



Financial Statements

**Calgary Parking Authority**

December 31, 2017



## Independent Auditor's Report

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

We have audited the accompanying financial statements of Calgary Parking Authority, which comprise the statement of financial position as at December 31, 2017, and the statements of operations, remeasurement gains and losses, change in net financial assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

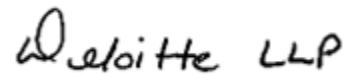
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable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

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

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

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Calgary Parking Authority as at December 31, 2017, 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.

Handwritten signature of Deloitte LLP in black ink.

Chartered Professional Accountants  
March 27, 2018  
Calgary, Canada

## CALGARY PARKING AUTHORITY

### STATEMENT OF FINANCIAL POSITION

As at

	December 31, 2017	December 31, 2016 <i>(restated, note 19,20)</i>	January 01, 2016 <i>(restated, note 19, 20)</i>
<b>FINANCIAL ASSETS</b>			
Cash and cash equivalents (note 2)	58,353,299	49,903,451	44,045,396
Receivables (note 3)	3,795,905	5,154,586	6,158,035
Investments (note 4)	110,356,283	104,452,760	99,273,120
	<b>172,505,487</b>	<b>159,510,797</b>	<b>149,476,551</b>
<b>FINANCIAL LIABILITIES</b>			
Accounts payable and accrued liabilities	8,182,092	5,338,898	3,777,476
Accrued interest payable	3,880	4,874	6,675
Customer deposits (note 6)	3,609,467	3,209,579	2,823,998
Capital deposits (note 7)	15,686,020	15,097,963	14,696,593
Employee benefit obligations (note 8)	1,451,068	886,763	681,818
Long-term debt (note 9)	1,809,581	2,272,967	3,123,318
	<b>30,742,108</b>	<b>26,811,044</b>	<b>25,109,878</b>
<b>NET FINANCIAL ASSETS</b>	<b>141,763,379</b>	<b>132,699,753</b>	<b>124,366,673</b>
<b>NON-FINANCIAL ASSETS</b>			
Tangible capital assets (note 10)	126,634,916	125,063,094	121,798,925
Prepaid	121,252	170,756	143,941
Prepaid lease (note 11)	1,039,992	1,057,770	1,075,548
	<b>127,796,160</b>	<b>126,291,620</b>	<b>123,018,414</b>
<b>ACCUMULATED SURPLUS (note 12)</b>	<b>269,559,539</b>	<b>258,991,373</b>	<b>247,385,087</b>

Commitments (note 16)

See accompanying notes to the financial statements.

## CALGARY PARKING AUTHORITY

### STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended December 31

	Budget 2017 (note 1k)	Actual 2017	Actual 2016 (restated, note 19, 20)
<b>REVENUE</b>			
Parking and sales revenue	61,990,000	61,280,591	63,341,654
Fines and penalties	16,668,000	18,371,630	16,179,769
Permits and fees	1,140,000	1,330,859	1,222,057
Marketing and other revenue	2,340,000	976,946	2,813,382
Investment income	3,256,000	4,292,024	3,057,035
Gain/(loss) on sale of tangible capital assets	28,000	(66,883)	(198,784)
Rental income	160,000	519,483	114,634
<b>Total revenue</b>	<b>85,582,000</b>	<b>86,704,650</b>	<b>86,529,747</b>
<b>EXPENSES</b>			
Salaries, wages, and benefits	22,381,000	21,817,188	19,510,549
Business, communication and contracted services	9,795,000	10,189,295	10,199,179
Property and business taxes	7,424,000	6,998,137	7,588,164
Materials, equipment and supplies	3,630,000	6,608,933	7,558,821
Rental expense (note 14b)	2,490,000	3,664,039	2,405,496
Utilities	1,698,000	1,826,620	1,535,527
Interest and bank fees	1,265,000	1,289,402	1,362,705
Amortization (note 10)	8,408,000	7,048,651	7,417,259
<b>Total expenses</b>	<b>57,091,000</b>	<b>59,442,265</b>	<b>57,577,700</b>
<b>Excess of revenues over expenses before other</b>	<b>28,491,000</b>	<b>27,262,385</b>	<b>28,952,047</b>
<b>OTHER</b>			
Unrealized (loss)/gain on investments	-	(148,534)	419,269
Distribution to The City of Calgary (note 14)	(17,271,000)	(16,545,685)	(17,765,030)
<b>Annual Surplus</b>	<b>11,220,000</b>	<b>10,568,166</b>	<b>11,606,286</b>
<b>ACCUMULATED SURPLUS, Beginning of year</b>	<b>258,991,373</b>	<b>258,991,373</b>	<b>247,385,087</b>
<b>ACCUMULATED SURPLUS, End of year</b>	<b>270,211,373</b>	<b>269,559,539</b>	<b>258,991,373</b>

See accompanying notes to the financial statements.

## CALGARY PARKING AUTHORITY

### STATEMENT OF CASH FLOWS

For the year ended December 31

	2017	2016 <i>(restated, note 19, 20)</i>
<b>NET INFLOW (OUTFLOW) OF CASH AND CASH EQUIVALENTS:</b>		
<b>OPERATING ACTIVITIES</b>		
Annual Surplus	10,568,166	11,606,286
Deduct items not affecting cash:		
Unrealized loss/(gain) on investment	148,534	(419,269)
Distribution to The City of Calgary (note 14)	16,545,685	17,765,030
Amortization	7,048,651	7,417,259
Loss on sale of tangible capital assets	66,883	198,784
Change in non-cash items:		
Receivables	1,358,681	(1,096,551)
Accounts payable and accrued liabilities	2,843,194	1,561,422
Accrued interest payable	(994)	(1,801)
Customer deposits	399,888	385,581
Employee benefit obligations	564,305	204,945
Prepaid	49,504	(26,815)
Prepaid lease	17,778	17,778
	<b>39,610,275</b>	<b>37,712,649</b>
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets (note 10)	(8,748,406)	(10,992,262)
Proceeds from disposal of tangible capital assets	61,050	2,212,048
	<b>(8,687,356)</b>	<b>(8,880,214)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of investment (note 4)	(6,052,057)	(4,760,370)
Interest earned on Cash-In-Lieu deposits (note 7)	588,057	401,370
	<b>(5,464,000)</b>	<b>(4,359,000)</b>
<b>FINANCING ACTIVITIES</b>		
Distribution to The City of Calgary (note 14)	(16,545,685)	(17,765,030)
Long-term debt repaid (note 9)	(463,386)	(850,350)
	<b>(17,009,071)</b>	<b>(18,615,380)</b>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>8,449,848</b>	<b>5,858,055</b>
<b>CASH AND CASH EQUIVALENTS, Beginning of year</b>	<b>49,903,451</b>	<b>44,045,396</b>
<b>CASH AND CASH EQUIVALENTS, End of year</b>	<b>58,353,299</b>	<b>49,903,451</b>

See accompanying notes to the financial statements.

## CALGARY PARKING AUTHORITY

### STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the year ended December 31

	Budget 2017 (note 1k)	Actual 2017	Actual 2016 (restated, note 19, 20)
<b>ANNUAL SURPLUS</b>	11,220,000	10,568,166	11,606,286
Acquisition of tangible capital assets	-	(8,748,406)	(13,092,260)
Amortization of tangible capital assets	8,408,000	7,048,651	7,417,259
Proceeds on sale of tangible capital assets	-	61,050	2,212,048
Net loss on disposal of tangible capital assets	-	66,883	198,784
Acquisition of prepaid assets	-	(54,123)	(90,524)
Use of prepaid assets	-	121,405	81,487
<b>INCREASE IN NET FINANCIAL ASSETS</b>	<b>19,628,000</b>	<b>9,063,626</b>	<b>8,333,080</b>
<b>NET FINANCIAL ASSETS, Beginning of year</b>	<b>132,699,753</b>	<b>132,699,753</b>	<b>124,366,673</b>
<b>NET FINANCIAL ASSETS, End of year</b>	<b>152,327,753</b>	<b>141,763,379</b>	<b>132,699,753</b>

See accompanying notes to the financial statements.

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

	<b>2017</b>	<b>2016</b> <i>(restated, note 19, 20)</i>
<b>ACCUMULATIVE REMEASUREMENT GAIN, Beginning of year</b>	<b>1,337,628</b>	<b>918,359</b>
Unrealized (losses) / gain attributable to:		
Parking Structure Replacement Fund (note 4)	(123,554)	357,233
Cash-in-lieu Deposits (note 4)	(24,980)	62,036
<b>Net remeasurement (losses) / gains for the year</b>	<b>(148,534)</b>	<b>419,269</b>
<b>ACCUMULATIVE REMEASUREMENT GAIN, End of year</b>	<b>1,189,094</b>	<b>1,337,628</b>

See accompanying notes to the financial statements.



## **CALGARY PARKING AUTHORITY**

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Calgary Parking Authority (the “Authority”) was established under By-Law No. 7343 of The City of Calgary to investigate requirements for the parking of motor vehicles within Calgary, to arrange for provision of publicly owned parking facilities, to encourage construction of privately owned parking facilities, to operate and manage the parking facilities owned by The City of Calgary and to report to and advise City Council on all matters related to or concerned with the parking of motor vehicles in Calgary. The Authority is responsible for parking enforcement. Distribution of net income is transferred to The City of Calgary on a monthly basis (Note 14). The Authority is a municipal authority and as such is not subject to income tax.

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, 2017 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.

The Authority transitioned to PSAS from International Financial Reporting Standards (“IFRS”) with a transition date of January 1, 2016. Refer to note 20 for details.

##### **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

#### **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 (“GICs”) with original maturities of 90 days or less at the date of acquisition and are recorded at cost.

#### **c) Investments**

The Authority has two investments, representing the funds from the Cash-in-Lieu Deposits (Notes 4 and 7) and the Parking Structure Replacement Fund (Notes 4 and 5). Both the Cash-in-Lieu Deposits and the Parking Structure Replacement Fund are invested by The City of Calgary, consisting of long term bonds.

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.

## CALGARY PARKING AUTHORITY

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### d) Financial instruments

The Authority's financial instruments include cash and cash equivalents, 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 or amortized cost and the associated transaction costs are added to the carrying value of items in the cost or amortized 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 the financial assets and liabilities 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 Notes 4 and 5. 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.

### 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.

## CALGARY PARKING AUTHORITY

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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 – 5 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 The Calgary Parking Committee (formerly the Board of Directors), and the City of Calgary 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 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) FUTURE ACCOUNTING PRONOUNCEMENTS**

The Authority continues to assess the impacts of the below standards.

## **CALGARY PARKING AUTHORITY**

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### **Standards effective beginning on or after April 1, 2017**

#### **i) Assets**

Assets ("PS 3210") provides guidance for applying the definition of assets and establishes general disclosure standards for assets. Disclosure information about the major categories of assets that are not recognized is required. When an asset is not recognized because a reasonable estimate cannot be made, the reason(s) for this should be disclosed.

#### **ii) Contingent Assets**

Contingent Assets ("PS 3320") defines and establish disclosure standards for contingent assets. Recognition of contingent assets is not allowed, but contingent assets must be disclosed if the confirming event is likely to occur.

#### **iii) Contractual Rights**

Contractual Rights ("PS 3380") defines and establishes disclosure standards on contractual rights. Disclosure of the nature, extent, and timing of any contractual rights is required.

#### **iv) Related Party Transactions**

Related Party Transactions ("PS 2200") defines a related party and establishes disclosures required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material financial effect on the financial statements.

#### **v) Inter-entity Transactions**

Inter-entity Transactions ("PS 3420") specifically addresses the reporting of transactions between entities controlled by the government's reporting entity from both a provider and recipient perspective. Disclosure of this information is required whether or not the transaction is given accounting recognition.

### **Standards effective beginning on or after April 1, 2018**

#### **vi) Restructuring Transactions**

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

#### **vii) Adoption of PS 3450, PS 1201, PS 2601 and PS 3041 Financial Instruments**

The Authority has early adopted PS 3450 in its financial statement for the year ended December 31, 2017. Public Sector Accounting Standards Board requires an entity to also adopt PS 1201, PS 2601 and PS 3041 at the same time as PS 3450.

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

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

## CALGARY PARKING AUTHORITY

liabilities are amortized over the remaining term of the item. This standard had no impact on the Authority's financial statements.

Portfolio Investments ("PS 3041") has removed the distinction between temporary and portfolio investments. This section was amended to conform to PS 3450, and now includes pooled investments in its scope.

As a result of the adoption of PS 3450, PS 3041 and PS 1201, the Authority has reported its investments at fair value and recorded the unrealized gain (loss) in the statement of remeasurement gains and losses and has included all required disclosure in the year end financial statements.

### 2. CASH AND CASH EQUIVALENTS

	December 31, 2017	December 31, 2016
	\$	\$
		<i>(restated, note 19, 20)</i>
Cash	<b>311,098</b>	253,648
Cash held with The City of Calgary	<b>58,042,201</b>	49,649,803
	<b>58,353,299</b>	49,903,451

Cash and cash equivalents consists of cash held by The City of Calgary on the Authority's behalf in the amount of \$58,042,201 (2016 – \$49,649,803). The Authority utilizes this cash in its day-to-day operations.

### 3. RECEIVABLES

Receivables consist of:

	December 31, 2017	December 31, 2016
	\$	\$
		<i>(restated, note 19, 20)</i>
Fines and penalties	<b>2,442,000</b>	2,305,000
Trade receivables	<b>716,370</b>	279,768
Impound lot	<b>637,535</b>	607,813
Disposal of tangible capital asset	-	1,962,005
	<b>3,795,905</b>	5,154,586

### 4. INVESTMENTS

Investments are held for the following designated purposes:

	December 31, 2017	December 31, 2016
	\$	\$
		<i>(restated, note 19, 20)</i>
Cash-in-lieu deposits (CIL) (note 7)	<b>15,686,020</b>	15,097,963
Parking structure replacement fund (PSRF) (note 5)	<b>93,481,169</b>	88,017,169
Book Value of investments	<b>109,167,189</b>	103,115,132
Accumulated remeasurement gains	<b>1,189,094</b>	1,337,628

## CALGARY PARKING AUTHORITY

Fair Value of investments	<b>110,356,283</b>	104,452,760
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The investments consist of long-term bonds with a market value of \$110,356,283 (December 31, 2016 – \$104,452,760). The average yield earned from investment during the year ended December 31, 2017, was 3.92% (2016 – 2.81%). These investments are classified at Level 2 in the fair value hierarchy. The investments are invested into a pool of long term bonds, where the return on investment is calculated as the average of the securities in the long term portfolio. The City of Calgary treasury does not provide a rate of return for each individual bond, but provides a rate on the portfolio as a whole. This is the rate that the Authority collects on its portion of investments.

### a) Parking Structure Replacement Fund Hierarchy

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

Financial assets at fair value as at:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>Bonds – December 31, 2017</b>	-	<b>94,499,388</b>	-	<b>94,499,388</b>
Bonds – December 31, 2016 (restated)	-	89,158,942	-	89,158,942

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

Fair value measurements using Level 2 inputs

	2017	2016
	\$	\$
	<i>(restated, note 19, 20)</i>	
Beginning balance at January 1	<b>89,158,942</b>	84,442,709
Fair value movement	<b>(123,554)</b>	357,233
Purchases	<b>5,464,000</b>	4,359,000
Ending balance at December 31	<b>94,499,388</b>	89,158,942

### b) Cash-in-Lieu Hierarchy

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

Financial assets at fair value as at:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>Bonds – December 31, 2017</b>	-	<b>15,856,895</b>	-	<b>15,856,895</b>
Bonds – December 31, 2016 (restated)	-	15,293,818	-	15,293,818

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

## CALGARY PARKING AUTHORITY

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### Fair value measurements using Level 2 inputs

	<b>2017</b>	2016
	<b>\$</b>	<b>\$</b>
		<i>(restated, note 19, 20)</i>
Beginning balance at January 1	<b>15,293,818</b>	14,830,412
Fair value movement	<b>(24,980)</b>	62,036
Purchases	<b>588,057</b>	401,370
Ending balance at December 31	<b>15,856,895</b>	15,293,818

## 5. PARKING STRUCTURE REPLACEMENT FUND

In 1999, the Board of Directors of the Authority approved the creation of a parking structure replacement fund for the purpose of replacing parking structures, with an annual contribution of \$2,000,000 plus interest earned. The total balance of the fund has been invested in investments (note 4).

	<b>2017</b>	2016
	<b>\$</b>	<b>\$</b>
		<i>(restated, note 19, 20)</i>
Opening balance	<b>88,017,169</b>	83,658,169
Contribution, including interest	<b>5,464,000</b>	4,359,000
Closing balance, at cost	<b>93,481,169</b>	88,017,169

## 6. CUSTOMER DEPOSITS

	<b>2017</b>	2016
	<b>\$</b>	<b>\$</b>
		<i>(restated, note 19, 20)</i>
Opening balance	<b>3,209,579</b>	2,823,998
New deposits received	<b>11,868,965</b>	10,859,762
Transfer to Revenue	<b>(11,469,077)</b>	(10,474,181)
Closing balance	<b>3,609,467</b>	3,209,579

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.

## 7. CAPITAL DEPOSITS

Capital Deposits consist of cash-in-lieu deposits paid by developers, in place of providing required parking stalls within an office/commercial development in downtown Calgary. Cash-in-lieu deposits are received by The City of Calgary upon release of the Development Permit which is required to commence construction. Cash-in-lieu deposits are recorded by the Authority and are non-refundable once the development completion permit (when all requirements of occupancy are met) is issued.

## CALGARY PARKING AUTHORITY

	December 31, 2017			December 31, 2016
	Principal			Total
	\$	\$	\$	\$
Opening balance	13,510,591	1,587,372	15,097,963	14,696,593
Interest earned	-	588,057	588,057	401,370
Contribution and Cash-in-lieu deposit	-	-	-	-
Closing balance	13,510,591	2,175,429	15,686,020	15,097,963

These deposits represent contributions for 581 (2016 – 581) stalls.

### 8. EMPLOYEE BENEFITS OBLIGATIONS

	2017	2016
	\$	\$
Post-retirement benefit obligation (b)	674,600	-
Vacation and other liabilities	776,468	886,763
	1,451,068	886,763

#### 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 11.39% (2016 – 11.39%) of pensionable payroll up to the yearly maximum pensionable earnings (“YMPE”) and 15.84% (2016 – 15.84%) thereafter. Employees of the Authority are required to make current service contributions of 10.39% (2016 – 10.39%) of pensionable salary up to YMPE, and 14.84% (2016 – 14.84%) thereafter. Contributions for current service are recorded as expenditures in the year in which they become due.

Total current service contributions by the Authority to the LAPP in 2017 were \$1,785,153 (2016 – \$1,713,365). Total current service contributions by the employees of the Authority to the LAPP in 2017 were \$1,639,657 (2016 – \$1,573,062).

The LAPP reported a deficiency (extrapolation results of the actuarial valuation) for the overall plan as at December 31, 2016 of \$637,357 (2015 – \$923,416). More recent information was not available at the time of preparing these financial statements. The Authority’s 2017 contribution rates did not change as a result of this deficit.



## 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.

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, 2017	December 31, 2020
Retirement Bonus Plan	December 31, 2017	December 31, 2020

The results of, and significant assumptions utilized, in the December 31, 2017 actuarial accounting valuations for post-retirement benefits include:

	2017 \$	2016 \$
Accrued benefits obligation, beginning of year	-	-
Entitled current benefits obligation	567,989	-
Current period benefit cost	148,778	-
Interest on accrued benefit obligation	19,870	-
Benefits paid	(62,037)	-
Actuarial gain	-	-
Accrued benefit obligation, end of year	674,600	-
Current period benefit cost	148,778	-
Amortization of actuarial gain/loss	-	-
Interest on accrued benefit obligation	19,870	-
Total expense	168,648	-
Rate of compensation average increase, (excluding merit and promotion)	0.00%	-
Annual increase in extended health costs	5.00%	-
Annual increase in dental costs	4.00%	-
EARSL	11.8 years	-

## CALGARY PARKING AUTHORITY

### 9. LONG-TERM DEBT

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

Debenture interest was \$104,299 (2016 – \$135,013). Debenture principal repayment was \$463,386 (2016 – \$850,350).

Maturity Date	Rate (%)	Issued	Outstanding
15 year term to June 15, 2021	4.8780	6,000,000	1,809,581
		<b>6,000,000</b>	<b>1,809,581</b>

Debenture repayments are as follows:

	Principal \$	Interest \$	Total \$
2018	486,266	82,413	568,679
2019	510,276	58,404	568,680
2020	535,470	33,209	568,679
2021	277,569	6,766	284,335
	<b>1,809,581</b>	<b>180,792</b>	<b>1,990,373</b>

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

	Rate %	Book Value \$	Fair Value \$
December 31, 2017	2.718	1,990,373	1,887,114
December 31, 2016	2.409	2,559,054	2,412,344

### 10. TANGIBLE CAPITAL ASSETS

Cost	January 1, 2017 \$	Additions \$	Disposals \$	December 31, 2017 \$
	<i>(restated, note 19, 20)</i>			
Land	32,816,387	-	-	32,816,387
Lot improvements	33,426,798	291,133	(1,260,727)	32,457,204
Structures	109,516,594	161,347	-	109,677,941
Equipment and software	25,684,988	1,424,459	(2,420,230)	24,689,217
Vehicles	1,736,276	529,044	-	2,265,320
Work in progress assets	887,933	6,342,423	(127,933)	7,102,423
	<b>204,068,976</b>	<b>8,748,406</b>	<b>(3,808,890)</b>	<b>209,008,492</b>

## CALGARY PARKING AUTHORITY

Accumulated Amortization	January 1, 2017 \$	Additions \$	Disposals \$	December 31, 2017 \$
	<i>(restated, note 19, 20)</i>			
Lot improvements	13,381,711	2,096,448	(1,260,727)	14,217,432
Structures	46,895,284	2,191,945	-	49,087,229
Equipment and software	18,100,386	2,495,580	(2,420,230)	18,175,736
Vehicles	628,501	264,678	-	893,179
	79,005,882	7,048,651	(3,680,957)	82,373,576
<b>Net book value</b>	<b>125,063,094</b>	<b>1,699,755</b>	<b>(127,933)</b>	<b>126,634,916</b>

### 11. 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, 2017 and 2016 are as follows:

	2017 \$	2016 \$
	<i>(restated, note 19, 20)</i>	
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	933,324	951,102
Total	1,039,992	1,057,770

### 12. ACCUMULATED SURPLUS

Accumulated surplus consists of restricted and unrestricted amounts as follows:

	2017 \$	2016 \$
	<i>(restated, note 19, 20)</i>	
Operating fund	48,902,697	45,617,923
Accumulated remeasurement gain	1,189,094	1,337,628
Parking Structure Replacement Fund Reserves	93,481,169	88,017,169
Equity in non-financial assets	125,986,579	124,018,653
	269,559,539	258,991,373

### 13. EQUITY IN NON FINANCIAL ASSETS

Equity in non-financial assets consist of:

	2017 \$	2016 \$
	<i>(restated, note 19, 20)</i>	
Tangible Capital Assets	209,008,492	204,068,976
Accumulated amortization	(82,373,576)	(79,005,882)
Long-term debt	(1,809,581)	(2,272,967)
Prepaid expenses	1,161,244	1,228,526
	125,986,579	124,018,653

## CALGARY PARKING AUTHORITY

### 14. RELATED PARTY TRANSACTIONS

Distributions to The City of Calgary were as follows:

	2017	2016
	\$	\$
	<i>(restated, note 19, 20)</i>	
Transfer to The City of Calgary [a]	<b>11,973,000</b>	14,193,000
Net Income from Parking Control	<b>4,572,685</b>	3,572,030
	<b>16,545,685</b>	17,765,030
Other contributions [b]	<b>3,210,700</b>	2,137,660
	<b>19,756,385</b>	19,902,690

- 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 of Calgary. The Authority will return to The City of Calgary 65% of its net income after any net income from Parking Control and after distribution of net income to managed locations as per contractual agreements. This return policy remains in effect for fiscal 2017.
- b) Other contributions include the transfer of net income pertaining to managed parking lots with The City of Calgary 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 of Calgary departments and affiliated authorities in the normal course of business were as follows:

	2017	2016
	\$	\$
	<i>(restated, note 19, 20)</i>	
Related party expenses	<b>14,854,794</b>	13,398,061
Related party revenue	<b>2,945,598</b>	2,781,071
Related party receivable as at December 31 (d)	-	1,962,000
Related party accounts payable as at December 31	<b>974,301</b>	336,590

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

- d) Transfer of Surface Lots to The City of Calgary

The Authority disposed of land to The City of Calgary in 2016, the transaction was recorded at book value of \$1,962,000.

## CALGARY PARKING AUTHORITY

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### 15. 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, 2017:

	Total	Administration	Sales and Marketing	Parkades	Surface Lots	On-Street Parking	Impound Lot	Parking Control
<b>REVENUE</b>								
Parking and sales revenue	61,280,591	-	-	27,221,858	6,571,566	16,735,760	10,751,407	-
Fines and penalties	18,371,630	-	-	-	-	-	-	18,371,630
Permits and fees	1,330,859	206,079	-	-	-	-	1,124,780	-
Marketing and other revenue	976,946	-	976,946	-	-	-	-	-
Investment income	4,292,024	4,292,024	-	-	-	-	-	-
Gain/(loss) on sale of tangible capital assets	(66,883)	(80,190)	-	(27,594)	(5,872)	-	(2,177)	48,950
Rental income	519,483	34,144	-	-	417,753	-	1,006	66,580
<b>Total revenue</b>	<b>86,704,650</b>	<b>4,452,057</b>	<b>976,946</b>	<b>27,194,264</b>	<b>6,983,447</b>	<b>16,735,760</b>	<b>11,875,016</b>	<b>18,487,160</b>
<b>EXPENSES</b>								
Salaries, wages, and benefits	21,817,188	3,988,064	992,872	1,772,108	723,467	653,498	2,993,112	10,694,067
Business, communication and contracted services	10,189,295	2,104,952	206,020	512,845	111,708	318,941	5,481,092	1,453,737
Property and business taxes	6,998,137	-	-	4,937,544	2,060,593	-	-	-
Materials, equipment and supplies	6,608,933	1,028,559	27,944	1,460,920	374,551	2,445,329	403,797	867,833
Rental expense (note 14)	3,664,039	202,568	-	1,151,458	2,269,763	-	40,250	-
Utilities	1,826,620	7,392	-	1,524,186	171,263	1,919	121,860	-
Interest and bank fees	1,289,402	105,884	56,832	339,105	122,405	398,800	111,418	154,958
Amortization (note 10)	7,048,651	523,210	167,392	4,081,231	224,643	968,570	339,725	743,880
<b>Total expenses</b>	<b>59,442,265</b>	<b>7,960,629</b>	<b>1,451,060</b>	<b>15,779,397</b>	<b>6,058,393</b>	<b>4,787,057</b>	<b>9,491,254</b>	<b>13,914,475</b>
<b>Excess / (deficiency) of revenues over expenses</b>	<b>27,262,385</b>	<b>(3,508,572)</b>	<b>(474,114)</b>	<b>11,414,867</b>	<b>925,054</b>	<b>11,948,703</b>	<b>2,383,762</b>	<b>4,572,685</b>
<b>OTHER</b>								
Unrealized gain/(loss)	(148,534)							
Distribution to The City	(16,545,685)							
<b>Annual Surplus</b>	<b>10,568,166</b>							

## CALGARY PARKING AUTHORITY

### Schedule of Financial Activity by Segments:

For the year ended: December 31, 2016 (restated, note 19):

	Total	Administration	Sales and Marketing	Parkades	Surface Lots	On-Street Parking	Impound Lot	Parking Control
<b>REVENUE</b>								
Parking and sales revenue	63,341,654	-	-	29,687,059	7,039,886	16,629,512	9,985,197	-
Fines and penalties	16,179,769	-	-	-	-	-	-	16,179,769
Permits and fees	1,222,057	53,450	-	-	-	-	1,168,607	-
Marketing and other revenue	2,813,382	-	614,195	-	-	2,199,187	-	-
Investment income	3,057,035	3,057,035	-	-	-	-	-	-
Gain/(loss) on sale of tangible capital assets	(198,784)	222,178	-	(17,119)	-	-	(432,343)	28,500
Rental income	114,634	12,552	-	-	28,957	-	(1,473)	74,598
<b>Total revenue</b>	<b>86,529,747</b>	<b>3,345,215</b>	<b>614,195</b>	<b>29,669,940</b>	<b>7,068,843</b>	<b>18,828,699</b>	<b>10,719,988</b>	<b>16,282,867</b>
<b>EXPENSES</b>								
Salaries, wages, and benefits	19,510,549	1,550,324	653,534	2,986,087	916,145	837,504	3,106,719	9,460,236
Business, communication and contracted services	10,199,179	2,022,645	264,506	642,199	55,647	217,930	5,670,903	1,325,349
Property and business taxes	7,588,164	-	-	5,325,695	2,262,469	-	-	-
Materials, equipment and supplies	7,558,821	1,292,085	16,871	1,556,002	694,328	2,250,701	773,672	975,162
Rental expense (note 14)	2,405,496	109,793	-	1,038,116	1,205,837	-	51,750	-
Utilities	1,535,527	937	-	1,243,362	152,996	1,980	136,252	-
Interest and bank fees	1,362,705	136,395	67,821	383,708	136,544	385,137	98,528	154,572
Amortization (note 10)	7,417,259	377,856	184,079	4,441,126	304,181	1,067,116	247,383	795,518
<b>Total expenses</b>	<b>57,577,700</b>	<b>5,490,035</b>	<b>1,186,811</b>	<b>17,616,295</b>	<b>5,728,147</b>	<b>4,760,368</b>	<b>10,085,207</b>	<b>12,710,837</b>
<b>Excess / (deficiency) of revenues over expenses</b>	<b>28,952,047</b>	<b>(2,144,820)</b>	<b>(572,616)</b>	<b>12,053,645</b>	<b>1,340,696</b>	<b>14,068,331</b>	<b>634,781</b>	<b>3,572,030</b>
<b>OTHER</b>								
Unrealized gain/(loss)	419,269							
Distribution to The City	(17,765,030)							
<b>Annual surplus</b>	<b>11,606,286</b>							

## CALGARY PARKING AUTHORITY

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### 16. COMMITMENTS

- a) Capital commitments of \$67,269,879 (2016 – \$3,386,480) are not reflected in the financial statements. This amount represents uncompleted portions of contracts, as at December 31, 2017, on major projects and estimated obligations under other various agreements. These capital commitments are included in future years' budgets and will be funded from the Authority's revenue and reserves.
- b) The Authority is exposed to fluctuations in electricity prices in the deregulated market of Alberta. On behalf of the Authority, The City of Calgary has entered into an agreement to purchase the forecast amount of electricity required for operations. The agreement provides the commodity portion of electricity charges at an agreed annual rate for the term of the contract, which will expire on December 31, 2026. The delivery portion of electricity charges is regulated and set by the Alberta Utilities Commission, and is subject to change in the future.
- c) The Authority manages City-owned lots on behalf of The City of Calgary to generate parking revenue and is committed to remitting a percentage of that revenue back to The City of Calgary as per various negotiated agreements.
- d) The Authority entered into 3 operating leases, the minimum lease payments the Authority is committed to are outlined below:

	2017	2016
	\$	\$
	<i>(restated, note 19, 20)</i>	
Not later than one year	328,137	349,698
Later than one year and not later than five years	954,678	1,413,615
Later than five years	-	7,864
	<u>1,282,815</u>	<u>1,771,177</u>

### 17. FINANCIAL INSTRUMENTS AND RELATED RISKS

#### Risk management

For cash and cash equivalents, 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 of Calgary is limited because The City of Calgary 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:

	2017 \$	2016 \$
		<i>(restated, note 19, 20)</i>
Cash and cash equivalents	<b>58,353,299</b>	49,903,451
Receivables	<b>3,795,905</b>	5,154,586
	<b>62,149,204</b>	55,058,037

### ii) Interest rate risk

The Authority's receivable 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 \$2,544,976 (2016 – \$2,389,659). 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, 2017 are as follows:

	Less than 3 months \$	3 months to 1 year \$	1-2 years \$	2-5 years \$	Total \$
Accounts payable and accrued liabilities	8,182,092	-	-	-	8,182,092
Accrued interest payable	3,880	-	-	-	3,880
Long term debt	-	486,266	510,275	813,040	1,809,581
Interest on long term debt	-	82,413	58,404	39,975	180,792
Vacation and other benefits payable	-	776,468	-	-	776,468
<b>Total</b>	<b>8,185,972</b>	<b>1,345,147</b>	<b>568,679</b>	<b>853,015</b>	<b>10,954,813</b>

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

### 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.

## **CALGARY PARKING AUTHORITY**

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### **18. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform to the current year's presentation. Reclassifications have been made in 2016 to reclassify lease expense paid to related parties on the Statement of Operations and Accumulated Surplus, which was formally presented as part of Distribution to the City of Calgary.

### **19. PRIOR PERIOD ADJUSTMENTS**

In 2017, as a result of continued evaluation of capital assets, the Authority identified certain asset balances that required correction and the financial statements have been retroactively adjusted. The tangible capital assets and accumulated surplus previously reported in 2016 financial statements have been decreased by \$4,331,108 at January 1, 2016 and December 31, 2016. The adjustment's book value of these assets is \$990,837.

In 2017, the Authority identified an adjustment in the investments calculation that required correction. This correction has been reflected in the financial statements as prior period adjustments to the investment balances at January 1, 2016 and December 31, 2016. Total investments have been decreased by \$3,205,972 and \$4,124,332 respectively. As a result of this correction, the unrealized gain on investments is also decreased by \$918,359.

### **20. EFFECT OF TRANSITION TO PSAS**

During the year ended December 31, 2017, the Authority adopted the Public Sector Accounting Standards ("PSAS") issued by the Public Sector Accounting Board ("PSAB"). In accordance with PSAS, First time Adoption of PSAS ("PSAS 2125"), the date of transition to PSAS is January 1, 2016 and the Authority has prepared and presented an opening statement of financial position at the date of transition to the new standards. This opening statement of financial position is the starting point for the Authority's accounting under the new standards. In accordance with the requirements of PSAS 2125, the accounting policies set out in Note 1 have been consistently applied to all years presented. Adjustments resulting from the adoption of new standards have been applied retrospectively. The Authority did not elect to adopt any exemptions under PSAS 2125.

#### **i) Receivables**

Under PSAS, receivables should be recorded at cost or amortized cost. For the year ended December 31, 2015, the Authority presented a long-term receivable at discounted value under IFRS. The receivable balance and accumulated surplus increased by \$152,942 on the Statement of Financial Position as at January 1, 2016. As a result of this difference in accounting, other interest income and accumulated surplus is adjusted by the same amount on the year ended December 31, 2016 Statement of Operations.

#### **ii) Tangible Capital Assets**

Under PSAS, tangible capital assets should be recorded at cost. These assets were previously presented at their fair value. The difference in accounting decreased non-financial assets for January 1, 2016 and December 31, 2016 balances by \$304,101,822 and \$294,496,958 respectively. As a result of the tangible capital assets measurement, the loss on sale of tangible capital assets is decreased by \$2,170,631 and decreased amortization expense by \$7,775,899.

#### **iii) Intangible Assets**

Under PSAS, software assets should be recorded at cost as part of tangible capital assets. These assets were previously presented as Intangible Assets. The difference in accounting reclassified intangible assets to tangible capital assets for January 1, 2016 and December 31, 2016 balances of \$2,949,726 and \$2,672,773 respectively.

## **CALGARY PARKING AUTHORITY**

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### **iv) Investment Property**

Under PSAS, investment property should be recorded at cost as part of tangible capital assets. These assets were previously presented as investment property at fair value. The difference in accounting reclassified investment property to tangible capital assets for January 1, 2016 and December 31, 2016 balances of \$5,026,281 and \$4,961,568 respectively.

The transition from IFRS to PSAS had no significant effect on the reported cash flows generated by the Authority. The reconciling items have no impact on the cash flow generated.

The impact of prior period adjustment and the adoption of the new standards on the statement of financial statements as at January 1, 2016 and as at and for the year ended December 31, 2016 is summarized as follows:

## CALGARY PARKING AUTHORITY

### Reconciliation of comparative period Statement of Financial Positions as at January 1, 2016

	IFRS <i>(previously reported)</i>	<i>Adjustments</i> <i>(note 19)</i>	IFRS <i>(restated)</i>	<i>Effect of</i> <i>Transition to PSAS</i> <i>(note 20)</i>	PSAS
<b>FINANCIAL ASSETS</b>					
Cash and cash equivalents	44,045,396	-	44,045,396	-	44,045,396
Receivables	6,005,093	-	6,005,093	152,942 (i)	6,158,035
Investments	102,479,092	<i>(3,205,972)</i>	99,273,120	-	99,273,120
	<b>152,529,581</b>	<b><i>(3,205,972)</i></b>	<b>149,323,609</b>	<b>152,942</b>	<b>149,476,551</b>
<b>FINANCIAL LIABILITIES</b>					
Accounts payable and accrued liabilities	3,777,476	-	3,777,476	-	3,777,476
Accrued interest payable	6,675	-	6,675	-	6,675
Customer deposits	2,823,998	-	2,823,998	-	2,823,998
Capital deposits	14,696,593	-	14,696,593	-	14,696,593
Employee benefit obligations	681,818	-	681,818	-	681,818
Long-term debt	3,123,318	-	3,123,318	-	3,123,318
	<b>25,109,878</b>	-	<b>25,109,878</b>	-	<b>25,109,878</b>
<b>NET FINANCIAL ASSETS</b>	<b>127,419,703</b>	<b><i>(3,205,972)</i></b>	<b>124,213,731</b>	<b>152,942</b>	<b>124,366,673</b>
<b>NON-FINANCIAL ASSETS</b>					
Intangible assets	2,949,726	-	2,949,726	<i>(2,949,726)</i> (iii)	-
Investment properties	5,026,281	-	5,026,281	<i>(5,026,281)</i> (iv)	-
Tangible capital assets	430,231,855	<i>(4,331,108)</i>	425,900,747	<i>(304,101,822)</i> (ii)	121,798,925
Prepaid	143,941	-	143,941	-	143,941
Prepaid lease	1,075,548	-	1,075,548	-	1,075,548
	<b>439,427,351</b>	<b><i>(4,331,108)</i></b>	<b>435,096,243</b>	<b><i>(312,077,829)</i></b>	<b>123,018,414</b>
<b>ACCUMULATED SURPLUS</b>	<b>566,847,054</b>	<b><i>(7,537,080)</i></b>	<b>559,309,974</b>	<b><i>(311,924,887)</i></b>	<b>247,385,087</b>

## CALGARY PARKING AUTHORITY

### Reconciliation of comparative period Statement of Financial Positions as at December 31, 2016

	IFRS <i>(previously reported)</i>	Adjustments <i>(note 19)</i>	IFRS <i>(restated)</i>	Effect of Transition to PSAS <i>(note 20)</i>	PSAS
<b>FINANCIAL ASSETS</b>					
Cash and cash equivalents	49,903,451	-	49,903,451	-	49,903,451
Receivables	5,154,586	-	5,154,586	-	5,154,586
Investments	108,577,092	(4,124,332)	104,452,760	-	104,452,760
	<b>163,635,129</b>	<b>(4,124,332)</b>	<b>159,510,797</b>	-	<b>159,510,797</b>
<b>FINANCIAL LIABILITIES</b>					
Accounts payable and accrued liabilities	5,338,898	-	5,338,898	-	5,338,898
Accrued interest payable	4,874	-	4,874	-	4,874
Customer deposits	3,209,579	-	3,209,579	-	3,209,579
Capital deposits	15,097,963	-	15,097,963	-	15,097,963
Employee benefit obligations	886,763	-	886,763	-	886,763
Long-term debt	2,272,967	-	2,272,967	-	2,272,967
	<b>26,811,044</b>	-	<b>26,811,044</b>	-	<b>26,811,044</b>
<b>NET FINANCIAL ASSETS</b>	<b>136,824,085</b>	<b>(4,124,332)</b>	<b>132,699,753</b>	-	<b>132,699,753</b>
<b>NON-FINANCIAL ASSETS</b>					
Intangible assets	2,672,773	-	2,672,773	(2,672,773) (iii)	-
Investment properties	4,961,568	-	4,961,568	(4,961,568) (iv)	-
Tangible capital assets	423,891,160	(4,331,108)	419,560,052	(294,496,958) (ii)	125,063,094
Prepaid	170,756	-	170,756	-	170,756
Prepaid lease	1,057,770	-	1,057,770	-	1,057,770
	<b>432,754,027</b>	<b>(4,331,108)</b>	<b>428,422,919</b>	<b>(302,131,299)</b>	<b>126,291,620</b>
<b>ACCUMULATED SURPLUS</b>	<b>569,578,112</b>	<b>(8,455,440)</b>	<b>561,122,672</b>	<b>(302,131,299)</b>	<b>258,991,373</b>

## CALGARY PARKING AUTHORITY

### Reconciliation of comparative period Statement of Operations For the year ended December 31, 2016

	IFRS (previously reported)	Adjustments (note 19)	IFRS (restated)	Reclass (note 18)	Effect of Transition to PSAS (note 20)	PSAS
<b>REVENUE</b>						
Parking and sales revenue	63,341,654	-	63,341,654	-	-	63,341,654
Fines and penalties	16,179,769	-	16,179,769	-	-	16,179,769
Permits and fees	1,222,057	-	1,222,057	-	-	1,222,057
Marketing and other revenue	2,813,382	-	2,813,382	-	-	2,813,382
Investment income	3,057,035	-	3,057,035	-	-	3,057,035
Gain/(loss) on sale of tangible capital assets	(2,369,415)	-	(2,369,415)	-	2,170,631 (ii)	(198,784)
Rental income	114,634	-	114,634	-	-	114,634
<b>Total Revenue</b>	<b>84,359,116</b>	<b>-</b>	<b>84,359,116</b>	<b>-</b>	<b>2,170,631</b>	<b>86,529,747</b>
<b>EXPENSES</b>						
Salaries, wages, and benefits	19,510,549	-	19,510,549	-	-	19,510,549
Business, communication and contracted services	10,199,179	-	10,199,179	-	-	10,199,179
Property and business taxes	7,588,164	-	7,588,164	-	-	7,588,164
Materials, equipment and supplies	7,826,657	-	7,826,657	(267,836)	-	7,558,821
Rental expense (note 14)	-	-	-	2,405,496	-	2,405,496
Utilities	1,535,527	-	1,535,527	-	-	1,535,527
Interest and bank fees	1,362,705	-	1,362,705	-	-	1,362,705
Amortization (note 10)	15,193,158	-	15,193,158	-	(7,775,899) (ii)	7,417,259
Total expenses	<b>63,215,939</b>	<b>-</b>	<b>63,215,939</b>	<b>2,137,660</b>	<b>(7,775,899)</b>	<b>57,577,700</b>
<b>Excess of revenues over expenses before other</b>	<b>21,143,177</b>	<b>-</b>	<b>21,143,177</b>	<b>(2,137,660)</b>	<b>9,946,530</b>	<b>28,952,047</b>
<b>OTHER</b>						
Unrealized gain/(loss) on investments	1,337,628	(918,359)	419,269	-	-	419,269
Other interest income	152,942	-	152,942	-	(152,942) (i)	-
Distribution to The City of Calgary	(19,902,690)	-	(19,902,690)	2,137,660	-	(17,765,030)
<b>Annual Surplus</b>	<b>2,731,057</b>	<b>(918,359)</b>	<b>1,812,698</b>	<b>-</b>	<b>9,793,588</b>	<b>11,606,286</b>
<b>ACCUMULATED SURPLUS, Beginning of year</b>	<b>566,847,054</b>	<b>(7,537,080)</b>	<b>559,309,974</b>	<b>-</b>	<b>(311,924,887)</b>	<b>247,385,087</b>
<b>ACCUMULATED SURPLUS, End of year</b>	<b>569,578,112</b>	<b>(8,455,439)</b>	<b>561,122,672</b>	<b>-</b>	<b>(302,131,299)</b>	<b>258,991,373</b>