



Financial Statements

Calgary Parking Authority

December 31, 2021



Independent Auditor's Report

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

Opinion

We have audited the financial statements of Calgary Parking Authority (the "Authority"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations and accumulated surplus, remeasurement gains and losses, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 2021, and the results of its operations, its remeasurement gains and losses, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Deloitte LLP

Chartered Professional Accountants
December 6, 2022

CALGARY PARKING AUTHORITY

STATEMENT OF FINANCIAL POSITION

As at

	December 31, 2021	December 31, 2020
FINANCIAL ASSETS		
Cash and cash equivalents (note 2)	3,519,583	3,662,673
Receivables (note 3)	2,903,227	2,112,591
Loan receivables (note 15e)	231,560	49,359,064
Investments (note 4)	160,432,967	169,419,680
	167,087,337	224,554,008
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	4,580,679	10,359,577
Accrued interest payable	-	595
Customer deposits (note 7)	5,519,786	5,036,960
Capital deposits (note 8)	196,668	2,522,543
Employee benefit obligations (note 9)	1,694,555	1,398,340
Long-term debt (note 10)	-	277,569
	11,991,688	19,595,584
NET FINANCIAL ASSETS	155,095,649	204,958,424
NON-FINANCIAL ASSETS		
Tangible capital assets (note 11)	191,001,350	123,865,005
Prepays	512,193	301,725
Prepaid lease (note 12)	968,880	986,658
	192,482,423	125,153,388
ACCUMULATED SURPLUS (note 13)	347,578,072	330,111,812

Commitments (note 17)

See accompanying notes to the financial statements.

CALGARY PARKING AUTHORITY

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended December 31

	Budget 2021 (note 1k)	Actual 2021	Actual 2020
REVENUE			
Parking and sales revenue	45,895,000	32,726,528	36,068,421
Fines and penalties	16,844,000	15,314,665	13,718,857
Grant revenue	-	-	10,222,159
Permits and fees	1,363,000	642,998	780,047
Marketing and other revenue	1,500,000	1,706,417	1,175,874
Investment income	5,675,000	4,541,590	7,965,216
Gain on disposition of tangible capital assets (note 11)	-	12,374,465	504,470
Rental income and recoveries	69,000	108,103	63,674
Total revenue	71,346,000	67,414,766	70,498,718
EXPENSES			
Salaries, wages, and benefits	22,892,000	20,280,579	20,240,361
Business, communication and contracted services	11,876,000	10,303,028	9,896,088
Property and business taxes	5,248,000	3,619,509	3,909,537
Materials, equipment and supplies	5,545,000	3,725,049	4,807,178
Rental expense (note 15b)	1,238,000	1,118,641	1,413,777
Utilities	1,744,000	1,651,286	1,459,151
Interest and bank fees	978,000	819,723	862,621
Amortization (note 11)	5,926,000	6,018,228	5,338,082
Total expenses	55,447,000	47,536,043	47,926,795
Excess of revenues over expenses before other	15,899,000	19,878,723	22,571,923
OTHER			
Contributions from the City of Calgary reserves (note 15d)	-	7,733,984	-
Unrealized (loss)/gain on investments	-	(6,686,330)	4,816,112
Distribution to the City of Calgary (note 15a)	(7,737,000)	(3,460,117)	(13,013,746)
Annual Surplus	8,162,000	17,466,260	14,374,289
ACCUMULATED SURPLUS, Beginning of year	330,111,812	330,111,812	315,737,523
ACCUMULATED SURPLUS, End of year	338,273,812	347,578,072	330,111,812

See accompanying notes to the financial statements.

CALGARY PARKING AUTHORITY

STATEMENT OF CASH FLOWS

For the year ended December 31

	2021	2020
NET INFLOW (OUTFLOW) OF CASH AND CASH EQUIVALENTS:		
OPERATING ACTIVITIES		
Annual Surplus	17,466,260	14,374,289
Deduct items not affecting cash:		
Unrealized loss / (gain) on investment	6,686,330	(4,816,112)
Distribution to the City of Calgary (note 15a)	3,460,117	13,013,746
Amortization	6,018,228	5,338,082
Gain on sale of tangible capital assets	(12,374,465)	(504,470)
Change in non-cash items:	-	
Receivables	(790,636)	1,514,421
Accounts payable and accrued liabilities	(5,778,898)	4,205,238
Accrued interest payable	(595)	(1,148)
Customer deposits	482,826	257,016
Employee benefit obligations	296,215	(235,706)
Prepaid	(210,468)	(122,535)
Prepaid lease	17,778	17,778
	15,272,692	33,040,599
CAPITAL ACTIVITIES		
Purchase of tangible capital assets (note 11)	(79,029,283)	(5,960,507)
Proceeds from disposal of tangible capital assets	18,249,175	24,870
	(60,780,108)	(5,935,637)
INVESTING ACTIVITIES		
Purchase of investment (note 4)	(21,041,267)	(10,935,616)
Withdrawal of investment (note 6)	23,341,650	21,342,433
Transfer capital deposits to the City of Calgary (note 8)	(2,377,565)	-
Interest earned on capital deposits (note 8)	51,690	117,758
	(25,492)	10,524,575
FINANCING ACTIVITIES		
Distribution to the City of Calgary (note 15)	(3,460,117)	(13,013,746)
Long-term debt repayments (note 10)	(277,569)	(535,471)
Loan receivable (note 15e)	49,127,504	(25,424,932)
	45,389,818	(38,974,149)
(DECREASE) IN CASH AND CASH EQUIVALENTS	(143,090)	(1,344,612)
CASH AND CASH EQUIVALENTS, Beginning of year	3,662,673	5,007,285
CASH AND CASH EQUIVALENTS, End of year	3,519,583	3,662,673

See accompanying notes to the financial statements.

CALGARY PARKING AUTHORITY

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the year ended December 31

	Budget 2021 (note 1k)	Actual 2021	Actual 2020
ANNUAL SURPLUS	8,162,000	17,466,260	14,374,289
Acquisition of tangible capital assets	-	(79,029,283)	(5,960,507)
Amortization of tangible capital assets	5,926,000	6,018,228	5,338,082
Proceeds on sale of tangible capital assets	-	18,249,175	24,870
Gain on disposal of tangible capital assets	-	(12,374,465)	(504,470)
Acquisition of prepaids and prepaid lease	-	(361,145)	(251,984)
Use of prepaid assets and prepaid lease	-	168,455	147,227
(DECREASE) INCREASE IN NET FINANCIAL ASSETS	14,088,000	(49,862,775)	13,167,507
NET FINANCIAL ASSETS, Beginning of year	204,958,424	204,958,424	191,790,917
NET FINANCIAL ASSETS, End of year	219,046,424	155,095,649	204,958,424

See accompanying notes to the financial statements.

CALGARY PARKING AUTHORITY**STATEMENT OF REMEASUREMENT GAINS AND LOSSES***For the year ended December 31*

	2021	2020
ACCUMULATIVE REMEASUREMENT GAIN, Beginning of year	8,699,080	3,882,968
Unrealized gain attributable to:		
Capital reserve fund (note 4a)	(4,757,189)	3,739,901
Capital deposits (note 4b)	(134,087)	82,016
Long term investment fund (note 4c)	(1,795,054)	994,195
Net remeasurement gain for the year	(6,686,330)	4,816,112
ACCUMULATIVE REMEASUREMENT GAIN, End of year	2,012,750	8,699,080

See accompanying notes to the financial statements.

CALGARY PARKING AUTHORITY

Calgary Parking Authority (the “Authority”) was established under By-Law 28M2002 of The City of Calgary (the “City”) to investigate requirements for the parking of motor vehicles within Calgary, to arrange for provision of publicly owned parking facilities, to encourage construction of privately owned parking facilities, to operate and manage the parking facilities owned by the City and to report to and advise City Council on all matters related to or concerned with the parking of motor vehicles in Calgary. The Authority is responsible for parking enforcement. Distribution of net income is transferred to the City on a monthly basis (note 15). The Authority is a municipal authority and as such is not subject to income tax.

On September 15, 2021 The City Council repealed Bylaw 28M2022, which resulted in The City directly overseeing governance and operations of parking facilities, parking enforcement and the management of the municipal vehicle impound lot.

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

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

1. SIGNIFICANT ACCOUNTING POLICIES

Under Canadian Public Sector Accounting Standards (“PSAS”), introduction to public sector accounting standards, the Authority meets the criteria of a government component and as such, the financial statements for the year ended December 31, 2021 have been prepared in accordance with PSAS.

a) Basis of Accounting

i) Basis of measurement

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

ii) Revenue recognition

Revenues consist of the parking revenues from owned and leased locations, sales and fees from the impound lot, and fines and penalties from parking control. Revenues from parking revenues are recognized as revenue when parking transactions relating to the revenue occur and the funds have been received or are receivable and collection is reasonably assured. Revenue from fines, penalties and the impound lot are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Other revenues, including permit fees and sales and marketing revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Government transfers and grants are recognized in the 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.

b) Cash and Cash Equivalents

Cash and cash equivalents consist of cash and cash held with the City which include cash on deposit, treasury bills and Guaranteed Investment Certificates with original maturities of 90 days or less at the date of acquisition and are recorded at cost.

c) Investments

The Authority has three investments, representing the funds from the Capital Reserve Fund, previously the Parking Structure Replacement Fund (notes 4 and 5), the Capital Deposits (notes 4 and 8) and Long term Investment Fund (notes 4 and 6). All three funds are invested by the City, consisting of long term bonds.

CALGARY PARKING AUTHORITY

Investments are recorded at the fair value and changes therein are recorded as unrealized gains and losses in the statement of remeasurement gains and losses. When an investment is derecognized, the accumulated remeasurement gain or loss is reclassified to the statement of operations and accumulated surplus as a profit or loss.

d) Financial instruments

The Authority's financial instruments include cash and cash equivalents, receivables, loan receivables, investments, accounts payable and accrued liabilities, accrued interest payable, long-term debt and employee benefits payable.

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

Investments quoted in an active market are recorded at fair value. All other financial assets and liabilities are recorded at cost and the associated transaction costs are added to the carrying value of items in the cost upon initial recognition. The gain or loss arising from derecognition of a financial instrument is recognized in the statement of operations and accumulated surplus. Impairment losses such as write-downs or write-offs are reported in the statement of operations and accumulated surplus.

The Authority has classified its financial assets as follows:

Fair value

Fair value represents the price that would be received by selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Authority classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument. The three levels of the fair value hierarchy are:

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

Cash and cash equivalents is classified as Level 1 as the carrying value equals the fair value. The Authority does not have any hedges or derivative instruments. Classification of the Authority's other financial instruments and fair value measurements within the fair value hierarchy are disclosed in note 4. There have been no changes in valuation techniques for any of the Authority's fair value measurements during the year.

e) Customer Deposits

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

f) 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.

CALGARY PARKING AUTHORITY

g) Employee Benefit Obligations

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

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

Adjustments arising from actuarial experience gains and losses for active plans are amortized on a straight-line basis over the expected average remaining service period of the active employee group. Adjustments arising from prior service costs related to plan amendments and changes in the valuation allowance are recognized in the period in which the adjustment occurs.

h) 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 annual surplus, provides the Change in Net Financial Assets for the year.

i) Accumulated Surplus/Deficit

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

j) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of these assets. Work in progress represents assets which are not available for use and therefore are not subject to amortization. Tangible capital assets are written down when there is permanent and measurable impairment in its tangible capital asset value and the tangible capital asset still exists.

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

Lot improvements	5 – 25 years
Structure	3 – 50 years
Equipment and software	3 – 10 years
Vehicles	3 – 6 years

k) Budget

The budget amounts presented throughout these financial statements are based on the operating and capital budgets, modified for assets capitalized on the Statement of Financial Position, approved by the Calgary Parking Committee (formerly the Board of Directors), and the City Council.

l) Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Where estimation uncertainty exists, the 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

CALGARY PARKING AUTHORITY

amortization of tangible capital assets, accrued liabilities, employee benefit obligations, contingent liabilities and commitments are areas where management makes significant estimates and assumptions in determining the amounts to be recorded in the financial statements.

m) Inter-entity Transactions

Inter-entity transactions include transactions between the Authority and other reporting entities controlled by the City from both a provider and recipient perspective. Those assets or liability transferred at nominal or no consideration are recorded at the carrying value. The Authority does not record those transactions related to unallocated costs.

n) Future Accounting Pronouncements

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

i) Asset Retirement Obligations

Asset retirement obligations ("PS 3280") provides guidance relating to obligations to retire tangible capital assets of a public sector entity that are predictable and unavoidable. This standard is effective for fiscal years beginning on or after April 1, 2022. Earlier adoption is permitted.

ii) Revenue

Revenue ("PS 3400") provides guidance relating to the recognition of revenue that distinguishes between revenue that arises from transactions that include performance obligations and from transactions that do not have performance obligations. This standard is effective for fiscal years beginning on or after April 1, 2023. Earlier adoption is permitted.

The Authority is currently assessing the impact of the future accounting standards on the financial statements.

2. CASH AND CASH EQUIVALENTS

	December 31, 2021	December 31, 2020
	\$	\$
Cash	1,212,738	215,614
Cash held with the City	2,306,845	3,447,059
	3,519,583	3,662,673

Cash and cash equivalents consists of cash held by the City on the Authority's behalf in the amount of \$2,306,845 (2020 – \$3,447,059). The Authority utilizes this cash in its day-to-day operations.

3. RECEIVABLES

Receivables consist of:

	December 31, 2021	December 31, 2020
	\$	\$
Fines and penalties	1,643,000	1,293,000
Trade receivables	316,319	412,795
Impound lot	943,908	406,796
	2,903,227	2,112,591

CALGARY PARKING AUTHORITY

4. INVESTMENTS

Investments are held for the following designated purposes:

	December 31, 2021	December 31, 2020
	\$	\$
Capital deposits (note 8)	195,265	2,522,543
Capital reserve fund (note 5)	107,288,404	113,078,008
Long term investment fund (note 6)	50,936,548	45,120,049
Book value of investments	158,420,217	160,720,600
Accumulated remeasurement gains	2,012,750	8,699,080
Fair value of investments	160,432,967	169,419,680

The investments consist of long-term bonds with a market value of \$160,432,967 (December 31, 2020 – \$169,419,680). The average yield earned from investment during the year ended December 31, 2021 was 2.90% (2020 – 4.91%). These investments are classified at Level 2 in the fair value hierarchy and there was no movement between the levels in the fair value hierarchy during the year. The investments are invested into a pool of long term bonds, where the return on investment is calculated as the average of the securities in the long term portfolio. The City treasury does not provide a rate of return for each individual bond, but provides a rate on the portfolio as a whole. This is the rate that the Authority collects on its portion of investments.

a) Capital Reserve Fund Hierarchy

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

Financial assets at fair value as at:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Bonds – December 31, 2021	-	108,651,517	-	108,651,517
Bonds – December 31, 2020	-	119,198,310	-	119,198,310

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

Fair value measurements using Level 2 inputs

	2021	2020
	\$	\$
Beginning balance at January 1	119,198,310	107,301,687
Fair value movement	(4,757,189)	3,739,901
Purchases (including interest earned and reinvested)	5,341,251	8,156,722
Withdrawal	(11,130,855)	-
Ending balance at December 31	108,651,517	119,198,310

CALGARY PARKING AUTHORITY

b) Capital Deposit Hierarchy

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

Financial assets at fair value as at:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Bonds – December 31, 2021	-	197,746	-	197,746
Bonds – December 31, 2020	-	2,659,111	-	2,659,111

The following table reconciles the Calgary Parking Level 2 Long Term Investment Fund fair value measurements as follows:

Fair value measurements using Level 2 inputs

	2021 \$	2020 \$
Beginning balance at January 1	2,659,111	2,459,337
Fair value movement	(134,087)	82,016
Purchases (including interest earned and reinvested)	50,287	117,758
Withdrawal	(2,377,565)	-
Ending balance at December 31	197,746	2,659,111

c) Long Term Investment Fund Hierarchy

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

Financial assets at fair value as at:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Bonds – December 31, 2021	-	51,583,704	-	51,583,704
Bonds – December 31, 2020	-	47,562,259	-	47,562,259

The following table reconciles the Calgary Parking Authority Level 2 Long Term Investment Fund fair value measurements as follows:

Fair value measurements using Level 2 inputs

	2021 \$	2020 \$
Beginning balance at January 1	47,562,259	65,249,361
Fair value movement	(1,795,054)	994,195
Purchases (including interest earned and reinvested)	15,649,729	2,661,136
Withdrawal	(9,833,230)	(21,342,433)
Ending balance at December 31	51,583,704	47,562,259

CALGARY PARKING AUTHORITY

5. CAPITAL RESERVE FUND

In 1999, the Board of Directors of the Authority approved the creation of a parking structure replacement fund for the purpose of replacing parking structures, with an annual contribution of \$2,000,000 plus interest earned. In 2020, this fund was renamed to capital reserve fund with annual contribution increased to \$3,000,000. The total balance of the fund has been invested by the City Treasury (note 4a).

	2021	2020
	\$	\$
Opening balance	113,078,008	104,921,286
Contribution, including interest	5,341,251	8,156,722
Withdrawal	(11,130,855)	-
Closing balance, at cost	<u>107,288,404</u>	<u>113,078,008</u>

6. LONG TERM INVESTMENT FUND

In 2018, a new fund was created to for the purpose of improving the rate of return on cash balances exceeding amounts needed for operations. This fund is unrestricted and it will be used to finance future capital projects. The total balance of the fund has been invested by the City treasury (note 4).

	2021	2020
	\$	\$
Opening balance	45,120,049	63,801,346
Contribution, including interest	15,649,729	2,661,136
Withdrawal	(9,833,230)	(21,342,433)
Closing balance, at cost	<u>50,936,548</u>	<u>45,120,049</u>

7. CUSTOMER DEPOSITS

	2021	2020
	\$	\$
Opening balance	5,036,960	4,779,944
New deposits received	8,703,392	8,884,292
Transfer to revenue	(8,220,566)	(8,627,276)
Closing balance	<u>5,519,786</u>	<u>5,036,960</u>

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

8. CAPITAL DEPOSITS

Capital Deposits consist of capital deposits paid by developers, in place of providing required parking stalls within an office/commercial development in downtown Calgary. Capital deposits are received by the City upon release of the Development Permit which is required to commence construction. Capital deposits are recorded by the Authority and are non-refundable once the development completion permit (when all requirements of occupancy are met) is issued. These deposits represent contributions for 4 (2020 – 581) stalls. This program was ended by the City Council in 2016 and no new deposits have been received in 2021 and 2020. The total balance of the fund has been invested by the City treasury (note 4). In 2021, the City Council approved \$2,377,565 (2020 – nil) of the capital deposits to be transferred to the City of Calgary's reserve for various redevelopment programs.

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	December 31, 2021			December 31, 2020
	Principal \$	Interest \$	Total \$	Total \$
Opening balance	946,373	1,576,170	2,522,543	2,404,785
Interest earned	-	51,690	51,690	117,758
Withdrawal	-	-	-	-
Transfer to the City	(895,073)	(1,482,492)	(2,377,565)	-
Closing balance	51,300	145,368	196,668	2,522,543

9. EMPLOYEE BENEFITS OBLIGATIONS

	2021 \$	2020 \$
Post-retirement benefit obligation (b)	1,057,430	1,002,883
Vacation and other liabilities	637,125	395,457
	1,694,555	1,398,340

a) Multi-employer pension plan

The Local Authorities Pension Plan ("LAPP") is a multi-employer defined benefit plan, sponsored by the Alberta Minister of Finance and administered by Alberta Pension Services ("APS"). Due to the multi-employer nature of this plan, information is not available to determine the portion of the plan's obligations and assets attributable to each employer. Therefore, the Authority appropriately accounts for the plan using the method for defined contribution plans. The amount of expense recorded in the financial statements is equal to the Authority's current service contributions to the plan as determined by APS for the year and no obligation is recorded in the Authority's financial statements. However, given that this multi-employer plan is in a deficit position, an inherent unrecorded liability amount is attributable indirectly to plan participants. Plan deficiencies will need to be resolved by increased future employee and employer contributions, increased investment returns and interest rates, management or amendment of future liabilities, or a combination of these elements.

The Authority is required to make current service contributions to the LAPP of 9.39% (2020 – 9.39%) of pensionable payroll up to the yearly maximum pensionable earnings ("YMPE") and 13.84% (2020 – 13.84%) thereafter. Employees of the Authority are required to make current service contributions of 8.39% (2020 – 8.39%) of pensionable salary up to YMPE, and 12.84% (2020 – 12.84%) thereafter. Contributions for current service are recorded as expenditures in the year in which they become due.

Total current service contributions by the Authority to the LAPP in 2021 were \$1,481,173 (2020 – \$1,511,281). Total current service contributions by the employees of the Authority to the LAPP in 2021 were \$1,333,679 (2020 – \$1,362,602).

The LAPP reported a surplus (extrapolation results of the actuarial valuation) for the overall plan as at December 31, 2020 of \$4,961,337,000 (2019 – \$7,913,261,000). More recent information was not available at the time of preparing these financial statements.

CALGARY PARKING AUTHORITY

b) Post-retirement benefits obligation includes:

i) Retiree Benefits Plan

The Authority sponsors post-retirement benefits for extended health, dental and life insurance benefits to qualifying retirees and their surviving spouses from the date of retirement to the age of 65, when coverage under the Alberta Seniors Benefit Program begins. The Authority and the retirees share equally in the cost of benefits. Due to the joint nature of the plan and the cost sharing arrangement, the financial statements of the Authority reflect the Authority's portion only of both the expense and the accrued benefit liability. This plan was introduced effective January 1, 2017.

ii) Retirement Bonus Plan

The Authority sponsors a non-contributory retiring allowance of up to 6 weeks of salary for qualifying retirees. The cost of these benefits is recognized as an expense as the employees provide service. This plan was introduced effective January 1, 2017. The Authority have made the decision to discontinue the retirement allowance for exempt employees as of February 1, 2022. Exempt employees that do not qualify for retirement before February 1, 2022 have been removed from the retirement allowance obligation.

Full actuarial valuations for post-retirement benefits were (and will be) performed as follows:

	Latest Full Actuarial Valuation Date	Next Full Actuarial Valuation Date
Retiree Benefits Plan	December 31, 2020	December 31, 2023
Retirement Bonus Plan	December 31, 2020	December 31, 2023

The results of, and significant assumptions utilized, in the December 31, 2021 and 2020 actuarial accounting valuations for post-retirement benefits include:

	2021 \$	2020 \$
Accrued benefits obligation, beginning of year	1,002,883	1,002,078
Current period benefit cost	119,822	158,016
Interest on accrued benefit obligation	19,689	30,620
Benefits paid	(53,064)	(55,646)
Plan amendment (gain)	-	(153,313)
Required amortization of actuarial loss	(31,900)	21,128
Accrued benefit obligation, end of year	<u>1,057,430</u>	<u>1,002,883</u>
Current period benefit cost	119,822	158,016
Interest on accrued benefit obligation	19,689	30,620
(Gains) due to plan amendment	-	(153,313)
Amortization of actuarial losses	(31,900)	21,128
Total expense	<u>107,611</u>	<u>56,451</u>
Rate of compensation average increase, (excluding merit and promotion)	0.00%	0.00%
Annual increase in extended health costs	5.00%	5.00%
Annual increase in dental costs	4.00%	4.00%
EARSLS	7.8 years	7.8 years

CALGARY PARKING AUTHORITY

10. LONG-TERM DEBT

The Authority obtained long-term, unsecured debenture financing through the City from the Alberta Capital Finance Authority on December 15, 2006, repaid in 2021. Debenture interest was \$6,770 (2020 – \$32,061). Debenture principal repayment was \$277,570 (2020 – \$535,471).

	Rate (%)	Issued	Outstanding
15 year term to June 15, 2021	4.8780	6,000,000	-
		6,000,000	-

11. TANGIBLE CAPITAL ASSETS

Tangible capital assets consists of:

Cost	January 1, 2021 \$	Transfer \$	Additions \$	Disposals \$	December 31, 2021 \$
Land	33,440,619	-	8,648,000	(5,830,744)	36,257,875
Lot improvements	36,282,292	208,750	6,475,971	(2,008,773)	40,958,240
Structures	109,677,941	4,415,643	60,588,721	-	174,682,305
Equipment and software	7,792,170	-	712,899	(391,546)	8,113,523
Vehicles	2,261,286	-	579,061	(284,482)	2,555,865
Work in progress assets	5,468,541	(4,624,393)	2,024,631	(39,238)	2,829,541
	194,922,849	-	79,029,283	(8,554,783)	265,397,349

Accumulated Amortization	January 1, 2021 \$	Additions \$	Disposals \$	December 31, 2021 \$
Lot improvements	11,303,567	1,897,006	(2,008,773)	11,191,800
Structures	55,667,906	2,732,422	-	58,400,328
Equipment and software	2,896,135	1,071,416	(391,546)	3,576,005
Vehicles	1,190,236	317,384	(279,754)	1,227,866
	71,057,844	6,018,228	(2,680,073)	74,395,999
Net book value	123,865,005	73,011,055	(5,874,710)	191,001,350

Cost	January 1, 2020 \$	Transfer \$	Additions \$	Disposals \$	December 31, 2020 \$
Land	32,858,570	-	1,008,681	(426,632)	33,440,619
Lot improvements	39,161,492	-	635,134	(3,514,334)	36,282,292
Structures	109,677,941	-	-	-	109,677,941
Equipment and software	12,291,153	637,607	1,396,492	(6,533,082)	7,792,170
Vehicles	2,316,871	-	-	(55,585)	2,261,286
Work in progress assets	2,271,067	(637,607)	3,928,881	(93,800)	5,468,541
	198,577,094	-	6,969,188	(10,623,433)	194,922,849

CALGARY PARKING AUTHORITY

Accumulated Amortization	January 1, 2020 \$	Additions \$	Disposals \$	December 31, 2020 \$
Lot improvements	12,811,721	2,006,179	(3,514,334)	11,303,567
Structures	53,474,347	2,193,559	-	55,667,906
Equipment and software	8,619,516	809,701	(6,533,082)	2,896,135
Vehicles	908,529	328,643	(46,936)	1,190,236
	75,814,114	5,338,082	(10,094,352)	71,057,844
Net book value	122,762,980	1,631,106	(529,081)	123,865,005

Disposal of tangible capital assets are as follows:

	Proceeds \$	Net Book Value \$	2021 Gain/(Loss) \$	2020 Gain/(Loss) \$
Disposition of Land	18,189,720	5,830,744	12,358,976	-
Other disposition	59,455	43,966	15,489	(504,211)
Contributed TCA	-	-	-	1,008,681
	18,249,175	5,874,710	12,374,465	504,470

In 2020, as a result of continued evaluation of tangible capital assets, the Authority identified certain land parcels that were not recognized on the Authority's books and records. As a result, an amount of \$1,008,681 was recognized as a contributed tangible capital and the resulting gain was recorded in the statement of operations and accumulated surplus.

12. PREPAID LEASE

In 1977, the Authority commenced and prepaid a 99 year lease on the land site of City Centre Parkade. The prepaid lease payments are being amortized on a straight-line basis over the term of the lease. The future lease expense as at December 31, 2020 and 2019 are as follows:

	2021 \$	2020 \$
Not later than one year	17,778	17,778
Later than one year and not later than five years	88,890	88,890
Later than five years	862,212	879,990
Total	968,880	986,658

13. ACCUMULATED SURPLUS

Accumulated surplus consists of restricted and unrestricted amounts as follows:

	2021 \$	2020 \$
Operating fund	(5,373,613)	(11,020,208)
Accumulated remeasurement gain (note 4)	2,012,750	8,699,080
Loan receivable (note 15c)	231,560	49,359,064
Capital reserve fund (note 5)	107,288,404	113,078,008
Long term investment fund (note 6)	50,936,548	45,120,049
Equity in non-financial assets (note 14)	192,482,423	124,875,819
	347,578,072	330,111,812

CALGARY PARKING AUTHORITY

14. EQUITY IN NON FINANCIAL ASSETS

Equity in non-financial assets consists of:

	2021	2020
	\$	\$
Tangible capital assets (note 11)	265,397,349	194,922,852
Accumulated amortization (note 11)	(74,395,999)	(71,057,847)
Long-term debt (note 10)	-	(277,569)
Prepaid expenses	1,481,073	1,288,383
	192,482,423	124,875,819

15. RELATED PARTY TRANSACTIONS

Distributions to the City were as follows:

	2021	2020
	\$	\$
Transfer to the City [a]	-	11,000,000
Net income from Parking Control	3,460,117	2,013,746
	3,460,117	13,013,746
Other contributions to the City [b]	947,473	1,272,406
	4,407,590	14,286,152

- a) Bylaw 28M2002, "The Calgary Parking Authority Bylaw" sets forth the financing of operations. The Committee (formerly the Board of Directors), of the Authority in its regular meeting of September 25, 2008 approved continuation of the 65% return policy to the City. The Authority will return to the City 65% of its net income after any net income from Parking Control and after distribution of net income to managed locations as per contractual agreements. The Authority obtained permission from the City Council to not meet the return policy in 2021 due to the reduced demand for parking during the pandemic.
- b) Other contribution to the City include the transfer of net income pertaining to managed parking lots with the City and affiliated authorities as a result of parking management agreements. This amount is included in rent expense on the statement of operations and accumulated surplus.
- c) **Related Party Transactions:**

Related party transactions with the City departments and affiliated authorities in the normal course of business were as follows:

	2021	2020
	\$	\$
Related party expenses	11,188,644	10,830,608
Related party revenue	1,908,871	2,234,485
Related party receivable as at December 31 (e)	231,560	49,359,064
Related party accounts payable as at December 31	(226,102)	(6,535,667)

Related party transactions that are undertaken on similar terms and conditions to those adopted if the Authority was dealing at arm's length are measured at the exchange amount. Transactions that are undertaken as a result of allocated costs and/or recoveries are measured at the exchange amount.

CALGARY PARKING AUTHORITY

d) Contributions from the City of Calgary reserves

In 2019, the Authority started to receive contributions from the City's reserve to fund its parkade lifecycle maintenance cost. Contribution received in 2021 was \$7,733,984 (2020 - \$nil).

e) Loan Receivable

In 2018, the Authority entered into a non-interest bearing loan arrangement with the Calgary Municipal Land Corporation ("CMLC") where the Authority lends to CMLC to fund the construction cost of a parkade. The loan is measured at cost and the balance as of December 31, 2021 is \$231,560 (2020 - \$49,359,064). This loan was mostly repaid in 2021 upon construction completion.

f) Grant Revenue

In 2020, the Authority, through the City of Calgary application, received a one-time Municipal Operating Support Transfer from the Government of Alberta for COVID-19 related incremental operating costs or decrease in revenue in the period April 1, 2020 to December 31, 2020. Amount received in 2021 is \$nil (2020 - \$10,222,159).

16. SEGMENTED INFORMATION

The Schedule of Financial Activity by Segment has been prepared in accordance with PSAS Handbook Section 2700 ("PS 2700") Segment Disclosures. The segments selected are to enable users to better understand the government reporting entity and the major revenue and expense activities of The Authority. 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) **Administration** includes the items of revenue and expenses pertaining to operations of administrative departments of the Authority and those activities at corporate level.
- b) **Sales and Marketing** includes the items of revenue and expenses pertaining to the operation of parking sales and marketing of ParkPlus System to other organizations and municipalities.
- c) **Parking Facilities** includes the items of revenue, recoveries and expenses pertaining to the operation of parking facilities. The facilities managed by the Authority include:
 - i) Parkades;
 - ii) Surface lots; and
 - iii) On-street parking.
- d) **Impound Lot** includes the items of revenue, recoveries and expenses pertaining to the municipal impound services.
- e) **Parking Control** includes the items of revenue, recoveries and expenses pertaining to the parking enforcement services.

CALGARY PARKING AUTHORITY

Schedule of Financial Activity by Segment: For the year ended: December 31, 2021:

	Total	Administration	Sales and Marketing	Parkades	Surface Lots	On-Street Parking	Impound Lot	Parking Control
REVENUE								
Parking and sales revenue	32,726,528	-	-	13,123,442	2,863,981	9,293,969	7,445,136	-
Fines and penalties	15,314,665	-	-	-	-	-	-	15,314,665
Permits and fees	642,998	105,024	-	-	-	-	537,974	-
Marketing and other revenue	1,706,417	-	1,661,926	42,331	-	-	-	2,160
Investment income	4,541,590	4,541,590	-	-	-	-	-	-
Gain/(Loss) on sale of tangible capital assets	12,374,465	12,324,102	-	-	-	-	-	50,363
Rental income and recoveries	108,103	-	-	9,497	28,957	-	44,415	25,234
Total revenue	67,414,766	16,970,716	1,661,926	13,175,270	2,892,938	9,293,969	8,027,525	15,392,422
EXPENSES								
Salaries, wages, and benefits	20,280,579	8,860,642	525,413	-	-	-	3,099,397	7,795,127
Business, communication and contracted services	10,303,028	347,681	517,990	2,233,655	811,820	523,745	3,406,317	2,461,820
Property and business taxes	3,619,509	-	-	3,118,002	501,507	-	-	-
Materials, equipment and supplies	3,725,049	1,118,300	54,395	1,155,487	80,774	1,649	396,035	918,409
Rental expense (note 15)	1,118,641	-	-	504,641	613,543	-	457	-
Utilities	1,651,286	271	-	1,457,399	38,494	1,707	153,415	-
Interest and bank fees	819,723	8,292	64,299	179,487	63,598	283,223	74,919	145,905
Amortization (note 11)	6,018,228	556,281	68,544	4,353,303	62,343	49,081	317,632	611,044
Total expenses	47,536,043	10,891,467	1,230,641	13,001,974	2,172,079	859,405	7,448,172	11,932,305
Excess of revenues over expenses	19,878,723	6,079,940	431,285	173,298	720,859	8,434,564	579,353	3,460,117
OTHER								
Contributions from reserves	7,733,984							
Unrealized gain on investments	(6,686,330)							
Distribution to the City	(3,460,117)							
Annual Surplus	17,466,260							

CALGARY PARKING AUTHORITY

Schedule of Financial Activity by Segment: For the year ended: December 31, 2020:

	Total	Administration	Sales and Marketing	Parkades	Surface Lots	On-Street Parking	Impound Lot	Parking Control
REVENUE								
Parking and sales revenue	36,068,421	-	-	15,085,316	3,478,158	9,625,068	7,879,879	-
Fines and penalties	13,718,857	-	-	-	-	-	-	13,718,857
Grant Revenue	10,222,159	10,222,159	-	-	-	-	-	-
Permits and fees	780,047	105,397	-	-	-	-	674,650	-
Marketing and other revenue	1,175,874	-	1,175,874	-	-	-	-	-
Investment income	7,965,216	7,965,216	-	-	-	-	-	-
Gain/(loss) on sale of tangible capital assets	504,470	517,889	-	(29,640)	-	-	-	16,221
Rental income and recoveries	63,674	-	-	-	28,957	-	34,241	476
Total revenue	70,498,718	18,810,661	1,175,874	15,055,676	3,507,115	9,625,068	8,588,770	13,735,554
EXPENSES								
Salaries, wages, and benefits	20,240,361	8,521,883	569,631	-	-	-	3,048,632	8,100,215
Business, communication and contracted services	9,896,088	(426,187)	787,207	2,246,684	917,282	1,009,975	3,289,541	2,071,586
Property and business taxes	3,909,537	-	-	3,407,328	502,209	-	-	-
Materials, equipment and supplies	4,807,178	1,746,587	347,782	1,117,641	363,934	1,820	405,589	823,825
Rental expense (note 15)	1,413,777	(2,518)	3,110	590,760	822,425	-	-	-
Utilities	1,459,151	4,468	-	1,214,381	144,769	1,739	93,794	-
Interest and bank fees	862,621	35,892	64,854	193,791	77,880	279,180	92,159	118,865
Amortization (note 11)	5,338,082	432,168	33,786	3,726,546	130,171	54,861	353,233	607,317
Total expenses	47,926,795	10,321,293	1,806,370	12,497,131	2,958,670	1,347,575	7,282,948	11,721,808
Excess / (deficiency) of revenues over expenses	22,571,923	8,498,368	(630,496)	2,558,545	548,445	8,277,493	1,305,822	2,013,746
OTHER								
Unrealized loss on investments	4,816,112	-	-	-	-	-	-	-
Distribution to the City	(13,013,746)	-	-	-	-	-	-	-
Annual Surplus	14,374,289	-	-	-	-	-	-	-

CALGARY PARKING AUTHORITY

17. COMMITMENTS

- a) Capital commitments of \$969,954(2020 – \$13,956,544) are not reflected in the financial statements. This amount represents uncompleted portions of contracts, as at December 31, 2021, on major projects and estimated obligations under other various agreements. These capital commitments are included in future years' budgets and will be funded from the Authority's revenue and reserves.
- b) The Authority is exposed to fluctuations in electricity prices in the deregulated market of Alberta. On behalf of the Authority, the City has entered into an agreement to purchase the forecast amount of electricity required for operations. The agreement provides the commodity portion of electricity charges at an agreed annual rate for the term of the contract, which will expire on December 31, 2026. The delivery portion of electricity charges is regulated and set by the Alberta Utilities Commission, and is subject to change in the future.
- c) The Authority manages City-owned lots on behalf of the City to generate parking revenue and is committed to remitting a percentage of that revenue back to the City as per various negotiated agreements.
- d) The Authority entered into an operating lease, the minimum lease payments the Authority is committed to are outlined below:

	2021	2020
	\$	\$
Not later than one year	94,367	94,367
Later than one year and not later than five years	-	102,231
	<u>94,367</u>	<u>196,598</u>

18. FINANCIAL INSTRUMENTS AND RELATED RISKS

Risk management

For cash and cash equivalents, receivables, loan receivables, accounts payable and accrued liabilities, accrued interest payable and employee benefit obligations, the carrying amounts of these financial instruments approximate their fair value due to their short-term maturity.

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

i) Credit risk

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

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

CALGARY PARKING AUTHORITY

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

	2021 \$	2020 \$
Cash and cash equivalents	3,519,583	3,662,673
Receivables	2,903,227	2,112,591
	6,422,810	5,775,264

ii) Interest rate risk

The Authority's receivable, loan receivables and accounts payable and accrued liabilities are non-interest bearing. The Authority is subject to interest rate risk with respect to its investments. A one percent increase (decrease) in the interest rate of investments will increase (decrease) net income by \$3,333,900 (2020 – \$3,315,521). The Authority is not subject to interest rate risk with respect to its long-term debt because the rate is fixed over the terms of its maturity.

iii) Liquidity and funding risk

Liquidity risk arises through the excess of financial obligations due over available financial assets at any point in time. The Authority's objective in managing liquidity risk is to maintain sufficient readily available cash balances in order to meet its liquidity requirements. The contractual obligations as at December 31, 2020 are as follows:

	Less than 3 months \$	3 months to 1 year \$	Total \$
Accounts payable and accrued liabilities	4,580,679		4,580,679
Retirement allowance benefit		1,057,430	1,057,430
Vacation and other benefits payable		637,125	637,125
Total	4,580,679	1,694,555	6,275,234

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

iv) Currency risk

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

v) Concentration of risk

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