Andre Chabot



**Ward 11 Alderman**  
Brian Pincott



**Ward 12 Alderman**  
Shane Keating



**Ward 13 Alderman**  
Diane Colley-Urquhart



**Ward 14 Alderman**  
Peter Demong

# MESSAGE FROM THE CITY MANAGER



*On behalf of The City of Calgary Administration, I am proud to present the 2011 annual report.*

Citizens and stakeholders have asked The City to be more transparent and open about how we plan for and use public funds, whether raised through taxes, user fees or other sources. At the same time, The City has regulatory bodies whose reporting requirements we must meet annually. Our corporate annual report tries to meet the needs of both audiences. It sheds a light of accountability on the financial aspects of The City's annual work, as well as its programs and services.

I invite you to have a look and see how The City supports the daily life of a community of nearly 1.1 million people. In 2011, we sought to be efficient and effective as we provided the services Calgarians say they value most: protective services, public transit, and a safe environment that looks and is healthy, clean and vigorous. We also pursued the long-term vision our citizens have for their community.

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*To meet citizen expectations we use a cycle of three-year business plans and budgets that positions The City to achieve incrementally our long-term vision — the ideas that flow from 100-, 60-, 30- and 10-year policies, plans and strategies.*

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In 2011, we began a new chapter in the budgeting process. Not only did we invite Calgarians to participate in developing the three-year business plans for 2012-14 (which they did — see page 25 for the story), we drew a direct line between the money The City receives and the services we provide. We worked closely with Council to insure the priorities expressed in the Fiscal Plan for Calgary led to strategic outcomes. And, through adoption of the 2020 Sustainability Direction, we made sure that our plans work as well for the generations to come as for today's citizens.

Results from the 2011 annual Citizen Satisfaction survey tell me the bar is high. Over 92 per cent of Calgarians surveyed gave The City a positive rating for overall performance. Four in five (80 per cent) rated our service quality as consistently high, and 86 per cent believe we're on track to becoming a better city.

We have traction, and the employees at The City of Calgary are ready to build momentum as we move Calgary onward.

Owen Tobert, P. Eng.  
City Manager

# AUDIT COMMITTEE

***Calgary City Council is responsible for ensuring that The City's Administration fulfils its responsibilities for financial reporting, internal control and risk management. To assist in fulfilling these responsibilities, Council established the Audit Committee.***

One of Audit Committee's principal goals in fulfilling its mandate is to provide a standard of audit governance for The City which is comparable to the current standard for audit committees in the public and private sectors. Audit Committee membership consists of seven independent members appointed by Council: five Council members who are elected by the citizens of Calgary and two volunteer citizen members who are currently professional accountants.

The City's Audit Committee oversees the activities of the External Auditor, the City Auditor's Office and the Legislative Resource Group to help ensure Administration's accountability to Council. To fulfil The City's provincially legislated audit requirements, the Committee engages an independent external auditor. Deloitte & Touche LLP are The City's current external auditors.

Deloitte & Touche carried out the audit of The City of Calgary's 2011 financial accounts, in accordance with generally accepted auditing standards, and had full and unrestricted access to Audit Committee to discuss the audit and related findings, as to the integrity of The City's financial statements and reporting processes. Audit Committee reviews The City's Annual Financial Statements and

recommends Council approval of The City's financial statements as audited by the External Auditor and presented in this 2011 Annual Report.

The City Auditor's Office is fully independent of The City's Administration and reports directly to Council through Audit Committee. The City Auditor's independence and Terms of Reference are empowered by The City Auditor Bylaw. The City Auditor's Office provides the independent internal audit function for The City of Calgary. The City Auditor submits an annual work plan to Audit Committee for approval. Open disclosure is encouraged and all audit reports are provided to Audit Committee and reviewed as completed. Audit reports are a matter of public record.

Audit Committee oversees procedures, through the City Auditor's Office and the Whistle-blower Program, for the receipt, retention and treatment of complaints or allegations of wrongdoing received from City employees or members of the public.

As reported in this narrative in 2010, an independent third-party Quality Assessment Review carried out on the City Auditor's Office in 2010, found several deficiencies in the City Auditor's Office. The review determined that the audit office generally did not meet the Institute of Internal Auditors (IIA)

standards. Audit Committee recommended that Council approve the appointment of a new City Auditor who commenced employment with The City of Calgary in early 2011. There has been much progress made in achieving IIA standards by the City Auditor's Office in 2011.

The Audit Committee, through its sub-committee on Personnel, is developing an annual performance review process for the City Auditor. This review process was used on a trial basis for the City Auditor's 2011 performance review. The Audit Committee feels the development of a vigorous formal performance review process is an important step in ensuring the City Auditor's Office meets professional standards.

Audit Committee maintains formal Terms of Reference for itself, which it reviews regularly to ensure they reflect best practices in audit governance. Major areas of focus for Audit Committee, in addition to those mentioned above, include the oversight of The City's integrated risk management framework, financial disclosure and accounting practices, code of conduct, legal compliance and the corporate governance practices of The City's major autonomous civic entities.

The Audit Committee did a major review and revision of its Terms of Reference in

2011. The revised Terms of Reference were approved by City Council in 2011. The new Terms of Reference will form the basis of an Audit Committee Bylaw that will be reviewed, and recommended for City Council approval, by the Audit Committee in 2012. The new bylaw, when approved, will replace the current Terms of Reference after the 2013 municipal election.

There are several key changes in the new Audit Committee Bylaw from the current terms of reference, including: a change in the mix of citizen and Council members for the Audit Committee; non-committee Council members will not be able to vote at Audit Committee meetings; Audit Committee, and Council, will only be able to add projects to the City Auditor's work plan and cannot remove projects from the work plan, and the City Auditor's Office will receive a Quality Assessment Review at least every five years, per IIA standards. These changes will ensure that the Audit Committee's mandate will be current and more able to address its audit governance role.



Brian Pincott  
Alderman, Ward 11  
Chairman, Audit Committee

# CITY OF CALGARY ADMINISTRATION

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

It is Administration's responsibility to provide, manage and sustain civic infrastructure, facilities and programs that support the quality of life that is so much a part of Calgary's appeal. City Administration must also anticipate change and identify potential opportunities, then put in place the municipal services that will enable those opportunities to become realities.

By its very nature, a city is constantly evolving to reflect the needs and values of its citizens and businesses.

## *The role of the City Manager*

The City Manager, who leads the Administrative Leadership Team (ALT), oversees all work of The Corporation and its thousands of employees, and reports to Council on a regular basis.

The City Manager implements the decisions of Council, provides advice to Council and manages City Administration. He is responsible and accountable for ensuring all City work, projects, operations and services comply with Council's policies, priorities and direction.

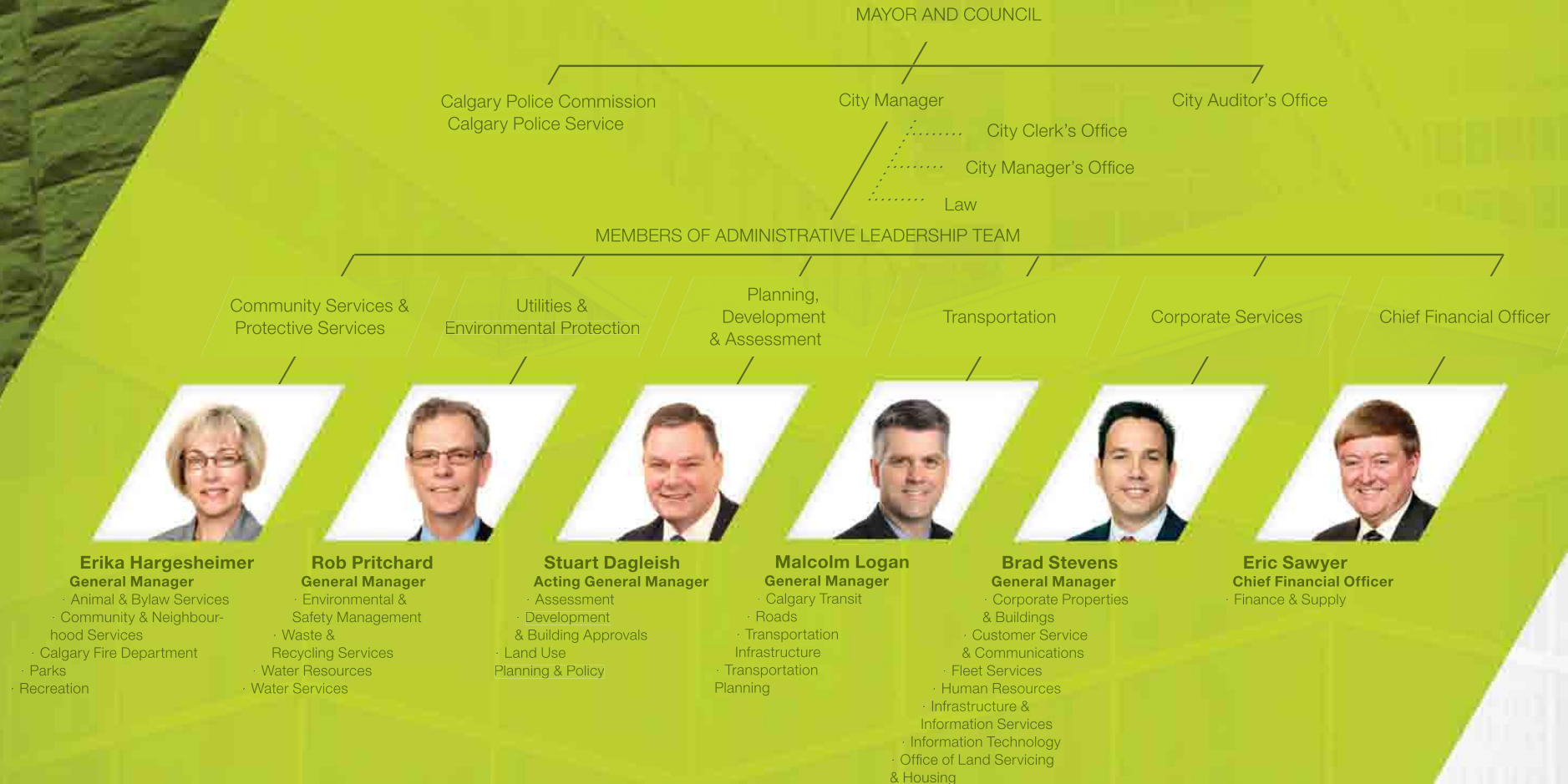
## *The City's administrative leaders*

The ALT oversees all City operations and strategic management, leading, managing and co-ordinating The City's programs, projects and initiatives.

The ALT also plays a major role in developing and implementing public policy, balancing the priorities and best interests of the community with The City's corporate goals and available resources.



## THE CITIZENS OF CALGARY



# INFRASTRUCTURE

*We continue to invest in infrastructure to facilitate and accommodate our vibrant city's growth. Four key projects underscored The City's commitment to long-term sustainability.*



## **West LRT: Seeing is believing**

West-end Calgary commuters do see light at the end of the tunnel. The biggest infrastructure project in Calgary's history—the eight-kilometre West LRT line—reached major construction milestones in 2011.

Perhaps most prominent, the 1.5-km elevated guideway was completed in April, 10 months after work began.

Substantial work was done on the LRT tracks. All six LRT stations were well underway, including the Sunalta elevated guideway location and the underground station at Westbrook. And Bow Trail, a major artery, returned to normal traffic along with most area roadways.

This year, we also made presentations to school children that included promoting the benefits of public transit and began discussions with residents around landscaping options in affected areas.

**Since 2010, when shovels went into the ground, The City has helped citizens take "ownership" of the line—through community and business face-to-face meetings, email newsletters, mail-outs, traffic alerts and a dedicated West LRT website.**

**When completed, West LRT will reduce traffic congestion, help the environment and increase transportation options—paving the way for a neighbourhood renewal citizens are poised to embrace.**

**Onward!** West LRT construction is responding to the transit needs of an area expected to grow by 30,000 people in 20 years. | **imagineCALGARY vision:** By 2036, transit trips per capita increase 40 per cent over 2006 levels.

### **Transportation Infrastructure Highlights**

- Opened Métis Tr. from Country Hills Blvd. to 80 Ave. N.E.
- Opened the Schooner Landing Pedestrian Bridge which links Tuscany and Scenic Acres and connects to the Crowfoot LRT station.
- Substantial completion of Phase 2 of Elbow Drive Road Reconstruction program (Glenmore Tr. to 50 Ave. S.W.).
- Re-opened downtown LRT platforms: 4 St. S.W., City Hall North and City Hall South.
- Completed Phase 1 of 52 St. S.E. Widening project (six lanes from Glenmore Tr. to 90 Ave. S.E.).
- Opened 96 Ave. N.E. from 60 St. N.E. to Stoney Tr.

## Ralph Klein Park: “Eco” in every way



*“The water looks like an artist painted mountains into the surface of it. It’s like waves frozen in time until spring comes along to thaw it out.”*

– Grade 4 student

**Onward!** The City works to educate our decision-makers of tomorrow about environmental sustainability and action. | **imagineCALGARY vision:** By 2016, 100 per cent of Calgarians have access to quality learning opportunities that allow them to achieve their full potential.

**Calgary’s newest park opened June 18. Named for Ralph Klein, Calgary’s 32nd Mayor and Alberta’s 12th Premier, the park engages citizens, young and old, in helping build a more sustainable future through environmental leadership.**

Engagement takes shape in different ways. The park creates an environment where citizens can picnic, enjoy public art, visit orchards and learn in a setting that offers something “eco” for everyone, including

a 25 per cent full-day rental discount for group events that produce zero waste.

It’s also protecting our rivers, something Calgarians care deeply about. We’ve built the largest constructed stormwater treatment wetland in the country (156 hectares/385 acres).

This wetland functions as a stormwater storage facility, capable of handling a 1-in-100-year flood event, and naturally filters stormwater, to improve its quality,

before being discharged back into the Bow River.

Finally, the park takes a holistic, interdisciplinary approach to education. The Encana Eco Action School helps students learn through wetland study stations, learning gardens, a weather station and an outdoor amphitheatre.

“I had a life-changing experience,” said Grade 4 student Morgan, who visited the school with her classmates in 2011. “We all thank you for having the idea to make

an education centre. I learned why you did this and I am amazed.”

Added a second student: “Is this park open at night? It is? Great because you guys are like a big hotel for animals and I want to come see who comes to visit.”

Comments such as these clearly demonstrate that students are learning about ecological literacy and action, and better understanding how it relates within our community. It might be considered a life-changing experience.

### Parks Highlights & Awards

- Parks was awarded the Sustainable Architecture & Buildings Award for the Environmental Education Centre at Ralph Klein Park, which also received LEED Gold Certification.
- Parks won the Regional Honours Award in the category of Landscape Management from the Canadian Society of Landscape Architects, for The Nose Hill Park/Trail and Pathway Plan.
- The Environmental Education Centre also won the award in the City Edge Developments category at the 2011 Mayor’s Urban Design Awards.
- The restoration of Central Memorial Park earned the Parks Excellence Award from the Alberta Recreation & Parks Association.
- The man-made wetland at Ralph Klein Park is the largest in Canada.

## Calgary Transit: A four-car future

Calgary's Light Rail Transit system is amongst the busiest and most popular in North America.

In 2011, The City continued upgrading LRT platforms with the primary goal of accommodating four-car CTrains in the future. Currently, we use three-car CTrains, each car capable of carrying 200 riders.

In total, we revamped eight more platforms throughout Calgary. Work continued along the 7 Avenue downtown core, where, at all stations, we're incorporating the modern design

of steel and glass canopies, including streetscape, furniture, sidewalk and lighting improvements.

Overall, ridership on CTrains and buses moved upward: 96.2 million riders in 2011 compared to 94.4 million in 2010.

**Public transit is safe and effective. It's also good for our environment. Calgary's CTrains travel about 5.1 million kilometres annually, carrying more than 270,000 people each weekday while powered by wind-generated electricity.**

**Because City LRT uses wind-generated electricity, that adds up to a reduction in carbon dioxide emissions equivalent to eliminating eight million private vehicle trips on city streets annually.**

As part of our investment for the future, we added 30 next-generation CTrain cars to our fleet and modernized our bus and shuttle service with 50 additional 40-foot buses and 35 shuttles. Our entire shuttle fleet is now low floor and accessible, helping meet the transportation needs of more Calgarians with disabilities.



**Onward!** The City is currently upgrading LRT stations to accommodate four-car trains. | **imagineCALGARY vision:** By 2036, peak period transit travel to downtown will increase 50 per cent.

### Calgary Transit Service Improvements

- With the assistance of Mayor Naheed Nenshi's Office, set up a citizen-based Customer Advisory Group to provide customer input and feedback on transit initiatives and service
- Implemented CTrain station displays to provide customers with information on when the next three trains will be arriving at their station.
- Ticket vending machines installed at CTrain stations to provide change and accept debit and credit card payment for fares.
- Upgraded the Closed Circuit Television security system to better ensure the safety and security of Transit customers.
- Established Twitter and Facebook accounts to communicate with customers.
- Began offering reserved parking at most LRT Park and Ride lots.



**Onward!** Historic restorations like The Public Building help reduce energy consumption and improve sustainability. | **imagineCALGARY vision:** By 2036, all new and retrofitted non-residential buildings are built within five per cent of the highest energy- and water-efficient designs.



## Calgary Public Building: As good as gold

We're a young city, relatively speaking. However, historic buildings like the Calgary Public Building, are part of our heritage, to be maintained and celebrated. That's precisely what we've done with this downtown landmark.

In 2008, The City began a major renovation to breathe new life into what had become a tired, dark and inefficient building.

**The City focused on three key goals in this undertaking: to improve the building's energy efficiency; retain as many original features as possible; and provide a modern and healthy workspace.**

### Mission accomplished!

Today, 60 per cent of the building's water is solar heated, resulting in 30 per cent energy savings. Skylights

reduce energy used for lighting by 34 per cent. Overall greenhouse gas emissions are reduced by 56 per cent, while the building has achieved LEED gold status, with LEED platinum status pending.

The 6th floor is restored as closely as possible to the original configuration. The manually operated brass elevator still carries staff to their floor. And the Manitoba Tyndall stone facade and Ionic columns remain an impressive sight for Stephen Avenue Mall pedestrians.

Finally, while the workspace meets modern standards, capacity has been boosted by 25 per cent and can house up to 300 City employees. This means The City is able to accommodate a growing workforce here and not have to build, buy or rent new space.

Constructed at the beginning of the Great Depression, The Calgary Public Building's transformation is remarkable — saluting our heritage and serving our future.

Glenbow Archives NA-4798-1



### Infrastructure Highlights & Awards

- The Secondary Suites Grant Program received 119 applications.
- Administration was given the green light to proceed with the Airport Trail Tunnel.
- Received the Award of Merit for the Municipal Development Plan and Calgary Transportation Plan at the annual Alberta Professional Planners Institute Conference.
- Received the Canadian Institute of Planners' Planning Excellence Award for The Downtown Underpass Urban Design Guidelines.
- The Office of Land Servicing & Housing (OLSH) obtained Council approval for 103 new affordable housing units.
- Council approved the long-term Cycling Strategy to enhance and promote cycling in Calgary.

# ENVIRONMENT

## Pilot project gets the green light

**Most Calgarians want to reduce the amount of household waste going into landfills. Actually, it's almost unanimous.**

We know citizens are thinking green. In April 2011, we had further confirmation when 96 per cent of citizens surveyed by Ipsos Reid said they want to reduce the amount of waste going to landfills. And more than four in five (83 per cent) also supported

starting a program to divert food and yard waste from our landfills.

This year, The City took another step toward our key 80/20 by 2020 strategy, our plan to divert 80 per cent of our waste from landfills by the year 2020.

**City Council gave the go-ahead for a green cart pilot project to begin in 2012. About 7,500 homes will participate, testing weekly collection of food and yard waste and bi-weekly collection of garbage.**

**Food and yard waste makes up nearly 60 per cent of residential garbage going to landfills for disposal and represents the biggest opportunity as individuals, to achieve Council's 80/20 by 2020 goal.**

This organic material in a landfill does not break down into useful compost because of the lack of oxygen but instead produces carbon dioxide and methane, greenhouse gases that contribute to climate change.

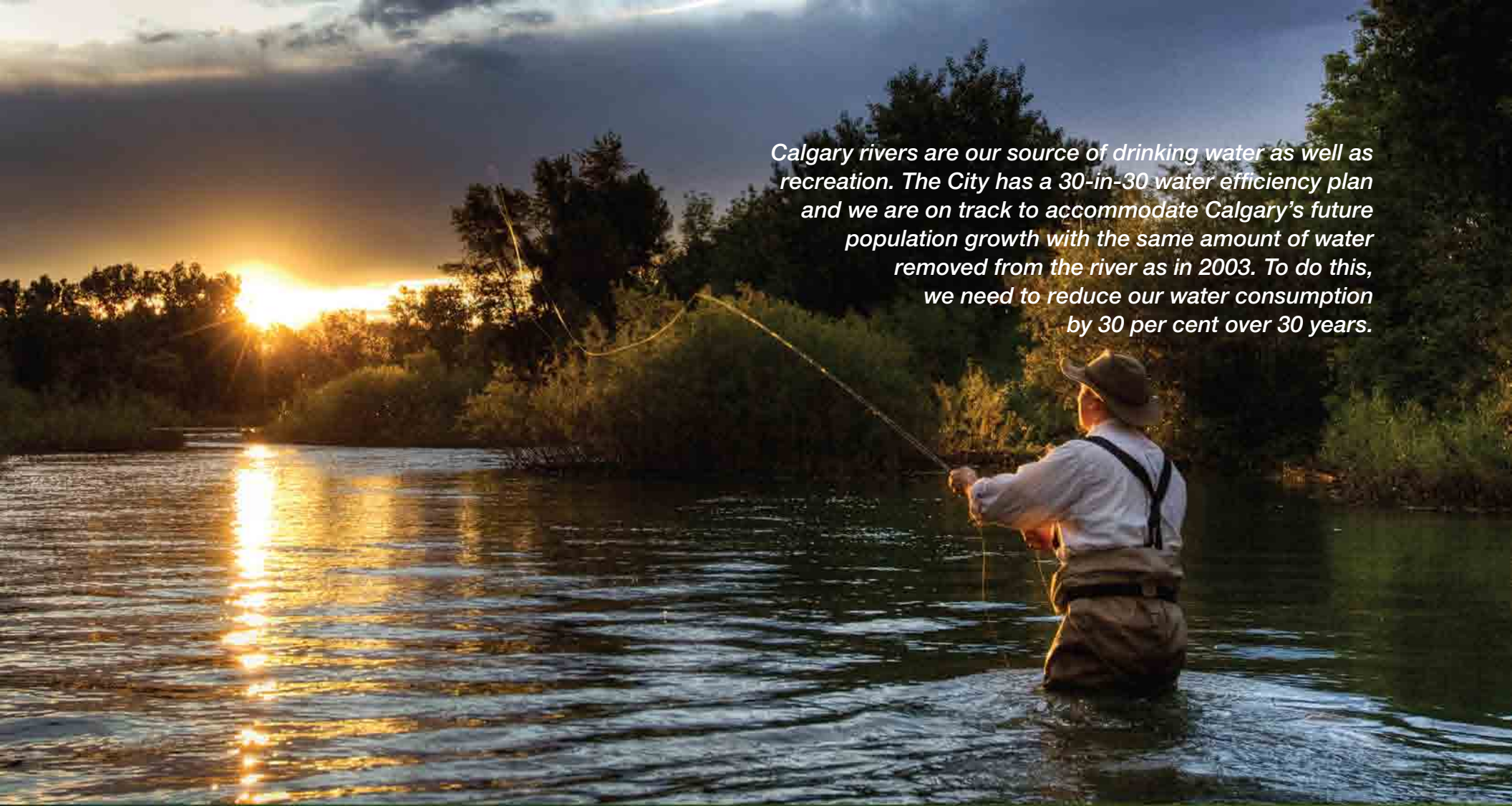
Green carts will be piloted in four communities starting in March 2012. The data obtained from the pilot will provide important information including the amount of material collected and composted, and customer experience.

The introduction of green carts builds on the successful launch of blue cart recycling in 2009. The delivery of 300,000 blue carts made it easier for Calgarians to recycle. With the blue carts in place, Calgary is recycling more than ever and has increased the amount of material collected and turned into new products by over 30,000 tonnes annually which is an increase of 75 per cent.

Green carts will further reduce the amount of material heading to landfills. In fact, by fully participating in the blue and green cart programs residents could recycle or compost nearly 70 per cent of all household waste.

**Onward!** Green Carts are helping citizens divert even more residential food and yard waste.  
| **2020 Sustainability target:** By 2020, achieve 80% diversion of waste from City-run landfills.





*Calgary rivers are our source of drinking water as well as recreation. The City has a 30-in-30 water efficiency plan and we are on track to accommodate Calgary's future population growth with the same amount of water removed from the river as in 2003. To do this, we need to reduce our water consumption by 30 per cent over 30 years.*

### Environment Highlights & Awards

- Received Bow River Habitat Award from Trout Unlimited Canada for protecting water quality in the Bow by treating wastewater to the highest standards.
- Installed four remote flood-water surveillance cameras to monitor Bow and Elbow River levels in real time.
- Corporate Properties and Buildings awarded a Leadership in Energy and Environment Design (LEED) Gold certification for Valley Ridge Fire Station and a Silver LEED rating for Ad Valorem Place.
- Achieved the lowest per capita water use by the Siemens Green Cities Index.
- Enhanced garbage collection with the delivery of 300,000 black carts. The carts are safer, more efficient and have reduced litter resulting in cleaner neighbourhoods.
- The Christmas tree pick-up program diverted 36,000 trees from City landfills.
- Collected almost 2.25 million kilograms of materials as part of the Leaf and Pumpkin Composting program.
- Awarded the Green Champion Award by The Federation of Canadian Municipalities for commitment to environmental issues.
- Installed solar thermal panels at Southland Leisure Centre to help heat pools and reduce natural gas purchases.
- Over 12,000 flat rate customers converted to water meters, helping work towards water efficiency targets.
- The Calgary Fire Department and Parks won the National Municipal Environment Award from the Canadian Association of Municipal Administrators for the Water Re-use Project at the Fire Training Academy.

# COMMUNITY: LIFESTYLE

**Onward!** We are investing in complete communities through the community investment fund.

| **imagineCALGARY vision:** By 2036, Calgary increases the number of amenities and spaces that encourage human interaction and upgrades personal protective equipment for emergency responders.

## Meeting needs

*On July 25, City Council created a community investment fund to support new projects and critical lifecycle upgrades across Calgary.*

The commitment is substantial. We'll invest more than \$252 million over the next five years.

And Calgarians will know when, where and the cost of each project and upgrade. Details will be posted at [calgary.ca](http://calgary.ca) with current information, whether it's construction of new recreation centres or playground upgrades.

Funding became available through a 2011 Alberta government decision that reduced The City's provincial property tax burden. The result is projected cash flow of about \$42 million annually.

The additional funding puts taxpayer money back into Calgary communities, into projects citizens want. Since 2005, community needs have been identified through a rigorous Council-approved process.

This has led to a prioritized list of community projects, large and small. The list includes new facilities such as a central library and recreation centres, as well as lifecycle upgrades for existing facilities that include cultural and sport facilities, parks, fire stations and fire equipment.

**Projects vary in scope, but each supports The City's plan for complete communities – neighbourhoods Calgarians want to live and remain in, where there's a strong sense of community and pride.**

They're investments that directly support a greater quality of life; things that contribute to safe, sustainable and vibrant neighbourhoods for all Calgarians.



**Onward!** The City helped coordinate a Royal Tour that was safe, fun and could be enjoyed by all. | **imagineCALGARY vision:** By 2036, 95 per cent of Calgarians report they have many opportunities for the enjoyment of nature, arts and culture.

## Calgarians get the royal treatment

*They were married in a fairytale wedding at Westminster Abbey in April. The world was smitten.*



Then, only three weeks before the 2011 Calgary Stampede, came the official announcement: Will and Kate, The Duke and Duchess of Cambridge, were coming to town.

It was short notice and The City two-stepped into action. We mobilized an interdepartmental team that included the Calgary Emergency Management Agency, Parks, Recreation, Roads, Communications, Infrastructure & Information Services, Transit, Police and Fire.

Public access to the royal couple was limited. Just three real opportunities to catch a glimpse of the world's most famous couple: in their motorcade along the parade route prior to parade kickoff; entering the Prime Minister's dinner at the BMO Centre; and at a public farewell event at Rotary Challenger Park.

The City wasn't the official tour host. City of Calgary staff worked with the RCMP to co-ordinate security and ensured the continuation of City services throughout the visit.

And we took the lead to ensure citizens had access to the BMO and Rotary Park events. Through social and traditional media, The City promoted and organized a free, wristband giveaway at Max Bell Arena. Calgarians desperately wanted the opportunity to see Will and Kate. We did so in the fairest way possible. People lined up overnight. In total, City workers and volunteers distributed 5,600 wristbands, the bearers given guaranteed access to the event sites.

At Rotary Challenger Park, Calgary Transit bused 3,100 wristband holders to and from the event from the Westwinds LRT station. The City also arranged for portable washroom facilities and extra security.

Each year, The City's involved in about 265 events and festivals — from music, art, culture, sports, food and theatre. Our business units and skilled staff provide expertise that citizens depend on for safe, family-friendly outings.

Just like Will and Kate, our goal is to provide Calgarians with the royal treatment.

### Community Highlights & Awards

- Improvements to Foothills Athletic Park made the site a competition-ready facility that hosted the 2011 Track and Field Championships.
- 66 new sites were added to the inventory of Evaluated Historic Resources.
- As part of the National Edition of Communities in Bloom program, Parks received a five-bloom rating in the Circle of Excellence Category for its open space leadership and stewardship in making Calgary an attractive place to live.
- Village Square Leisure Centre received the Disabled Legacy Award from the Alberta Advisory Board on Recreation for contributions to and endeavours in advancing the field of recreation for persons with disabilities.

# PUBLIC SAFETY

## Protecting citizens our priority

**Winds topped out at 149 km/h – Category 1 hurricane force – and media headlines soon declared Calgary’s downtown core a “war zone.”**



It was 1:05 p.m., Sunday, Nov. 27, when the Calgary Emergency Management Agency (CEMA) activated the Municipal Emergency Plan. In an unprecedented step, the decision was made to close down all traffic – vehicular and pedestrian – in the downtown core.

The closure was made to protect citizens as shards of glass and debris from highrise buildings whipped like deadly razors through downtown streets. The closure averted potentially catastrophic consequences for pedestrians and drivers. Only one minor injury was sustained by a firefighter.

CEMA’s role is to plan and co-ordinate emergency services and resources, and then help the recovery process in major emergencies and

disasters. Under the leadership of the director of CEMA, who is also Calgary’s Fire Chief, the agency works with 30 members and partners, including City departments, external members and not-for-profit partners.

CEMA coordinates its activities through its Emergency Operations Centre (EOC). In 2011, the centre was activated four times.

Twice, the activations were for emergencies: the November windstorm and major flooding in May. Twice they were planned activations: for the Calgary Stampede Parade and the Royal Tour.

**The windstorm highlighted advances The City and CEMA continue to make in protecting the public.**

**First, the use of social media to communicate the danger of high winds was, like the storm itself, unprecedented. The City’s media relations team, Twitter, Facebook, traditional media and the Alberta Emergency Alert (when TV and radio broadcasts are interrupted) spread the word quickly.**

Second, and 24 hours before the event, CEMA and its partners were alerted about the potential for dangerously high winds.

CEMA receives windspeed predictions and modelling from The City’s Development & Building Approvals’ EnVision system. Combined with knowledge gained during the November emergency, the technology al-

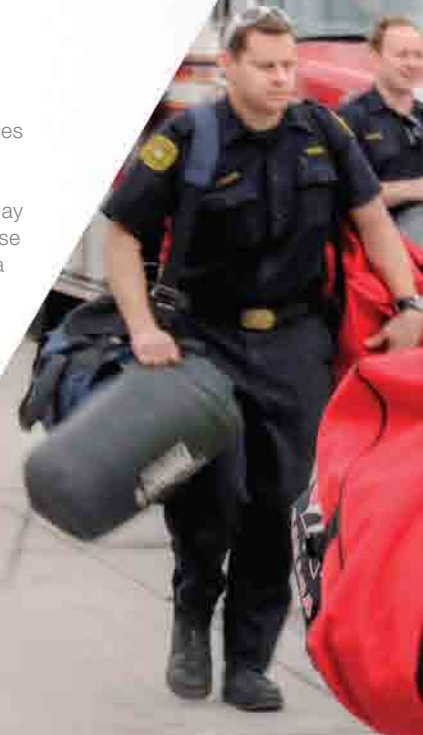
lows CEMA to plan for the staffing and resources needed in future events.

CEMA also co-ordinated operations during the May 26-29 flooding. Later the agency assisted those who sustained property damage by hosting a registration centre for the Province’s Disaster Recovery Program.

The Province provides funding through the program to municipalities and citizens who sustain uninsurable damage during severe weather events. More than 250 people applied for funding, either at the registration centre or through The City’s 3-1-1 system.

CEMA also coordinated The City’s application to the program, which totalled almost \$9 million.

**Onward!** The City’s use of social media like Twitter and Facebook means citizens can be updated in real-time during an emergency. | **2020 Sustainability target:** By 2020, communities will have demonstrated the resiliency to self-activate to respond to natural disasters.





## ***Calgary rallies to help Slave Lake***

***CEMA's leadership was front and centre during one of Alberta's worst-ever disasters.***

On May 15, 2011, a wildfire forced thousands of Slave Lake residents to flee town. More than two months later, when fires were finally extinguished, one-third of the northern Alberta town was destroyed, 400 homes and businesses burned to the ground.

Initially, at the Province's request, The City of Calgary deployed resources to assist with the Slave Lake fire. When local personnel and infrastructure were overwhelmed, the Calgary Emergency Management Agency was asked to run the Emergency Operations Centre.

As well as responding to aid in firefighting operations, the CEMA team began the recovery process for Slave Lake.

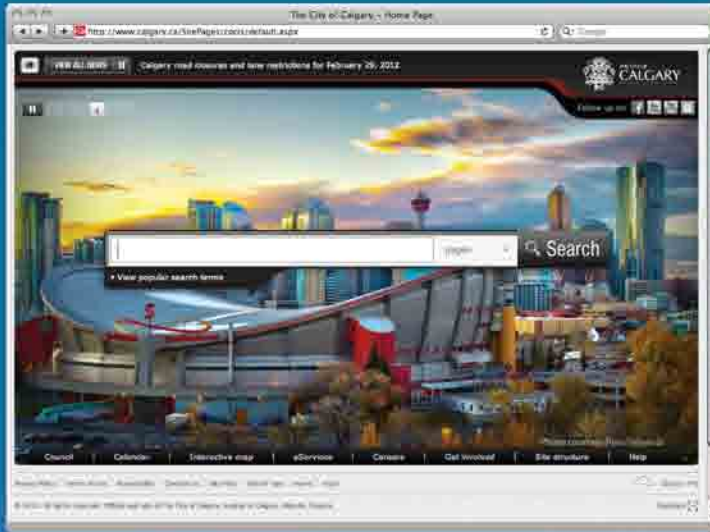
As part of its plan, the Business Continuity Team was already outlining necessary steps and strategies for the town's recovery while emergency operations were still underway.

### ***Protection Highlights & Awards***

- The water emergency operations centre (H2OC) was activated as a result of heavy rainfalls and annual spring run-off. The H2OC response included monitoring of river levels, and sandbagging and placing flood tubes to protect people, homes and critical City infrastructure.
- Received the Jim Gray Corporate Award for safety from Safer Calgary. The Award recognizes innovative and/or exemplary leadership in promoting and implementing safety practices and awareness.

# COMMUNICATION

**Onward!** Calgary.ca, the City's search-based website, helps citizens find information more quickly and efficiently. | **imagineCALGARY**  
**vision:** By 2036, Calgarians increase their use of communications technology to support sustainability.



*When we built the new calgary.ca website, we did something no other Canadian municipality had done. We broke the mould.*

## ***New website clicks with Calgarians***

*While most government websites can be complex to navigate, we opted for simplicity – by providing a Google-style search box on our home page.*

Need landfill hours? Type in “landfill” and click search. Renewing Rover’s licence? Type in “dog” and up pops a link. It’s easy and what citizens are used to when searching the Internet.

**On average, our new website welcomes 15,500 visitors a day. We liken that to filling up the Saddledome with citizens who have a question about City services and then answering each question in a quick, cost-effective manner.**

**Statistics show we’re giving Calgarians what they want. Since 2002, the Internet has steadily grown as the preferred method to contact The City. Even as our population grows, contacting The City in person or by phone has decreased. In 2010, calgary.ca handled nine million visitors.**

Many of those visits now include 3-1-1 online service requests. Citizens have thousands of “self-serve” on-

line options, from reporting a pothole to requesting a permit for a block party.

Cost-efficient, requests can be made at the citizen’s convenience, 24/7 365 days a year.

Our new website reflects a philosophy to innovate and present information to citizens when, how and the way they want it. For example, when we launched the new site in August it was “smartphone ready.”

Ninety per cent of Calgarians have told us they would like to use a mobile device in future. Those who already have mobile devices are now finding **calgary.ca**.

Shortly after the August launch, mobile users made up four per cent of our traffic to the website. By December, 11 per cent of all visits were from mobile devices.

It’s proof we’re moving in a direction citizens want to go.



## Mobile Apps

*Road conditions are top of mind with Calgarians any time the snow flies. So when we released our mobile road conditions application, we thought it might be a hit. Was it ever.*

We released the app in December and it quickly made it to the Number 1 ranking in the Navigation category at the iTunes store — a first for a municipality in Canada.

Popular and useful, the app was downloaded to 4,000 iPhones the day after a media event to promote its release.


It was one of five apps we released in 2011 that included a Calgary pathways and bikeways map, a list of adoptable dogs and cats, a City news feed and an app to provide feedback on the City budget process.


They're the first in a flurry of apps forecast for the future.




*The City's media relations team had social media covered in 2011.*

 We published almost 400 blog posts.

 We had more than 20,000 Twitter followers, the most of any Canadian municipality.

 We loaded our 850th YouTube video.

 We created 15 corporate Facebook pages.

Glenbow Archives NA-2864-103h-17

### Communication Highlights & Awards

- Supported the Office of the Mayor in creating [citiesmatter.ca](http://citiesmatter.ca), to bring municipal issues to the provincial election.
- Released an interactive street sweeping map for spring street cleaning.
- All Council Standing Policy Committee (SPC) meetings now available online through the Council Video Archive.
- Trade permit applicants now able to apply, pay and receive permits online.
- Awarded the Digital Alberta Government 2.0 Award for the 2010 Calgary Civic Election iPhone app.
- Tax Talk received the Best in Class Award in two categories from the Interactive Media Awards.
- The Interactive Recreation Guide won the Best in Class Award, Government from the Interactive Media Awards.
- Increased access to City-managed data through the Public Data Catalogue pilot.
- Developed interactive map and e-mail alerts for Snow Route Parking Ban information.
- Developed interactive map-based website for City-maintained parks and amenities.
- Launched eCommerce website, CITYonline, to increase access to City information, products and services.

# PUBLIC ENGAGEMENT

**Onward!** More than 23,000 participants shared the services they value during Our City. Our Budget. Our Future. | **2020 Sustainability target:** By 2020, a broad representation of our citizen's voice is considered in setting priorities and services.

## **Our City. Our Budget. Our Future.**

*In 2011, we made a significant change in our approach to business planning and budgeting. For the first time we asked citizens, civic employees and organizations for their input before The City's 2012-2014 business plans and budgets were developed.*

*The result? More than 23,000 participants weighed in.*

This engagement process was developed by Administration for the 2012-2014 budget cycle, and approved by Council in January.

Engagement was inclusive. We asked citizens how to best tap their input, which led to discussion through face-to-face sessions, workshops, different online tools and social media channels.

**Engagement was extensive. Between February and May, participants were asked about values and priorities for City services and the pros, cons and trade-offs of future spending priorities.**

**Two main themes emerged: citizens value City services and don't want services reduced; and they don't want the status quo, instead asking The City to focus on service priorities and deliver services in a more efficient way.**

Engagement results were summarized and presented to Council in late June. As well, a detailed report on what participants said throughout the engagement process was posted on calgary.ca for anyone to view.

Council considered the engagement results along with previous strategic planning meetings to confirm the Fiscal Plan for Calgary and approved indicative tax rates based on municipal inflation and population growth.

The fiscal plan and the approved indicative tax rates gave Administration the direction to prepare the proposed 2012-2014 business plans and budgets for Council's budget deliberation.

On November 29, after 50 hours of deliberation, Council approved the 2012-2014 business plans and budgets. It did so with an enhanced perspective and guidance from Calgarians who want the best for their community.

***"I have a new appreciation for how much there is to do to create a great city."***

*— Participant in Our City. Our Budget. Our Future.*

## ***Making choices that matter***

***The new approach to business planning and budgeting is intended to:***

- Improve transparency and decision-making by providing Council and citizens with more information about where City funds are used, linking service costs to service levels and outcomes, and better connecting long-term goals to short-term spending decisions.
- Help transform our City organization over time by providing for more regular, ongoing, thorough examination of City services to ensure that services are relevant to citizens' needs and priorities.
- Increase The City's accountability in delivering services to citizens effectively and efficiently, while maintaining our focus on a sustainable future.

### ***Public Engagement Highlights***

- The City's Tax Installment Payment Plan (TIPP) program continued to grow by about 8,000 tax accounts.
- The Off-Lease Area Management Plan was born and approved in 2011.



# FINANCIAL INFORMATION



## Introduction

The City of Calgary 2011 Annual Financial Report contains the audited consolidated financial statements prepared in accordance with principles and standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, 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 (liabilities), non-financial assets and accumulated surplus at year end),
- Consolidated statement of operations and accumulated surplus (summary of the annual surplus for the year, consisting of revenues reflecting what operating and capital funds were raised in the year and expenses reflecting how funds were used during the year, including the annual costs for owning and using capital assets (depreciation), plus the change in the net value of government business enterprises),
- Consolidated statement of cash flows (summary of how The City's cash position changed during the year, highlighting sources and uses of cash, including the use of cash to acquire capital assets), and
- Consolidated statement of changes in net financial assets (liabilities) (a reconciliation between the net revenues earned in the year to the change in net financial assets (liabilities). This statement shows the net revenues, with a reversal of the non-cash accruals for depreciation and sale of assets, less donated assets and the spending to acquire new capital assets in the year. The change in net financial assets (liabilities) is an indicator of whether revenues raised in the year were sufficient to cover the spending in the year).

The City of Calgary Administration is responsible for preparing the following financial statement discussion and analysis (FSD&A). It should be read in conjunction with the audited consolidated financial statements and the financial and statistical schedules.

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

For 2011, The City of Calgary was able to implement its business plans and budgets essentially as expected. The City enters 2012 with a three-year plan reflecting its long-term goals, but it continues to monitor its financial performance carefully so that it can address any local effects should the recovery from the global economic downturn falter. These issues are touched on in the risk management and outlook sections at the end of the FSD&A, following the financial analysis of 2011.

In 2011, as a result of continued usage and refinement of evolving capital asset accounting and management systems, certain defined asset balances were identified that required correction. These asset balances primarily consisted of land, land improvement, engineered structures, and corporate buildings. In addition, certain interdepartmental charges for acreage assessments required correction and certain capitalized land development costs required reclassification to Tangible Capital Assets in 2010. As a result, approximately \$61 million in net adjustments were restated for 2011. These restated amounts relate solely to the accounting for tangible capital assets and had no effect on The City's cash balances, net financial asset (liability) position, property tax revenues or any other balances influencing The City's operating budget, capital budget, grants received, property tax assessments or any other related balances.

In addition, as a result of a review of the components and costs related to the provision for landfill rehabilitation, certain post-closure care costs were identified that required correction. These costs related to interim landfill sites. The City of Calgary recognizes the importance of ensuring the long term care of closed landfills and will confirm a plan to address this unfunded obligation.

## Economic Environment

Economic growth in the Calgary Economic Region was about 2.3% in 2011, while Calgary's population increased by 1.8%.

	2011	2010	Change
<b>Calgary</b>			
Population (April census)	<b>1,090,936</b>	1,071,515	+1.8%
Employment <sup>(1)</sup>	<b>635,204</b>	618,014	+2.8%
Residential housing starts	<b>7,726</b>	7,249	+6.6%
Building permit applications	<b>15,532</b>	15,277	+1.7%
Building permit value (\$ billions)	<b>\$4.531</b>	\$2.916	+55.4%
<b>Calgary Census Metro. Area</b>			
CPI inflation rate	<b>2.2%</b>	0.8%	+175%
<b>Calgary Economic Region</b>			
Unemployment rate	<b>6.2%</b>	7.0%	-11.4%

sources: see schedule of demographic and other information on page 92 except:

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

Population growth from April 2010 to April 2011 was 19,421 (1.8%) compared to 6,060 (0.6%) for the year ending April 2010. The annual rate of population growth is estimated at 1.4% over the next ten years.

Population and economic growth forecasted for 2012 will continue to drive demand for more infrastructure and services from The City.

## Financial Highlights

### Revenues and Expenses

The City had consolidated revenues of \$2.967 billion in 2011 before external transfers for infrastructure (grants and revenue sharing from other governments plus funds and tangible capital assets from developers totaling \$776.2 million) (2010 – \$2.809 billion, before external transfers of \$714.1 million).

City consolidated expenses were \$2.911 billion before net ENMAX adjustments of \$30.5 million (2010 – \$2.896 billion, before net ENMAX adjustments of \$15.2 million). Included in expenses is depreciation in the amount of \$413 million (2010 – \$398 million) as the estimated annual cost of owning and using The City’s capital assets.

For 2011, net revenues including external contributions to infrastructure of funds and tangible capital assets totalled \$0.832 billion (2010 – \$0.627 billion).

Operating budgets were exceeded for both revenues and expenses, once again contributed to by greater than anticipated growth and demand for municipal services. Capital and Operating reserves were increased as a result of the revenues increasing more than the expenses.

### Consolidated Financial Position

As at December 31 (in thousands of dollars)

	2011	2010
		(restated)
A. Financial Assets	<b>\$ 4,831,572</b>	\$ 4,766,081
B. Liabilities	<b>5,011,955</b>	4,708,417
C. Net Financial Assets (Liabilities) (A minus B)	<b>(180,383)</b>	57,664
D. Non-Financial Assets	<b>12,233,230</b>	11,193,852
E. Accumulated Surplus (C plus D)	<b>12,052,847</b>	11,251,516

With the exception of The City’s investment in ENMAX, most components of The City’s financial position remained flat except net financial assets (liabilities). The City’s net financial assets (liabilities) decreased by \$238 million (2010 – \$358 million) primarily as a result of the acquisition of capital assets, including donated assets of \$1.473 billion (2010 – \$1.432 billion), net revenues of \$0.832 billion (2010 – \$0.627 billion), non-cash charges for amortization of \$413 million (2010 – \$398 million) and an increase in debt proceeds, net of debt principal repayments of \$283 million (2010 – \$470 million). The net decrease in net financial assets (liabilities) reflects spending on infrastructure priorities in The City.

The City’s accumulated surplus (net assets) increased by \$801 million (7.1%) in 2011, primarily from the net increase in physical assets (purchased and donated) of \$1.036 billion partially offset by a net increase in debt of \$283 million, as well as reflecting an increase in the equity in ENMAX of \$98 million.

The long-term debt component of liabilities (including self-supported and excluding ENMAX) increased by \$283 million to \$3.229 billion.

The City’s long-term debt ratings were affirmed at AA+ by Standard and Poors and AA (high) by Dominion Bond Rating Service in 2011.

### Cash Flow

The City’s cash and cash equivalents increased by \$0.8 million to \$61 million while investments decreased by \$25 million to \$2.333 billion. The decrease in investments largely reflects decreases in various grant investment balances to fund capital projects, partially offset by increases in other capital and operating reserves. This decrease continues to reflect growth and the demand for capital infrastructure and services.

## Financial Analysis Review

### Revenues – Budget to Actual Comparison

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

	Budget 2011	Actual 2011	Favourable/ (Unfavourable)
Net taxes available			
for municipal purposes	\$ 1,410,408	\$ 1,467,317	\$ 56,909
Sales of goods and services	953,861	966,413	12,552
Government transfers and revenue sharing agreements			
Federal	7,256	6,418	(838)
Provincial	129,877	118,512	(11,365)
Investment income	40,716	43,980	3,264
Fines and penalties	64,636	69,680	5,044
Licences, permits and fees	65,978	74,527	8,549
Miscellaneous revenue	13,020	35,319	22,299
Equity in earnings of ENMAX	169,986	184,581	14,595
Total revenues (before external transfers for infrastructure)	\$ 2,855,738	\$ 2,966,747	\$ 111,009
Developer contributions	\$ 150,580	\$ 55,220	\$ (95,360)
Government transfers related to capital	1,352,035	532,865	(819,170)
Developer contributions-in-kind related to capital	–	188,071	188,071
Total external transfers for infrastructure	\$ 1,502,615	\$ 776,156	\$ (726,459)

Total City revenues (before external transfers for infrastructure) were greater than budgeted for 2011, mainly as a result of greater than anticipated net municipal taxes, sales of goods and services, fines and penalties, licences, permits and fees, higher miscellaneous revenue, and a higher increase in the equity earnings of ENMAX, partially offset by lower provincial government transfers and revenue sharing.

**Net taxes available for municipal purposes** was higher than budgeted primarily due to a higher business tax base resulting from more new businesses in the city and lower business tax cancellations, partially offset by lower revenue in lieu of taxes.

**Sales of goods and services** were higher than budgeted due to higher industrial land sales resulting from favourable market conditions, partially offset by lower water consumption due to higher than normal quantities of precipitation in 2011.

**Government transfers and revenue sharing agreements** were lower than budgeted primarily due to lower than anticipated receipts under the Gas Tax Fund and various other Federal grants.

**Fines and penalties** were higher than budget due to a greater number of delinquent tax accounts and higher levels of service and enforcement related to Transit and Police.

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

**Miscellaneous revenue** was higher due to a variety of items, primarily higher recoveries from third parties, including for damage caused to City property.

**Equity in earnings** of ENMAX were higher than budgeted primarily as a result of commercial markets realizing higher average selling prices, increased revenues from default customers, higher number of billed customer sites and additional billable LRT projects. These increases were partially offset by higher income taxes as a result of increased profit in taxable entities and income streams.

City revenues related to infrastructure were lower than budgeted for 2011 mainly as a result of the Municipal Sustainability Initiative (MSI) agreement, introduced by the Province of Alberta in 2007-08 as a commitment to Calgary over a ten-year period. Due to the substantial change in provincial revenues, the Alberta government in its 2010-11 budget changed the terms and conditions for MSI funding, to extend the same amount of total funding over a longer time period.

**Developer contributions** are below budget due to differences in the estimates of anticipated use during the year.

**Government transfers related to capital** were lower than budgeted primarily due to unanticipated changes in timing of grant receipts for the MSI.

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

## Expenses – Budget to Actual Comparison

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

	Budget 2011	Actual 2011	Favourable/ (Unfavourable)
Police	\$ 375,418	\$ 384,396	\$ (8,978)
Fire	221,921	233,265	(11,344)
Public transit	333,379	391,456	(58,077)
Roads, traffic and parking	219,770	362,113	(142,343)
Water services and resources	354,311	362,259	(7,948)
Waste and recycling services	97,138	94,476	2,662
Community and social development	56,173	56,736	(563)
Social housing	110,815	106,174	4,641
Parks and recreation facilities	211,952	263,844	(51,892)
Societies and related authorities	94,656	84,077	10,579
Calgary Public Library	46,130	51,367	(5,237)
General government	251,835	277,138	(25,303)
Public works	190,451	186,081	4,370
Real estate services	88,683	57,690	30,993
	\$ 2,652,632	\$ 2,911,072	\$ (258,440)

Expenses were higher than budget, primarily for unbudgeted amortization charges of \$413 million. Given 2009 was the first year of adoption of the new Tangible Capital Assets standards (PS 3150), The City has yet to integrate these new standards for budget preparation, and so amortization charges for most tax supported assets are not included in the budget process. Other expenses above budget include police, fire, transit, roads, parks and recreation facilities, societies and general government, partially offset by lower than budgeted amounts in real estate services, water services and resources, and several other expense categories.

**Police** expenses were higher than budgeted due primarily to unbudgeted depreciation of \$13 million.

**Fire** expenses were higher than budgeted due primarily to unbudgeted depreciation of \$11 million, partially offset by lower salaries and wages resulting from vacancies due to delays in hiring new positions.

**Public transit** was higher than budgeted due primarily to unbudgeted depreciation of \$56 million and increased overtime due to weather conditions and short-term bus service required in response to LRT service interruptions.

**Roads, traffic and parking** were higher than budgeted due primarily to unbudgeted depreciation of \$122 million, higher salaries and wages resulting from higher snow and ice control and street cleaning activities as a result of higher snowfall, partially offset by labour savings resulting from vacant positions.

**Water services and resources** was higher than budgeted due to additional depreciation expenses not budgeted of \$20 million offset by lower interest expense resulting from lower debt incurred as a result of lower than anticipated capital expenditures.

**Parks and recreation facilities** experienced higher than budgeted costs related to overtime associated with increased turf maintenance and increased use of summer and evening programs that generated higher than budgeted user fees, and depreciation expense that was not budgeted of \$37 million.

**Societies and related authorities** expenses were lower than budget due to lower than anticipated capital transfers for related authorities.

**Calgary Public Library** was over budget due primarily to depreciation expense that was not budgeted of \$6 million.

**General government expenses** includes the costs of Council, City Manager, Chief Financial Officer, City Auditor, City Clerk's, Law, Customer Service & Communications, Finance & Supply, Human Resources and Information Technology. The higher than budgeted expense resulted primarily from depreciation not budgeted of \$30 million, higher corporate costs for contingent legal claims, and higher interest expense due to higher debt repayment balances, partially offset by lower employee benefit liability.

**Real estate services** expenses were lower than budget due to lower capital activity than planned, partially offset by higher industrial land sales.



## Revenues – Comparison to Prior Year

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

	Actual 2011	Actual 2010 (restated)	Increase/ (Decrease)
Net taxes available for municipal purposes	\$ 1,467,317	\$ 1,343,960	\$ 123,357
Sales of goods and services	966,413	907,229	59,184
Government transfers and revenue sharing agreements			
Federal	6,418	6,941	(523)
Provincial	118,512	158,748	(40,236)
Investment income	43,980	40,507	3,473
Fines and penalties	69,680	67,324	2,356
Licences, permits and fees	74,527	70,739	3,788
Miscellaneous revenue	35,319	35,625	(306)
Equity in earnings of government business enterprises	184,581	177,819	6,762
Total revenues (before external transfers for infrastructure)	\$ 2,966,747	\$ 2,808,892	\$ 157,855
Developer contributions	\$ 55,220	\$ 36,031	\$ 19,189
Government transfers related to capital	532,865	478,483	54,382
Developer contributions-in-kind related to capital	188,071	199,622	(11,551)
Total external transfers for infrastructure	\$ 776,156	\$ 714,136	\$ 62,020

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

**Net taxes available for municipal purposes** was higher than 2010 as a result of a property tax rate increase, growth in both property tax and business tax assessment bases and an increase in the Community Revitalization Levy due to an increase in revenue properties. In addition, 2011 increases were driven by higher ENMAX access fees resulting from higher electricity prices and energy sales. This is partially offset by decreased franchise fees resulting from lower natural gas prices.

**Sales of goods and services** was higher in 2011 primarily as a result of higher industrial land sales, increases in the sales revenue of water services and resources resulting from a rate increase, as well as the minor effects of population growth, and increased recycling revenue due to more recyclable material and more favourable associated market prices for those recyclable materials.

**Government transfers and revenue sharing agreements** were lower than 2010 primarily due to a reduction in the provincial government affordable housing grant.

**Equity in earnings of government business enterprises** was higher overall earnings of ENMAX in 2011.

**Developer contributions** fluctuate from year to year based on the projects underway and relative use of the financing sources available for each project.

**Government transfers related to capital** were higher than the prior year primarily due to an increase in the use of MSI funding received as MSI funded projects begin to be constructed.

**Developer contributions-in-kind related to capital** were lower than 2010 due to the timing of completion of developer donated assets.

## Expenses – Comparison to Prior Year

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

	Actual 2011	Actual 2010 (restated)	Increase/ (Decrease)
Police	\$ 384,396	\$ 368,947	\$ 15,449
Fire	233,265	222,279	10,986
Public transit	391,456	367,128	24,328
Roads, traffic and parking	362,113	467,576	(105,463)
Water services and resources	362,259	329,901	32,358
Waste and recycling services	94,476	119,980	(25,504)
Community and social development	56,736	51,694	5,042
Social housing	106,174	123,501	(17,327)
Parks and recreation facilities	263,844	255,456	8,388
Societies and related authorities	84,077	96,942	(12,865)
Calgary Public Library	51,367	45,481	5,886
General government	277,138	199,097	78,041
Public works	186,081	167,355	18,726
Real estate services	57,690	80,820	(23,130)
	<b>\$ 2,911,072</b>	<b>\$ 2,896,157</b>	<b>\$ 14,915</b>

Other than general inflation which applies to all items below, most increases from 2010 to 2011 were growth-related in various services, and increases in depreciation given infrastructure growth in the last few years, including:

**Police expenses** were higher than in 2010 from new positions for growth, including new positions offset in provincial funding revenues.

**Fire** increase in expenses in 2011 includes new positions for growth and increased overtime as a result of the Slave Lake fire event.

**Public transit** incurred higher labour, fuel and oil costs due to additional transit service in 2011.

**Roads, traffic and parking** decreased from the prior year given a restatement of the 2010 expenses to include an additional \$75.0 million of adjustments to tangible capital assets and lower upgrade, maintenance and rehabilitation expenditures in 2011.

**Water services and resources** experienced higher costs for staffing and higher depreciation and operating costs resulting from plant commissioning.

**Waste and recycling services** experienced lower costs due to adjustments to the provision for landfill rehabilitation recognized in 2010 but not in 2011, partially offset by higher fuel prices.

**Community and social development** increased from the prior year due to increased spending on various community initiatives.

**Social housing** decreased from the prior year due primarily to reduced activity in social housing and non-recurring maintenance expenditures, partially offset by higher depreciation.

**Parks and recreation facilities** increased due to enhanced maintenance activities and emergency work resulting from wind storms.

**Societies and related authorities** expenses include transfer payments to third parties for capital projects, which can vary in amount from year to year. 2011 transfers for capital projects were approximately \$17 million lower than those made in 2010.

**General government's** increase was largely the result of higher expenses for contingent legal claims and higher salaries and wages and contract and general services for Information Technology project work including an upgrade to Human Resources systems, and higher overall benefit costs.

**Public Work's** increase was largely the result of an increase in additional positions for Development and Building Approvals and minor operating and capital increases in most other business units.

**Real estate services** had lower capital expenditures, partially offset by higher cost of land sales.

## Tangible Capital Assets

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

	2011 Net book value	2010 Net book value	Increase/ (Decrease)
		(restated)	
Land	\$ 1,652,648	\$ 1,568,322	\$ 84,326
Land Improvements	467,019	455,389	11,630
Engineered Structures	6,242,539	5,693,053	549,486
Buildings	967,421	843,728	123,693
Machinery and Equipment	321,519	301,873	19,646
Vehicles	673,556	560,110	113,446
	<b>10,324,702</b>	9,422,475	902,227
Work in Progress			
Land	224,351	202,171	22,180
Construction	1,620,706	1,508,857	111,849
Tangible capital assets	<b>\$ 12,169,759</b>	\$ 11,133,503	\$ 1,036,256

During 2011, The City spent \$1.285 billion on capital projects (2010 – \$1.232 billion), which included \$1.099 billion for tax-supported projects. Spending on capital projects was primarily on water and wastewater infrastructure; LRT projects including the West LRT project and platform enhancements; roads and bridges; various land and buildings acquisitions and betterments, a regional recreation centre and various parks projects including Legacy Parks projects.

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

During the year, there were no write-downs of machinery and equipment. Donated assets (related to waterworks and wastewater distribution and collection systems, parks and roads) are capitalized and are recorded at their estimated fair value upon acquisition. Parks, roads and underground networks contributed to The City totaled \$188.1 million (2010 – \$199.6 million).

In 2009, The City adopted PSAB section PS 3150 – Tangible Capital Assets. This was an important step in managing The City's assets. This change has had implications across the corporation. This project has required changes to business and financial policies, processes, and systems. In 2011, as a result of continued usage and refinement of evolving capital asset accounting and management systems, certain defined asset balances were identified that required correction. As a result, approximately \$64 million in net adjustments were restated for 2010. In 2012 and beyond, The City will continue to refine and enhance the implementation and ongoing sustainment efforts to maintain compliance with this new standard.

## Significant Trends

### Revenues (before external transfers for infrastructure)

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

	Actual 2011	Actual 2010 (restated)	Actual 2009 (restated)	Actual 2008 <sup>(2)</sup> (restated)	Actual 2007 <sup>(1)</sup>
Net taxes available for municipal purposes	\$ 1,467,317	\$ 1,343,960	\$ 1,292,408	\$ 1,223,187	\$ 1,208,265
Sales of goods and services	966,413	907,229	861,126	781,437	740,543
Government transfers					
Federal	6,418	6,941	9,506	8,202	6,707
Provincial	118,512	158,748	165,753	111,098	161,990
Equity in earnings of government business enterprises <sup>(2)</sup>	184,581	177,819	206,034	181,994	144,299
Investment income	43,980	40,507	40,486	57,873	56,474
Fines and penalties	69,680	67,324	60,075	56,156	53,571
Licences, permits and fees	74,527	70,739	69,061	77,700	74,238
Miscellaneous revenue	35,319	35,625	46,343	35,751	17,679
<b>Total revenues (before external transfers for infrastructure)</b>	<b>\$ 2,966,747</b>	<b>\$ 2,808,892</b>	<b>\$ 2,750,792</b>	<b>\$ 2,533,398</b>	<b>\$ 2,463,766</b>

Note 1: 2007 and prior years are not restated for the adoption of PS-3150 Tangible Capital Assets.

Note 2: 2008 and prior years are not restated for the change in accounting for the Calgary TELUS Convention Centre from the modified equity method to fully consolidated.

The comparisons between current and prior year revenues largely reflect rate and growth-related increases.

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

**Sales of goods and services** has generally increased due to growth and rate increases. In 2011, water and wastewater rates were increased by 5.8% and 5.0% respectively. In addition, recycling revenue has been increasing due to more recyclable material and more favourable associated market prices for recyclable materials.

**Government transfers (Provincial)** No provincial grant revenue for affordable housing was received in 2011. Additional one-time grants for affordable housing received in prior years include \$38 million in 2010, compared to \$48 million in 2009 and \$63 million in 2007.

**Equity in earnings of government business enterprises** comprises the net equity increase in The City's two government business enterprises: ENMAX and The Calgary Telus Convention Centre, until 2008, and only ENMAX for 2009, 2010 and 2011. The increase each year until 2009 is primarily a result of the growth in ENMAX. In 2010 and 2011, ENMAX did not experience the same growth rate as in previous years.

**Investment income** had been increasing until 2009 as a result of increasing balances in reserves and capital deposits dedicated to specific capital projects. 2009 and 2010 experienced much lower interest rates, decreasing the amount of investment income earned in each of these years. Investment income resumed a favourable trend in 2011 due primarily to better investment performance and increased investment balances over the year.

**Licences, permits and fees** reflects the building permit revenues driven by Calgary's growth, which increased through to 2008 but declined somewhat in 2009 and has remained steady in 2010. In 2011, revenue has increased as a result of increased activity and growth in development and building permit acquisitions.

**Miscellaneous revenue** has remained stable for 2011 and 2010. 2009 experienced an unusually high gain on sale of \$22.4 million. Increases over 2007 are as a result of certain capital asset sales not restated under the new Tangible Capital Assets reporting changes.

## Financial Position – Net Financial Assets (Liabilities)

As at December 31 (in thousands of dollars)

	Actual 2011	Actual 2010 (restated)	Actual 2009 (restated)	Actual 2008 <sup>(2)</sup> (restated)	Actual 2007 <sup>(1)</sup>
<b>FINANCIAL ASSETS</b>					
Cash and cash equivalents	\$ 61,172	\$ 60,359	\$ 54,064	\$ 68,927	\$ 70,937
Investments	2,333,003	2,358,079	2,218,939	1,958,122	1,818,898
Receivables	230,247	237,469	224,490	242,054	197,291
Land inventory	243,109	244,595	241,017	243,874	217,532
Other assets	20,310	20,329	10,395	11,231	23,883
Investment in government business enterprises <sup>(2)</sup>	1,943,731	1,845,250	1,744,464	1,604,361	1,461,970
	<b>4,831,572</b>	4,766,081	4,493,369	4,128,569	3,790,511
<b>LIABILITIES</b>					
Bank indebtedness and short-term borrowing	57,922	57,470	56,518	76,371	59,552
Accounts payable and accrued liabilities	642,090	574,002	574,820	506,466	465,098
Deferred revenue	57,934	54,268	64,189	67,567	61,464
Capital deposits	639,567	713,477	613,498	583,436	512,114
Provision for landfill rehabilitation	56,100	54,400	12,100	11,500	10,900
Employee benefit obligations	329,455	309,138	278,994	248,339	231,346
Long-term debt	3,228,887	2,945,662	2,461,850	1,959,231	1,696,323
	<b>5,011,955</b>	4,708,417	4,061,969	3,452,910	3,036,797
<b>NET FINANCIAL ASSETS (LIABILITIES)</b>	<b>\$ (180,383)</b>	\$ 57,664	\$ 431,400	\$ 675,659	\$ 753,714

Note 1: 2007 and prior years are not restated for the adoption of PS-3150 Tangible Capital Assets.

Note 2: 2008 and prior years are not restated for the change in accounting for the Calgary TELUS Convention Centre from the modified equity method to fully consolidated.

The decline in net financial assets (liabilities) since 2009 reflects the increase in long-term debt for infrastructure. Increases in gross financial assets beyond the increase due to ENMAX are related to liquid assets that are offset primarily by increasing liabilities governed by agreements with the parties involved, including funds owed for goods and services already received (accounts payable and accrued liabilities), capital deposits that must be spent on specific types of capital projects, and employee benefit obligations.

## Long-Term Debt

As at December 31 (in thousands of dollars)

	Actual 2011	Actual 2010	Actual 2009	Actual 2008 (restated)	Actual 2007
<b>Opening Balance</b>	<b>\$ 2,945,662</b>	\$ 2,476,075	\$ 1,967,939	\$ 1,696,323	\$ 1,429,244
<b>Increase (Decrease)</b>					
Tax-supported	(28,062)	(14,020)	(37,342)	(22,663)	(15,597)
Self-sufficient tax-supported	247,643	308,000	266,000	40,000	-
Self-supported	63,644	175,607	279,478	254,279	282,676
<b>Net Increase during the year</b>	<b>283,225</b>	469,587	508,136	271,616	267,079
<b>Closing balance</b>	<b>3,228,887</b>	2,945,662	2,476,075	1,967,939	1,696,323
ENMAX debt in The City's name	732,877	631,494	516,852	438,586	406,968
Total debt attributable to The City	<b>\$ 3,961,764</b>	\$ 3,577,156	\$ 2,992,927	\$ 2,406,525	\$ 2,103,291

In 2011, Standard & Poor's affirmed The City's long-term debt rating at AA+ and commercial paper rating of A-1+ reflecting the city's very strong economic performance and growth prospects; strong budgetary results; healthy cash and investment balances; manageable debt; and the significant and committed funding support The City receives from other orders of government. DBRS Limited also maintained The City's long-term debt notional rating at AA (high) and The City's commercial paper rating at R-1 (high). These excellent independent ratings reflect Calgary's strong economy, financial policies/practices and approval of three-year business plans and budgets.

Council's 2002 capital financing policy allows for increasing the tax-supported debt outstanding as long as annual debt servicing charges do not exceed 10% of the tax-supported gross expenditure (net of recoveries). The policy would allow The City to provide some additional growth-related capital infrastructure if desired, but increasing self-supported debt may be a constraint.

In 2011, \$24.4 million in new tax-supported debt (debt that is repaid using tax revenues and is the long-term debt used in tax-supported areas) was obtained to finance growth-related projects, which was \$28.1 million less than tax-supported debt repayments. The City's tax-supported long-term debt was \$408.5 million as at December 31, 2011. The ratio of debt servicing charges to tax-supported gross expenditure (net of recoveries) was 3.1% (Chart A below), which is well within The City's 10% policy limitation. \$350 million of additional tax-supported debt capacity, approved by Council in 2002, is fully committed.

In 2006, Council approved a further \$75 million per year for 2007-2008 for self-sufficient tax-supported debt in anticipation of possible funding requirements for new projects such as The Rivers Community Revitalization Plan. Self-sufficient tax-supported debt 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). In 2008, Council authorized \$100 million per year, in each of the next five years, of self-sufficient tax-supported debt for self sustaining projects (eg. Calgary Municipal Land Corporation projects). As at December 31, 2011, the Calgary Municipal Land Corporation has borrowed a total of \$131.6 million.

In 2009, Council also approved a maximum debt of \$1 billion to provide bridge financing for MSI-funded projects. As at December 31, 2011, The City has borrowed a total of \$730.0 million for these projects. Additional bridge financing for MSI-funded projects was approved in 2011, bringing the total amount of bridge financing to approximately \$1.6 billion.

Also in 2011, \$211.2 million in new self-supported debt (self-supported debt, primarily related to Water Services & Resources, is debt repaid from sources excluding the tax-supported portion of The City's budget, such as fees for services, levies on user fee, or local improvements levies) was obtained, and new borrowing exceeded debt repayments by \$63.6 million, bringing the total self-supported debt up to \$1.958 billion (excluding \$732.9 million in debt attributable to ENMAX).

Chart B below shows the cumulative debt for the past 10 years, which highlights the significant growth of self-supported and self-sufficient tax-supported debt in recent years resulting from infrastructure requirements, past cost escalation due to international construction materials demand and borrowing on behalf of future MSI grant receipts.

## Reserves

As at December 31 (in thousands of dollars)

	Actual 2011	Actual 2010	Actual 2009	Actual 2008 (restated)	Actual 2007
	\$ 1,129,335	\$ 1,017,747	\$ 958,433	\$ 862,290	\$ 816,143

The reserve balances totaled \$1.129 billion at the end of 2011 (2010 – \$1.017 million). The net increase was primarily the result of transferring funds to the Community Investment Reserve as a result of The City taking up vacated provincial property tax room resulting in a projected cash flow of approximately \$42 million annually. In addition, there were increases in reserves for major capital projects and real estate, partially offset by reductions in funds for corporate housing and legacy parks.

The City allocates funds to reserves to meet specific future operating and capital expenditure requirements and to provide for emergencies. In 2010, Council approved an updated Financial Reserve Policy that establishes guidelines and criteria for the proper creation and administration of reserve funds. This policy includes a process to ensure each reserve is reviewed for necessity and sufficiency at least once during a three year cycle. This review will include ensuring that required funds are available, outdated reserves are closed and the level of funding is not higher than necessary. During 2011, the first year of the current triennial review period, City staff undertook a review of 13 reserves, representing approximately one-third of all reserves' balances as of 2010 December 31. Findings and recommendations of the review were approved by Council in 2011 December.

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

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

The largest reserves are the Reserve for Future Capital (2011 – \$255.5 million; 2010 – \$232.5 million) which funds capital projects and the Fiscal Stability Reserve (2011 – \$240.9 million; 2010 – \$224.9 million) which is a contingency reserve for urgent situations with significant financial implications and is also used to fund one-time operating costs.

## Risk Management

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

### Economic Monitoring

The City of Calgary was not as materially impacted by the recent worldwide economic downturn as many other organizations. However, the local economy is still potentially vulnerable to the lingering threat of external shocks, due to differing rates of recovery in the global economy. In keeping with Council's Integrated Risk Management policy, The City continues to monitor economic conditions and The City's financial status so that Council is informed promptly of any changes requiring adjustment to business plans and budgets.

The economy's impact on provincial government revenues has resulted in deferral of a portion of capital grants to Calgary for infrastructure construction underway and planned for the near future. As a result, Calgary will take on short-term debt until the deferred grant funding is provided in order to continue planned projects, thus avoiding costs of delaying projects and taking advantage of a more favourable construction market. Strengthening economic activity in 2011 bolstered property development, and population and the tax base continues to grow. Natural gas franchise fee revenues were affected by less growth in demand and lower energy prices, but even as recovery continues there is still uncertainty about the direction in the coming year.

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

## **Normal Operational**

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

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

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

The City has fully funded its total current requirements for employee benefit obligations at December 31, 2011. The City's registered and non-registered defined benefit pension plans currently have a total unamortized net actuarial loss of \$82.7 million (2010 – \$51.1 million). These losses are expected to be funded through future increases in contributions and future changes in actuarial assumptions. In addition, there are certain employee benefit obligations that inherently relate to The City with respect to multi-employer pension plans. Civic employees, with the exception of police officers, are members of the Local Authorities Pension Plan ("LAPP"). Police officers are members of the Special Forces Pension Plan ("SFPP"). Both plans are multi-employer, defined-benefit pension plans and are sponsored by the Alberta Minister of Finance and administered by Alberta Pension Services ("APS"). Both plans currently have a plan deficit, where the actuarial value of accrued benefit liabilities are greater than the net assets available for benefits. The total deficit at December 31, 2010 for LAPP is \$4.6 billion and for SFPP is \$581 million. The City, in conjunction with other member employers (such as Alberta Health Services, other provincial municipalities, universities, colleges and school boards) and employees will be obligated into the future (by way of increases in contribution rates or changes in actuarial assumptions used) to address the plan deficits, in accordance with the direction from the plan administrators.

## **Environmental**

The City of Calgary employs environmental management professionals to assist business units to achieve and maintain compliance with environmental laws and regulations. Specifically, all City of Calgary business units have implemented Environmental Management Systems (EMS), which have been registered to the ISO 14001 standard across the corporation since 2003, providing a sound model to effectively deal with environmental impacts associated with The City's activities. Calgary is the first city in North America to obtain such corporate ISO registration.

Policies and procedures have been implemented to address environmental concerns on many issues including the purchase, sale and redevelopment of contaminated land. The City has also established an environmental liability assessment program to identify, quantify and manage liability arising from contaminated sites, along with measures to address contamination of City lands by others.

In 2007, Council approved a Brownfield Strategy focusing on redevelopment of City-owned contaminated sites and management of related environmental issues. Also, The City and Alberta Health Services created the Calgary Region Air Shed Zone (CRAZ) to address regional air shed issues, take over management of air monitoring equipment from Alberta Environment and address air quality issues. CRAZ has also adopted the Calgary Region Airshed Zone Strategic Plan 2010-2011 and Action Plan which focuses activities and resources up to the end of 2011.

## **Commodity Price and Foreign Exchange**

To stabilize operating budgets in the face of energy price volatility, The City purchases diesel fuel in the futures market when deemed beneficial and has a long-term fixed-rate contract for electricity. The City has a natural hedge against natural gas price increases because fees for using City rights of way (e.g., for natural gas distribution) are based on the amount billed for those services. The City hedges any foreign currency requirements in excess of \$250,000 Canadian. At December 31, 2011, The City had U.S. dollar foreign exchange fixed contract arrangements totaling \$4.4 million Canadian dollars (2010 – \$50.0 million) at exchange rates ranging from 1.01 to 1.04 Canadian dollars for U.S. dollar contracts. During the fiscal year ended December 31, 2011, the various arrangements for foreign merchandise purchases cost The City \$1.259 million (2010 – \$1.985 million) more than if the arrangements had not been entered into.

## **ENMAX (The City's Wholly-Owned Subsidiary)**

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

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



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

ENMAX is a substantial City equity holding. In 2011 The City, as shareholder, endorsed the company's 2012 strategic plan. Approvals for capital projects in excess of \$30 million are sought separately and explicitly from the shareholder. ENMAX provides The City with annual dividends that are determined by board policy and have been \$50 million or more for each of the last nine years.

## **The Outlook**

### **Calgary Economy and Management of Growth**

Calgary's economic prospects are closely connected with fluctuations in the global, national and provincial economies. Thus, the speed and shape of Calgary's recovery from the 2008-2010 recession is dependent on global economic factors, and the growth outlook for the United States in particular. Although it would appear that the local economy is rebounding following the recent downturn, a strong Canadian dollar and slow economic growth in the United States will constrain growth expectations for Calgary's exports in the short-term.

The Calgary Economic Region (CER) should benefit from strong investment in heavy oil, as it is home to a significant portion of head offices in the energy sector. The CER's gross domestic product (GDP) is expected to grow by 3.5% in 2012, 4.0% in 2013, 3.9% in 2014 and 3.8% in 2015. However, economic growth is expected to decline to 3.4% by 2017, as a relatively tight labour market restricts increased production and consumer spending. Total employment in the CER was estimated at 776,100 in 2011, up from 755,200 in 2010 and 765,000 in 2009. The forecast calls for total employment to average 812,000 in 2012 and 856,000 in 2014. The unemployment rate was estimated at 6.2% in 2011, down from 7.0% in 2010. The unemployment rate is expected to fall to 4.9% in 2012 and 4.4% in 2014 as employment growth exceeds labour force growth. In general, the effects of the global recession were somewhat muted in Calgary, but the ultimate speed and degree of the current recovery hinges on the strength of the recovery in the economies outside of Calgary.

Calgary's economy continued to attract many people from other locations, with net migration to the city in 2011 of approximately 10,000 people. This reversed the experience of 2010 which saw the first net out migration from Calgary in almost 20 years. With employment growth improving and the unemployment rate returning back to more normal levels, migrants will again be attracted to the local economy, annual net migration is therefore forecasted to average about 7,000 per year over the next five years, which, combined with natural increases will increase population by an average of 16,000 persons (1.4%) per year, a healthy growth rate for a large city.

The rapid swings in economic prospects, from the record growth of 2006-2007 to the slump of 2008-2010, and the gradual recovery now underway, have validated the flexibility built into The City's process for strategic and business planning. Council reviews the impacts of current decisions on future budget prospects and gives the Administration clear direction concerning business plans and budgets through its guidelines and decisions. Council's approval of the 2009-2011 business plans and operating and capital budgets in 2009 and adjustments in 2010 were followed by a set of approved adjustments for 2011 to respond to changing economic and operating conditions. The 2010 and 2011 adjustments centred on containing costs, deferring some elements of growth, controlling the increase in full-time City employees, and reducing the rates of increase in property taxes and utility rates, all in reflection of the changing Calgary economy. On November 29th, 2011, Council approved The City's 2012-2014 business plans and budgets that will form the path that The City of Calgary will take over the next three years, to provide the services and programs expected and valued by Calgarians. The City will continue to maintain its flexibility to respond to economic, social, environmental and political changes through the annual budget adjustment process.

The City of Calgary's longer-term perspective carries well beyond its three-year plan. In 2009, Council approved the adoption of new municipal development and transportation plans that will manage future community growth and investment plans for the next 60 years, featuring a balancing of growth between established and new areas of the city. Calgary has also been a major contributor to the Calgary Metropolitan Plan, completed and approved by the Calgary Regional Partnership, which includes a comprehensive regional land use plan, a governance strategy and principles for regional servicing. The Metropolitan Plan contemplates the extension of Calgary's water, sewer and transit services to the surrounding region, which will have significant future operational, budgetary and growth management implications. The City is working with the Calgary Regional Partnership (CRP) to establish a governance model for the region to implement the Calgary Metropolitan Plan. In particular, The City is working with the CRP to implement regional servicing and regional transit requirements, as well as further refinement of identified urban growth areas. The CRP is working towards completing the additional provincial requirements for the regional plan, and will be submitting a revised Calgary Metropolitan Plan to the Province for legislated approval by June 2012. The City also presented an updated long range financial plan to Council in 2011. This document extends The City's financial planning horizon by projecting costs and revenues for a ten year period and provides goals and strategies aimed at favourably influencing The City's long term financial future.

Calgary's rapid growth in the last decade has created a substantial challenge to provide for the maintenance of City assets. Work will continue to address the magnitude of required lifecycle maintenance for the organization's approximately \$55 billion (estimated replacement cost) in assets, by integrating multiple asset management systems into a Corporate Asset Management Plan. The City has entered into a 20-year contract for electricity from ENMAX Energy for 2007-2026 with the objective of moving towards 100% "green" energy use. Building on the success of the blue cart recycling program established in 2009, implementation of a more automated collection system for all household garbage began in 2010. In 2011, The City announced a pilot program to test the weekly collection of residential food and yard waste to evaluate its suitability as a city-wide program.

### ***Funding Growth and Renewal – Intergovernmental Relations***

The City will continue to identify and address Calgary's growth requirements while seeking to obtain the necessary funding to undertake the additional projects required to maintain the social, environmental and economic conditions that Calgarians expect. Intergovernmental relations continue to be critical in allowing The City to respond to the needs of a rapidly growing community. The most substantial funding program is the provincial Municipal Sustainability Initiative (MSI) agreement, introduced by the Province in Alberta in 2007-08 as a commitment totalling \$3.3 billion for Calgary over a ten-year period. Due to the substantial change in provincial revenues, the Alberta government in its 2010-11 budget changed the terms and conditions for MSI funding, to extend the same amount of total funding over a longer time period. In recognition that The City of Calgary has made several long-term commitments to major construction projects based on the funding agreement, the Province will allow Calgary to use 7% of its total MSI grant for interest costs on the debt that will need to be borrowed to build the required infrastructure improvements. This ability to front-end capital projects against future cash flows from MSI will enable Calgary to maintain its pace of construction within its infrastructure investment plan. The 2012-2013 Provincial budget continues to support municipalities through the MSI agreement with \$2.8 billion allocated over the next three years, the same total as announced in the 2010-11 budget. Calgary's allocation for 2012-13 is expected to be approximately \$260 million.

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

Federal government support for municipal priorities remains in place. In its 2011-12 budget, The Government of Canada has maintained its commitment to a long-term funding agreement with municipalities to share a portion of federal fuel tax proceeds for transportation infrastructure as well as for environmental initiatives.

### ***Funding Growth and Renewal – Civic and Community Initiatives***

The Community Revitalization Levy is an example of an innovative, own-source approach to obtaining funding that has been approved for a major downtown infrastructure redevelopment project called The Rivers Community Revitalization Plan. The plan was initiated as a self-sufficient tax-supported program in 2007 under the newly formed Calgary Municipal Land Corporation, a controlled corporation of The City that is accountable for development and sale of land transferred from The City. As with other development projects, challenging economic conditions could affect the implementation schedule. The City is also evaluating the use of public-private partnerships (P3s) for the delivery of major infrastructure projects. As well, Council approved the Financing Municipal Infrastructure report in 2010 which set out the principles for funding infrastructure in new growth areas. The City has negotiated a new Standard Development Agreement with the Urban Development Institute based on these principles.

### ***Funding Growth and Renewal – Council and City Administration Actions***

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

Council approved a strategy for ongoing improvements to service efficiency and effectiveness including a “zero based” review (ZBR) approach. A zero based review is an examination of all aspects of an existing service including scope, service level, alignment with long-term policy goals and potential efficiencies in the way services are delivered.

In an effort to reduce and eliminate processes and policies that create unnecessary challenges for citizens and businesses, The City has introduced the “Cut Red Tape” program. This program will receive and implement suggestions from stakeholders, including citizens, which will enhance customer service and reduce redundancy and overlap.

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

Calgary, Canada

April 23, 2012

# Canadian Award for Financial Reporting

Presented to

The City of Calgary  
Alberta

For its Annual  
Financial Report  
for the Year Ended

December 31, 2010

A Canadian Award for Financial Reporting  
is presented by the Government Finance Officers  
Association of the United States and Canada  
to government units whose annual financial reports  
achieve the highest program standards for Canadian  
Government accounting and financial reporting.

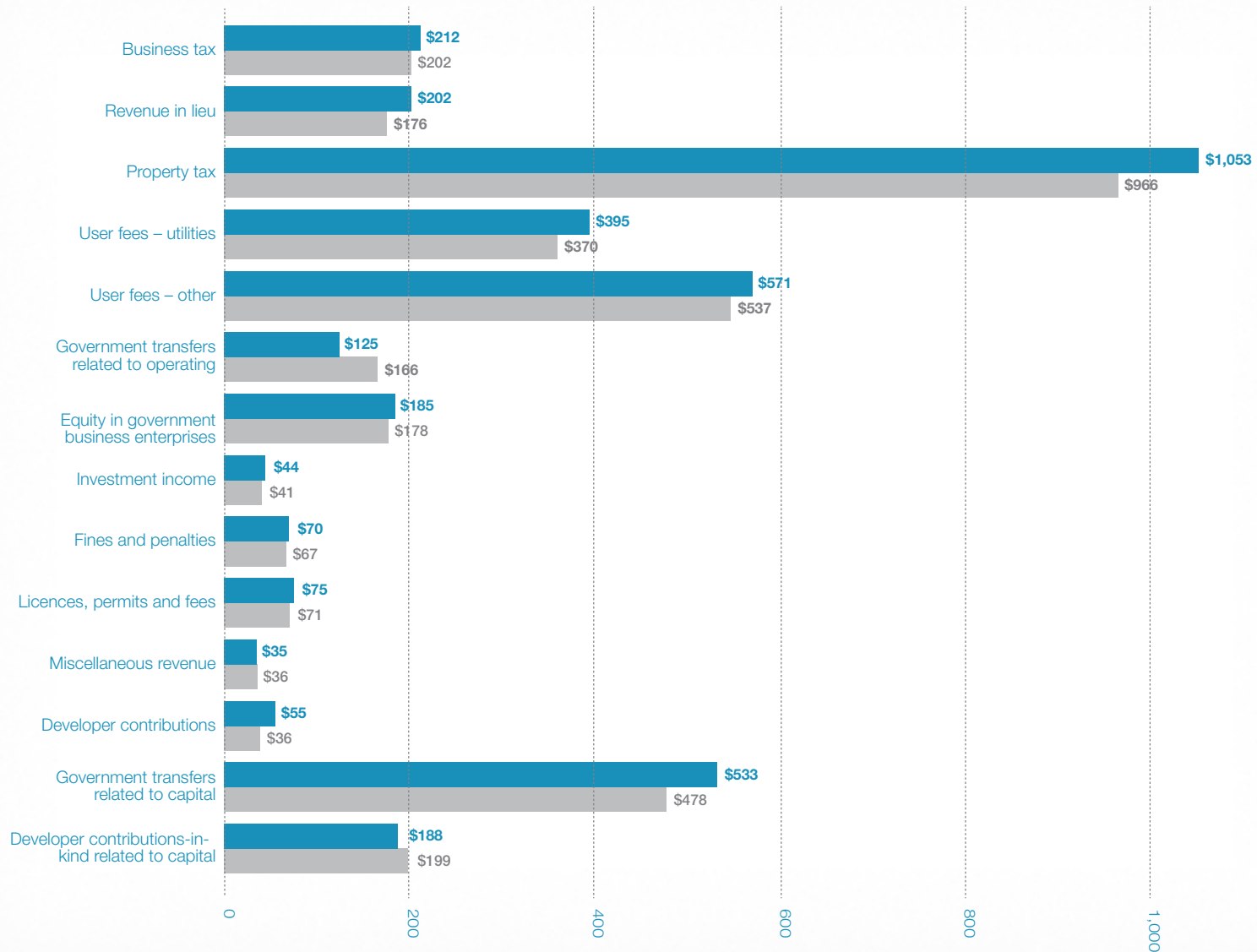


*Linda C. Davison*  
President

*Jeffrey L. Esser*  
Executive Director

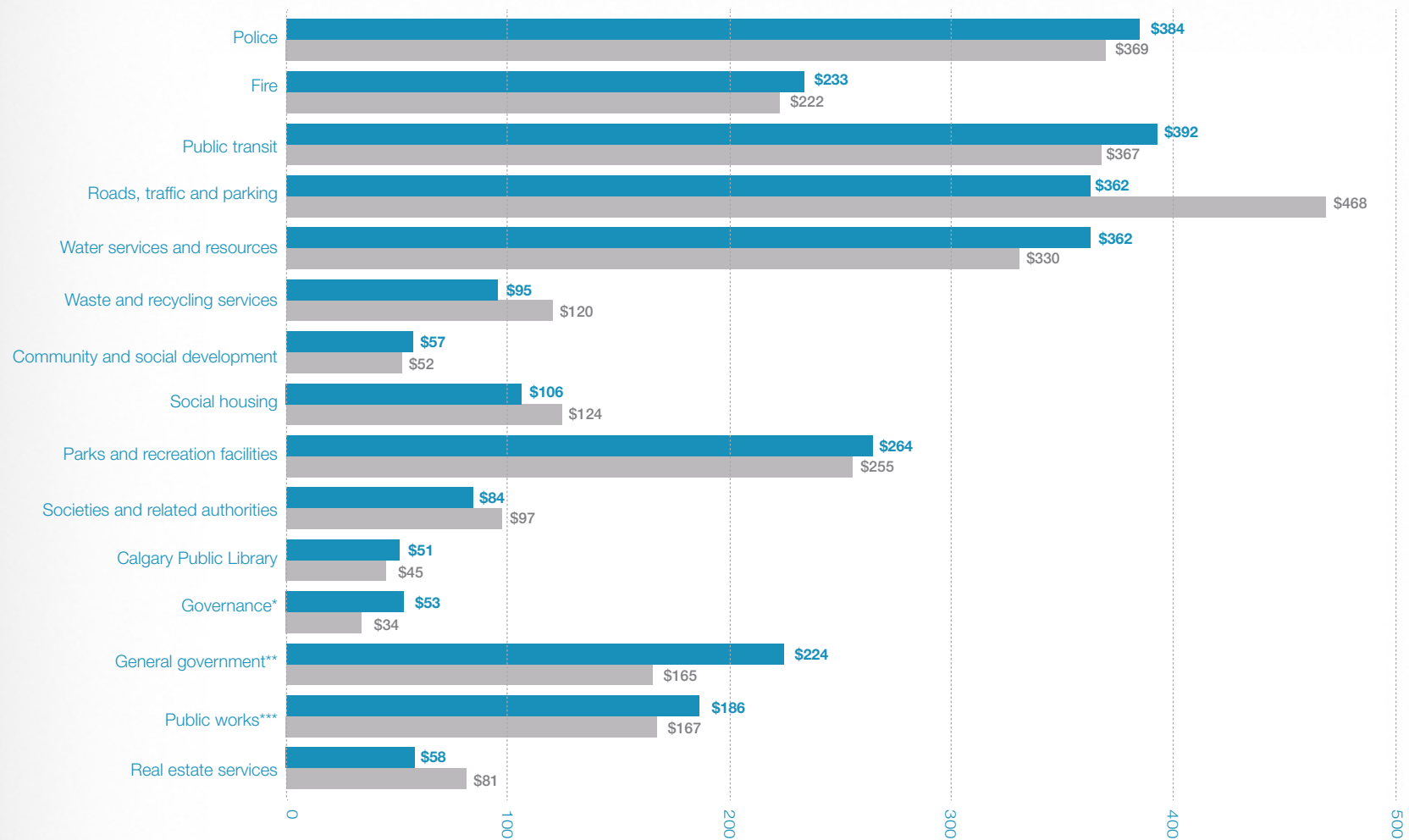
**2011 Total Revenues \$3,743**

**2010 Total Revenues \$3,523 (Restated)**



**2011 Total Expenses \$2,911**

**2010 Total Expenses \$2,896 (Restated)**



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

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

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

# CONSOLIDATED FINANCIAL STATEMENTS



## **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 generally accepted accounting principles established by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. 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 2011, City Council fulfilled its responsibility for financial reporting through its Standing Policy Committee ("S.P.C.") on Finance and Corporate Services and its Audit Committee. The S.P.C. on Finance and Corporate Services consists of seven aldermen who meet regularly to deal with budget-related matters. The Audit Committee of five aldermen and two citizen representatives meets regularly with both the independent external auditors and the City Auditor to review financial control and reporting matters. Beginning in 2012, City Council fulfils its responsibility for financial reporting through its Priorities and Finance Committee and its Audit Committee. The Priorities and Finance Committee consists of the Mayor, four members of Council and the Chair of the Audit Committee who meet regularly to deal with financial planning and reporting matters.

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



Owen Tobert, City Manager



Eric Sawyer, Chief Financial Officer

Calgary, Canada

April 23, 2012

## **Independent Auditor's Report**

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

We have audited the accompanying consolidated financial statements of The City of Calgary, which comprise the consolidated statement of financial position as at December 31, 2011 and the consolidated statements of operations and accumulated surplus, cash flows and changes in net financial assets (liabilities) for the year then ended, and accompanying notes to the consolidated financial statements.

#### **City Administration's Responsibility for the Consolidated Financial Statements**

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

#### **Auditor's Responsibility**

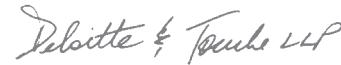
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. Procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by City Administration, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Audit Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The City of Calgary as at December 31, 2011 and its financial performance, cash flows and changes in net financial assets (liabilities) for the year then ended in accordance with Canadian public sector accounting standards.



Chartered Accountants

Calgary, Alberta  
April 23, 2012



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31 (in thousands of dollars)

	2011	2010
		(Restated Note 29)
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 61,172	\$ 60,359
Investments (Note 3)	2,333,003	2,358,079
Receivables (Notes 4 and 7(c))	230,247	237,469
Land inventory (Note 5)	243,109	244,595
Other assets (Note 6)	20,310	20,329
Investment in ENMAX (Note 7)	1,943,731	1,845,250
	<b>4,831,572</b>	4,766,081
<b>FINANCIAL LIABILITIES</b>		
Bank indebtedness (Note 8)	57,922	57,470
Accounts payable and accrued liabilities (Notes 7(c) and 9)	642,090	574,002
Deferred revenue (Note 10)	57,934	54,268
Capital deposits (Note 11)	639,567	713,477
Provision for landfill rehabilitation (Note 12)	56,100	54,400
Employee benefit obligations (Note 13)	329,455	309,138
Long-term debt (Note 14)	3,228,887	2,945,662
	<b>5,011,955</b>	4,708,417
<b>NET FINANCIAL (LIABILITIES) ASSETS</b>	<b>(180,383)</b>	57,664
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 15 and 29)	12,169,759	11,133,503
Inventory	47,324	42,915
Prepaid assets	16,147	17,434
	<b>12,233,230</b>	11,193,852
<b>ACCUMULATED SURPLUS</b> (Note 17)	<b>\$ 12,052,847</b>	\$ 11,251,516

Commitments, contingent liabilities and guarantees  
(Notes 24 and 25)

See accompanying notes to the consolidated financial statements

Approved on behalf of City Council:



Mayor Naheed Nenshi

## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

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

	<b>Budget 2011</b>	<b>Actual 2011</b>	Actual 2010
	<b>(unaudited)</b>		(Restated Note 29)
	<b>(note 16)</b>		
<b>REVENUES</b>			
Net taxes available for municipal purposes (Note 19)	\$ 1,410,408	\$ 1,467,317	\$ 1,343,960
Sales of goods and services	953,861	966,413	907,229
Government transfers and revenue sharing agreements (Note 22)			
Federal	7,256	6,418	6,941
Province of Alberta	129,877	118,512	158,748
Investment income	40,716	43,980	40,507
Fines and penalties	64,636	69,680	67,324
Licences, permits and fees	65,978	74,527	70,739
Miscellaneous revenue	13,020	35,319	35,625
Equity in earnings of ENMAX (Note 7)	169,986	184,581	177,819
	<b>2,855,738</b>	<b>2,966,747</b>	2,808,892
<b>EXPENSES</b>			
Police	375,418	384,396	368,947
Fire	221,921	233,265	222,279
Public transit	333,379	391,456	367,128
Roads, traffic and parking	219,770	362,113	467,576
Water services & resources	354,311	362,259	329,901
Waste and recycling services	97,138	94,476	119,980
Community and social development	56,173	56,736	51,694
Social housing	110,815	106,174	123,501
Parks and recreation facilities	211,952	263,844	255,456
Societies and related authorities	94,656	84,077	96,942
Calgary Public Library Board	46,130	51,367	45,481
General government	251,835	277,138	199,097
Public works	190,451	186,081	167,355
Real estate services	88,683	57,690	80,820
	<b>2,652,632</b>	<b>2,911,072</b>	2,896,157
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER</b>	<b>203,106</b>	<b>55,675</b>	(87,265)
<b>OTHER</b>			
Developer contributions	150,580	55,220	36,031
Government transfers related to capital (Note 22)	1,352,035	532,865	478,483
Developer contributions-in-kind related to capital	-	188,071	199,622
<b>NET REVENUES</b>	<b>1,705,721</b>	<b>831,831</b>	626,871
ENMAX – other comprehensive loss adjustment (Note 7)	-	(30,500)	(15,233)
<b>ANNUAL SURPLUS</b>	<b>1,705,721</b>	<b>801,331</b>	611,638
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>11,251,516</b>	<b>11,251,516</b>	10,639,878
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 12,957,237</b>	<b>\$ 12,052,847</b>	\$ 11,251,516

See accompanying notes to the consolidated financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS

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

	2011	2010
		(Restated Note 29)
<b>NET INFLOW (OUTFLOW) OF CASH AND CASH EQUIVALENTS:</b>		
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 801,331	\$ 611,638
Deduct items not affecting cash:		
Equity in earnings of ENMAX	(184,581)	(177,819)
ENMAX – other comprehensive loss (Note 7)	30,500	15,233
Amortization of tangible capital assets	413,273	398,286
Loss on disposal of tangible capital assets	12,682	49,340
Developer contributions-in-kind related to capital	(188,071)	(199,622)
Change in non-cash items:		
Receivables	7,222	(12,979)
Land inventory	1,486	(6,438)
Other assets	19	(9,934)
Inventory	(4,409)	(642)
Prepaid assets	1,287	(521)
Accounts payable and accrued liabilities	68,088	13,407
Deferred revenue	3,666	(9,921)
Capital deposits	(73,910)	99,979
Provision for landfill rehabilitation	1,700	29,300
Employee benefit obligations	20,317	30,144
	<b>910,600</b>	<b>829,451</b>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(1,285,272)	(1,232,487)
Proceeds on sale of tangible capital assets	11,132	16,132
	<b>(1,274,140)</b>	<b>(1,216,355)</b>
<b>INVESTING ACTIVITIES</b>		
Dividends from ENMAX Corporation	55,600	61,800
Net (purchase)/sale of investments	25,076	(139,140)
	<b>80,676</b>	<b>(77,340)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from long-term debt issued	483,649	651,510
Long-term debt repaid	(200,424)	(181,923)
Net increase in bank indebtedness	452	952
	<b>283,677</b>	<b>470,539</b>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>813</b>	<b>6,295</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>60,359</b>	<b>54,064</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 61,172</b>	<b>\$ 60,359</b>

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (LIABILITIES)

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

	<b>Budget 2011</b>	<b>Actual 2011</b>	Actual 2010
	<b>(unaudited)</b>		(Restated Note 29)
	<b>(note 16)</b>		
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>\$ 1,705,721</b>	<b>\$ 801,331</b>	\$ 611,638
Amortization of tangible capital assets	<b>102,002</b>	<b>413,273</b>	398,286
Proceeds on sale of tangible capital assets	<b>723</b>	<b>11,132</b>	16,132
Acquisition of supplies inventories	-	<b>166,517</b>	248,971
Use of supplies inventories	-	<b>(170,926)</b>	(249,613)
Acquisition of prepaid assets	-	<b>196,526</b>	50,481
Use of prepaid assets	-	<b>(195,239)</b>	(51,002)
Tangible capital assets received as contributions	-	<b>(188,071)</b>	(199,622)
Loss / (gain) on sale of tangible capital assets	<b>29</b>	<b>12,682</b>	49,340
Acquisition of tangible capital assets	<b>(1,446,836)</b>	<b>(1,285,272)</b>	(1,232,487)
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	<b>361,639</b>	<b>(238,047)</b>	(357,876)
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<b>57,664</b>	<b>57,664</b>	415,540
<b>NET FINANCIAL ASSETS (LIABILITIES), END OF YEAR</b>	<b>\$ 419,303</b>	<b>\$ (180,383)</b>	\$ 57,664

See accompanying notes to the consolidated financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31 (in thousands of dollars)

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

### 1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of The City are prepared by management in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants ("CICA").

#### a) Basis of Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund and reserves fund of The City. Inter-departmental balances and transactions have been eliminated from the consolidated financial statements.

The consolidated financial statements include all organizations that are accountable for the administration of their financial affairs and resources to The City and are controlled by The City, except for The City's government business enterprise, ENMAX Corporation ("ENMAX").

#### Consolidated Entities

The six related authorities included in the consolidated financial statements are Calgary Parking Authority, the Calgary Public Library Board, Calhome Properties Ltd. (operating as Calgary Housing Company), the Calgary Municipal Land Corporation, the Attainable Homes Calgary Corporation and Calgary TELUS Convention Centre ("CTCC") (Note 20). Transactions and balances between The City and the related authorities have been eliminated.

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

Calgary Board of Education  
Calgary Exhibition and Stampede Limited  
Calgary HandiBus Association  
Alberta Health Services  
Calgary Arts Development Authority Ltd.  
Calgary Roman Catholic Separate School District No.1

TELUS World of Science & Creative Kids Museum  
Calgary Zoological Society  
EPCOR Centre for the Performing Arts  
Heritage Park Society  
Lindsay Park Sports Society  
Metropolitan Calgary Foundation  
Saddledome Foundation

#### Registered Pension Plans (Note 13)

Calgary Firefighters' Supplementary Pension Plan  
Calgary Police Supplementary Pension Plan  
Pension Plan for Elected Officials of The City of Calgary  
The City of Calgary Supplementary Pension Plan  
Local Authorities Pension Plan  
Special Forces Pension Plan

#### Government Business Enterprise

ENMAX is a government business enterprise, and a wholly-owned subsidiary of The City. ENMAX is accounted for using the modified equity method. Under this method, the business enterprise's accounting principles are not adjusted to conform to those of The City, and inter-organizational transactions are not eliminated (Note 7).

#### Funds Held in Trust

Funds held in trust and their related operations administered by The City for the benefit of external parties are not included in the consolidated financial statements, but are reported separately on the continuity of funds (Note 28).

#### b) Basis of Accounting

- i) Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues are reliably measured and reasonably estimated. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.
- ii) Taxation revenues are recorded at the time tax billings are issued. Taxation billings are subject to appeal. A provision has been recorded in accounts payable and accrued liabilities for potential losses on taxation revenue appeals outstanding as of December 31, 2011.
- iii) Government transfers and grants are recognized in the consolidated financial statements as revenues in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.

- iv) Expenses are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.
- v) Authorized transfers from The City are recorded as expenses when eligibility criteria have been met by the recipient and the amount can be reasonably estimated.

**c) Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on deposit, treasury bills and 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 an internally managed portfolio consisting of temporary investments in short term instruments and portfolio investments such as fixed income bonds. The City also has externally managed portfolio investments consisting of short and long term investments such as money market and fixed income bonds. In 2008, The City added equities, on a limited basis, as an allowable asset class, with a constraint of not more than 10% of the market value of total funds invested allocated to equities. Investments are recorded at the lower of original cost net of amortized discounts and premiums and market value on a portfolio basis. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

**e) Land Inventory**

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

**f) Bank Indebtedness**

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

**g) Deferred Revenue**

Deferred revenue represents amounts received from third parties for a specified operating purpose. These amounts are recognized as revenue in the period when the related expenses are incurred.

**h) Capital Deposits**

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

**i) Provision for Landfill Rehabilitation**

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

**j) Employee Benefit Obligations**

The City has fully funded its total current requirements for employee benefit obligations as at December 31, 2011.

- i) Contributions to multi-employer plans are expensed when the contributions are due.
- ii) The cost of City-sponsored, registered defined-benefit pension plans and non-registered defined-benefit pension plans and post-employment benefits are recognized when earned by plan members. These costs are actuarially determined using the projected benefit method prorated on service and management's best estimate of expected salary and benefit escalation, retirement ages of employees and plan investment performance. Plan obligations are discounted using The City's cost of borrowing using estimated rates for debt with maturities similar to expected benefit payments in the future.
- iii) The City records the actuarially determined excess of the accrued benefit obligation over the market value of the plan assets for City-sponsored, registered defined-benefit pension plans. For jointly sponsored plans, The City records its proportionate share of that excess. For non-registered, defined-benefit plans and other retirement benefit obligations, The City records the actuarially determined accrued benefit obligation. The City holds assets within its cash and investments to address 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 experience gains and losses are amortized on a straight-line basis over the expected average remaining service period of active employees. Adjustments arising from prior service costs related to plan amendments and changes in the valuation allowance are recognized in the period in which the adjustment occurs.

**k) Non-Financial Assets**

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

**l) Accumulated Surplus/Deficit**

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

**m) Tangible Capital Assets ("TCA")**

Tangible capital assets, including assets held under capital leases, are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Donated assets (related to waterworks and wastewater distribution and collection systems, parks and roads) are capitalized and are recorded at their estimated fair value upon acquisition at the time they are transferred to The City and are also recorded as revenue. Interest charges are not capitalized.

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

Works of art for display are not recorded as tangible capital assets but are disclosed.

TCA is written down when there is permanent and measureable impairment in its TCA value and the TCA still exists.

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

	Years
Buildings	
Buildings	10 – 75
Leasehold improvements	5 – 30
Vehicles	
Light rail transit	25
Transit buses & fire trucks	5 – 20
Vehicles	2 – 15
Land improvements	5 – 40
Engineered structures	
Waterworks and wastewater distribution and collection systems and treatment plants	15 – 75
Transit network	10 – 75
Road network	5 – 100
Communication networks & landfills	20 – 50
Machinery and equipment	
Computer equipment	3 – 5
Furniture & equipment	5 – 25
Boats & other mobile machinery	3 – 25
Other equipment and machinery	5 – 35

**i) Inventories**

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

**ii) Land Held for Municipal Purposes**

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

**n) Equity in Non-financial Assets**

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

**o) Budget Figures (unaudited)**

The 2011 budget is reflected on the consolidated statement of operations and accumulated surplus. The budget consists of the Council-approved amounts for the operating fund and the capital fund, modified for capital revenue adjustments, assets capitalized on the statement of financial position, and depreciation expense for tax-supported assets. The budgets established for the capital fund are on a project-oriented basis, the costs of which may be carried out over one or more years. The capital budget figures are modified based on the percentage of completion of these projects.

**p) Environmental Provisions**

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

**q) Financial Instruments and Fair Values**

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

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

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

**r) Loan Guarantees**

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

**s) Use of Estimates**

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

**t) Recent Accounting Pronouncements**

**i) Financial Instruments**

In 2009, PSAB released a standard related to Financial Instruments (PS 3450). The standard applies to all local governments for fiscal years beginning on or after April 1, 2015. The application of this section for governments will be reviewed by December 31, 2013. The standard applies to all types of financial instruments (primary and derivatives). In the year that this standard is adopted, Foreign Currency Translation (PS 2601) must also be adopted. The new standard requires equity and derivative instruments be measured at fair value, with changes in value being recorded in a statement of re-measurement gains/losses. The standard gives the option of cost/amortized cost vs. fair value for remaining instruments, which is elected upon by the government organization. The City of Calgary has begun reviewing policies and is in the planning stages for upgrading systems and reporting in order to ensure it is in line with this standard.

**ii) Foreign Currency Translation**

PSAB released a standard related to Foreign Currency Translation (PS 2601). The standard applies to all local governments for fiscal years beginning on or after April 1, 2015. The application of this section for governments will be reviewed by December 31, 2013. The standard requires exchange rates to be adjusted to the rate in effect at the financial statement date for monetary assets and liabilities denominated in foreign currency and non-monetary items included in the fair value category. Gains and losses yet to be settled are presented in the statement of re-measurement gains and losses. Gains and losses on long-term monetary assets and liabilities are amortized over the remaining term of the item. The City of Calgary has begun reviewing policies and is in the planning stages for upgrading systems and reporting in order to ensure it is in line with this standard.



### iii) Government Transfers

PSAB released a standard related to Government Transfers (PS 3410). The standard applies (retroactively or prospectively) to all local governments for fiscal years beginning on or after April 1, 2012. The standard discusses what the criteria are for a government transfer, recognition of the transferring and recipient government, eligibility criteria/stipulations within the transfer, and presentation and disclosure information related to the government transfer. The City of Calgary has not yet determined the financial impact.

### iv) Contaminated Sites

PSAB released a standard related to Contaminated Sites (PS 3260). The standard applies to all local governments for fiscal years beginning on or after April 1, 2012. The section defines the activities included with regards to remediation, establishes when to recognize and how to measure the liability, as well as discusses the presentation and disclosure requirements. The City of Calgary has processes in place for assessing land for contamination on a periodic basis, and estimating the costs of reclamation. The City of Calgary has not yet determined the financial impact.

### v) Tax Revenue

PSAB released a standard related to Tax Revenue (PS 3510). The standard applies to all local governments for fiscal years beginning on or after April 1, 2012. The section discusses various types of tax, the timing of recognition, measurement and presentation and disclosure requirements. The City of Calgary has robust processes in place with regards to tracking tax charges and outstanding balances related to taxes. The City of Calgary has not yet determined the financial impact.

## 2. CASH AND CASH EQUIVALENTS

	2011	2010
Cash on deposit	\$ 47,672	\$ 53,340
Treasury bills and GICs with original maturities of 90 days or less	13,500	7,019
	<b>\$ 61,172</b>	<b>\$ 60,359</b>

Treasury bills and GICs interest rate is 1% in 2011 and 2010.

## 3. INVESTMENTS

All the investments managed by The City are held in fixed income securities and equity investments. Investments with a cost of \$2,100 (2010 – \$2,087) are managed by the Parks Foundation, and include equity investments of \$1,675 (2010 – \$1,659). The cost and market value of all investments as at December 31 are as follows:

	2011 Cost	2011 Market value	2010 Cost	2010 Market value
Government of Canada bonds	\$ 148,114	\$ 149,767	\$ 164,569	\$ 164,614
Provincial bonds	323,104	333,787	399,370	403,198
Federally regulated banks	317,557	318,702	367,028	369,015
Other Canadian corporations	1,411,196	1,416,141	1,318,896	1,321,920
Equity investments	133,032	134,098	108,216	127,430
	<b>\$ 2,333,003</b>	<b>\$ 2,352,495</b>	<b>\$ 2,358,079</b>	<b>\$ 2,386,177</b>

The average yield earned from investments during the year was 2.6% (2010 – 2.6%). Maturity dates on the investments range from 2012 to 2108. Investments include \$1,560,657 (2010 – 1,696,043) in an internally managed portfolio composed of money market instruments maturing within one year.

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

## 4. RECEIVABLES

	2011	2010
Taxes	\$ 38,307	\$ 44,213
Federal and Provincial governments	29,901	33,797
General	162,039	159,459
	<b>\$ 230,247</b>	<b>\$ 237,469</b>

## 5. LAND INVENTORY

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

	2011		2010
Developed land	\$ 24,328	\$	–
Under development	120,312		124,010
Long-term inventory	98,469		120,585
	<b>\$ 243,109</b>	<b>\$</b>	<b>244,595</b>

## 6. OTHER ASSETS

	2011		2010
Long-term debt recoverable	\$ 10,033	\$	6,201
Assets held for sale	2,275		5,539
Long-term receivables	5,945		6,724
Other receivables	1,398		1,532
Loan receivables	659		333
	<b>\$ 20,310</b>	<b>\$</b>	<b>20,329</b>

## 7. INVESTMENT IN ENMAX

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

ENMAX Power Corporation, ENMAX's electricity distribution and transmission (wires) subsidiary, has been regulated by the Alberta Utilities Commission since January 1, 2008 and prior to that by the Alberta Energy and Utilities Board starting in 2004. Upon deregulation, effective January 1, 2001, The City approved only those electrical rates determined for the regulated activities of electricity transmission and distribution. Effective January 2004, Alberta Energy and Utilities Board ("AEUB") became the regulator of ENMAX Power, approving the electricity transmission and distribution rates to charge customers within ENMAX's service area.

Debentures in the amount of \$732,877 (2010 - \$631,494) and reported by ENMAX in long-term debt have been issued in the name of The City (Note 14(a)).

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

	2011		2010
<b>Financial Position</b>			
Current assets	<b>\$ 825,751</b>	\$	821,135
Power purchase arrangements	<b>473,676</b>		517,020
Future income taxes	<b>74,408</b>		91,171
Capital assets	<b>2,849,335</b>		2,386,759
Other assets	<b>104,665</b>		66,860
	<b>4,327,835</b>		3,882,945
Current liabilities			
(including current portion of long-term debt; 2011 – \$53,715; 2010 – \$49,986)	<b>704,160</b>		514,754
Other long-term liabilities	<b>197,520</b>		145,282
Asset retirement obligations	<b>13,952</b>		–
Long-term debt	<b>1,468,472</b>		1,377,659
	<b>2,384,104</b>		2,037,695
ENMAX net assets	<b>1,943,731</b>		1,845,250
Accumulated other comprehensive loss	<b>(68,761)</b>		(38,304)
Retained earnings	<b>2,012,492</b>		1,883,554
<b>Investment in ENMAX</b>	<b>\$ 1,943,731</b>	<b>\$</b>	<b>1,845,250</b>
<b>Results of Operations</b>			
Revenues	<b>\$ 3,109,040</b>	\$	2,404,230
Operating expenses	<b>2,857,572</b>		2,146,029
Interest charges (net)	<b>50,437</b>		62,016
Earnings before income tax	<b>201,031</b>		196,185
Income tax	<b>16,450</b>		18,366
Earnings before dividends paid	<b>184,581</b>		177,819
Dividends paid	<b>(55,600)</b>		(61,800)
Net earnings after dividends paid	<b>128,981</b>		116,019
Other comprehensive loss	<b>(30,500)</b>		(15,233)
Net assets, beginning of year	<b>1,845,250</b>		1,744,464
<b>Equity in ENMAX</b>	<b>\$ 1,943,731</b>	<b>\$</b>	<b>1,845,250</b>

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

	2011	2010
<b>Received by The City</b>		
Dividends	\$ 55,600	\$ 61,800
Local access fee	125,563	97,621
Sales of services	16,746	12,398
<b>Purchased by The City</b>		
Power and other services	124,741	115,392

The City's accounts payable and accrued liabilities include \$16,746 (2010 – \$21,120) for amounts owed to ENMAX at December 31, 2011. The City's receivables include \$4,100 (2010 – \$5,156) for amounts owing to The City by ENMAX at December 31, 2011. Corresponding related-party differences between the payables and receivables (Note 7(c)) for The City and ENMAX result primarily from timing differences related to recognizing the receipt of payments. Sale of services and purchase of power and other services are transacted at fair market value, which is the amount agreed upon by the parties.

#### 8. BANK INDEBTEDNESS

The City has the approved authority to issue up to \$200,000 of short-term borrowing, through a combination of a bank line of credit and the issue of commercial paper. An unsecured short-term bank line of credit with a commercial bank is available to The City up to an amount of \$60,000. As at December 31, 2011 The City had a total of \$57,922 (2010 – \$57,470) of bank indebtedness comprised of \$500 (2010 – \$780) on its line of credit and cheques issued in excess of deposits of \$57,422 (2010 – \$56,690). As at December 31 2011 or 2010, The City has not issued any promissory notes.

#### 9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2011	2010
Trade	\$ 559,314	\$ 503,239
Government	50,102	42,049
Accrued interest	32,674	28,714
	<b>\$ 642,090</b>	<b>\$ 574,002</b>

#### 10. DEFERRED REVENUE

	2011	2010
Advance sales of goods and services	\$ 17,295	\$ 17,842
Licences, permits and application fees	20,674	15,624
Government transfers	16,447	16,316
Other contributions	3,518	4,486
	<b>\$ 57,934</b>	<b>\$ 54,268</b>

#### 11. CAPITAL DEPOSITS

Capital deposits are received for various capital projects from land developers, pursuant to development agreements or the *Municipal Government Act*, and from other governments, through grants and the provincial 5 cents per litre fuel tax revenue sharing agreement. Certain deposits are allocated investment income, and some may become refundable with interest should they not be fully utilized for the designated capital projects. Year end transactions are summarized below:

	2011	2010
Developers contributions	\$ 106,757	\$ 105,742
Acreage assessments	252,312	165,235
Other private contributions	16,773	26,085
Provincial government grants	229,746	349,384
Federal government grants	33,979	67,031
	<b>\$ 639,567</b>	<b>\$ 713,477</b>

#### 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 include final covering and landscaping of a landfill, pumping of groundwater and leachate from the site and ongoing environmental monitoring, site inspections and maintenance. The estimated total liability of \$152,100 (2010 (restated) – \$150,200) for these expenditures represents the sum of closure costs and the discounted future cash flows for post-closure activities for 40 years after closure. The City does vary the discount rate used in the calculation to reflect the current economic conditions. In 2011, the discount rate was reduced to 3.5 % from the 4.0 % that was used in 2010.

The calculation of the reported liability of \$56,100 (2010 (restated) – \$54,400) is based on the closure and post-closure costs for the total of all interim areas which have accepted municipal solid waste, but have not yet reached their final design elevation, and closed areas where closure procedures have taken place but the post closure remediation period of 40 years has not passed, as of December 31, 2011. This represents a change in how the long term landfill liability is calculated. The change in calculation resulted in \$16,500 of unfunded liability being recognized over 2010 and 2011. The unfunded liability will be partly funded through future contributions from operations and the Waste & Recycling Sustainment Reserve. The City of Calgary recognizes the importance of ensuring the long term care of closed landfills and will confirm a plan to address this unfunded obligation.

The estimated remaining capacity of the landfill sites is 55.4 million cubic metres (2010 – 56.6 million cubic metres) which is 59 % (2010- 60 %) of the sites' total capacity. Based on current disposal practices and projected growth rates, the landfills have an expected remaining life of 33 years (2010 – 33 years).

### 13. EMPLOYEE BENEFIT OBLIGATIONS

Civic employees and elected officials qualify to belong to one or more multi-employer pension plans, defined-benefit pension plans and other retirement benefit plans provided by The City. Employee benefit obligations are liabilities of The City to its employees and retirees for benefits earned but not taken as of December 31.

The City has fully funded its total current requirements for employee benefit obligations at December 31, 2011. The City and employees have an obligation to fund the unamortized actuarial losses for its registered and non-registered defined benefit pension plans and for its share of the multi-employer plans. The losses are expected to be funded through future increases in contributions and future changes in actuarial assumptions. The concept of funding refers to amounts recorded in the consolidated financial statements as described below:

	<b>2011 Funded</b>	2010 Funded
a) Registered defined-benefit pension plans	<b>\$ 17,215</b>	\$ 11,355
b) Non-registered defined-benefit pension plans	<b>16,398</b>	15,333
c) Other retirement benefits	<b>125,307</b>	115,615
d) Vacation and overtime (undiscounted)	<b>170,535</b>	166,835
	<b>\$ 329,455</b>	\$ 309,138

Annual actuarial accounting valuations for the registered and non-registered defined-benefit pension plans and other retirement benefits are performed using the projected benefit method prorated on years of service to determine the accrued benefit obligation and the expense to be recognized in the consolidated financial statements. The measurement of the accrued benefit obligation and expense for actuarial accounting valuations is obtained by extrapolating the actuarial liabilities calculated as of the most recent actuarial valuation dates as stated for each benefit.

The significant actuarial assumptions used for the actuarial accounting valuations of the registered defined-benefit plans (Note 13 a), non-registered defined-benefit pension plans (Note 13 b) and other retirement benefits (Note 13 c) are as follows:

Date of actuarial accounting valuation	<b>Dec. 31, 2011</b>	Dec. 31, 2010
Year end obligation discount rate (%)	<b>3.5</b>	4.0
Inflation rate (%)	<b>2.5</b>	2.5
Long term rate of return on plan assets (%)	<b>6.5</b>	6.5
Rate of compensation increase	(included within each section)	

#### a) Registered defined-benefit pension plans

Certain of the defined-benefit pension plans are registered for Canada Revenue Agency ("CRA") purposes. These plans provide benefits up to limits prescribed by the *Income Tax Act* (Canada). The assets of these plans are held in trust and The City records its obligations under these plans net of plan assets. As required by the *Alberta Employment Pension Plans Act* actuarial funding valuations are performed at least triennially on the registered plans to determine The City's required contributions to the plan trusts. The most recent full actuarial valuations were (will be) prepared at the following dates:

Pension Plan	Latest Full Actuarial Valuation Date	Next Full Actuarial Valuation Date
Calgary Firefighters' Supplementary Pension Plan (FSPP)	December 31, 2010	December 31, 2013
City of Calgary Supplementary Pension Plan (SPP)	December 31, 2010	December 31, 2013
Pension Plan for Elected Officials of The City of Calgary (EOPP)	December 31, 2009	December 31, 2012

For each registered pension plan, the market value of assets as at October 31, 2011 was projected forward to December 31, 2011 using expected employer and employee contributions and benefit payments for November and December 2011.

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

	2011		2010
Fair value of plan assets – beginning of year	\$ 88,830	\$	80,928
Contributions – employer	5,806		6,644
Contributions – member	1,390		1,269
Expected interest on plan assets	5,771		5,109
Less benefits paid	(7,286)		(6,268)
Actuarial gain/(loss)	(5,612)		1,148
Fair value of plan assets – end of year	88,899		88,830
Accrued benefit obligation – beginning of year	146,333		134,301
Current period benefit cost	8,005		7,351
Interest on accrued benefit obligation	6,028		5,887
Less benefits paid	(7,286)		(6,268)
Actuarial loss	20,915		5,062
Accrued benefit obligation – end of year	173,995		146,333
Funded status – plan deficit	85,096		57,503
Unamortized net actuarial loss	(67,881)		(46,148)
Accrued benefit liability	\$ 17,215	\$	11,355
Current period benefit cost	\$ 8,005	\$	7,351
Amortization of actuarial losses	4,795		4,527
Less member contributions	(1,390)		(1,269)
Benefit expense	11,410		10,609
Interest on accrued benefit obligation	6,028		5,887
Less expected interest on plan assets	(5,771)		(5,109)
Benefit interest income	257		778
Total expense	\$ 11,667	\$	11,387
Rate of compensation increase % (excluding merit & promotion)	2011		2010
SPP	4.0		3.5
EOPP	3.5		3.5
FSPP	4.0		5.1

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

	2011	2010
FSPP	13.8	13.8
SPP	8.7	8.7
EOPP	9.5	9.7
PSPP	9.8	10.7

The following information details the structure, benefits, and required contributions of each of The City’s registered defined-benefit pension plans:

**i) Calgary Firefighters’ Supplementary Pension Plan (“FSPP”)**

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

At December 31, 2011, The City’s portion of plan assets held in trust is invested in a mix of equities, bonds and money market instruments. Plan assets are valued at market value.

The City and member’s 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, 2011 as follows:

	2011 Employer	2011 Members	2010 Employer	2010 Members
Current service contributions	\$ 3,702	\$ 3,032	\$ 3,451	\$ 2,859
Contribution rates (% of pensionable salaries)	*3.69%	*3.02%	3.09%	2.53%

\*Effective October 10, 2011

**ii) City of Calgary Supplementary Pension Plan (“SPP”)**

The SPP commenced on February 1, 2000 and is sponsored and administered by The City. The plan provides a supplement to the Local Authorities Pension Plan (Note 13 e) i) to provide an annual retirement benefit of 2% of earnings, up to maximum pension limits of the *Income Tax Act* (Canada) for years of service since the later of February 1, 2000 and the date of eligibility for membership in the plan, as well as enhanced death benefits.

At December 31, 2011, The City’s portion of plan assets held in trust is invested in a mix of equities, bonds and money market instruments. Plan assets are valued at market value.

The City and member’s 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, 2011 as follows:

	<b>2011 Employer</b>	<b>2011 Members</b>	2010 Employer	2010 Members
Current service contributions	<b>\$ 1,569</b>	<b>\$ 1,309</b>	\$ 1,400	\$ 1,171
Contribution rates (% of pensionable salaries)	<b>2.16%</b>	<b>2.00%</b>	2.41%	2.00%

**iii) Pension Plan for Elected Officials of The City of Calgary (“EOPP”)**

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

At December 31, 2011, plan assets held in trust are invested in a mix of equities, bonds and money market instruments. Plan assets are valued at market value.

The City and member’s 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, 2011 as shown below.

	<b>2011 Employer</b>	<b>2011 Members</b>	2010 Employer	2010 Members
Current service contributions	<b>\$ 298</b>	<b>\$ 93</b>	\$ 1,535	\$ 92
Contribution rates (% of pensionable salaries)	<b>19.18%</b>	<b>6.00%</b>	19.47%	6.00%

In 2012 the EOPP contribution rates for members will change to 9% (2011: 6%) and 15.1% for the employer (2011: 19.18%). The rate change is a result of Council’s decision to adopt the independent Council Compensation Review Committee’s recommendation dated January 23, 2012.

**iv) Calgary Police Supplementary Pension Plan (“PSPP”)**

The PSPP commenced on January 1, 1975 and provides supplemental pension benefits to those police officers who retired prior to September 1, 1979. Police officers who have retired after September 1, 1979 are covered under the Special Forces Pension Plan (Note 13 e) ii).

The PSPP is not subject to provincial minimum funding legislation. Pursuant to the agreement made in 1985, The City will continue to pay benefits out of its investments. In 2007, the fund was exhausted and benefits to pensioners for the year and future years are now being paid from The City’s investments. Since 2003, the liabilities associated with these continued benefits have been accounted for under the appropriate GAAP and PSAB guidelines.

Sufficient funds are held with The City’s investments to cover the liabilities as determined by the actuarial accounting valuation as at December 31, 2011.

**b) Non-registered defined-benefit pension plans**

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

The most recent full actuarial valuations were (will be) prepared at the following dates:

Pension Plan	Latest Full Actuarial Valuation Date	Next Full Actuarial Valuation Date
OCP for management employees	December 31, 2010	December 31, 2013
OCP for the Police Chief and Deputies	December 31, 2011	December 31, 2012
OCP for the Fire Chief and Deputies	December 31, 2011	December 31, 2012
EOSP	December 31, 2011	December 31, 2012
Contractual obligations	December 31, 2011	December 31, 2012
EPP	December 31, 2011	December 31, 2012

(2) The results of, and significant assumptions utilized, in the December 31, 2011 actuarial accounting valuations for the non-registered pension plans are as follows:

	2011	2010
Accrued benefit obligation – beginning of year	\$ 20,364	\$ 19,061
Current period benefit cost	518	607
Interest on accrued benefit obligation	812	826
Less benefits paid	(1,204)	(486)
Actuarial loss	10,733	356
Accrued benefit obligation – end of year	\$ 31,223	\$ 20,364
Funded status – plan deficit	\$ 31,223	\$ 20,364
Unamortized net actuarial loss	(14,825)	(5,031)
Accrued benefit liability <sup>(1)</sup>	\$ 16,398	\$ 15,333
Current period benefit cost	\$ 518	\$ 607
Amortization of actuarial losses	939	924
Interest on accrued benefit obligation	812	826
Total expense	\$ 2,269	\$ 2,357

	2011	2010
Rate of compensation increase % (excluding merit & promotion)		
• All OCPP & EPP	4.0	3.5
• EOSP	3.5	3.5

<sup>(1)</sup> Assets in the amount of \$16,398 (2010: \$15,333) to satisfy the obligations under these plans are held within The City's investments.

Actuarial gains and losses are amortized over the expected average remaining service life ("EARSL") of the related employee group and commence in the period following the determination of the gain or loss. The EARSL is:

	2011	2010
OCPP for management employees	7.3	7.3
OCPP Police Chief & Deputies	2.7	2.7
OCPP Fire Chief & Deputies	7.0	7.0
EOSP	22.8	14.8
EPP	3.3	6.8
Contractual Obligations	11.8	12.4

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

**i) City of Calgary Overcap Pension Plan ("OCPP")**

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

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

The OCPP for the Police Chief and Deputies and the OCPP for the Fire Chief and Deputies provide supplementary pension benefits in excess of the maximum pension benefits provided under the SFPP (Note 13 e ii)) and the FSPP (Note 13 a i)) respectively.

**ii) Supplementary Pension Plan for Elected Officials of The City of Calgary ("EOSP")**

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

Since the EOSP was designed to provide benefits on the non-taxable portion of Council salaries, the elimination of the non-taxable portion of Council salaries in July 2006 will result in a gradual decrease in the benefit obligations under the EOSP. This decrease will occur with a corresponding increase in benefits under the EOPP due to the increase in taxable earnings. In addition, the EOSP will continue to provide benefits to existing retirees and eligible Council members in excess of the maximum pension benefits provided under the EOPP (Note 13 a iii)) .

**iii) Executive Pension Plan ("EPP")**

The EPP was designed to provide pension arrangements for key members of senior management pursuant to individual employment contracts with The City prior to the inception of the OCPP and SPP. The EPP will continue to provide benefits to existing retirees and to grandfathered members.

**iv) Contractual Obligations**

The City has entered into individual compensation arrangements with key members of management that provide defined benefits upon retirement. These arrangements are sponsored and administered by The City.

**c) Other retirement benefits**

The City sponsors post retirement benefits for extended health, dental and life insurance benefits to qualifying retirees and their surviving spouses from the date of retirement to the age of 65, when coverage under the Alberta Seniors Plan begins. After 10 years or age 65, the life policy reduces to a paid-up death benefit based on the number of years of contributory service prior to retirement. The City and the retirees share equally in the cost of benefits. Due to the joint nature of the plan and the cost sharing arrangement, the consolidated financial statements of The City reflect The City's portion only of both the expense and the accrued benefit liability. The City sponsors a non-contributory retiring allowance of up to 7 weeks of salary for qualifying retirees. The cost of these benefits is recognized as an expense as the employees provide service. The City also sponsors a salary continuation plan for employees that are disabled or killed in the line of duty.

The most recent full actuarial valuations for other retirement benefits were (will be) performed as stated below.

	Latest Full Actuarial Valuation Date	Next Full Actuarial Valuation Date
Post Retirement Benefits	December 31, 2010	December 31, 2013
Retiring Allowance	December 31, 2010	December 31, 2013
Supplementary Compensation	December 31, 2010	December 31, 2013

The results of, and significant assumptions utilized, in the December 31, 2011 actuarial accounting valuations for other retirement benefits include:

	2011	2010
Accrued benefit obligation – beginning of year	\$ 136,627	\$ 144,369
Current period benefit cost	7,987	7,452
Interest on accrued benefit obligation	5,655	6,311
Less benefits paid	(6,485)	(6,651)
Actuarial loss/(gain)	11,760	(14,854)
Accrued benefit obligation – end of year	\$ 155,544	\$ 136,627
Funded status – plan deficit	\$ 155,544	\$ 136,627
Plan assets <sup>(1)</sup>	(949)	(609)
Unamortized net actuarial loss	(29,288)	(20,403)
Accrued benefit liability <sup>(2)</sup>	\$ 125,307	\$ 115,615
Current period benefit cost	\$ 7,987	\$ 7,452
Amortization of actuarial loss	2,661	4,002
Interest on accrued benefit obligation	5,655	6,311
Total expense	\$ 16,303	\$ 17,765
Rate of compensation increase, excluding merit and promotion <sup>(3)</sup>	3.50%	3.50%
Annual Increase in extended health costs	7.00%	7.00%
Annual Increase in dental costs	4.00%	5.00%
EARSL <sup>(4)</sup>	11.2 yr	11.0 yr

(1) Plan Assets in the amount of \$ 949 (2010 \$609) to satisfy future life claims are equal to fair market value.  
 (2) Assets in the amount of \$125,307 (2010 – \$115,615) to satisfy the obligations under these plans are held within The City's investments.  
 (3) Annual increases for general employees are: 2012:3.0%; 2013:3.0%; 2014:4.0%; thereafter 3.50% per annum. Annual increases for police and firefighters are: 2012:4.5%; 2013:4.5%; 2014:5.5%; thereafter 3.50% per annum.  
 (4) Actuarial gains and losses are amortized over the EARSL of the related employee group commencing in the period following the determination of the gain or loss.

**d) Vacation and overtime**

The vacation and overtime liability comprises the vacation and overtime that employees are deferring to future years. Employees who have deferred vacation or overtime can, under specific circumstances as outlined in administrative policies and/or contractual agreements, be paid out in cash or as otherwise entitled within the next budgetary year. Assets in the amount of \$170,535; (2010: \$166,835) to satisfy the obligations under these programs are held within The City's investments.



**e) 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”). Due to the multi-employer nature of these plans, information is not available to determine the portion of the plans’ obligations and assets attributable to each employer. Therefore, The City appropriately accounts for both plans using the method for defined contribution plans. The amount of expense recorded in the consolidated financial statements is equal to The City’s contributions to the plan as determined by APS for the year and no obligation is recorded in The City’s financial statements.

**i) Local Authorities Pension Plan (“LAPP”)**

The LAPP plan provides an annual retirement benefit of 1.4% of earnings up to the year’s maximum pensionable earnings (“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:

	<b>2011 Employer</b>	<b>2011 Members</b>	2010 Employer	2010 Members
Current service contributions	<b>\$96,035</b>	<b>\$87,327</b>	\$87,964	\$77,462
Contribution Rates (% of pensionable salaries)	<b>9.49% of YMPE and 13.13% over YMPE</b>	<b>8.49% of YMPE and 12.13% over YMPE</b>	9.06% of and YMPE 12.53% over YMPE	8.06% of and YMPE 11.53% over YMPE

The LAPP reported a deficiency for the overall plan as at December 31, 2010 of \$4,635,250. More recent information was not available at the time of preparing these financial statements. The City’s 2011 contribution rates increased 5% (2010 – 7%) as a result of this deficit.

**ii) Special Forces Pension Plan (“SFPP”)**

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

	<b>2011 Employer</b>	<b>2011 Members</b>	2010 Employer	2010 Members
Current service contributions	<b>\$24,826</b>	<b>\$23,004</b>	\$21,315	\$19,534
Contributions rates (% of pensionable salaries)	<b>14.55%</b>	<b>13.45%</b>	*14.55%	*13.45%

\*Effective July 1, 2010

The SFPP reported a deficiency for the overall plan as at December 31, 2010 of \$580,697 comprised of \$264,778 for pre-1992 and \$315,919 relating to post-1991. More recent information was not available at the time of preparing these financial statements. The City’s 2011 contribution rates did not change as a result of this deficit as compared to a 2010 contribution rate increase of 31%.

**14. LONG-TERM DEBT**

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

	<b>2011 Tax Supported</b>	<b>2011 Self Sufficient Tax Supported</b>	<b>2011 Self Supported</b>	<b>2011 Total</b>	2010 Tax Supported	2010 Self Sufficient Tax Supported	2010 Self Supported	2010 Total
i) Debentures	<b>\$ 408,316</b>	<b>\$ 861,643</b>	<b>\$ 2,572,509</b>	<b>\$ 3,842,468</b>	\$ 436,042	\$ 614,000	\$ 2,405,288	\$ 3,455,330
ii) Mortgages and other debt	-	-	<b>114,071</b>	<b>114,071</b>	-	-	121,356	121,356
iii) Capital leases	<b>135</b>	-	<b>5,090</b>	<b>5,225</b>	470	-	-	470
	<b>408,451</b>	<b>861,643</b>	<b>2,691,670</b>	<b>3,961,764</b>	436,512	614,000	2,526,644	3,577,156
Less								
iv) Debt attributable to Enmax	-	-	<b>732,877</b>	<b>732,877</b>	-	-	631,494	631,494
	<b>\$ 408,451</b>	<b>\$ 861,643</b>	<b>\$ 1,958,793</b>	<b>\$ 3,228,887</b>	\$ 436,512	\$ 614,000	\$ 1,895,150	\$ 2,945,662

- i) Debentures, which are predominantly held by the Alberta Capital Finance Authority, mature in annual amounts to the year 2039.

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

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

Self supported debt, which is primarily related to Water Services & Resources, also includes debentures in the amount of \$80,586 (2010 – \$82,056) which have been issued to fund local improvements and are collectable from property owners for work authorized by them and performed by The City. Principal and interest on local improvement debentures are recovered from property owners through annual local improvement levies over the term of the debenture to a maximum of 25 years.

Included in the self supported debt is the debenture issued in 2010 by the The City on behalf of the Lindsay Park Sports Society (LPSS) pursuant to City Bylaw authorization in the amount of \$2,614 (2010 – \$2,874). In accordance with a Credit Agreement between LPSS and The City, The City shall service the debenture through the disbursement of principal and interest payments. The City is liable for the outstanding debenture debt to the debenture debt holder. The LPSS is required to reimburse The City for all principal and interest payments with respect to the debenture on the same day as The City disburses the payments to the debt holder. As at December 31, 2011 LPSS is in compliance.

- ii) Mortgages and other debt, which are predominantly held by Canada Mortgage and Housing Corporation, mature in annual amounts to the year 2030. Capital assets with a cost of \$114,042 (2010 – \$115,445) are pledged as collateral against the mortgages.

- iii) Capital leases comprise of computer equipment and vehicle leases. The computer equipment lease will mature by end of 2012. In 2011, Fleet Services leased 15 vehicles for \$5,391 at an interest rate of 2.20%. The 2012 payments totalling \$1,022 (2010 – \$475) includes interest of \$103 (2010 – \$5) at a weighted average rate ranging from 2.20% to 4.67% (2010 – 4.67%).

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 \$145,864 in 2011 (2010 – \$156,008), 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. As at December 31, 2011 ENMAX is in compliance.

- iv) More detail on the tax supported, self sufficient tax supported and self 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
2012	\$ 55,845	\$ 1,269	\$ 254,259	\$ 45,296	\$ 266,077
2013	51,340	1,312	169,529	44,179	178,002
2014	36,245	241,356	170,776	42,605	405,772
2015	34,741	276,402	171,794	40,627	442,310
2016	33,035	225,449	145,005	34,250	369,239
Thereafter	197,245	115,855	1,780,307	525,920	1,567,487
	\$ 408,451	\$ 861,643	\$ 2,691,670	\$ 732,877	\$ 3,228,887

c) Debenture interest is payable, before provincial subsidy, at rates ranging from 1.52% to 10.25% (2010 – 1.907% to 10.625%) per annum. The Government of Alberta, under its Municipal Debenture Interest Rebate Program, provides rebates to reduce the effective interest paid to levels that ranged from 8% to 11% on most debentures issued between 1974 and 1986. Debenture debt outstanding at year end has an average rate of interest of 4.29% (2010- 4.57%) before provincial subsidy and 4.27% (2010 – 4.53%) after provincial subsidy.

The mortgages of Calgary Housing Company in the amount of \$36,272 (2010 – \$41,010) are payable with interest ranging from 1.46% to 6.45% (2010 – 1.81% to 6.45%) before interest rate subsidy. The effective interest rates after the subsidy for the fixed-subsidy projects is 2% (2010 – 2%).

d) Interest charges are as follows:

	2011 Tax Supported	2011 Self Supported	2011 Self Sufficient Tax Supported	2011 Total	2010 Tax Supported	2010 Self Supported	2010 Self Sufficient Tax Supported	2010 Total
Debenture interest	\$ 20,943	\$ 83,550	\$ 24,630	\$ 129,123	\$ 22,775	\$ 81,333	\$ 15,753	\$ 119,861
Other interest and charges	2,647	1,314	353	4,314	2,336	1,841	–	4,177
	\$ 23,590	\$ 84,864	\$ 24,983	\$ 133,437	\$ 25,111	\$ 83,174	\$ 15,753	\$ 124,038

e) The estimated fair value of The City's long-term debt is \$3,509,947 (2010 – \$3,048,541). Calculation of the estimated fair value of the debt is based on lending rates obtainable at December 31 for debentures with comparable maturities from The City's primary lender, the Alberta Capital Finance Authority.

	2011	2010
Total debt limit (2 times revenue)	\$ 5,674,772	(Note 29 restated) \$ 5,334,208
Total debt (short- and long-term)	3,343,881	3,024,576
Percentage of debt to debt limit	58.93%	56.70%

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

Total debt service limit (35% of revenue)	\$ 993,085	\$ 933,486
Total debt service	628,462	500,150
Percentage of debt service to service limit	63.28%	53.58%

## 15. TANGIBLE CAPITAL ASSETS

Cost	Opening Balance	Additions	Disposals	Closing Balance
	(restated Note 29)			
Land	\$ 1,568,322	\$ 91,796	\$ (7,470)	\$ 1,652,648
Land Improvements	946,856	56,858	(11,984)	991,730
Engineered Structures	8,779,051	764,273	(17,265)	9,526,059
Buildings	1,335,218	171,833	(6,797)	1,500,254
Machinery and Equipment	629,771	90,900	(16,329)	704,342
Vehicles	964,668	172,138	(34,303)	1,102,503
	14,223,886	1,347,798	(94,148)	15,477,536
Work in Progress				
Land	202,171	22,180	–	224,351
Construction	1,508,857	112,540	(691)	1,620,706
	\$ 15,934,914	\$ 1,482,518	\$ (94,839)	\$ 17,322,593
Accumulated Amortization	Opening Balance	Additions	Disposals	Closing Balance
	(restated Note 29)			
Land Improvements	\$ 491,467	\$ 38,460	\$ (5,216)	\$ 524,711
Engineered Structures	3,085,998	208,302	(10,780)	3,283,520
Buildings	491,490	45,410	(4,067)	532,833
Machinery and Equipment	327,898	67,089	(12,164)	382,823
Vehicles	404,558	54,012	(29,623)	428,947
	\$ 4,801,411	\$ 413,273	\$ (61,850)	\$ 5,152,834
Net Book Value	\$ 11,133,503	\$ 1,069,245	\$ (32,989)	\$ 12,169,759

In 2011, there was a permanent writedown of machinery and equipment of \$nil (2010 – \$444). \$188,071 in land, land improvements and engineered structures were contributed to the City in 2011 (2010 – \$199,622) and were represented at their fair value at the time received. Assets recognized at nominal value by The City in 2011 and 2010 consist of certain buildings, land and land improvements.

Cultural and historical properties and treasures are held by The City in various locations. Due to the subjective nature of the assets they are not included in the values shown on the consolidated financial statements.

No interest was capitalized by The City in 2011 (2010 – \$nil).

## 16. 2011 BUDGET – UNAUDITED

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

The City adopted the new PSAB Tangible Capital Asset accounting standards beginning January 1, 2009. These new standards have not been adopted for budget preparation and presentation purposes. The 2011 Council approved budget has been modified for the amount of capital budget revenues based on the percentage of completion of the various capital projects and the capitalization of tangible capital assets.

The table below shows the adjustments to the 2011 budget approved by Council after adjusting the budget values by the tangible capital asset related items that were not included in the approved 2011 budget.

	2011 Operating Budget Council Approved	2011 Capital Budget Council Approved	2011 Reserves	Tangible Capital Asset Related Adjustments	2011 Budget Financial Statements
Statement of Operations:					
<b>REVENUES</b>					
Net taxes available for municipal purposes	1,410,408	–	–	–	1,410,408
Sales of goods and services	953,861	–	–	–	953,861
Government transfers and revenue sharing agreements					
Federal	7,256	–	–	–	7,256
Provincial	129,877	–	–	–	129,877
Investment income	40,716	–	–	–	40,716
Fines and penalties	64,636	–	–	–	64,636
Licences, permits and fees	65,978	–	–	–	65,978
Miscellaneous revenue	12,268	–	–	–	12,268
Proceeds on sale of TCA	723	–	–	–	723
Gain/Loss on sale of TCA	29	–	–	–	29
Equity in earnings of government business enterprises	169,986	–	–	–	169,986
	2,855,738	–	–	–	2,855,738
<b>EXPENDITURES</b>					
Police	375,874	59,629	–	(60,085)	375,418
Fire	222,941	65,153	–	(66,173)	221,921
Public transit	327,999	804,340	–	(798,960)	333,379
Roads, traffic and parking	185,204	363,395	–	(328,829)	219,770
Water services & resources	266,091	326,036	–	(237,816)	354,311
Waste and recycling services	90,747	51,689	–	(45,298)	97,138
Community and social development	56,330	–	–	(157)	56,173
Social housing	109,570	77,082	–	(75,837)	110,815
Parks and recreation facilities	155,155	148,755	–	(91,958)	211,952
Societies and related authorities	93,982	58,057	–	(57,383)	94,656
Calgary Public Library Board	46,130	7,667	–	(7,667)	46,130
General government	284,236	71,597	–	(103,998)	251,835
Public works	143,241	86,291	–	(77,700)	151,832
Fleet services	5,367	72,765	–	(39,513)	38,619
Real estate services	51,128	61,180	–	(23,625)	88,683
	2,413,995	2,253,636	–	(2,014,999)	2,652,632
<b>NET EXPENDITURES BEFORE OTHER</b>	441,743	(2,253,636)	–	2,014,999	203,106

	2011 Operating Budget Council Approved	2011 Capital Budget Council Approved	2011 Reserves	Tangible Capital Asset Related Adjustments	2011 Budget Financial Statements
<b>OTHER</b>					
Developer contributions	–	150,580	–	–	150,580
Government transfers related to capital	–	1,353,336	–	(1,301)	1,352,035
Developer contributions-in-kind related to capital	–	–	–	–	–
<b>NET EXPENDITURES</b>	441,743	(749,720)	–	2,013,698	1,705,721
<b>FINANCING AND TRANSFERS</b>					
Debt principal repayment	75,779	–	–	–	75,779
Debt issued	–	426,056	–	(836,205)	(410,149)
Net interfund transfers					
From (to) reserves fund	(392,083)	198,225	193,858	269,343	269,343
Between capital and operating fund	(125,439)	125,439	–	–	–
Capital fund expenditures	–	–	–	(1,446,836)	(1,446,836)
	(441,743)	749,720	193,858	(2,013,698)	(1,511,863)
<b>NET INCREASE IN FUND BALANCE</b>	–	–	193,858	–	193,858
<b>FUND BALANCE, BEGINNING OF YEAR</b>	24,992	84,042	1,017,747	–	1,126,781
Transfer of prior year's surplus to reserve fund	(24,992)	–	24,992	–	–
<b>FUND BALANCE, END OF YEAR</b>	–	84,042	1,236,597	–	1,320,639

### 17. ACCUMULATED SURPLUS

Accumulated Surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	2011	2010 (restated Note 29)
Operating fund	\$ 5,243	\$ 24,992
Capital fund	(33,649)	84,042
Unfunded portion of provision for landfill rehabilitation	(16,500)	(13,500)
Reserves (Note 18)	1,129,335	1,017,747
Equity in ENMAX (Note 7)	1,943,731	1,845,250
Equity in non-financial assets	9,024,687	8,292,985
	<b>\$ 12,052,847</b>	<b>\$ 11,251,516</b>

The unfunded portion of the provision for landfill rehabilitation will be partly funded through future contributions from operations and the Waste & Recycling Sustainment Reserve. The City of Calgary recognizes the importance of ensuring the long term care of closed landfills and will confirm a plan to address this unfunded obligation.

### 18. RESERVES

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

	2011	2010 (restated Note 29)
Fiscal stability	\$ 240,932	\$ 224,916
Reserve for future capital	255,492	232,534
Debt servicing	72,996	82,827
Legacy parks	9,695	15,733
Corporate housing reserve	43,274	65,589
Real Estate Services	69,605	35,851
Community investment	76,959	36,914
Development and building approvals ("DBA") sustainment	27,488	36,071
Reserve for tax loss provision	36,329	33,146
Landfill revenue	–	10,794
Lifecycle maintenance and upgrade	92,205	75,477
Calgary Housing Company	10,625	6,851
Subtotal	<b>\$ 935,600</b>	<b>\$ 856,703</b>

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

	2011	2010
Wastewater treatment and disposal and water supply	\$ -	\$ 18,624
Utilities sustainment (note 1)	<b>18,982</b>	-
Social programs	<b>7,900</b>	9,336
Police services (capital)	<b>20,151</b>	15,502
Environmental control	-	24,059
Waste and recycling sustainment (note 2)	<b>58,162</b>	-
Other operating	<b>37,252</b>	35,976
Other capital expenditures	<b>51,288</b>	57,547
Subtotal	<b>\$ 193,735</b>	\$ 161,044
Total	<b>\$ 1,129,335</b>	\$ 1,017,747

Note: (1) in 2011, Wastewater treatment, disposal and water supply reserves were closed and funds transferred to a new Utilities sustainment reserve. (2) in 2011, Landfill revenue and the Environmental control reserves were closed and the funds transferred to a new Waste and recycling sustainment reserve.

## 19. NET TAXES AVAILABLE FOR MUNICIPAL PURPOSES

	2011	2010
Property taxes	\$ 1,631,781	\$ 1,554,635
Community Revitalization Levy	<b>15,110</b>	11,068
Business taxes	<b>212,264</b>	201,681
Revenue in lieu of taxes	<b>202,012</b>	176,246
Local improvement levies and special taxes	<b>13,366</b>	13,121
	<b>\$ 2,074,533</b>	\$ 1,956,751
Less: Provincial property taxes (see below)		
Current year levy	<b>(601,784)</b>	(602,132)
Prior year levy	<b>(5,432)</b>	(10,659)
Net taxes available for municipal use	<b>\$ 1,467,317</b>	\$ 1,343,960

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 \$4,951 (2010 – \$5,432) has been recorded at December 31 within accounts receivable that will be funded through an increase in the subsequent year's provincial property tax rate.

## 20. RELATED AUTHORITIES

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

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

Attainable Homes Calgary Corporation ("AHCC") is a controlled corporation of The City and was incorporated on November 27, 2009 under the Alberta Business Corporations Act. The purpose of AHCC is the implementation and administration of attainable housing in the City of Calgary. AHCC began operations in 2010.

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

The Calgary Public Library Board is constituted under the *Libraries Act* of the Province of Alberta. It operates a system of 16 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.

	2011 Calgary TELUS Convention Centre	2011 Attainable Homes Corporation Calgary <sup>(2)</sup>	2011 Calgary Parking Authority	2011 Calgary Public Library Board	2011 Calgary Housing Company	2011 Calgary Municipal Land Corporation	Total
<b>Financial Position</b>							
Physical assets	\$ 1,511	\$ 66	\$ 125,329	\$ 39,736	\$ 96,021	\$ 120,200	\$ 382,863
Financial assets	8,976	8,038	5,671	13,117	33,614	71,602	141,018
	10,487	8,104	131,000	52,853	129,635	191,802	523,881
Long-term debt	–	1,200	7,638	2,107	36,272	131,643	178,860
Financial liabilities	6,959	5,779	10,331	4,976	39,279	50,142	117,466
	6,959	6,979	17,969	7,083	75,551	181,785	296,326
Net Assets	\$ 3,528	\$ 1,125	\$ 113,031	\$ 45,770	\$ 54,084	\$ 10,017	\$ 227,555
<b>Results of Operations</b>							
<b>Revenue</b>							
Property Tax	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 15,110	\$ 15,110
Sales of Goods & Services	21,748	7,550	56,121	–	44,701	–	130,120
Government transfers, agreements & subsidies	–	–	–	6,211	47,196	–	53,407
Donated assets	–	15	–	–	–	–	15
Investment income	–	6	2,486	244	359	71	3,166
Fines & penalties	–	–	14,802	1,844	–	–	16,646
Licenses, permits and fees	–	–	773	1,448	–	–	2,221
Miscellaneous revenue	–	720	–	1,106	2,371	133	4,330
(Loss) on sale of TCA	–	–	(439)	(28)	–	–	(467)
Internal transfers & contributions	1,713	–	–	37,455	(3,028)	506	36,646
Total revenue	23,461	8,291	73,743	48,280	91,599	15,820	261,194
<b>Expenditure</b>							
Salaries, wages, and benefits	\$ 6,080	\$ 590	\$ 7,535	\$ 30,838	\$ 11,608	\$ 1,537	\$ 58,188
Contracted and general services	3,002	747	24,055	6,634	32,387	2,414	69,239
Materials, equipment and supplies	12,477	7,001	3,675	4,525	3,529	1,539	32,746
Interest charges	–	19	1,290	128	1,636	5,456	8,529
Transfers	–	–	–	–	24,948	–	24,948
Utilities	1,178	27	1,460	887	9,153	21	12,726
Amortization	1,346	26	7,773	6,079	2,480	1,324	19,028
Internal recoveries	–	–	(481)	–	–	–	(481)
Debt principle repayments	–	–	1,222	–	4,738	357	6,317
Total expenditure	24,083	8,410	46,529	49,091	90,479	12,648	231,240
Income (loss) before appropriations	(622)	(119)	27,214	(811)	1,120	3,172	29,954
Internal transfers	622	119	(9,729)	811	(1,120)	(3,172)	(12,469)
To City operating fund <sup>(1)</sup>	–	–	(17,485)	–	–	–	(17,485)
Change in fund balance	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –



	2010 Calgary TELUS Convention Centre	2010 Attainable Homes Corporation Calgary <sup>(2)</sup>	2010 Calgary Parking Authority	2010 Calgary Public Library Board	2010 Calgary Housing Company	2010 Calgary Municipal Land Corporation	Total
<b>Financial Position</b>							
Physical assets	\$ 2,444	\$ 88	\$ 127,610	\$ 38,177	\$ 97,425	\$ 113,794	\$ 379,538
Financial assets	7,265	1,197	3,856	16,034	37,640	45,995	111,987
	9,709	1,285	131,466	54,211	135,065	159,789	491,525
Long-term debt	–	–	8,860	3,234	41,010	104,000	157,104
Financial liabilities	5,560	39	8,953	4,396	44,277	49,303	112,528
	5,560	39	17,813	7,630	85,287	153,303	269,632
Net Assets	\$ 4,149	\$ 1,246	\$ 113,653	\$ 46,581	\$ 49,778	\$ 6,486	\$ 221,893
<b>Results of Operations</b>							
<b>Revenue</b>							
Property Tax	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 11,835	\$ 11,835
Sales of Goods & Services	19,539	–	56,585	–	45,697	–	121,821
Government transfers, agreements & subsidies	–	–	–	5,358	59,456	–	64,814
Donated assets	–	10	–	–	–	–	10
Investment income	–	4	2,132	114	252	52	2,554
Fines & penalties	–	–	13,397	1,799	320	–	15,516
Licenses, permits and fees	–	–	685	1,471	–	–	2,156
Miscellaneous revenue	–	1,892	–	1,231	–	62	3,185
Gain (Loss) on sale of TCA	–	–	(617)	(19)	–	–	(636)
Internal transfers & contributions	1,691	–	–	37,620	(2,174)	281	37,418
Total revenue	21,230	1,906	72,182	47,574	103,551	12,230	258,673
<b>Expenditure</b>							
Salaries, wages, and benefits	\$ 6,176	\$ 310	\$ 7,877	\$ 29,429	\$ 11,757	\$ 1,362	\$ 56,911
Contracted and general services	3,434	232	22,115	6,186	37,773	1,933	71,673
Materials, equipment and supplies	11,004	89	3,832	4,035	5,108	1,246	25,314
Interest charges	–	–	1,358	190	1,841	4,261	7,650
Transfers	–	–	–	–	30,013	–	30,013
Utilities	1,076	16	1,690	849	8,725	20	12,376
Amortization	1,926	13	7,134	5,897	2,298	45	17,313
Internal recoveries	–	–	(933)	–	–	–	(933)
Debt principle repayments	–	–	1,382	–	4,627	–	6,009
Total expenditure	23,616	660	44,455	46,586	102,142	8,867	226,326
Income (loss) before appropriations	(2,386)	1,246	27,727	988	1,409	3,363	32,347
Internal transfers	2,386	(1,246)	(10,380)	(988)	(1,409)	(3,363)	(15,000)
To City operating fund <sup>(1)</sup>	–	–	(17,347)	–	–	–	(17,347)
Change in fund balance	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –

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

(2) AHCC began operations in 2010.

## 21. EXPENSES BY OBJECT

	2011	2010
		(restated Note 29)
Salaries, wages and benefits	\$ 1,495,451	\$ 1,421,993
Contracted and general services	366,936	439,334
Materials, equipment and supplies	250,271	216,175
Interest charges	133,372	124,038
Transfer payments	167,312	167,699
Utilities	67,406	60,454
Amortization	413,273	398,286
Loss on sale of tangible capital assets	17,051	68,178
	<b>\$ 2,911,072</b>	<b>\$ 2,896,157</b>

## 22. GOVERNMENT TRANSFERS

	2011	2010
<b>Operating</b>		
Province of Alberta	\$ 118,512	\$ 158,748
Government of Canada	6,418	6,941
	<b>124,930</b>	<b>165,689</b>
<b>Capital</b>		
Province of Alberta	452,998	415,822
Government of Canada	79,867	62,661
	<b>532,865</b>	<b>478,483</b>
	<b>\$ 657,795</b>	<b>\$ 644,172</b>

In accordance with the recommendations of PSAB, government transfers and developer contributions-in-kind related to capital acquisitions are required to be recognized as revenue in the consolidated financial statements in the period in which the tangible capital assets are acquired.

## 23. SEGMENTED INFORMATION

The Consolidated Schedule of Financial Activities by Segment has been prepared in accordance with PSAB Handbook Section 2700 (PS2700) Segment Disclosures. With the change in reporting model effective January 1, 2009, the segments selected are to enable users to better understand the government reporting entity and the major revenue and expense activities of The City. For each reported segment, revenues and expenses represent amounts directly attributable to each segment.

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

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

- e) **Subsidiary Entities** include the Calgary Public Library Board, Calgary Parking Authority, Calgary Housing Company, Attainable Homes Calgary Corporation, Calgary TELUS Convention Centre and Calgary Municipal Land Corporation. These related authorities are consolidated within these financial statements. For more information regarding these related authorities, refer to Note 20.
- f) **ENMAX Corporation** is included in the government business enterprise and is accounted for on a modified equity basis. For more information regarding ENMAX Corporation, refer to Note 7.

The accounting policies used in the segment disclosures are consistent with those followed in the preparation of the consolidated financial statements (note1).

## Schedule of Financial Activities by Segment

For the Year Ended December 31, 2011 (in thousands of dollars)

	Tax Supported Operating	Self Supported Operating	Tax Supported Capital	Self Supported Capital	Total The City of Calgary
<b>REVENUES</b>					
Property Tax	\$ 1,298,329	\$ –	\$ –	\$ –	\$ 1,298,329
Business Tax	212,264	–	–	–	212,264
Sales of Goods & Services	471,644	405,554	55	–	877,253
Government transfers, grants & subsidies	–	–	–	–	–
Federal	4,853	2	79,834	–	84,689
Provincial	68,007	23	451,730	–	519,760
Developers contributions	–	1,374	47,380	6,451	55,205
Donated assets	–	–	–	–	–
Investment income	44,829	281	–	–	45,110
Fines & penalties	51,324	1,710	–	–	53,034
Licences, permits and fees	70,680	1,626	–	–	72,306
Miscellaneous revenue	28,344	1,938	510	–	30,792
Proceeds on sale of TCA (Misc Revenue)	1,274	–	–	–	1,274
Gain/(Loss) on sale of TCA	4,900	–	–	–	4,900
Dividends from ENMAX Corporation	55,600	–	–	–	55,600
Equity in earnings from GBEs	–	–	–	–	–
Debt	–	–	296,401	159,000	455,401
Contribution from Reserves	155,735	3,189	186,635	(178)	345,381
Internal transfers & contribution	18,283	–	–	–	18,283
<b>Total Revenues</b>	<b>2,486,066</b>	<b>415,697</b>	<b>1,062,545</b>	<b>165,273</b>	<b>4,129,581</b>
<b>EXPENSES</b>					
Salaries, wages and benefits	1,370,810	108,572	20,882	10,514	1,510,778
Contracted and general services	482,111	53,312	903,836	161,980	1,601,239
Materials, equipment and supplies	293,578	39,941	287,575	20,451	641,545
Utilities	50,298	20,111	142	56	70,607
Transfers	156,553	37,160	43,042	2,300	239,055
Internal recoveries	(428,985)	(27,406)	(46,132)	(92)	(502,615)
Interest charges	41,045	70,479	19,570	–	131,094
Amortization	27,806	58,410	–	–	86,216
Loss on Sale	–	–	–	–	–
Debt principle repayments	69,901	4,371	–	–	74,272
Contribution from operations to reserves	454,740	5,238	–	–	459,978
Contribution from operations to capital	5,466	3,009	20,297	9,891	38,663
Internal transfers & contribution	(42,500)	42,500	–	–	–
<b>Total Expenditures</b>	<b>2,480,823</b>	<b>415,697</b>	<b>1,249,212</b>	<b>205,100</b>	<b>4,350,832</b>
<b>Annual Surplus (Deficit)</b>	<b>\$ 5,243</b>	<b>\$ –</b>	<b>\$ (186,667)</b>	<b>\$ (39,827)</b>	<b>\$ (221,251)</b>

Related Authorities	ENMAX Corporation	Consolidation Adjustments	Total Consolidated 2010
\$ 15,110	\$ -	\$ (58,386)	\$ 1,255,053
-	-	-	212,264
130,120	-	(40,960)	966,413
-	-	-	-
1,658	-	(61)	86,286
51,749	-	-	571,509
14	-	-	55,219
-	-	188,071	188,071
3,167	-	(4,297)	43,980
16,646	-	-	69,680
2,221	-	-	74,527
4,330	-	(4,170)	30,952
-	-	3,094	4,368
(467)	-	(4,433)	-
-	-	-	55,600
-	98,481	-	98,481
-	-	(455,401)	-
-	-	(345,381)	-
36,646	-	(54,929)	-
<b>261,194</b>	<b>98,481</b>	<b>(776,853)</b>	<b>3,712,403</b>
58,188	-	(73,518)	1,495,448
69,239	-	(1,303,541)	366,937
32,746	-	(424,020)	250,271
12,726	-	(15,926)	67,407
24,948	-	(96,691)	167,312
(481)	-	503,096	-
8,529	-	(6,251)	133,372
19,028	-	308,029	413,273
-	-	17,052	17,052
6,317	-	(80,589)	-
-	-	(459,978)	-
-	-	(38,663)	-
-	-	-	-
<b>231,240</b>	<b>-</b>	<b>(1,671,000)</b>	<b>2,911,072</b>
<b>\$ 29,954</b>	<b>\$ 98,481</b>	<b>\$ 894,147</b>	<b>\$ 801,331</b>

## Schedule of Financial Activities by Segment

For the Year Ended December 31, 2010 (in thousands of dollars) (restated note 29)

	Tax Supported Operating	Self Supported Operating	Tax Supported Capital	Self Supported Capital	Total The City of Calgary
<b>Revenues</b>					
Property tax	\$ 1,181,005	\$ –	\$ –	\$ –	\$ 1,181,005
Business tax	201,681	–	–	–	201,681
Sales of goods & services	438,723	381,043	–	–	819,766
Government transfers, agreements & subsidies					
Federal	5,076	–	60,802	–	65,878
Provincial	97,507	325	411,999	3,707	513,538
Developers' contributions	–	–	23,382	15,912	39,294
Donated assets	–	–	–	–	–
Investment income	39,842	1,452	920	–	42,214
Fines & penalties	50,186	1,622	–	–	51,808
Licences, permits & fees	67,277	1,306	–	–	68,583
Miscellaneous revenue	21,208	1,679	2,835	–	25,722
Sale of tangible capital asset gain (loss)	4,125	–	–	–	4,125
Dividends from ENMAX Corporation	61,800	–	–	–	61,800
Equity in earnings from ENMAX Corporation	–	–	–	–	–
Contribution from reserves	153,143	–	218,410	2,133	373,686
Internal transfers & contributions	60,579	–	–	–	60,579
<b>Total Revenues</b>	<b>2,382,152</b>	<b>387,427</b>	<b>718,348</b>	<b>21,752</b>	<b>3,509,679</b>
<b>Expenditures</b>					
Salaries, wages, and benefits	1,297,108	102,754	11,726	11,146	1,422,734
Contracted and general services	430,903	47,014	885,387	178,427	1,541,731
Materials, equipment and supplies	278,344	37,100	317,291	31,322	664,057
Interest charges	42,354	68,409	11,824	–	122,587
Transfers	141,686	35,018	61,719	–	238,423
Utilities	47,909	17,626	1,344	50	66,929
Amortization	25,470	55,087	–	–	80,557
Sale of tangible capital asset (gain) loss	–	–	–	–	–
Internal recoveries	(407,202)	(27,588)	(96,668)	2	(531,456)
Debt principle repayments	73,116	3,774	–	–	76,890
Contribution from operations to reserves	423,137	4,998	–	–	428,135
Contribution from operations to capital	4,335	735	–	–	5,070
Internal transfers and contributions	–	42,500	–	–	42,500
<b>Total Expenditures</b>	<b>2,357,160</b>	<b>387,427</b>	<b>1,192,623</b>	<b>220,947</b>	<b>4,158,157</b>
<b>Annual Surplus (Deficit)</b>	<b>\$ 24,992</b>	<b>\$ –</b>	<b>\$ (474,275)</b>	<b>\$ (199,195)</b>	<b>\$ (648,478)</b>

	Related Authorities	ENMAX Corporation	Consolidation Adjustments	Total Consolidated 2010
\$	11,835	\$ -	\$ (50,561)	\$ 1,142,279
	-	-	-	201,681
	121,821	-	(34,358)	907,229
	-	-	-	-
	3,782	-	(58)	69,602
	61,032	-	-	574,570
	10	-	(3,273)	36,031
	-	-	199,622	199,622
	2,554	-	(4,261)	40,507
	15,516	-	-	67,324
	2,156	-	-	70,739
	3,185	-	6,718	35,625
	(636)	-	(3,489)	-
	-	-	-	61,800
	-	100,786	-	100,786
	-	-	(373,686)	-
	37,418	-	(97,997)	-
	<b>258,673</b>	<b>100,786</b>	<b>(361,343)</b>	<b>3,507,795</b>
	56,911	-	(57,652)	1,421,993
	71,673	-	(1,174,070)	439,334
	25,314	-	(473,196)	216,175
	7,650	-	(6,199)	124,038
	30,013	-	(100,737)	167,699
	12,376	-	(18,851)	60,454
	17,313	-	300,416	398,286
	-	-	68,178	68,178
	(933)	-	532,389	-
	6,009	-	(82,899)	-
	-	-	(428,135)	-
	-	-	(5,070)	-
	-	-	(42,500)	-
	<b>226,326</b>	<b>-</b>	<b>(1,488,326)</b>	<b>2,896,157</b>
<b>\$</b>	<b>32,347</b>	<b>\$ 100,786</b>	<b>\$ 1,126,983</b>	<b>\$ 611,638</b>

## 24. COMMITMENTS AND CONTINGENT LIABILITIES

- a) Capital commitments of \$685,880 (2010 – \$1,260,347) are not reflected in the consolidated financial statements. This amount represents uncompleted portions of contracts, as at December 31, 2011, on major projects and estimated obligations under other various agreements. These capital commitments were included in the current year's capital budget of \$2,276,408 (2010 – \$2,843,474) and will be funded from reserves and debt in future years.
- b) Commitments related to operating leases of \$33,319 (2010 – \$26,923) 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:

2012	\$	9,136
2013		4,123
2014		3,340
2015		2,778
2016		2,213
Thereafter		11,729
	\$	<u>33,319</u>

- c) In the ordinary course of business, various claims and lawsuits are brought against The City. It is the opinion of management that the settlement of these actions will not result in any material liabilities beyond any amounts already accrued. No provision has been made for pending expropriations of land beyond the payments already made to affected property owners. Any payment made by The City pursuant to expropriation settlement is charged to the year of settlement.
- d) Where estimated reclamation, closure and post-closure costs are reasonably determinable, The City has recorded a total provision in the amount of \$4,410 (2010 – \$3,735) 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, 2011, there were various assessment appeals pending with respect to properties. The outcome of those appeals may result in adjustments to property taxes receivable for the current and prior years. The City makes an annual provision against property taxes receivable for the impact of appeals including specific provision where the results of an appeal are reasonably determinable and general provision for those where the outcome is presently indeterminable.
- f) Alberta Revenue, Tax and Revenue Administration ("Alberta Finance") is responsible for assessing the income tax returns filed under the payment in lieu of taxes ("PILOT") regulation to the *Electric Utilities Act* which became effective January 1, 2001. ENMAX Corporation regularly review the potential for adverse outcomes in respect of tax

matters and believes it has adequate provisions for these tax matters. Tax provisions are adjusted, positively or negatively, for changes in estimates and assessments by tax authorities in the period in which they are more likely than not to have an impact on the financial results.

- g) The City has entered into a 20-year contract for power supply from ENMAX Energy from 2007 to 2026. Under the terms of the agreement, ENMAX Energy will provide 75% of The City's electricity from renewable energy sources through 2011. Starting in 2012, 100% of the electricity supplied to The City will come from renewable sources. Annual electricity prices are based on a portfolio of energy sources developed for The City by ENMAX Energy.

The City has entered into a 20-year agreement with District Energy, a wholly owned subsidiary of ENMAX, for thermal energy supply commencing July 1, 2010. The annual price of the energy supplied will be a blended rate which includes a fixed charge component.

## 25. GUARANTEES

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

### a) Third party debt agreements

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

- i) The City has guaranteed certain indebtedness of the Calgary Exhibition and Stampede Limited ("CES"). This third party debt agreement requires The City to make immediate payment of certain outstanding borrowings on behalf of CES in the event CES cannot fulfill its obligations to a Canadian chartered bank. The terms of these guarantees are equal to the amortization periods of the related credit facilities, which mature between 2024 and 2034. The interest rates on the credit facilities held by CES range from 1.92% to 6.23% (2010 – 1.92% to 6.23%). As at December 31, 2011, CES has drawn a total of \$70,077 (2010 – \$72,620) on the total maximum available facility of \$126,477 (2010 – \$129,020). The City, as an unconditional guarantor, holds as security a fixed debenture in the amount of \$135,500 (2010 – \$135,500) charging certain lands owned by the CES.



- ii) The City has guaranteed certain indebtedness of The Calgary Zoological Society (the "Zoo"). This third party debt agreement requires The City to make immediate payment of outstanding borrowings on behalf of the Zoo in the event the Zoo cannot fulfill its obligations to a Canadian chartered bank. In December 2011, one credit facility was fully repaid, leaving one remaining facility guaranteed by The City. The term of this guarantee is equal to the amortization period of the related debt, which matures in 2019. The interest rate on the credit facility is 4.94% (2010 – 4.94% to 5.60%). As at December 31, 2011, the outstanding balance of the facility was \$4,573 (2010 – \$5,514). As collateral to this guarantee, The City could terminate its Lease and Operating Agreement with the Zoo and take possession and control of all Zoo facilities, including any and all personal property owned by the Zoo at that time.
- iii) The City has guaranteed certain indebtedness of the Calgary Olympic Development Association (CODA) operating under the trade name Canadian Winter Sport Institute ("WinSport Canada™"). This third party debt agreement requires The City to make immediate payment of outstanding borrowings on behalf of CODA in the event CODA cannot fulfill its obligations to a Canadian chartered bank. The term of this guarantee is equal to the term of the related credit facility, which matures in 2015. The interest rate on the credit facility is prime plus 0.00% or bankers acceptances plus 1.00% (2010 – N/A). As at December 31, 2011, CODA has drawn a total of \$28,905 (2010 – N/A) on the total maximum available facility of \$39,250 (2010 – N/A). The City, as an unconditional guarantor, holds as security a Mortgage, Assignment, and Security Agreement in the amount of \$42,250 charging certain lands owned by CODA.

- iv) The City has guaranteed certain indebtedness of the Calgary Science Centre and Creative Kids Museum Society ("TELUS Spark"). This third party debt agreement requires The City to make immediate payment of outstanding borrowings on behalf of TELUS Spark in the event TELUS Spark cannot fulfill its obligations to a Canadian chartered bank. The guarantee expires in 2019. The interest rate on the credit facility is prime minus 0.75% (2010 – N/A). As at December 31, 2011, TELUS Spark has drawn a total of \$10,939 (2010 – N/A) on the total maximum available facility of \$17,000 (2010 – N/A). As collateral for this guarantee, The City, as unconditional guarantor, holds a security interest in all present and after-acquired personal property of the TELUS Spark. In addition, The City could terminate its Lease and Operating Agreement with TELUS Spark and take possession and control of all TELUS Spark facilities.

**b) Other indemnification agreements**

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

**26. EXECUTIVE SALARIES AND BENEFITS**

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

	2011 Salaries	2011 Benefits	2011 Total	2010 Salaries	2010 Benefits	2010 Total
Mayors <sup>(2)</sup> (4)	\$ 192	\$ 45	\$ 237	\$ 187	\$ 41	\$ 228
Aldermen <sup>(1)</sup> (4)	1,430	480	1,910	1,371	469	1,840
City Manager	340	42	382	340	40	380
Designated Officers <sup>(3)</sup>	1,015	175	1,190	918	155	1,073

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

Notes:

1. The Alderman in each of wards 1 through 14 received a 2011 salary of \$102 (2010 – \$97) and 2011 benefits of \$36 (2010 – \$33 and \$34); with the exception of 1 Alderman receiving \$16 in 2011 benefits. Transitional allowances in 2011 were paid to alderman who left office after the 2010 election as disclosed in note 26 (4.). The Alderman who served continuously in 2010 (Wards 1, 2, 4, 5, 7, 8, 10, 11 and 13) received a 2010 salary of \$97 and benefits between \$31 and \$33. The Alderman who left office in 2010 (Wards 3, 6, 9, 12 and 14) received a 2010 salary of \$79 and 2010 benefits ranging between \$25 and \$27, as well as transitional allowances as disclosed in Note 4. The newly elected alderman in 2010 (Wards 3, 6, 9, 12 and 14) received a 2010 salary of \$20 and 2010 benefits of \$8.
2. The mayor for 2011 was paid 2011 salary of \$192 and benefits of \$45. The former mayor that left office in 2010 was paid a transitional allowance as disclosed in note 26 (4.). The new mayor received a 2010 salary of \$38 and benefits in 2010 of \$9 and the old mayor received a 2010 salary of \$149 and benefits in 2010 of \$32 (as well as transitional allowances as disclosed in note 26 (4.)).
3. The City's five designated officers are the City Assessor, City Clerk, City Solicitor, City Treasurer and City Auditor. In 2011, vacation, holiday and severance payouts amounted to: City Solicitor \$nil (2010 – \$9), City Treasurer \$nil (2010 – \$13), City Assessor \$nil (2010 – \$18), City Auditor \$186 (2010 – \$35). These vacation and holiday payouts are not included in the salary and benefits reported above. Some of these amounts will be paid in 2011.
4. Elected officials receive a transition allowance of two weeks' pay for each year in office, up to a maximum of twenty-six years, when they leave office. These allowances may be taken over several years and are not included in the salary and benefits amounts reported above. Transitional allowances paid to the former mayor and aldermen who left office in 2010 are: Paid in 2011 – Mayor: \$83, Ward 4 \$44, Ward 9: \$40, Ward 12: \$17, and Ward 14 \$19 (Paid in 2010 – Mayor – \$43, Ward 4 – \$20, Ward 6 – \$11, Ward 9 – \$16, Ward 12 – \$17 and Ward 14 – \$37.)

## 27. FINANCIAL INSTRUMENTS

At December 31, 2011, The City had one outstanding (2010 – nil) Euro and 7 (2010 – 26) U.S. foreign exchange fixed contract arrangements in place. Dates for exercising these contracts range from January 2012 to October 2012. Total committed and anticipated 2012 foreign merchandise purchases are €181 Euros (2011 – € 0 Euros) and \$4,119 USD (2011 – \$46,478).

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 Schedule One Canadian banks at rates ranging from 1.01 to 1.04 Canadian Dollars, while the Euro contract is fixed at a rate of 1.38 Canadian Dollars. The Canadian Dollar Equivalent of these contracts at

December 31, 2011 is \$4,429 (2010 – \$49,955) Canadian Dollars. During the fiscal year ended December 31, 2011, the various arrangements for foreign merchandise purchases cost The City \$1,259 (2010 – \$1,985) more than if the arrangements had not been entered into.

## 28. FUNDS HELD IN TRUST

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

	December 31, 2010	Receipts	Investment Income	Disbursements	December 31, 2011
Joint Use Reserve Fund	\$ 45,860	\$ 12,854	\$ 1,187	\$ –	\$ 59,901
Oversize roads	17,554	10,502	199	(3,872)	24,383
Oversize parks	12,724	4,895	137	(1,679)	16,077
Oversize utilities	5,410	4,450	64	(963)	8,961
Developers' cash bonds	8,636	1,175	97	(1,952)	7,956
Calgary Regional Partnership	1,122	317	5	(1,444)	–
Calgary Technologies Inc.	1,491	429	15	(352)	1,583
Acreage assessments	446	–	4	–	450
Other miscellaneous trusts	632	24	5	(323)	338
	\$ 93,875	\$ 34,646	\$ 1,713	\$ (10,585)	\$ 119,649

## 29. PRIOR PERIOD ADJUSTMENTS

a) In 2011, as a result of continued usage and refinement of evolving capital asset accounting and management systems, certain asset balances were identified that required correction. These asset balances primarily consisted of roads and transportation infrastructure land, land improvement, and engineered structures, Parks land and land improvements, Water engineered structures and corporate buildings. The effect of correcting these misstatements was to reduce the net book value of tangible capital assets at December 31, 2010 by \$64,305, from \$11,194,948 to \$11,130,643. Similarly, equity in non-financial assets, a category within accumulated surplus at December 31, 2010 reduced by \$64,305, from \$8,354,430 to \$8,290,125. In addition, revenues from Developer contributions-in-kind related to capital previously reported as \$207,856 have been restated to \$199,622 and expenditures have been increased by \$94,724 representing an increase in 2010 depreciation expense for restated assets of \$9,418, \$44,986 in expenditures previously capitalized and \$40,320 in losses on disposal. \$21,026 in losses on disposal of tangible capital assets have been reclassified from miscellaneous revenue to expenditures.

These restated amounts relate solely to the accounting for tangible capital assets and had no effect on The City's cash balances, net financial asset position, property tax revenues or any other balances influencing The City's operating budget, capital budget, grants received, property tax assessments or any other related balances.

- b) In 2011, as a result of a review of the components and costs related to the provision for landfill rehabilitation, certain post-closure care costs were identified that required correction. These costs related to interim landfill sites. The effect of correcting these misstatements was to change the estimated total liability by \$6,700, from \$156,900 to \$150,200, the reported liability by \$13,500, from \$40,900 to \$54,400. In addition, expenditures for Waste & Recycling have been increased by \$500.
- c) In 2011, as a result of a review of land parcels owned by The City, one land holding was identified as correctly included with Tangible Capital Asset balances and incorrectly included with Land Inventory. In addition, certain interdepartmental charges for acreage assessments required correction and certain capitalized land development costs required reclassification to Tangible Capital Assets in 2009. The effect of correcting these misstatements was to decrease land inventory balances by \$9,693 from \$254,288 to \$244,595. In addition, expenditures for Real Estate services have been increased by \$6,833 and the net book value of tangible capital assets at December 31, 2010 has been increased by \$2,860 from \$11,130,643 to \$11,133,503. Similarly, equity in non-financial assets, a category within accumulated surplus at December 31, 2010 increased by \$2,860, from \$8,290,125 to \$8,292,985.
- d) Certain comparative figures have been reclassified to conform to the current year's presentation. Reclassifications have been made in 2010 to reclassify amortization and interest expenses by function.

# FINANCIAL AND STATISTICAL SCHEDULES



REVENUE BY SOURCE UNAUDITED 2007 TO 2011  
(in thousands of dollars)

	2011 Operating	2011 Capital	2011 Total	2010 Operating	2010 Capital	2010 Total
				(restated)	(restated)	(restated)
Property taxes	\$ 1,631,781	\$	\$ 1,631,781	\$ 1,554,635	\$	\$ 1,554,635
Community Revitalization Levy	15,110		15,110	11,068		11,068
Business taxes	212,264		212,264	201,681		201,681
Revenue in lieu of taxes	202,011		202,011	176,246		176,246
Local improvement levies and special taxes	13,366		13,366	13,121		13,121
	<b>2,074,532</b>	-	<b>2,074,532</b>	1,956,751	-	1,956,751
Less: Provincial property taxes	(607,215)		(607,215)	(612,791)		(612,791)
<b>Net taxes available for municipal purposes</b>	<b>1,467,317</b>	<b>-</b>	<b>1,467,317</b>	1,343,960	-	1,343,960
Sales of goods and services						
Water and sewer	394,878		394,878	370,698		370,698
Public transit	151,887		151,887	150,463		150,463
Real estate	98,496		98,496	65,683		65,683
Recreation and culture	55,525		55,525	60,011		60,011
Parking	53,618		53,618	52,361		52,361
Social housing	39,410		39,410	42,240		42,240
Protective services	42,655		42,655	47,866		47,866
Waste disposal	89,053		89,053	84,068		84,068
Other	40,891		40,891	33,839		33,839
	<b>966,413</b>	<b>-</b>	<b>966,413</b>	907,229	-	907,229
<b>Government transfers</b>						
Federal						
Debenture interest rebates	778	-	778	943	-	943
Revenue and cost sharing agreements and grants	5,640	79,867	85,507	5,998	62,661	68,659
Provincial						
Debenture interest rebates	135	159	294	153	149	302
Grants, entitlements, revenue and cost sharing agreements.	118,377	452,839	571,216	158,595	415,673	574,268
	<b>124,930</b>	<b>532,865</b>	<b>657,795</b>	165,689	478,483	644,172
<b>Other revenue</b>						
Dividends from ENMAX Corporation	55,600	-	55,600	61,800	-	61,800
Other equity earnings in government business enterprises	128,981	-	128,981	116,019	-	116,019
Developer contributions	-	55,220	55,220	-	36,031	36,031
Donated assets	-	188,071	188,071	-	199,622	199,622
Investment income	43,980	-	43,980	40,507	-	40,507
Fines and penalties	69,680	-	69,680	67,324	-	67,324
Licences, permits and fees	74,527	-	74,527	70,739	-	70,739
Miscellaneous revenue	35,319	-	35,319	35,625	-	35,625
	<b>408,087</b>	<b>243,291</b>	<b>651,378</b>	392,014	235,653	627,667
<b>Total revenue</b>	<b>\$ 2,966,747</b>	<b>\$ 776,156</b>	<b>\$ 3,742,903</b>	\$ 2,808,892	\$ 714,136	\$ 3,523,028

Notes: only results from 2008 to 2010 conform to the new local reporting model changes introduced by PSAB effective for 2009 and onwards. This schedule is prepared to provide the reader with additional information.

2009 Operating	2009 Capital	2009 Total	2008 Operating	2008 Capital	2008 Total	2007 Operating	2007 Capital	2007 Total
		(restated)	(restated)	(restated)				
\$ 1,463,695	\$	\$ 1,463,695	\$ 1,343,143	\$	\$ 1,343,143	\$ 1,292,531	\$	\$ 1,292,531
7,627		7,627	5,018		5,018	-		-
206,771		206,771	183,522		183,522	198,195		198,195
189,573		189,573	230,284		230,284	207,787		207,787
10,779		10,779	9,778		9,778	9,680		9,680
1,878,445	-	1,878,445	1,771,745	-	1,771,745	1,708,193	-	1,708,193
(586,037)	-	(586,037)	(548,558)	-	(548,558)	(499,928)	-	(499,928)
1,292,408	-	1,292,408	1,223,187	-	1,223,187	1,208,265	-	1,208,265
380,467		380,467	353,148		353,148	329,516		329,516
144,129		144,129	134,905		134,905	122,675		122,675
42,356		42,356	48,187		48,187	71,561		71,561
58,507		58,507	38,403		38,403	37,643		37,643
52,911		52,911	51,247		51,247	46,753		46,753
42,091		42,091	40,084		40,084	34,464		34,464
38,576		38,576	44,264		44,264	41,759		41,759
67,361		67,361	35,739		35,739	31,073		31,073
34,728		34,728	35,460		35,460	25,099		25,099
861,126	-	861,126	781,437	-	781,437	740,543	-	740,543
943	-	943	961	-	961	988	-	988
8,563	54,279	62,842	7,241	47,615	54,856	5,719	52,638	58,357
359	-	359	720	-	720	1,142	-	1,142
165,394	322,145	487,539	110,378	500,502	610,880	160,848	261,515	422,363
175,259	376,424	551,683	119,300	548,117	667,417	168,697	314,153	482,850
55,000	-	55,000	50,000	-	50,000	50,000	-	50,000
151,034	-	151,034	131,994	-	131,994	94,299	-	94,299
-	42,738	42,738	-	80,872	80,872	-	71,771	71,771
-	183,540	183,540	-	56,042	56,042	-	62,847	62,847
40,486	-	40,486	57,873	-	57,873	56,474	-	56,474
60,075	-	60,075	56,156	-	56,156	53,571	-	53,571
69,061	-	69,061	77,700	-	77,700	74,238	-	74,238
46,343	-	46,343	35,751	-	35,751	17,679	2,355	20,034
421,999	226,278	648,277	409,474	136,914	546,388	346,261	136,973	483,234
\$ 2,750,792	\$ 602,702	\$ 3,353,494	\$ 2,533,398	\$ 685,031	\$ 3,218,429	\$ 2,463,766	\$ 451,126	\$ 2,914,892

EXPENSES BY FUNCTION UNAUDITED (see Notes)  
2007 to 2011 (In thousands of dollars)

	2011	2010 <sup>(3)(4)</sup>	2009 <sup>(2)</sup>	2008 <sup>(1)</sup>	2007 <sup>(1)</sup>
		(restated)	(restated)	(restated)	
<b>Protective Services</b>					
Police	\$ 384,396	\$ 368,947	\$ 316,055	\$ 285,936	\$ 253,872
Fire	233,265	222,279	181,082	159,998	150,391
Emergency Medical Services	-	-	15,939	53,928	49,804
	<b>617,661</b>	591,226	513,076	499,862	454,067
<b>Transportation</b>					
Public transit	391,456	367,128	288,707	283,688	246,317
Roads, traffic and parking	362,113	467,576	241,088	166,415	154,275
	<b>753,569</b>	834,704	529,795	450,103	400,592
<b>Environmental protection</b>					
Water services & resources	362,259	329,901	168,827	147,041	139,490
Waste and recycling	94,476	119,980	82,833	60,632	53,180
	<b>456,735</b>	449,881	251,660	207,673	192,670
<b>Social development</b>					
Community and social development	56,736	51,694	49,535	50,641	47,713
Social housing	106,174	123,501	109,421	75,153	53,068
	<b>162,910</b>	175,195	158,956	125,794	100,781
<b>Recreation and culture</b>					
Parks and recreation facilities	263,844	255,456	189,518	162,997	127,347
Societies and related authorities	84,077	96,942	84,690	41,559	22,061
Calgary Public Library Board	51,367	45,481	37,574	35,325	36,872
	<b>399,288</b>	397,879	311,782	239,881	186,280
<b>Other expenditure</b>					
General government	277,138	199,097	190,156	160,958	143,337
Public works	186,081	167,355	117,045	129,428	119,467
Real estate services	57,690	80,820	42,964	37,631	49,050
	<b>520,909</b>	447,272	350,165	328,017	311,854
<b>Interest and financing fees <sup>(4)</sup></b>					
Tax supported	-	-	26,061	31,305	38,940
Self sufficient tax supported	-	-	4,414	1,069	-
Self supported	-	-	78,348	67,018	53,765
	-	-	108,823	99,392	92,705
<b>Amortization <sup>(3)(4)</sup></b>	-	-	354,910	304,383	-
<b>Total expenses</b>	<b>\$ 2,911,072</b>	\$ 2,896,157	\$ 2,579,167	\$ 2,255,105	\$ 1,738,949

Notes:

- (1) Figures for 2008 have been restated to be consistent with the new local reporting model changes introduced by PSAB effective for 2009 and onwards. Years prior to 2008 have not been restated.
- (2) Figures for 2009 have been restated for the correction of certain tangible capital asset adjustments identified in 2010. Years prior to 2009 have not been restated for this adjustment.
- (3) Figures for 2010 have been restated for the correction of certain tangible capital asset adjustments identified in 2011. Years prior to 2010 have not been restated for this adjustment.
- (4) Reclassifications have been made in 2010 to reclassify amortization and interest expenses by function. Years prior to 2010 have not been restated for this adjustment.

OTHER FINANCIAL AND STATISTICAL SCHEDULES

**Financial Position and Net Revenues Unaudited**

(see Notes)

2007 to 2011 (in thousands of dollars)

	2011	2010 <sup>(3)</sup> (restated)	2009 <sup>(2)</sup> (restated)	2008 <sup>(1)</sup> (restated)	2007 <sup>(1)</sup>
Financial assets	<b>\$ 4,831,572</b>	\$ 4,766,081	\$ 4,493,369	\$ 4,128,569	\$ 3,790,511
Liabilities	<b>5,011,955</b>	4,708,417	4,061,969	3,452,910	3,036,797
Net financial (debt) assets	<b>(180,383)</b>	57,664	431,400	675,659	753,714
Non-financial assets	<b>12,233,230</b>	11,193,852	10,182,825	9,115,850	9,759,389
Accumulated surplus	<b>12,052,847</b>	11,251,516	10,614,225	9,791,509	10,513,103
Excess of revenues over expenditures	<b>\$ 801,331</b>	\$ 611,638	\$ 771,329	\$ 969,757	\$ 372,613

Notes:

- (1) Figures for 2008 have been restated to be consistent with the new local reporting model changes introduced by PSAB effective for 2009 and onwards. Years prior to 2008 have not been restated.
- (2) Figures for 2009 have been restated for the correction of certain tangible capital asset adjustments identified in 2010. Years prior to 2009 have not been restated for this adjustment
- (3) Figures for 2010 have been restated for the correction of certain tangible capital asset adjustments identified in 2011. Years prior to 2010 have not been restated for this adjustment.

**Consolidated Accumulated Surplus Unaudited**

2007 to 2011 (in thousands of dollars)

	2011	2010 (restated)	2009 (restated)	2008 (restated)	2007
Operating Fund	<b>\$ 5,243</b>	\$ 24,992	\$ 2,141	\$ 7,300	\$ 9,407
Capital Fund	<b>(33,649)</b>	84,042	177,242	161,254	143,723
Reserves	<b>1,129,335</b>	1,017,747	958,433	862,290	816,143
Unfunded portion of provision for landfill liabilities <sup>(1)</sup>	<b>(16,500)</b>	(13,500)	-	-	-
Equity in government business enterprises	<b>1,943,731</b>	1,845,250	1,744,464	1,604,361	1,461,970
Obligations to be financed in future years	<b>-</b>	-	-	-	(20,891)
Equity in non-financial assets	<b>9,024,687</b>	8,292,985	7,731,945	7,156,304	8,101,751
	<b>\$ 12,052,847</b>	\$ 11,251,516	\$ 10,614,225	\$ 9,791,509	\$ 10,513,103

Notes:

- (1) Figures for 2010 have been restated for the correction of certain post closure costs on active landfill sites identified in 2011. Years prior to 2010 have not been restated

## OTHER FINANCIAL AND STATISTICAL SCHEDULES

### Expenses by Object Unaudited

(see Notes)

2007 to 2011 (in thousands of dollars)

	2011	2010 <sup>(3)</sup>	2009 <sup>(2)</sup>	2008 <sup>(1)</sup>	2007 <sup>(1)</sup>
		(restated)	(restated)	(restated)	
Salaries, wages and benefits	\$ 1,495,451	\$ 1,421,993	\$ 1,299,722	\$ 1,202,562	\$ 1,080,709
Contracted and general services	366,936	439,334	378,618	213,096	196,392
Materials, equipment and supplies	250,271	216,175	205,682	290,338	220,715
Interest charges					
Tax supported	62,623	54,178	26,061	32,374	38,940
Self supported	70,749	69,860	82,762	67,018	53,765
Third-party social, cultural and recreation programs	167,312	167,699	166,763	85,985	94,677
Utilities	67,406	60,454	64,649	59,349	53,751
Amortization	413,273	398,286	354,910	304,383	–
Loss on sale of tangible capital assets	17,051	68,178	–	–	–
<b>Total expenditures</b>	<b>\$ 2,911,072</b>	<b>\$ 2,896,157</b>	<b>\$ 2,579,167</b>	<b>\$ 2,255,105</b>	<b>\$ 1,738,949</b>

Notes:

- (1) Figures for 2008 have been restated to be consistent with the new local reporting model changes introduced by PSAB effective for 2009 and onwards. Years prior to 2008 have not been restated.
- (2) Figures for 2009 have been restated for the correction of certain tangible capital asset adjustments identified in 2010. Years prior to 2009 have not been restated for this adjustment.
- (3) Figures for 2010 have been restated for the correction of certain tangible capital asset adjustments identified in 2011. Years prior to 2010 have not been restated for this adjustment.

### Consolidated Investments Unaudited

2007 to 2011 (in thousands of dollars)

	2011	2010	2009	2008	2007
<b>Cost:</b>					
Government of Canada bonds	\$ 148,114	\$ 164,569	\$ 252,619	\$ 67,590	\$ 120,758
Provincial bonds	323,104	399,370	307,931	339,767	67,786
Federally regulated banks	317,557	367,028	232,191	209,515	324,954
Other Canadian corporations	1,411,196	1,318,896	1,324,078	1,339,989	1,303,870
Equity investments	133,032	108,216	102,120	1,261	1,530
<b>Total Cost</b>	<b>\$ 2,333,003</b>	<b>\$ 2,358,079</b>	<b>\$ 2,218,939</b>	<b>\$ 1,958,122</b>	<b>\$ 1,818,898</b>
<b>Market Value:</b>					
Government of Canada bonds	\$ 149,767	\$ 164,614	\$ 252,037	\$ 68,923	\$ 122,932
Provincial bonds	333,787	403,198	310,190	340,088	68,981
Federally regulated banks	318,702	369,015	238,573	209,384	322,007
Other Canadian corporations	1,416,141	1,321,920	1,329,990	1,339,534	1,303,696
Equity investments	134,098	127,430	112,248	1,261	1,485
<b>Total Market Value</b>	<b>\$ 2,352,495</b>	<b>\$ 2,386,177</b>	<b>\$ 2,243,038</b>	<b>\$ 1,959,190</b>	<b>\$ 1,819,101</b>



OTHER FINANCIAL AND STATISTICAL SCHEDULES

**Consolidated Reserves Unaudited**

2007 to 2011 (in thousands of dollars)

	2011	2010	2009	2008	2007
				(restated)	
<b>Significant Reserves</b>					
Fiscal stability	\$ 240,932	\$ 224,916	\$ 195,738	\$ 148,084	\$ 148,125
Reserve for future capital	255,492	232,534	251,054	215,767	176,038
Debt servicing	72,996	82,827	87,991	109,310	105,739
Corporate housing reserve	43,274	65,589	42,935	33,638	67,316
Legacy parks	9,695	15,733	31,738	53,117	53,112
Real estate services (combined operating & capital)	69,605	35,851	11,561	–	–
Community investment	76,959	36,914	40,929	39,776	34,789
Development and building approvals (“DBA”) sustainment	27,488	36,071	38,189	39,725	38,999
Reserve for tax loss provision	36,329	33,146	29,630	27,000	27,000
Landfill revenue <sup>(2)</sup>	–	10,794	9,829	3,132	4,069
Lifecycle maintenance and upgrade	92,205	75,477	55,404	48,762	23,393
Calgary Housing Company	10,625	6,851	4,255	8,368	7,594
	<b>\$ 935,600</b>	<b>\$ 856,703</b>	<b>\$ 799,253</b>	<b>\$ 726,679</b>	<b>\$ 686,174</b>

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

Wastewater treatment and disposal and water supply <sup>(1)</sup>	\$ –	\$ 18,624	\$ 17,786	\$ 15,011	\$ 22,301
Utilities sustainment <sup>(1)</sup>	18,982	–	–	–	–
Social programs	7,900	9,336	8,479	7,922	7,551
Police services (capital)	20,151	15,502	10,837	9,261	9,793
Environmental control <sup>(2)</sup>	–	24,059	26,346	19,091	15,048
Waste & recycling sustainment <sup>(2)</sup>	58,162	–	–	–	–
Other operating	37,252	35,976	40,511	36,505	35,398
Other capital expenditures	51,288	57,547	55,221	47,821	39,878
	<b>193,735</b>	<b>161,044</b>	<b>159,180</b>	<b>135,611</b>	<b>129,969</b>
	<b>\$ 1,129,335</b>	<b>\$ 1,017,747</b>	<b>\$ 958,433</b>	<b>\$ 862,290</b>	<b>\$ 816,143</b>

Notes:

(1) In 2011, Wastewater treatment, disposal and water supply reserves were closed and funds transferred to a new Utilities sustainment reserve.

(2) In 2011, Landfill revenue and the Environmental control reserves were closed and the funds transferred to a new Waste and recycling sustainment reserve.

TAXATION AND ASSESSMENTS UNAUDITED  
2007 to 2011 (in thousands of dollars unless otherwise stated)

		2011	2010	2009	2008	2007
<b>TAX RATES</b>						
Residential						
Municipal and Library	Mills	<b>3.205</b>	3.138	2.640	2.415	2.884
Provincial property	Mills	<b>2.464</b>	2.735	2.360	2.189	2.577
Non-Residential						
Municipal and Library	Mills	<b>11.510</b>	9.909	8.213	8.093	9.923
Provincial property	Mills	<b>4.099</b>	3.885	3.228	3.216	3.822
<b>ASSESSED VALUES</b>						
Residential		<b>\$ 165,284,722</b>	\$ 150,838,293	\$ 170,027,495	\$ 172,262,927	\$ 134,254,973
Percentage of total (%)		<b>78.6</b>	76.2	76.4	77.7	78.2
Commercial, industrial and farm		<b>\$ 44,859,905</b>	\$ 47,067,544	\$ 52,645,433	\$ 49,431,089	\$ 37,444,216
Percentage of total (%)		<b>21.4</b>	23.8	23.6	22.3	21.8
Total assessment		<b>\$ 210,144,627</b>	\$ 197,905,837	\$ 222,672,928	\$ 221,694,016	\$ 171,699,189
<b>TAX LEVIES</b>						
Municipal property taxes						
Residential		<b>\$ 526,126</b>	\$ 471,447	\$ 443,963	\$ 412,317	\$ 379,721
Non-residential		<b>507,369</b>	479,406	442,173	390,471	420,988
Community Revitalization Levy		<b>15,110</b>	11,068	7,627	5,018	–
Business tax		<b>212,264</b>	201,681	206,771	183,522	198,195
Revenue in lieu of taxes		<b>193,081</b>	167,237	181,095	222,081	199,681
Municipal ENMAX capital surcharge		<b>–</b>	–	–	–	–
Local improvements and special levies		<b>13,366</b>	13,121	10,779	9,778	9,680
		<b>\$ 1,467,316</b>	\$ 1,343,960	\$ 1,292,408	\$ 1,223,187	\$ 1,208,265
Provincial property taxes						
Residential		<b>\$ 406,908</b>	\$ 412,115	\$ 401,527	\$ 377,174	\$ 343,838
Non-residential		<b>191,378</b>	191,667	176,032	163,181	147,984
Revenue in lieu of taxes		<b>8,930</b>	9,009	8,478	8,203	8,106
		<b>607,216</b>	612,791	586,037	548,558	499,928
Total taxes levied		<b>\$ 2,074,533</b>	\$ 1,956,751	\$ 1,878,445	\$ 1,771,745	\$ 1,708,193
<b>Percentage of Total Levies</b>						
Property tax						
Residential property		<b>44.98%</b>	45.15%	45.01%	44.56%	42.36%
Non-residential property		<b>33.69%</b>	34.29%	32.91%	31.25%	33.31%
Local improvement		<b>0.63%</b>	0.67%	0.57%	0.55%	0.57%
Community Revitalization Levy		<b>0.73%</b>	0.57%	0.41%	0.28%	–
Business tax		<b>10.23%</b>	10.31%	11.01%	10.36%	11.60%
Revenue in lieu of taxes		<b>9.74%</b>	10.09%	12.16%		

TAXATION AND ASSESSMENTS UNAUDITED  
2007 to 2011 (in thousands of dollars unless otherwise stated)

	2011	2010	2009	2008	2007
<b>PROPERTY TAX – Continuity</b>					
Taxes receivable, January 1	\$ 45,063	\$ 40,630	\$ 36,632	\$ 22,765	\$ 24,094
Current levies					
Property taxes	1,687,367	1,576,283	1,489,955	1,379,373	1,266,628
Business taxes	215,488	205,391	198,609	192,937	180,187
Non-tax items for collection	1,534	1,415	1,709	1,143	784
Penalties	9,037	8,610	7,818	6,586	5,733
Cancellation of tax arrears	(3,381)	(16,443)	(26,958)	(11,566)	(5,041)
Write-off of taxes	(614)	(868)	(903)	(617)	(374)
	<b>1,954,494</b>	1,815,018	1,706,862	1,590,621	1,472,011
Collections					
Current	(1,878,537)	(1,748,852)	(1,658,062)	(1,540,661)	(1,431,691)
Arrears	(35,882)	(21,103)	(8,170)	(13,328)	(17,555)
Subtotal	40,075	45,063	40,630	36,632	22,765
Allowance for doubtful accounts	(500)	(850)	(750)	(750)	(650)
Taxes receivable, December 31	\$ 39,575	\$ 44,213	\$ 39,880	\$ 35,882	\$ 22,115
Percentage of current taxes collected (%)	96.11%	97.50%	98.20%	98.00%	99.00%
Taxes outstanding as a percentage of the current year levy (%)	2.10%	2.40%	2.40%	2.30%	1.50%
<b>Other Major Tax Levies:</b>					
Revenue in lieu of taxes					
Municipal consent and access fee	\$ 125,536	\$ 97,621	\$ 107,991	\$ 125,903	\$ 113,565
Franchise fees	63,873	65,327	68,832	92,185	81,290
Governments					
Provincial	10,255	11,094	10,899	10,602	9,138
Federal	2,328	2,204	1,850	1,594	3,770
	<b>\$ 201,992</b>	\$ 176,246	\$ 189,572	\$ 230,284	\$ 207,763

CONTINUITY OF LONG-TERM DEBT UNAUDITED  
2007 to 2011 (in thousands of dollars unless otherwise stated)

	2011	2010	2009	2008	2007
Opening Balance	\$ 2,945,662	\$ 2,476,075	\$ 1,967,939	\$ 1,696,323	\$ 1,429,244
<b>New issues or additions during the year</b>					
Tax supported					
Debtures	24,401	45,166	31,438	36,562	42,251
Capital leases	-	-	768	563	780
	<b>24,401</b>	45,166	32,206	37,125	43,031
Self-sufficient tax supported					
Debtures	248,000	308,000	266,000	40,000	-
	<b>248,000</b>	308,000	266,000	40,000	-
Self supported					
Debtures	188,600	228,407	382,015	339,029	375,087
Local improvement debtures	6,864	23,686	12,761	6,185	8,061
Mortgages and other debt	10,393	46,251	15,649	19,621	3,306
Capital leases	5,391	-	-	-	-
	<b>211,248</b>	298,344	410,425	364,835	386,454
<b>Debt repaid during the year</b>					
Tax supported					
Debtures	(52,127)	(58,564)	(68,888)	(59,197)	(58,108)
Mortgages and other debt	-	-	-	-	-
Capital leases	(335)	(622)	(660)	(591)	(520)
	<b>(52,463)</b>	(59,186)	(69,548)	(59,788)	(58,628)
Self-sufficient tax supported debtures	(357)	-	-	-	-
Self supported					
Debtures	(120,101)	(112,621)	(112,929)	(97,211)	(91,294)
Local improvement debtures	(9,524)	(6,321)	(6,135)	(5,896)	(5,424)
Mortgages and other debt	(17,677)	(3,795)	(11,883)	(7,449)	(7,060)
Capital leases	(301)	-	-	-	-
	<b>(147,604)</b>	(122,737)	(130,947)	(110,556)	(103,778)
<b>Increase (Decrease)</b>					
Tax supported	(28,062)	(14,020)	(37,342)	(22,663)	(15,597)
Self-sufficient tax supported	63,644	308,000	266,000	40,000	-
Self supported	247,643	175,607	279,478	254,279	282,676
<b>Net Increase during the year</b>	<b>283,225</b>	469,587	508,136	271,616	267,079
<b>Closing balance</b>	<b>\$ 3,228,887</b>	\$ 2,945,662	\$ 2,476,075	\$ 1,967,939	\$ 1,696,323
Debt servicing as a per cent of operating expenditures (net of recoveries), tax supported	3.1	3.6	4.3	4.5	5.2
Percentage of legal debt limit as per <i>Municipal Government Act</i> [see note 13(f)]	58.9	56.9	48.7	41.9	37.1

CONTINUITY OF LONG-TERM DEBT UNAUDITED  
2007 to 2011 (in thousands of dollars unless otherwise stated)

	2011	2010	2009	2008	2007
<b>Tax Supported</b>					
Calgary Public Library Board	\$ -	\$ -	\$ 104	\$ 660	\$ 1,507
Water Services & Resources	-	-	-	-	1,025
Facility Management	53,828	51,231	42,490	49,702	42,901
Fire	3,768	3,846	4,214	4,594	4,065
General Government	588	676	869	95	114
Parks and Recreation	72,227	74,737	79,715	77,561	76,772
Police	2,387	3,741	5,351	2,772	1,059
Public Housing	5,796	6,070	6,330	6,578	6,814
Real Estate Services	-	-	-	676	1,311
Roads	186,438	203,892	202,499	269,705	282,322
Societies & Related Authorities	14,555	11,018	12,308	17,154	18,266
Waste & Recycling Services	5,238	5,478	5,706	5,923	6,129
Transit	63,737	75,823	90,946	52,454	68,252
	<b>408,562</b>	<b>436,512</b>	<b>450,532</b>	<b>487,874</b>	<b>510,537</b>
Tax supported, % of total	12.6	14.9	18.3	24.9	30.1
Per capita, tax supported (\$)	374	407	423	468	501
<b>Self Sufficient Tax Supported</b>					
MSI bridge financing	730,000	510,000	240,000	-	-
Calgary Municipal Land Corporation	131,643	104,000	66,000	40,000	-
	<b>861,643</b>	<b>614,000</b>	<b>306,000</b>	<b>40,000</b>	<b>-</b>
Self sufficient tax supported, % of total	27	21	12.4	2	-
Per capita, self sufficient tax supported	790	573	287	38	-
<b>Self Supported</b>					
Calgary Parking Authority	7,638	8,860	10,242	11,561	12,819
Calhome Properties Ltd.	36,272	41,011	45,637	49,698	53,785
Lindsay Park Sports Society	2,614	2,874	-	-	-
Water Services & Resources	1,569,501	1,485,658	1,359,288	1,131,650	913,625
Facility Management	2,382	2,812	3,218	600	626
Fleet Services	112,301	113,061	133,080	118,725	94,532
General Government	-	203	394	574	746
Parks and Recreation	9,772	11,474	12,836	10,392	6,205
Police	-	-	-	123	469
Public Housing	17,784	19,998	22,125	16,439	17,105
Real Estate Services	27,312	27,650	10,971	4,695	5,320
Roads	149,676	81,490	64,024	57,360	56,689
Societies & Related Authorities	4,228	4,700	5,833	6,889	7,875
Waste & Recycling Services	19,314	20,952	22,525	8,429	3,560
Transportation Infrastructure	-	74,407	29,370	22,930	12,430
	<b>1,958,794</b>	<b>1,895,150</b>	<b>1,719,543</b>	<b>1,440,065</b>	<b>1,185,786</b>
Total City debt	<b>3,228,999</b>	<b>2,945,662</b>	<b>2,476,075</b>	<b>1,967,939</b>	<b>1,696,323</b>
ENMAX debt	<b>732,877</b>	<b>631,494</b>	<b>516,852</b>	<b>438,586</b>	<b>406,968</b>
Total debt attributable to The City	<b>\$ 3,961,886</b>	<b>\$ 3,577,156</b>	<b>\$ 2,992,927</b>	<b>\$ 2,406,525</b>	<b>\$ 2,103,291</b>
Self supported, % of total (excludes ENMAX)	60.7	64.3	69.4	73.2	69.9
Per capita, self supported (excludes ENMAX) (\$)	1,795	1,769	1,614	1,381	1,163

DEMOGRAPHIC AND OTHER INFORMATION UNAUDITED  
2007 TO 2011

	2011	2010	2009	2008	2007
<b>Population, per April civic census</b>	<b>1,090,969</b>	1,071,515	1,065,455	1,042,892	1,019,942
Change due to natural increase	<b>9,858</b>	10,214	9,643	9,695	10,552
Change due to net migration	<b>9,563</b>	(4,154)	12,920	13,255	17,631
<b>Dwelling Units, per April civic census</b>					
Total number of units	<b>450,952</b>	445,455	438,663	432,997	420,311
Number of vacancies	<b>16,180</b>	16,929	13,012	9,199	5,825
Owner occupancy rate (%)	<b>70.10</b>	70.7	71.1	71.6	71.7
<b>Housing Activity</b>					
Annual applications for residential units					
Total residential	<b>10,106</b>	7,249	6,215	6,439	12,937
Change (%)	<b>39.4</b>	16.6	(3.5)	(50.2)	(19)
Single family	<b>4,865</b>	4,102	4,166	3,208	5,461
Change (%)	<b>18.6</b>	(1.5)	29.9	(41.2)	(3.1)
MLS average selling price (\$) <sup>(1)</sup>	<b>414,570</b>	397,442	384,347	401,125	425,900
New housing price inflation (%) <sup>(2)</sup>	<b>2.40</b>	3.4	(6.7)	0.6	16.2
<b>Building Permits, applied for</b>					
Number of applications	<b>15,550</b>	15,277	15,125	14,920	18,450
Change (%)	<b>1.8</b>	1	1.4	(19.1)	(11.1)
Value, in thousands of dollars	<b>4,538,000</b>	2,916,000	3,658,000	4,142,000	5,615,995
Change (%)	<b>55.6</b>	(20.3)	(11.7)	(26.2)	17.8
<b>Inflation, CPI annual increases <sup>(2)</sup></b>					
Calgary	<b>2.20%</b>	0.80%	(0.10%)	3.20%	5.00%
Alberta	<b>2.40%</b>	1.00%	(0.10%)	3.20%	4.90%
Canada	<b>2.90%</b>	1.80%	0.30%	2.40%	2.10%
<b>Unemployment Rate <sup>(2)</sup></b>					
Calgary	<b>6.20%</b>	7.00%	6.30%	3.30%	3.20%
Alberta	<b>5.60%</b>	6.60%	6.30%	3.50%	3.50%
Canada	<b>7.50%</b>	8.10%	8.10%	6.10%	6.00%

External Sources

<sup>(1)</sup> Calgary Real Estate Board

<sup>(2)</sup> Statistics Canada

DEMOGRAPHIC AND OTHER INFORMATION UNAUDITED  
2007 TO 2011

	2011	2010	2009	2008	2007
<b>Revenue sources – city general <sup>(1)</sup></b>	<b>\$ 2,312,699</b>	\$ 2,231,090	\$ 2,165,336	\$ 2,002,323	\$ 2,022,950
Taxes and revenue in lieu of taxes	<b>63.45%</b>	62.00%	61.60%	63.00%	61.50%
General	<b>28.26%</b>	27.80%	27.40%	27.40%	26.20%
Utilities and related authorities contributions	<b>2.75%</b>	2.90%	3.00%	3.20%	3.10%
Government transfers	<b>3.15%</b>	4.60%	5.50%	4.00%	6.70%
Dividends from ENMAX Corporation	<b>2.40%</b>	2.80%	2.50%	2.50%	2.50%
<b>Interest charges – city general</b>					
As a % of operating expenditures					
Before subsidy	<b>4.91%</b>	5.40%	5.20%	5.20%	5.20%
After subsidy	<b>4.91%</b>	5.00%	5.10%	5.10%	5.20%
<b>Interest charges – consolidated</b>					
Before subsidy (000s)	<b>\$ 113,845</b>	\$ 112,214	\$ 108,823	\$ 99,392	\$ 92,705
Share of operating expenditures (%)	<b>4.8</b>	4.2	5.2	5.1	5.3
After subsidy (000s)	<b>\$ 112,932</b>	\$ 112,198	\$ 108,594	\$ 97,722	\$ 90,576
Share of operating expenditures (%) (net of subsidy)	<b>4.8</b>	4.2	5.2	5	5.2
<b>Debt service limit (principal + interest)</b>					
Total debt service limit	<b>\$ 993,085</b>	\$ 933,486	\$ 905,624	\$ 840,639	\$ 827,997
Total debt service	<b>\$ 628,462</b>	\$ 500,150	\$ 290,758	\$ 292,070	\$ 271,854
Percentage used (%)	<b>63.3</b>	53.6	32.1	34.7	32.8
<b>Debt limit <sup>(2)</sup></b>					
Total debt limit (000s)	<b>\$ 5,674,772</b>	\$ 5,334,208	\$ 5,174,992	\$ 4,803,653	\$ 4,731,414
Total debt (000s)	<b>\$ 3,343,881</b>	\$ 3,024,576	\$ 2,536,991	\$ 2,013,904	\$ 1,753,390
Percentage used (%)	<b>58.93</b>	56.70	49	41.9	37.1
<b>Municipal Full-time Equivalents</b> (excluding ENMAX Corporation)					
Total Full-time Equivalents <sup>(3)</sup>	<b>15,449</b>	15,038	14,848	14,440	13,798
Full-time Equivalents Per 1,000 population	<b>14.2</b>	14.0	13.9	13.8	13.5
Area, square kilometres	<b>848</b>	848	848	848	848
Km of roads (lane km)	<b>18,041</b>	17,809	17,441	17,132	16,695
Km of roads (centreline km)	<b>6,732</b>	6,634	6,494	6,371	6,226
Km of bus routes	<b>4,419</b>	4,205	4,518	4,659	4,741
Transit passenger trips, annual (000s)	<b>96,204</b>	94,368	94,151	95,314	90,200
Km of wastewater mains	<b>4,313</b>	4,237	4,680	4,667	4,629
Km of water mains	<b>4,799</b>	4,707	4,320	4,309	4,251
Km of storm drainage mains <sup>(4)</sup>	<b>3,280</b>	3,269	3,228	3,202	3,140

Notes:

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

(2) Calculations as prescribed by The Province of Alberta, regulation 375/94 and does not include debt attributable to ENMAX Corporation.

(3) In 2008, the full-time equivalents for Calgary Public Library were included in the total number. Figures for 2007 have been restated. Previously, some specific third-party or private account work was not included in the operating budget and FTE count. Prior years have not been restated.

(4) Prior year drainage mains reported certain types of piping that are no longer classified as drainage mains. The prior years values have been adjusted.





# ECO AUDIT

**The savings below are achieved when PC recycled fiber is used in place of virgin fiber. This annual report uses 554 lbs of paper which has a postconsumer recycled percentage of 100%**

- 5 trees preserved for the future
- 15 lbs water-borne waste not created
- 2,259 gal wastewater flow saved
- 250 lbs solid waste not generated
- 492 lbs net greenhouse gases prevented
- 3,767,200 BTUs energy not consumed

**Additional savings since the paper is manufactured with windpower and carbon offsets:**

- 250 lbs ghg emissions not generated
- 2,080 cubic feet natural gas unused
- equivalent to not driving 247 mi
- equivalent to planting 17 trees

TECHNICAL NOTES AND SOURCES: Calculations to demonstrate the environmental benefits of using recycled fiber in lieu of virgin fiber are based primarily upon information publicly available at: [http://www.environmentaldefense.org/documents/1687\\_figures.pdf](http://www.environmentaldefense.org/documents/1687_figures.pdf)

Calculations to demonstrate the benefits of supporting offsite wind generated electric power and carbon emission reduction projects are based primarily upon Mohawk's corporate-wide greenhouse gas emissions inventory. This inventory was developed to include Scope 1 and Scope 2 emissions according to the US EPA Climate Leaders Program technical guidance which is publicly available at: <http://www.epa.gov/stateply/resources/index.html> Calculator outputs specifically represent Mohawk operations and its unique greenhouse gas emissions profile. They cannot be considered representative of other organizations.



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Supporting responsible use  
of forest resources

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