



ART

THE CITY OF
CALGARY



COMMUNITY

ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2009



PLAN IT
CALGARY

2009

RESILIENCE

MOVING
FORWARD



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ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2009.

Produced by the Corporate Services Department of The City of Calgary, in co-operation with all civic departments, offices and agencies.



CALGARY AT A GLANCE

POPULATION:

1,084,000 (estimated
Dec. 31, 2009)

**POPULATION
GROWTH (2009):**

25,722

AVERAGE AGE:

38

**GDP GROWTH
(2009):**

-2.5 per cent

**UNEMPLOYMENT
RATE:**

6.3 per cent

HOUSING STARTS:

5,000 (Calgary city,
residential units)

**VALUE OF
BUILDING
PERMITS ISSUED:**

\$3.66 billion

ELEVATION:

1,048 metres (3,438
feet) above sea level

**AVERAGE
DAILY MAX.
TEMPERATURE:**

Winter: -1.4°C

Summer: 21.9°C

**HOURS OF
SUNSHINE
PER YEAR:**

2,300+

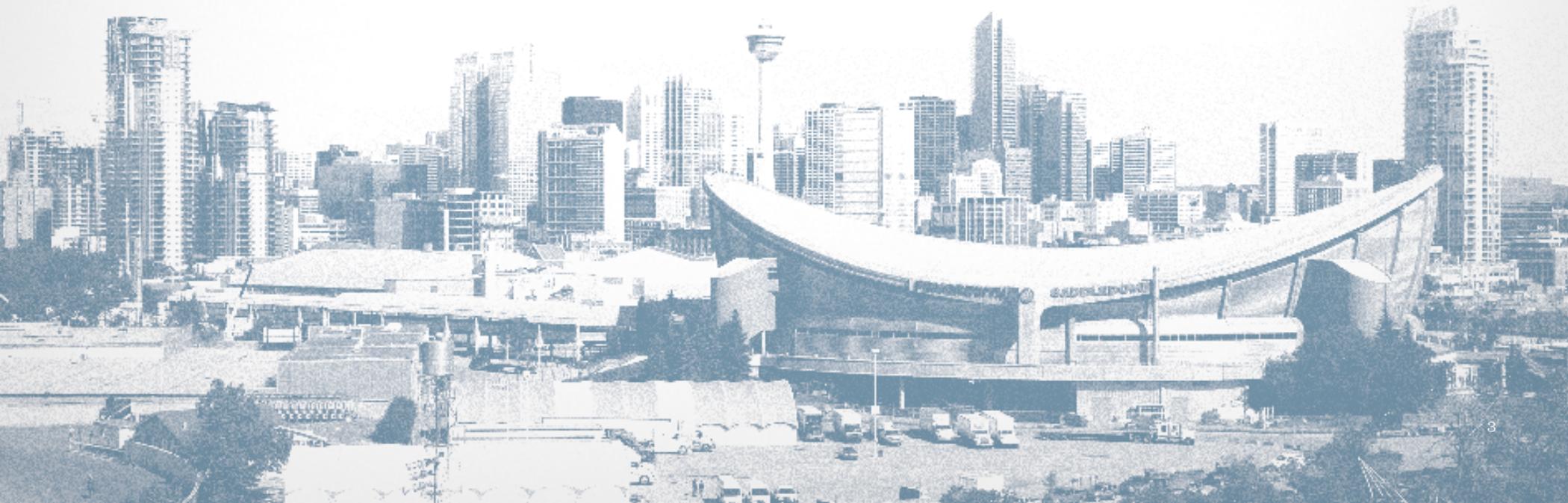
WE'RE ONLINE

calgary.ca/annualreport

The City has made significant changes in the way the annual report is produced and distributed. This meets with our policies on fiscal restraint, environmental responsibility and increasing our use of web-based communications.

This year, we have reduced *The Year in Review* section of our printed report by 33 per cent. And we've continued last year's decision to reduce the hard-copy print run to 225 copies.

The printed version continues to highlight many significant accomplishments in 2009. To read more about what's happening in our great city, please visit calgary.ca/annualreport.



A MESSAGE FROM THE MAYOR



MOVE CALGARY FORWARD. THAT'S THE PROMISE WE MADE TO CALGARIANS EARLY IN THIS DECADE.

Now, in 2009, the fruits of our labour are evident more than ever. We have accomplished things. Big things. And there's more to come.

2009 was the capstone of an amazing decade for our great city.

We've seen a whirlwind of change and challenge—from full employment, labour shortages and unprecedented population growth to a punishing worldwide recession.

Few economies were spared by the economic meltdown that began in 2008. But look around this resilient city. Important projects carried on; they didn't miss a beat.

In 2009, we rolled out blue cart recycling to 280,000 Calgary residences. Massive LRT expansion stayed on track. Plan It Calgary was approved and sets a new direction for Calgary's growth over the next 60 years. And we continued to be a destination for prestigious international events like the highly successful WorldSkills Calgary 2009.

These major accomplishments and many others are highlighted here and online at calgary.ca/annualreport. They are integral to this city's progress and create a significant, positive impact on our quality of life, our environment and the future for generations to come.

Accomplishments like these demonstrate how during the past decade this entire city has rolled up its sleeves, committed to big ideas—and helped Move Calgary Forward.

A MESSAGE FROM THE MAYOR

ACCOMPLISHMENTS: A SNAPSHOT.



Moving forward on our quality of life ... parks, protective services and places to play.

Calgarians make more than 60 million visits a year to City parks. It's where we reflect, recreate and rejuvenate.

We're working on more parks projects. This is thanks to the ENMAX Legacy Parks Fund, which has committed \$135 million in dividends towards vital parks construction.

In 2009, construction moved forward on Ralph Klein Legacy Park, an amazing educational centre that opens in 2010. In future, Haskayne Legacy Park will connect downtown Calgary and Cochrane by pathway along the banks of the Bow River. Calgary's oldest park, Central Memorial Park, is being refurbished to its original glory, plus all the amenities of a modern, urban park. And the beautiful Memorial Drive Landscape of Memory project continues its progress, an enduring salute to our war veterans.

We've grown into a big city. To increase Calgarians' safety we've added 500 more police officers, and almost 250 more fire-fighters over the decade. We have a new \$125 million police headquarters, three new police stations, 11 new fire stations and training facilities, new equipment and technology.

And we're active. To meet demand, we've renovated major recreation and leisure centres and continue to invest in arenas, playing fields and arts facilities.

Moving forward on our environment ... blue cart recycling, and global recognition in our efforts to protect land, air and water.

In early March we started delivery of 280,000 blue recycling carts to Calgary residences. Calgarians filled the carts with gusto. And they didn't stop. At year's end we were on track to meet our goal of doubling to 80,000 tonnes a year the amount of residential material we recycle.

We've moved to improve the environment on many fronts and our efforts have been noticed.

The City was recognized at the Copenhagen Climate Summit for Mayors when we received the Reaching Out to Global Energy Cities' Award. We were honoured for our long-term efforts to reduce municipal greenhouse gases and the landmark signing of The Calgary Climate Change Accord in Calgary (2009) when nine global energy cities committed to bold greenhouse gas reduction targets. Calgary is a city

which takes seriously the goal of promoting energy efficiency and decreasing our environmental footprint overall.

Indeed, we lead by example. By 2012, we will be the only North American city whose municipal operations are run 100 per cent by green power. In 2010, we will open Western Canada's first District Energy facility, providing heating and cooling to up to 10 million square feet of new and existing downtown buildings.

We've also completed the state-of-the-art Pine Creek Waste Treatment Plant, which is expected to address Calgary's wastewater treatment needs for the next 30 years. Meanwhile, upgrades to the Bearspaw (now completed) and Glenmore water treatment plants (to be completed in 2011) will meet Calgary's potable water needs for the next 15 to 20 years.

Moving forward on our transportation infrastructure ... more than \$3.9 billion worth since 2001.

Numbers tell a tale. Within the next two years, we will have doubled the size of our LRT since 2001.

2009 was a landmark year. We signed the design/build contract and gave the final go-ahead to constructing West LRT, an eight-kilometre line from downtown to 69th Street S.W.

The Northwest LRT to Crowfoot LRT extension opened in June. Then we broke ground for the northeast Martindale and Saddle Ridge stations.

A MESSAGE FROM THE MAYOR



We also bought 83 more buses that help safely carry more than 94 million customers each year on our bus and LRT system.

We made a big dent in road construction this past decade. The millennium began with a backlog of work that needed to be done. Today, it's much easier to move around Calgary thanks to major corridor projects on Glenmore, Macleod, Crowchild and Metis Trails.

Moving forward on our future ... developing new ways to accommodate a thriving population.

We expect to grow by another 1.3 million people over the next 60 years.

We have to accommodate this influx and be sustainable. We have to grow up as well as out. Plan It Calgary (approved in 2009) calls for intensified development—residential and commercial—around transit stations and premium transit routes.

Specifically, Plan It Calgary's target is to accommodate half of our population growth over the next 60 years within existing built-up areas of the city.

We also approved the creation of Attainable Homes Calgary Corporation. This pioneering plan's initial goal is to develop

1,000 well-made, entry-level homes for working Calgarians—people like teachers, nurses, mechanics—who have been priced out of the housing market but are vital to our city's well-being.

Looking long-term, the redevelopment of East Village and West Village promise to become exciting future bookends in our dynamic Centre City.

So look around. Calgary continued to blossom during the first decade in the new millennium. The next decade promises to be equally fruitful.

Dave Bronconnier
Mayor

April 30, 2010

A WORD ABOUT FUNDING

Between 2009 and 2013 we plan to pursue an ongoing program of capital infrastructure projects and initiatives that enhance our quality of life.

This can only happen with continued co-operation and funding from the provincial and federal governments.

Today, only five per cent of all the taxes paid by Calgarians remain in the city to fund municipal operations. Over the past decade, we've pressed the Province

and Ottawa for a bigger share of that money—and we've been more successful than ever before.

Since 2001, The City has signed agreements worth \$5 billion for our infrastructure needs. Agreements include:

- Alberta Municipal Sustainability Initiative. Worth \$3.3 billion.
- Alberta Municipal Infrastructure Program (AMIP). Worth about \$1 billion.

- Provincial fuel tax sharing. Worth \$95 million a year.
- Federal gas tax sharing. Worth \$50 million a year.
- GST refund. Worth about \$15 million per year.

In the past decade, The City moved to a three-year business planning and budgeting process.

Citizens know what their tax rates will be for as much as three years in advance and The City knows how

much revenue to expect over that same time period.

This process is prudent, transparent and flexible. The current 2009–2011 cycle is subject to annual reviews to accommodate changing economic conditions.

In 2009, for example, we demonstrated the adaptability of this multi-year process. To help respond to this economic slowdown, we adjusted the 2010 budget with more than \$20M in cost reductions and lowered the property tax rate increase to 4.79 per cent from 6.1 per cent.

CORPORATE AND GOVERNANCE ACCOUNTABILITY

Calgary's City Council: Membership, roles and responsibilities.

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

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

It is Council's duty to respond to citizens' immediate concerns and opportunities, and to anticipate and plan for the community's long-term development and growth.

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

City Council's members — 14 aldermen, each representing a ward, and the Mayor of Calgary, representing the entire city — are elected by and accountable to the people of Calgary.

Their nominating committee is the electorate, and they remain independent from the civic administration for as

long as they hold office. The Mayor and aldermen hold office for three-year terms.

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

PAC oversees the nominations and appointments to various boards, committees, commissions or other bodies, and creates and maintains a process for the regular review and reporting of Council's legislative governance practices. This committee also provides ongoing monitoring of the City Manager who, in accordance with the requirements of the Municipal Government Act (MGA), has a specific position description as well as an annual written performance evaluation.

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

During 2007, Council approved the Whistle-Blower Policy as part of The City's ongoing desire to support open, ethical, accountable and transparent local government. This policy provides additional mech-

anisms to ensure processes are in place to prevent, detect, report and investigate any suspected acts of waste or wrongdoing.

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

Members of Council participate in and work with a wide variety of community organizations — associations, committees, commissions and boards.

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

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

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

CORPORATE GOVERNANCE AND ACCOUNTABILITY



**MAYOR
DAVE
BRONCONNIER**



**ALDERMAN
WARD 1
DALE HODGES**



**ALDERMAN
WARD 2
GORD LOWE**



**ALDERMAN
WARD 3
JIM STEVENSON**



**ALDERMAN
WARD 4
BOB
HAWKESWORTH**



**ALDERMAN
WARD 5
RAY JONES**



**ALDERMAN
WARD 6
JOE CONNELLY**



**ALDERMAN
WARD 7
DRUH FARRELL**



**ALDERMAN
WARD 8
JOHN MAR**



**ALDERMAN
WARD 9
JOE CECI**



**ALDERMAN
WARD 10
ANDRE
CHABOT**



**ALDERMAN
WARD 11
BRIAN
PINCOTT**



**ALDERMAN
WARD 12
RIC MCIVER**



**ALDERMAN
WARD 13
DIANE COLLEY-
URQUHART**



**ALDERMAN
WARD 14
LINDA
FOX-MELLWAY**

Upon accepting a position on City Council, all Council members are required to take an Oath of Office. (A copy of this Oath is available from the Corporate Records Centre on the main floor of the Municipal Building, or on the Web.)

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

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

Council employs a Triple Bottom Line decision-making strategy that takes into account the potential environmental, social and economic impacts of The City's actions and operations. The City's Sustainable Environment and Ethical Procurement Policy also supports the purchase of products and services that will minimize any negative impact on society and the environment, when it makes economic sense. And The City's EnviroSystem Performance Monitoring tool (The City is registered to ISO 14001) helps identify, track and continually improve the environmental impact of City operations and decision-making.

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

In 2005, The City of Calgary became the first major municipality in Canada to move to a three-year business planning and budgeting process, and Council approved a budget for 2006–2008. In November 2008, Council approved the 2009–2011 Business Plans and Budgets.

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

Public availability of The City's financial information is a cornerstone of transparency and accountability. To this end, The City ensures that information pertaining to budget, consolidated financial statements and regular status reporting is readily accessible through the Web.

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

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

For more information about City Council, the various boards, foundations and committees, and any of the policies referenced above, visit calgary.ca or call 3-1-1.

A MESSAGE FROM THE

CITY MANAGER

A LANDMARK YEAR FOR CALGARY'S FUTURE.



2009 will be remembered for the course we set.

On behalf of the Administration of The City of Calgary, I am proud to present the 2009 annual report.

It was a year filled with challenge, when we steered through the daily reality of an economic slowdown. And it was a year filled with promise, when we shaped a long-term vision for a resilient, sustainable future.

In 2009, nine in 10 citizens surveyed said The City provided an overall quality of service that was good to very good. It is testament to the great work done by all our employees in demanding times.

We also put in motion groundbreaking concepts in how Calgary will grow.

In June, 14 area municipalities ratified the Calgary Metropolitan Plan. It envisions a path for sustainable, integrated growth that is unprecedented for the region.

In September, City Council approved the Municipal Development Plan and the Calgary Transportation Plan. These hallmark documents were created through the Plan It Calgary process. They outline significant strategies to protect our urban environment and accommodate a population expected to double in 60 years.

Importantly, these plans reflect the wishes of thousands of Calgarians who, beginning in 2005 with the imagineCalgary visioning process, helped define the future we want into the next millennium.

In 2009, we took their vision – “a great place to make a living, a great place to make a life” – and moved it forward.

Overall, Calgarians like the services we provide.

How are we doing?

Each year, The City asks Calgarians about the services we provide. Those answers to the Citizen Satisfaction Survey help direct City Council and Administration regarding civic services.

In 2009, 91 per cent of those surveyed said The City and its employees do a good to very good job of providing programs and services that are important.

Three in four Calgarians (76 per cent) also said their overall quality of life is good to very good, an increase over the 2008 rating of 69 per cent – in good part thanks to road improvements, eased traffic congestion, better public transportation and recycling initiatives.

A priority in any city is safety. And 78 per cent said they felt safe in their neighbourhood compared to 70 per cent in 2008. Meanwhile, eight in 10 people surveyed (82 per cent) endorsed the job The City was doing to protect the environment, above the 75 per cent rating of a year ago.

Support from the Office of Sustainability

City employees work each day to make Calgary a great place to live – and are often at the vanguard of change.

Calgarians have a good idea of what their city should be today, and decades from now. It's a sustainable vision, providing a vibrant, healthy safe and caring community, not just for us, but also for our grandchildren's children.

In June 2009, we created an Office of Sustainability to ensure that our community's enviable quality of life endures. The Office is leading the development of a 10-year plan that will embed sustainability in The City's decisions, priorities, policies and services. Its mandate includes engaging citizens and staff on how to make Calgary a great city for everyone, forever.

A MESSAGE FROM THE CITY MANAGER



Millions of connections with Calgarians

Each day we connect with Calgarians. We collect garbage, reunite lost pets with owners, build parks, drive CTrains and buses, operate recreation facilities, issue development permits and much more.

In 2009, almost eight in 10 (78 per cent) Calgarians who had contact with The City said they were satisfied to very satisfied with the service provided.

Today we answer more than 1.1 million calls a year through our pioneering 3-1-1 system. And City of Calgary websites have more than 15 million visits annually, providing essential information on everything from property taxes, to road construction, water conservation and fire safety.

We continue using technology to be more accessible and informative. In June, we launched calgaryinfrastructure.ca, an award-winning website that identifies more than 250 capital projects funded by The City's approved 2009 – 2013 capital budget, so that every citizen has instant answers to the questions: Is it on time? Is it on budget?

It's part of an ongoing effort to better serve more than one million Calgarians.

Owen Tobert
City Manager

April 30, 2010

MUNICIPALITIES ENDORSE THE **CALGARY** **METROPOLITAN** **PLAN**

On June 19, 2009 the Calgary Regional Partnership (CRP) ratified a proposed regional land use plan that has the real potential to change the course of our area's history.

The Calgary Metropolitan Plan (CMP), signed by 14 neighbouring municipalities, envisions an unprecedented direction for Calgary and region. The Province is reviewing the CMP and it's expected to be enshrined in legislation in 2010.

The Plan was developed by the CRP, of which Calgary was an active and energetic participant. It was made possible by the collective effort of 17 municipalities and the Tsuu T'ina Nation through extensive consultation and participation over three years.

The CMP's goal is to minimize our regional footprint while delivering services to a population of 2.8 million people, 60 to 70 years from now. It balances the need to protect the regional landscape and accommodate growth by designing a sustainable plan that includes shared infrastructure and services. It also lays the groundwork for regional decision-making.

It won't happen overnight, but as we move down the path to implementation, the implications are many. They include developing a regional open space strategy, addressing greenhouse gas and climate change issues, co-ordinated waste management, transportation infrastructure and an integrated approach to watershed management.

Moreover, it challenges us to a new mindset—think regionally ... act locally.

AUDIT COMMITTEE

CALGARY CITY COUNCIL is responsible for ensuring that The City's Administration fulfils its responsibilities for financial reporting, internal control and risk management. To assist City Council in fulfilling these responsibilities, City Council has established an Audit Committee.

One of Audit Committee's goals in fulfilling its Council assigned mandate is to provide a standard of audit governance for The City which is comparable to the current standard for Audit Committees in the private sector. In addition, the Audit Committee provides comprehensive disclosure of its audit governance practices in The City's annual report.

Audit Committee membership consists of seven independent members appointed to the Committee by City Council: five Council members who are elected by the Citizens of Calgary and two volunteer citizen members who are currently both professional accountants.

The City's Audit Committee oversees the activities of the External Auditor, The City Auditor's Office and the Legislative Resource Group to help ensure Administration's accountability to Council.

To fulfil The City's provincially legislated audit requirements, the Committee engages the External Auditor, Deloitte & Touche LLP. The Audit Committee's responsibilities include the pre-approval of all services provided by the External Auditor for The City. Deloitte & Touche carried out the audit of The City of Calgary's financial accounts, in accordance with generally accepted auditing standards and has full and unrestricted access to Audit Committee to discuss the audit and related findings, as to the integrity of The City's financial statements and reporting processes. Audit Committee reviews and approves The City's financial statements as audited by the External Auditor and presented in this annual report.

The City Auditor's Office is fully independent of The City's Administration and reports directly to Council through Audit Committee. The City Auditor's independence and Terms of Reference are entrenched in The City Auditor bylaw.

The City Auditor's Office provides the independent internal audit function for The City of Calgary. The City Auditor submits an annual work plan to Audit Committee for approval. Open disclosure is encouraged

and all audit reports are provided to Audit Committee and reviewed as completed. Reports are then forwarded to Council for information and become a matter of public record.

Audit Committee oversees procedures, through the Office of the City Auditor and the Whistleblower Program, for the receipt, retention and treatment of complaints or allegation of wrongdoing received by The City from City employees or members of the public.

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

Audit Committee also conducts special reviews and performance reviews of areas identified by Audit Committee or Council, that may potentially increase value for money from City operations, improve Council's governance of The City of Calgary or are unique public policy matters requiring special consideration.



Brian Pincott
Alderman, Ward 11
Chairman, Audit Committee

April 30, 2010

THE CITY OF CALGARY ADMINISTRATION

CALGARY'S MUNICIPAL GOVERNMENT IS RESPONSIBLE FOR SUPPORTING, ENCOURAGING AND UNDERPINNING OUR COMMUNITY'S DYNAMIC DEVELOPMENT.

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

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

THE ROLE OF THE CITY MANAGER.

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

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

THE CITY'S ADMINISTRATIVE LEADERS.

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

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

Members of the ALT are The City's seven most senior administrators: the City Manager and general managers of each of the six departments:

- Asset Management & Capital Works
- Planning, Development & Assessment
- Community Services & Protective Services
- Transportation
- Corporate Services
- Utilities & Environmental Protection

In 2009, The City reorganized the Corporate Services, Asset Management & Capital Works (AMCW) and Finance & Supply operations to merge AMCW and Corporate Services as well as create a new department led by the Chief Financial Officer.

CITY ORGANIZATIONAL STRUCTURE

THE CITIZENS OF CALGARY

MAYOR AND COUNCIL

CALGARY POLICE COMMISSION

CITY AUDITOR'S OFFICE

CALGARY POLICE SERVICE

CITY MANAGER

CITY CLERK'S OFFICE

CITY MANAGER'S OFFICE

LAW

COMMUNITY SERVICES & PROTECTIVE SERVICES

UTILITIES & ENVIRONMENTAL PROTECTION

PLANNING, DEVELOPMENT & ASSESSMENT

TRANSPORTATION

CORPORATE SERVICES

CHIEF FINANCIAL OFFICER



ERIKA HARGESHEIMER
GENERAL MANAGER

Animal & Bylaw Services
Community & Neighbourhood Services
Fire
Parks
Recreation



ROB PRITCHARD
GENERAL MANAGER

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



DAVID WATSON
GENERAL MANAGER

Assessment
Centre City Implementation
Development & Building Approvals
Land Use Planning & Policy



JOHN HUBBELL
GENERAL MANAGER

Calgary Transit
Roads
Transportation Infrastructure
Transportation Planning



BRAD STEVENS
GENERAL MANAGER

Corporate Properties & Buildings
Customer Service & Communications*
Fleet Services
Human Resources*
Infrastructure Services
Information Technology*
Land Information & Mapping
Office of Land Servicing & Housing



CHRIS GOOD
GENERAL MANAGER & CHIEF FINANCIAL OFFICER (RETIRED)

(Jan.-Aug. 2009)
Customer Service & Communications*
Finance & Supply*
Human Resources*
Information Technology*



ERIC SAWYER
CHIEF FINANCIAL OFFICER

Finance & Supply*
(Effective August 2009)

*In 2009, The City reorganized the Corporate Services, Asset Management & Capital Works (AMCW) and Finance & Supply operations to merge AMCW and Corporate Services as well as create a new department led by the Chief Financial Officer.

Calgary Transit

2009

PLANNING

CROWFOOT
STATION

WAVE

HEFTTT

SOUTHEAST
BRT





OF A MORE COMPACT CITY URB E



TIMES
CHANGE

plan | it | calgary
integrate · grow · sustain

F DEVELOPMENT

ENVISION 1.3 MILLION
MORE PEOPLE

RT

MUNICIPAL IN TRANSPORT



2009

IN 2009, WE OPENED THE NORTHWEST CTRAIN EXTENSION TO CROWFOOT STATION. BROKE GROUND ON ANOTHER NORTHEAST EXTENSION. AND OFFICIALLY KICKED OFF THE NEW WEST LRT LINE, OUR LARGEST INFRASTRUCTURE PROJECT EVER.

In between all the work, we said “thanks a billion” to our customers and celebrated a century of Calgary Transit service.

Shelly Xiao can tell everyone she’s one-in-a-billion. Literally. The downtown office worker made history on February 18, 2009, after being randomly chosen as the one-billionth customer to ride the CTrain since it started service in May 1981.

One billion CTrain riders is a remarkable total. But the next billion’s coming even faster. We’re expanding. So much so, that by December 2012, the light rail transit (LRT) line will have doubled in length since the new millennium.

In July, we also celebrated Calgary Transit’s centennial. For 100 years we’ve provided safe, efficient, reliable public transit. From humble beginnings, we now carry more than 94 million customers each year on CTrains and buses.

In 2009, our CTrains made the equivalent of almost 19 trips to the moon. Moving forward, it’s all systems go as we expand our environmentally friendly transit service.

Currently, about 280,000 customers ride the CTrain each workday. We’re easily North America’s most popular and heavily used light rail transit system. The emissions-free CTrain system is powered 100 per cent by wind-generated electricity. That’s a great use of renewable energy considering our CTrains travel about 15 million kilometres annually. That reduces carbon dioxide emissions, equivalent to eliminating eight million private vehicles trips on city streets annually.

INFRASTRUCTURE ACTION

ALSO IN 2009:

- We officially kicked off West LRT when SNC-Lavalin was awarded the design-build contract for the downtown to 69th Street S.W. line. The new leg is expected to carry up to 44,000 passengers each workday when service starts in December 2012.
- We completed the northwest LRT extension from Dalhousie to Crowfoot, which now carries 10,000 to 12,000 riders every weekday. This massive project included a new station and platform, expanding east and westbound Crowchild Trail from four to six lanes (between 53rd Street to west of Nose Hill Drive) and the construction of two interchanges.
- We began construction on the northeast LRT extension to Martindale and Saddle Ridge. The two new stations are expected to accommodate as many as 15,000 customers each workday when completed in 2012.

Big projects are complicated. Citizens, City Council, City business units and other interested stakeholders collaborated. And we found consensus.

West LRT is just one example of the rigorous consultation process that occurs with any of our projects.

When the eight-kilometre line is completed, area residents can say they helped influence many facets, from station design, routing, and traffic movement.

Input like this doesn't happen overnight. Council approved alignment and funding for West LRT in 2007 and the public engagement plan in summer 2008.

In total, we engaged interested parties on more than 115 occasions. Together we hired an independent community advocate who liaised between City officials and communities during the public engagement process.

Council listened closely and acted on community input.

In 2009, Council approved significant changes to the already adopted West LRT alignment after Sunalta and Scarboro residents, worried about the visual impact of the line, rallied the community, their alderman and Council. It will now run under Crowchild Trail and up the median of Bow Trail, instead of going over Crowchild Trail and on the north side of Bow Trail.

Similarly, residents convinced Council to put the line under 45th Street S.W. to alleviate community concerns. Community input has helped shaped the design of the stations.

Despite significant change, all deadlines were met. The design-build contract was awarded to SNC-Lavalin in October. Area residents saw preparation work along the line, including changes to the Shaganappi Golf Course along Bow Trail.

We worked with the Province of Alberta and the Calgary Board of Education to break ground for the new West Calgary High School that will replace the aging Ernest Manning High School. Once torn down, the Manning site will make room for station area redevelopment.

We took serious steps to help keep your transit system safe, secure, clean and well-maintained.

We lengthened, widened and brightened CTrain station platforms along Seventh Avenue, making them more pedestrian-friendly and able to accommodate future four-car CTrains.

We also introduced a \$3 daily fee for customers using the Park and Ride Lots along the CTrain lines. All the parking fees are invested back into the transit system. We hired more peace officers, added more cleaning staff and upgraded our security cameras. Combined with 65 peace officers, patrols by the Calgary Parking Authority, high-visibility ride-alongs by supervisors and a new seasonal mountain bike team, we're making the system safer.

Indeed, our efforts paid immediate dividends. One of our biggest concerns, property crimes to vehicles in Park and Ride lots, dropped by 30 per cent in 2009. And we have even more safety improvements planned.

It's good news for a public transit system that now counts ridership in the billions.

LIGHT RAIL TRANSIT (LRT) WAS FRONT AND CENTRE IN 2009. WE ALSO BOUGHT 83 NEW BUSES, OPENED ALL SIX LANES OF TRAFFIC ON 16TH AVENUE N. AND STARTED SOUTHEAST BUS RAPID TRANSIT.

Read about these and other City of Calgary initiatives in the Municipal Infrastructure category at calgary.ca/annualreport.

PLAN IT 2060 CALGARY

QUALITY OF LIFE

IT'S ABOUT BECOMING A MORE COMPACT CITY — ABOUT GROWING UP AS WELL AS OUT.

Plan It Calgary is a strategy for sustainable growth to accommodate another 1.3 million people over the next 60 years.

The story began in 2005 with an unprecedented visioning exercise called imagineCalgary. More than 18,000 citizens shared their ideas of what our city should look like 100 years from now.

In 2007, City Council directed Administration to create an integrated Municipal Development Plan (MDP) and a Calgary Transportation Plan (CTP). This process, called Plan It Calgary, must align with the vision and goals of imagineCalgary.

On September 28, 2009 Council approved the new CTP and MDP.

This new direction takes the integration of transit and land use to new heights.

The CTP and MDP describe the vision for a long-term pattern of growth and development over the next 60 years. They provide policies that will start to create that form of city over the next 30 years.

It's a direction for sustainable growth that is gradual and revolves around two key principles: creating a new level of high-quality transit, and intensifying our use of underutilized land within existing city boundaries.

Through Plan It Calgary, we define transit more clearly than ever before. In certain parts of the city we will provide a distinct, vastly advanced service we call Primary Transit. Comfortable and safe, it runs so often that customers will never need a transit schedule.

We will diversify urban activities around transit stations and premium transit routes. These activity centres and corridors will provide a variety of multi-family housing choices, mixed land-use and strong employment bases. Residents will enjoy safe, walkable streets, interesting public space and access to other everyday amenities.

Costs are rising.
Citizens are aging.
It's time to change gears.

Why this shift? We asked ourselves: Where and how are we going to grow? Is it sustainable to keep building suburbs in outlying areas as our primary way of accommodating a growing population? Economically, socially, and environmentally, the answer was no.

Energy, capital and operating costs make it too expensive and impractical to continually expand outwards.

Boomer-by-boomer we're aging, and Calgary is soon to experience the biggest change ever in our demographic make-up.

To understand these impacts, we studied the research. Then we talked to citizens and stakeholders in public forums and focus groups. They realized their own housing needs will change and the need for new housing options.

We've set big targets for population growth. They'll make our neighbourhoods more resilient.

We've set some specific targets. Over the next 60 years our goal is to integrate half of our population growth—about 650,000 people—within the existing built-up area of the city.

More immediately, over the next 30 years, which is the life of the Municipal Development Plan, we plan to accommodate one-third of our population growth within these areas.

We've targeted places in the plan where we can create activity centres and corridors. These growth pockets will help preserve great neighbourhoods.

How? It's part of a normal cycle for neighbourhood populations to mature. But when they do, schools, for example, suffer from low enrolment and face closure. New mixed-use housing helps sustain a community's vitality by adding to the population base. Communities become more resilient.



plan | it | calgary
integrate · grow · sustain

Putting the wheels in motion. At The City, we will re-think how we do things.

Our work has begun. The CTP went into effect with Council's approval in September. The MDP becomes effective April 1, 2010.

Council established an implementation committee in the fall and delayed the implementation of the MDP to finalize detailed work with the building/development industry and the community to ensure we had our administrative processes in place. We're also ensuring staff understand the new direction and how to work within the plan.

We have the suburban model down pat. Now we need to re-tool The Corporation to begin understanding how the intensification that we imagine will take place.

The CTP and MDP are downloadable at calgary.ca/planit.



Transit use will double from today. We will walk and cycle more and rely less on the private automobile.

Today, 25 per cent of Calgary's population is too young, too old or unable to own a car. Plan It Calgary will increase the number of people able to take transit, walk and cycle to meet their daily needs.

The private automobile will always be important to Calgarians. But by reducing the need to drive everywhere, we lower greenhouse gas emissions. (In 2009, for example, passenger cars and light-duty trucks accounted for 12 per cent of Canada's total GHG emissions.)

We will save land and money. Travel options will multiply.

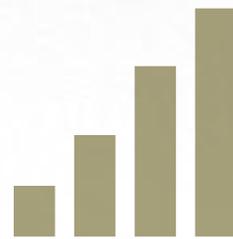
we expect to save 250 square kilometres of land. That's the size of the City of Red Deer, multiplied by four. And we'll save \$11 billion on capital expenditures like roads, pipes and land.

Plan It Calgary benefits are eye-opening. Over 60 years, if the plan is fully realized,

PLAN IT CALGARY ENVISIONS A SUSTAINABLE FUTURE THAT CONTINUES TO AFFORD CITIZENS A HIGH QUALITY OF LIFE. IN 2009, THROUGH VARIOUS PROGRAMS, THE CITY CONTINUED TO SUPPORT PEOPLE OF ALL AGES, INCOMES, INTERESTS AND LIFESTYLES.

Read about these and other initiatives in the Quality of Life category at calgary.ca/annualreport.

HERALD READERS'
CHOICE AWARDS



2009

BLUE CART
RECYCLING
EDUCATION
AWARD

AWWA

PARENT'S CHOICE AWARDS

EMERALD
AWARDS



**URBAN
FORESTRY
RDS**

**NO. 1 PAR 3
FAVOURITE**





2009

MORE THAN 150,000 VISITORS AT WORLDSKILLS CALGARY



IT'S ALL

NUM

80/20
BY 2020

100,000 ATTEND CANADA DAY PARTY

97TH CUPREY

280,000 BLUE CARTS
DELIVERED
90% SUPPORT PROGRAM

IN THE BEERS

INVOLVED WITH THE EQUIVALENT OF
305 EVENT
DAYS



BLUE CART RECYCLING

IT ARRIVED SPECIAL DELIVERY. ON JUNE 18, MAYOR BRONCONNIER WHEELED A BLUE RECYCLING CART UP THE SIDEWALK TO A WAITING FAMILY IN NORTHEAST CALGARY.



2009

The first blue cart had landed at a Calgary residence in early March. Now, this was the last of them—about 280,000 in all.

People were eager to start. As blue carts arrived at City residences, from single-family homes up to fourplexes, the carts filled quickly. Momentum grew.

Indeed, we quickly got on track to meet our goal of doubling the amount of residential material we recycle to 80,000 tonnes a year.

Residential participation is crucial to help meet The City's 80/20 strategy. That is, we plan to divert 80 per cent of our waste from landfills by the year 2020.

Calgarians are keen recyclers. We needed to do more to divert waste from our landfills.

The City had operated the popular neighbourhood recycling depots since

the early 1990s. Depots were well-used, and operated seven days a week. But they had limited space to expand, and couldn't keep pace with Calgary's rapid population growth.

A three-community curbside recycling pilot project in 2004-05 showed that citizens would recycle more if it were more convenient to do so.

Blue carts make it much easier to recycle at home. There's no sorting. Newspaper, glass, cans and other recyclables all go into the blue cart. Plastics, with recyclable symbols 1-7, are accepted. And automated collection is carried out the same day as regular garbage pickup.

Depots remain for residents who live in apartments or condominiums but don't receive the blue cart service. The depots were converted in 2009 to accept plastics and required no sorting, just like the blue carts.

Logistically, it was two busy years from countdown to launch.

From Council approval in 2007 to the launch in 2009, City business units tackled a complicated operation with gusto. Tenders were put out; service providers selected.

- Blue carts were ordered and delivered. The City took early delivery to ensure all carts were on hand for the launch. We stored all of them at two landfill sites, creating a temporary sea of blue.

A RECORD VOLUME OF RECYCLED MATERIALS



- A private contractor, Metro Waste Paper Recovery Inc., built a state-of-the-art recycling facility that separates, bales and sends the recyclables to market.
- We delivered blue carts to residents over 15 weeks, starting in early March and finishing in June. Carts had to be delivered in time for start of collection service. Service started one quadrant at a time, beginning

in the S.W. in April. The entire city had service by July 3.

We also created an addressing and billing system and carefully matched customer addresses with blue cart serial numbers.

Dedicated City field staff made house calls to find solutions for homeowners with cart placement or storage concerns.

We informed. We educated. We listened.
And got the word out, in several languages.

We had looked at the experiences of other large cities, where citizens experienced confusion when their recycling programs began. We were determined to make sure Calgary's story would be different, and we told it in English, French, Simplified Chinese and Punjabi.

The City's fresh, well-executed communication and education plan used a fun, interactive website.

We spread the news through print and online advertising, media relations, instructional videos and Report to Calgarians TV spots. A public education team visited shopping malls, farmers markets and assorted community events. It proved an effective Q and A process.

An information package went out with each cart and included clear instructions on its placement for pickup and the kind of materials that could be recycled.

The early reviews are in and blue cart's debut is a hit.

All the groundwork ahead of the program launch paid off.

Calgary's 3-1-1 call centre had geared up for a flood of questions from the public—just in case. But thanks to the information packages, website and other communication tools, the number of calls was well below what was originally expected.

Follow-up research showed that 86 per cent of Calgarians were satisfied with The City's blue cart communication.

The City went on to receive a 2009 Communications/Education Award for its campaign from the Recycling Council of Alberta.

The impact is measurable—and impressive.

Surveys show most people welcomed the new recycling program with open arms. About 90 per cent of Calgarians support blue cart recycling.

Blue cart recycling is now a part of everyday Calgary life. And citizens say they feel good about their participation.

Nine of every 10 people surveyed (actually 92 per cent) say they believe the recycling program has a positive effect on the environment. It's a level of citizen support that bodes well for future generations.

BLUE CART IS JUST ONE IMPORTANT WAY CITIZENS AND THE CITY OF CALGARY PROTECT OUR NATURAL RESOURCES—LAND, AIR AND WATER.

Read about other initiatives in the Environment category at calgary.ca/annualreport.

CITY SERVICES WORLD SKILLS CALGARY 2009

INTERNATIONAL EVENTS LIKE WORLDSKILLS CALGARY 2009 COME ALONG ONCE IN A LIFETIME. WHEN THEY DO, THE CITY DELIVERS UNRIVALLED SUPPORT, KNOW-HOW AND AN EXISTING INFRASTRUCTURE THAT SETS US APART.

It was the second largest competitive event Calgary's ever seen, second only to the size of the 1988 Winter Olympics.

Every two years, WorldSkills International brings together the planet's best and brightest youth to compete in events that celebrate skills, trades and technology. In the first week of September, more than 850 competitors from 51 countries and regions converged on Stampede Park.

Beauticians, welders, aircraft maintenance technicians, landscapers, graphic designers and scores of others put on an amazing show. In all, about 150,000 visitors—including 50,000 Alberta school children—learned how important skills, trades and technology are to shaping the world in which we live.

WorldSkills Calgary 2009 wasn't The City's project to lead. It was ours to support — to ensure the event itself held centre stage.

We became only the second Canadian city to host WorldSkills in the competition's prestigious 59-year history. Montreal was first in 1999.

As the host city and a supporting partner, we provided in-kind services to the event organizer. We established a WorldSkills Management Office to connect and co-ordinate numerous City departments with event organizers and supporting partners.

We helped put in place the various pieces of this massive organizational puzzle. It was a weeklong celebration that WorldSkills International President Jack Dusseldorp, declared "the best competition ever."



We were a bit like the jugglers who entertained at Olympic Plaza. We had a lot of balls in the air.

The City played many roles prior to, and during, WorldSkills. We:

- Produced the weeklong cultural celebration where Olympic Plaza and Stampede Park leaped to life daily with free, family fun: music, juggling, dance, visual arts, theatrical performances, roving entertainment and more.
- Built awareness and attracted crowds through creative marketing.

MORE THAN 850 COMPETITORS FROM 51 COUNTRIES AND REGIONS



- Arranged for as many as 5,325 fare-free transit passes to carry competitors and delegates to and from Stampede Park safely and on time.

- Provided police officers to conduct patrols on the grounds throughout the event schedule.
- Co-ordinated — with the Calgary Stampede and WorldSkills Calgary 2009 Ltd. — the completion of scores of permits and inspections needed for the event's go-ahead.
- Provided vehicles, fuel, drivers and muscle to transport equipment between Stampede Park and the Manchester storage facility that was vacated for the event.

WorldSkills was huge, but it wasn't alone. The City played an integral role in about 130 events and festivals that add to the vitality and quality of life we enjoy.

Events and festivals are important to Calgary and its communities. They serve up a diversity of music, art, culture, sports, food, theatre and family-friendly outings for all ages.

When an event's held on City land, we ensure that it's managed properly, and held in a socially and environmentally responsible manner.

Whether we lead a project or support it, The City has the expertise to ensure components like traffic control, policing, permits, health requirements, staging and other details, big or small, are covered.



EACH DAY, THE CITY PROVIDES HUNDREDS OF SERVICES TO MORE THAN ONE MILLION CALGARIANS. WE SERVE A DIVERSE POPULATION FACE-TO-FACE, ONLINE OR AT YOUR DOORSTEP.

Read about these and other initiatives in the City Services category at calgary.ca/annualreport.

WE SANG, WALKED, JOGGED, ATE COOL FOOD, PAINTED FACES AND TURNED INTO A SEA OF (RIDER) GREEN.

What did we do in 2009? Here's a snapshot.

We celebrated Canada's 142nd birthday on July 1. About 100,000 Calgarians soaked in The City's annual Canada Day Celebration at Prince's Island and Olympic Plaza.

Later that month, on a much more intimate occasion, we were honoured to support The Assembly of First Nations 2010, which included an inspirational powwow on Olympic Plaza.

Then there was that little party in late November. We partnered with organizers when it seemed half of Saskatchewan (we're not joking) invaded Calgary for the 97th Grey Cup Festival.

And popular events such as the Sport Chek Mother's Day Run (10,000 people participated), International Children's Festival (30,000), Folk Festival (45,000) and Rope Square (25,000) continued to bring our community closer together.

To learn more, visit calgary.ca/recreation and click on Festivals & Events.

FINANCIAL INFORMATION

2009 FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

The City of Calgary 2009 Annual Financial Report contains the audited consolidated financial statements prepared in accordance with principles and standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, as required by the Alberta *Municipal Government Act*.

The financial statements consist of:

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

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

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

For 2009, The City of Calgary was able to implement its business plans and budgets essentially as expected. The City enters 2010 with two years remaining of a three-year plan reflecting its long-term goals, but it continues to monitor its financial performance carefully so that it can address any local effects should the beginnings of a recovery from the global economic downturn falter. These issues are touched on in the risk management and outlook sections at the end of the FSD&A, following the financial analysis of 2009.

With the adoption of new accounting standards required by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, the presentation of the financial statements has changed significantly for 2009. The 2008 financial results have been restated to match the new presentation in order to provide valid comparisons between the two years.

ECONOMIC ENVIRONMENT

Economic activity contracted in the Calgary region by 2.5% in 2009, but Calgary's population still increased by 2.2%.

	2009	2008	Change
Calgary			
Population (April census)	1,065,455	1,042,892	+2.2%
Employment ⁽¹⁾	626,200	629,500	-0.5%
Residential housing starts	6,215	6,439	-3.5%
Building permit applications	15,125	14,920	+1.4%
Building permit value (\$ billions)	\$3.658	\$4.142	-11.7%
Calgary Census Metro. Area			
CPI inflation rate	-0.1%	3.2%	-100%
Calgary Economic Region			
Unemployment rate	6.3%	3.3%	+90.9%

sources: see schedule of demographic and other information on page 86 except:

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

Population growth from April 2008 to April 2009 was 22,563 (2.2%) compared to 22,950 (2.3%) for the year ending April 2008. The forecast annual population increase fluctuates between 2.6% and 1.9% over the next five years. Residential and non-residential construction declined due to the recession, but are expected to improve to match expected growth once the economy recovers.

Population and economic growth forecasted for 2010 will continue to drive demand for more infrastructure and services from The City.

2009 FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

REVENUES AND EXPENDITURES

The City had consolidated revenues of \$2.733 billion in 2009 before external transfers for infrastructure (grants and revenue sharing from other governments plus funds and tangible capital assets from developers totaling \$496 million) (restated 2008 – \$2.533 billion before external transfers of \$685 million).

City consolidated expenditures were \$2.526 billion before net government business enterprise adjustments of \$3 million (restated 2008 – \$2.255 billion before net government business enterprise adjustments of \$6 million). Included in expenditures is depreciation in the amount of \$342 million (restated 2008 – \$304 million) as the estimated annual cost of owning and using The City's capital assets.

For 2009, net revenues including external contributions to infrastructure of funds and tangible capital assets totalled \$0.702 billion (restated 2008 – \$0.963 billion).

Operating budgets were exceeded for both revenues and expenditures, once again contributed to by greater than anticipated growth and demand for municipal services. Reserves for capital and corporate contingencies were increased as a result of the revenues increasing more than the expenditures.

CONSOLIDATED FINANCIAL POSITION

As at December 31 (in thousands of dollars)

	2009	2008 (restated)
A. Financial Assets	\$ 4,499,391	\$ 4,128,569
B. Liabilities	4,060,112	3,452,910
C. Net Financial Assets (A minus B)	439,279	675,659
D. Non-Financial Assets	10,051,355	9,115,850
E. Accumulated Surplus (C plus D)	10,490,634	9,791,509

Calgary's growth increased all components of The City's financial position except net financial assets. The City's net financial assets decreased by \$236 million (restated 2008 – \$74 million) primarily as a result of the acquisition of capital assets, including donated assets of \$1.303 billion (restated 2008 – \$ 1.345 billion), in excess of net revenues of \$0.702 billion (restated 2008 – \$0.963 billion) and non-cash charges for amortization of \$342 million (restated 2008 – \$304 million) and proceeds on sale of assets of \$49 million (restated 2008 – \$27 million). The net decrease in net financial assets reflects spending on infrastructure priorities in The City and \$240 million in debt taken for MSI-financed projects for which grant receipts will occur in the future.

The City's accumulated surplus (net assets) increased by \$699 million (7.1%) in 2009, primarily from the increase in physical assets (purchased and donated) of \$932 million offset by an increase in debt of \$503 million, but also reflecting an increase in the equity in ENMAX of \$147 million.

The long-term debt component of liabilities (including self-supported and excluding ENMAX) increased by \$503 million to \$2.462 billion.

The City's long-term debt ratings were affirmed at AA+ by Standard and Poors and AA (high) by Dominion Bond Rating Service in 2009.

CASH FLOW

The City's cash and cash equivalents decreased by \$20 million to \$49 million while investments increased by \$261 million to \$2.219 billion. The increase in investments largely reflects increases in capital and contingency reserves as well as liabilities such as capital deposits. These increases continue to reflect growth and the demand for capital infrastructure and services.

FINANCIAL ANALYSIS REVIEW

REVENUES – BUDGET TO ACTUAL COMPARISON

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

	Budget 2009	Actual 2009	Favourable/ (Unfavourable)
Net taxes available for municipal purposes	\$ 1,240,091	\$ 1,292,408	\$ 52,317
Sales of goods and services	810,652	844,256	33,604
Government transfers and revenue sharing agreements			
Federal	6,983	9,506	2,523
Provincial	117,511	165,753	48,242
Investment income	49,216	40,486	(8,730)
Fines and penalties	57,447	60,075	2,628
Licences, permits and fees	58,703	69,061	10,358
Miscellaneous revenue	42,864	46,343	3,479
Equity in earnings of government business enterprises	205,900	204,637	(1,263)
Total revenues (before external transfers for infrastructure)	\$ 2,589,367	\$ 2,732,525	\$ 143,158
Developer contributions	\$ 48,810	\$ 44,383	\$ (4,427)
Government transfers related to capital	627,637	376,424	(251,213)
Developer contributions-in-kind related to capital	3,765	75,242	71,477
Total external transfers for infrastructure	\$ 680,212	\$ 496,049	\$ (184,163)

Total City revenues (before external transfers for infrastructure) were greater than budgeted for 2009, mainly as a result of greater than anticipated net municipal taxes, provincial government transfers and revenue sharing, and sales of goods and services.

Net taxes available for municipal purposes was higher than budgeted primarily due to a reduction in tax loss provisions reflecting resolution of a number of property and business tax issues.

Sales of goods and services was higher than budgeted mainly as a result of higher sales growth in Fire third party billings including unbudgeted Emergency Medical Service (EMS) dispatch revenue from Alberta Health Services, roads materials and services sales to third parties, higher use of recreation and parks services, and external sales of goods and services such as sales to ENMAX for street light repairs, scrap sales and sales of inventory items.

Government transfers and revenue sharing agreements were higher than budgeted primarily due to an unbudgeted provincial government affordable housing grant.

Investment income was lower primarily as a result of lower than forecast interest rates offset by higher than expected bond investment income.

Licences, permits and fees were higher than budgeted due to recognition of building permit deferred revenues from prior years.

City revenues related to infrastructure were lower than budgeted for 2009 mainly as a result of the Municipal Sustainability Initiative (MSI) agreement, introduced by the Province in Alberta in 2007-08 as a commitment to Calgary over a ten-year period. Due to the substantial change in provincial revenues, the Alberta government in its 2010-11 budget has changed the terms and conditions for MSI funding, to extend the same amount of total funding over a longer time period.

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

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

EXPENDITURES - BUDGET TO ACTUAL COMPARISON

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

	Budget 2009	Actual 2009	Favourable/ (Unfavourable)
Police	\$ 316,581	\$ 316,025	\$ 556
Fire	183,324	181,149	2,175
Emergency medical services	14,449	15,939	(1,490)
Public transit	295,111	295,252	(141)
Roads, traffic and parking	188,260	205,663	(17,403)
Water services and resources	159,881	157,277	2,604
Waste and recycling services	95,154	82,934	12,220
Community and social development	43,896	49,535	(5,639)
Social housing	93,672	105,528	(11,856)
Parks and recreation facilities	178,160	189,898	(11,738)
Societies and related authorities	57,908	66,925	(9,017)
Calgary Public Library	41,244	37,574	3,670
General government	224,170	199,821	24,349
Public works	131,709	125,718	5,991
Real estate services	43,839	46,598	(2,759)
Amortization	1,797	341,792	(339,995)
Interest and financing fees	112,963	108,823	4,140
	\$ 2,182,118	\$ 2,526,451	\$ (344,333)

Expenditures were higher than budget, primarily for unbudgeted amortization charges. Given 2009 is the first year of adoption of the new Tangible Capital Assets standards (PS 3150), The City has not integrated these new standards for budget preparation, and so amortization charges are not included in the budget process. Other expenditures above budget include roads, traffic and parking; social housing; and parks and recreation facilities, most of which experienced increased activity associated with higher revenues, offset by lower than budgeted amounts in general government, waste and recycling, and several other expenditure categories.

Roads, traffic and parking includes higher than budgeted expenditures resulting from significantly higher spring and winter snowfall costs, traffic signal and sign activity, and higher road maintenance and excavation permit repairs.

Waste and recycling services was lower than budget due to the delayed roll out of the Blue Cart Recycling program.

Community and social development was above budget as a result of a community association going into receivership, partially offset by recovered revenues and savings in transfer payments related to a program transferred to a provincial government agency.

Social housing expenditures were above budget due to higher government grants received by The City being transferred to other businesses such as the Calgary Homeless Foundation.

Parks and recreation facilities experienced higher than budgeted costs associated with increased use of programs that generated higher than budgeted user fees and transfers for partnered assets.

Societies and related authorities was higher than budget due to capital transfers for related authorities for which budget was carried forward in 2010.

General government expenditures expenditures includes the costs of Council, City Manager, Chief Financial Officer, City Auditor, City Clerk's, Law, Customer Service & Communications, Finance & Supply, Human Resources and Information Technology. The lower than budgeted expenditure resulted primarily from lower than expected corporate costs in 2009, no requirement for additional funding for employee benefit liability as it is already fully funded, and positions kept vacant as a precaution due to the uncertainty of the economic downturn.

Public works includes Animal & Bylaw Services, Development & Building Approvals (DBA), Land Use Planning & Policy, Land Information & Mapping, Environmental & Safety Management, Infrastructure Services and facilities. The favourable variance was primarily due to DBA, which had lower salary and wage expenditures due to vacancies and lower general business expenses.

Amortization was not budgeted for most tax-supported tangible capital assets. This is the first year that amortization has been reported as a result of the new PSAB reporting model.

2009 FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

REVENUES – COMPARISON TO PRIOR YEAR

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

	Actual 2009	Actual 2008 (restated)	Increase/ (Decrease)
Net taxes available for municipal purposes	\$ 1,292,408	\$ 1,223,187	\$ 69,221
Sales of goods and services	844,256	781,437	62,819
Government transfers and revenue sharing agreements			
Federal	9,506	8,202	1,304
Provincial	165,753	111,098	54,655
Investment income	40,486	57,873	(17,387)
Fines and penalties	60,075	56,156	3,919
Licences, permits and fees	69,061	77,700	(8,639)
Miscellaneous revenue	46,343	35,751	10,592
Equity in earnings of government business enterprises	204,637	181,994	22,643
Total revenues (before external transfers for infrastructure)	\$ 2,732,525	\$ 2,533,398	\$ 199,127
Developer contributions	\$ 44,383	\$ 80,872	\$ (36,489)
Government transfers related to capital	376,424	548,117	(171,693)
Developer contributions-in-kind related to capital	75,242	56,042	19,200
Total external transfers for infrastructure	\$ 496,049	\$ 685,031	\$ (188,982)

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

Net taxes available for municipal purposes was higher than 2008 as a result of a property tax rate increase, growth in both property tax and business tax assessment bases, a reduction in tax loss provisions reflecting resolution of a number of property and business tax issues, partially offset by decreased local access fees resulting from lower electricity prices and volumes.

Sales of goods and services was higher in 2009 primarily as a result of increases in rates and sales of water services and resources, new recycling and waste collection, new transit parking fees and increases in rates and ridership, and higher sales growth in Fire third party billings including Emergency Medical Services (EMS) dispatch revenue from Alberta Health Services (AHS) partially offset by the transfer of EMS service to AHS.

Government transfers and revenue sharing agreements were higher than 2008 primarily due to the provincial government affordable housing grant.

Investment income was lower in 2009 due to lower interest rates.

Licences, permits and fees was lower primarily as a result of less development permit revenue due to a downturn in the housing industry related to overall economic conditions.

Miscellaneous revenue was higher in 2009 primarily from more tangible capital asset sales in 2009 than in 2008.

Equity in earnings of government business enterprises was higher because the increase in the value of ENMAX was greater and a higher dividend was paid in 2009 than in 2008.

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

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

Developer contributions-in-kind related to capital were higher than 2008 due to \$43 million in donated assets recognized in 2009 for parks.

EXPENDITURES – COMPARISON TO PRIOR YEAR

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

	Actual 2009	Actual 2008 (restated)	Increase/ (Decrease)
Police	\$ 316,025	\$ 285,936	\$ 30,089
Fire	181,149	159,998	21,151
Emergency medical services	15,939	53,928	(37,989)
Public transit	295,252	283,688	11,564
Roads, traffic and parking	205,663	166,415	39,248
Water services and resources	157,277	147,041	10,236
Waste and recycling services	82,934	60,632	22,302
Community and social development	49,535	50,641	(1,106)
Social housing	105,528	75,153	30,375
Parks and recreation facilities	189,898	162,997	26,901
Societies and related authorities	66,925	41,559	25,366
Calgary Public Library	37,574	35,325	2,249
General government	199,821	160,958	38,863
Public works	125,718	129,428	(3,710)
Real estate services	46,598	37,631	8,967
Amortization	341,792	304,383	37,409
Interest and financing fees	108,823	99,392	9,431
	\$ 2,526,451	\$ 2,255,105	\$ 271,346

Other than general inflation which applies to all items below, most increases from 2008 to 2009 were growth-related in various services including:

Police expenditures were higher than in 2008 from new positions for growth, including new positions offset in provincial funding revenues.

Fire's increase in expenditures in 2009 includes new positions for growth.

Emergency Medical Services decrease is as a result of the transfer of responsibility for ground ambulance service to Alberta Health Services effective April 1, 2009, to Alberta Health Services effective April 1, 2009.

Public transit provided additional transit service in 2009.

Roads, traffic and parking includes higher expenditures for 2009, including \$14.8 million for a location for the West Calgary High School (as a result of the West LRT expansion).

Water services and resources experienced higher costs for staffing and plant commissioning.

Waste and recycling services experienced higher costs due to the growth associated with the Blue Cart recycling program.

Social housing includes higher rent supplement payments offset by provincial funding revenues and higher maintenance expenses due to aging housing portfolios.

Parks and recreation facilities includes increased maintenance, and communication and advertising costs, as well as an increase in recreation temporary staff. Expenditures now include transfer payments to third parties for capital projects, which can vary in amount from year to year.

Societies and related authorities expenditures now include transfer payments to third parties for capital projects, which can vary in amount from year to year.

General government's increase was largely the result of IT application development contract services, additional positions for recruitment and retention program, as well as the restatement of certain 2008 IT costs capitalized as tangible capital assets.

Real estate services had a higher cost of land sales in 2009 than in 2008.

Amortization increases as a result of capital projects placed in service in 2008 and 2009.

TANGIBLE CAPITAL ASSETS

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

	2009 Net book value	2008 Net book value	Increase/ (Decrease)
		(restated)	
Land	\$ 1,392,150	\$ 1,337,687	\$ 54,463
Land Improvements	325,214	325,636	(422)
Engineered Structures	5,310,436	4,841,502	468,934
Buildings	720,745	656,951	63,794
Machinery and Equipment	260,663	264,303	(3,640)
Vehicles	522,561	526,725	(4,164)
	8,531,769	7,952,804	578,965
Work in Progress			
Land	168,906	55,624	113,282
Construction	1,291,533	1,048,978	242,555
Tangible capital assets	\$ 9,992,208	\$ 9,057,406	\$ 934,802

During 2009, The City spent \$1.228 billion on capital projects (2008 – \$1.308 billion), which included \$0.977 billion for tax-supported projects. Spending on capital projects was primarily on water and wastewater infrastructure; LRT projects including the West LRT project and platform enhancements; roads and bridges; various land and buildings acquisitions and betterments, including the Westwinds building as the new location for the police operations centre; and various parks projects including Legacy Parks projects.

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

During the year, there were no write-downs of tangible capital assets. Donated assets (related to waterworks and wastewater distribution and collection systems, parks and roads) are capitalized and are recorded at their estimated fair value upon acquisition. Parks and roads and underground networks contributed to The City totaled \$75.2 million (2008 – \$56.0 million).

In 2009, The City adopted PSAB section PS 3150 – Tangible Capital Assets. This was an important step in managing The City's assets. This change has had implications across the corporation. This project has required changes to business and financial policies, processes, and systems. For 2009, The City has successfully implemented PS 3150. The City will continue to refine and enhance the implementation and ongoing sustainment efforts to maintain compliance with this new standard.

2009 FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT TRENDS

REVENUES (before external transfers for infrastructure)

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

	Actual 2009	Actual 2008 (restated)	Actual 2007 ⁽¹⁾	Actual 2006 ⁽¹⁾	Actual 2005 ⁽¹⁾
Net taxes available for municipal purposes	\$ 1,292,408	\$ 1,223,187	\$ 1,208,265	\$ 1,039,256	\$ 961,048
Sales of goods and services	844,256	781,437	740,543	706,583	574,465
Government transfers					
Federal	9,506	8,202	6,707	6,936	5,975
Provincial	165,753	111,098	161,990	91,392	86,338
Equity in earnings of government business enterprises	204,637	181,994	144,299	129,671	116,753
Investment income	40,486	57,873	56,474	49,369	37,162
Fines and penalties	60,075	56,156	53,571	53,339	51,273
Licences, permits and fees	69,061	77,700	74,238	64,053	50,015
Miscellaneous revenue	46,343	35,751	17,679	14,100	13,521
Total revenues (before external transfers for infrastructure)	\$ 2,732,525	\$ 2,533,398	\$ 2,463,766	\$ 2,154,699	\$ 1,896,550

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

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

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

Sales of goods and services has generally increased due to growth and rate increases. However, the decline in commercial real estate sales revenue in 2005 more than offset increases in other areas before increasing in 2006.

Government transfers (Provincial) included additional one-time grants for affordable housing of \$48 million in 2009 and \$63 million in 2007.

Equity in earnings of government business enterprises comprises the net equity increase in The City's two government business enterprises: ENMAX and The Calgary Telus Convention Centre. The increase each year is primarily a result of the growth in ENMAX.

Investment income has been increasing until 2009 as a result of increasing balances in reserves and capital deposits dedicated to specific capital projects. 2009 experienced extraordinarily low interest rates, decreasing the amount of investment income earned in the year.

Licences, permits and fees reflects the building permit revenues driven by Calgary's growth, which increased through 2008 but declined somewhat in 2009.

Miscellaneous revenue was higher in 2009 primarily from higher tangible capital asset gain on sale of assets. Increases over 2005, 2006 and 2007 are as a result of certain capital asset sales not restated under the new Tangible Capital Assets reporting changes.

FINANCIAL POSITION - NET FINANCIAL ASSETS

As at December 31 (in thousands of dollars)

	Actual 2009	Actual 2008	Actual 2007 ⁽¹⁾	Actual 2006 ⁽¹⁾	Actual 2005 ⁽¹⁾
		(restated)			
FINANCIAL ASSETS					
Cash and cash equivalents	\$ 48,657	\$ 68,927	\$ 70,937	\$ 47,908	\$ 40,301
Investments	2,218,939	1,958,122	1,818,898	1,523,902	1,235,948
Receivables	223,047	242,054	197,291	185,785	156,108
Land inventory	247,353	243,874	217,532	145,987	127,477
Other assets	10,395	11,231	23,883	22,525	26,215
Investment in government business enterprises	1,751,000	1,604,361	1,461,970	1,386,158	1,306,487
	4,499,391	4,128,569	3,790,511	3,312,265	2,892,536
LIABILITIES					
Bank indebtedness and short-term borrowing	56,442	76,371	59,552	46,675	38,862
Accounts payable and accrued liabilities	567,097	506,466	465,098	506,333	377,426
Deferred revenue	63,839	67,567	61,464	47,762	37,067
Capital deposits	620,107	583,436	512,114	430,125	342,138
Provision for landfill rehabilitation	12,100	11,500	10,900	10,400	9,250
Employee benefit obligations	278,677	248,339	231,346	214,711	202,443
Long-term debt	2,461,850	1,959,231	1,696,323	1,429,980	1,323,132
	4,060,112	3,452,910	3,036,797	2,685,986	2,330,318
NET FINANCIAL ASSETS	\$ 439,279	\$ 675,659	\$ 753,714	\$ 626,279	\$ 562,218

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

The growth in value of The City's net financial assets through 2007 is primarily a reflection of the increasing value of ENMAX Corporation. The decline since 2007 reflects the increase in long-term debt for infrastructure. Increases in gross financial assets beyond the increase due to ENMAX are related to liquid assets that are offset primarily by increasing liabilities governed by agreements with the parties involved, including funds owed for goods and services already received (accounts payable and accrued liabilities), capital deposits that must be spent on specific types of capital projects, and employee benefit obligations.

2009 FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

LONG-TERM DEBT

As at December 31 (in thousands of dollars)

	Actual 2009	Actual 2008 (restated)	Actual 2007	Actual 2006	Actual 2005
Opening Balance	\$ 1,959,231	\$ 1,696,323	\$ 1,429,244	\$ 1,322,301	\$ 1,263,728
Increase (decrease)					
Tax supported	(37,342)	(22,663)	(15,597)	(45,647)	(42,338)
Self-sufficient tax supported	266,000	40,000			
Self supported	273,961	245,571	282,676	152,590	100,911
Net increase during the year	502,619	262,908	267,079	106,943	58,573
Closing balance	2,461,850	1,959,231	1,696,323	1,429,244	1,322,301
ENMAX debt in The City's name	516,852	438,586	406,968	339,700	219,472
Total debt attributable to The City	\$ 2,978,702	\$ 2,397,817	\$ 2,103,291	\$ 1,768,944	\$ 1,541,773

In 2009, Standard & Poor's affirmed The City's long-term debt rating at AA+ and commercial paper rating of A-1+ reflecting the city's very strong economic performance and growth prospects; strong budgetary results; steadily increasing cash and investment balances; and the significant and increasing funding support The City receives from other orders of government. Dominion Bond Rating Service Limited (DBRS) also maintained The City's long-term debt notional rating at AA (high) and The City's commercial paper rating at R-1 (high). These excellent independent ratings reflect Calgary's strong and diverse economy, financial policies/practices and approval of three-year business plans and budgets.

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

In 2009, \$32.2 million in new tax-supported debt was obtained to finance growth-related projects, which was \$37.3 million less than tax-supported debt repayments. The City's tax-supported long-term debt was \$450.5 million as at December 31, 2009. The ratio of debt servicing charges to tax-supported gross expenditure (net of recoveries) was 4.4% (Chart A, page 37), which is well within The City's 10% policy limitation. \$350 million of additional tax-supported debt capacity, approved by Council in 2002, is fully committed. In 2006, Council approved a further \$75 million per year for 2007-2008 for self-sufficient tax-supported debt in anticipation of possible funding requirements for new projects such as The Rivers Community Revitalization Plan, for which the Calgary Municipal Land Corporation borrowed \$26 million in 2009. In 2008, Council authorized \$100 million per year, in each of the next five years, of self-sufficient, tax-supported debt for self sustaining projects (eg. Calgary Municipal Land Corporation projects). In 2009, Council also approved a maximum debt of \$1 billion to provide bridge financing for MSI-funded projects. As at December 31, 2009, The City borrowed \$240 million for these projects.

Also in 2009, \$404.9 million in new self-supported debt was obtained, and new borrowing exceeded debt repayments by \$274.0 million, bringing the total self-supported debt up to \$1.705 billion (excluding \$516.9 million in debt attributable to ENMAX).

Chart B on page 37 shows the cumulative debt for the past 10 years, which highlights the significant growth of self-supported debt in recent years resulting from infrastructure requirements and cost escalation due to international construction materials demand and a tight construction market in Calgary and throughout Alberta.

CHART A - DEBT SERVICING AS A PER CENT OF OPERATING EXPENDITURES (NET OF RECOVERIES), TAX SUPPORTED

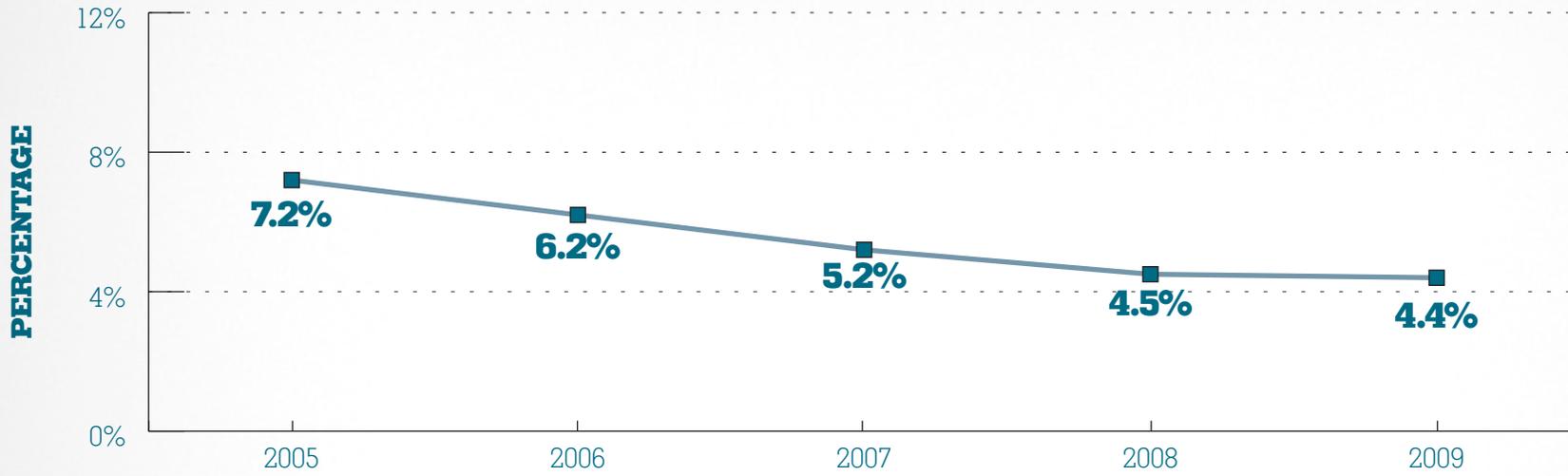
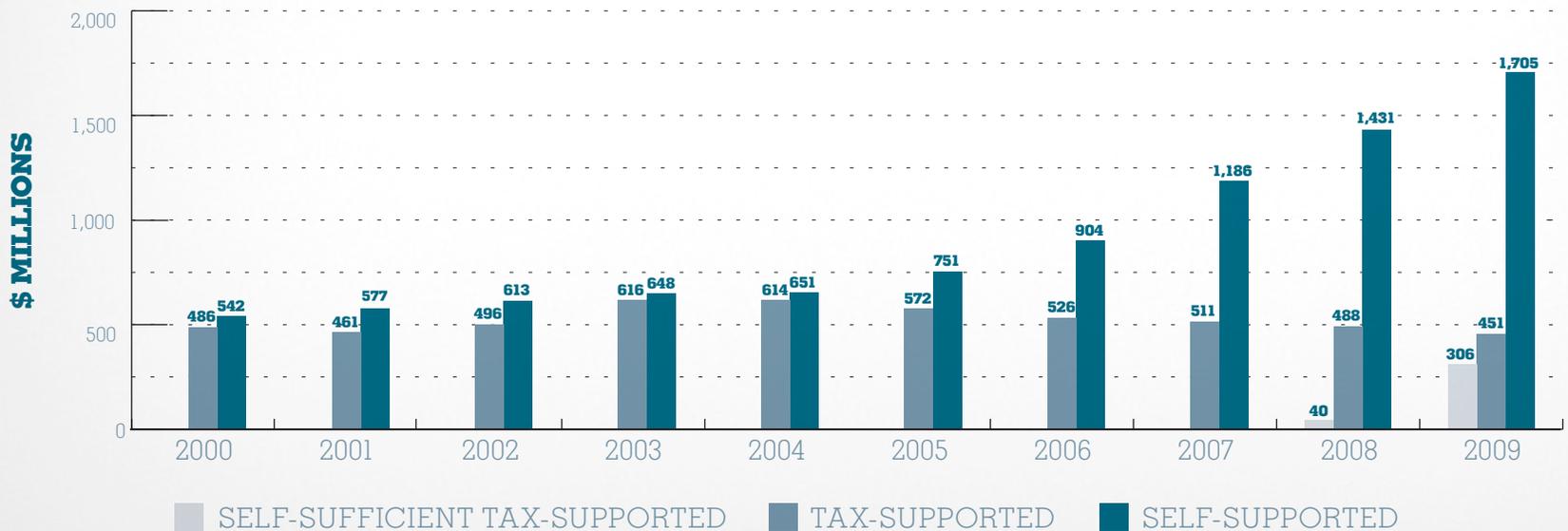


CHART B - OUTSTANDING CAPITAL DEBT



2009 FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

RESERVES

As at December 31 (in thousands of dollars)

	Actual 2009	Actual 2008 (restated)	Actual 2007	Actual 2006	Actual 2005
	\$ 951,628	\$ 862,290	\$ 816,143	\$ 614,178	\$ 497,571

The reserve balances totaled \$951.6 million at the end of 2009 (2008 – \$862.3 million). The net increase was primarily the result of transferring funds to the Fiscal Stability Reserve from a reduction in tax loss provision liability (in accordance with Council direction) reflecting resolution of a number of property and business tax issues, and funds for major capital projects as well as corporate housing and real estate, offset by reductions in funds for debt servicing and legacy parks.

The City allocates funds to reserves to meet specific future operating and capital expenditure requirements and to provide for emergencies. The City is currently reviewing the Council approved reserves policy, which includes the development of a process to ensure each reserve is reviewed for necessity and sufficiency, including ensuring that required funds are available, outdated reserves are closed and the level of funding is not higher than necessary. City Council's Standing Policy Committee on Finance and Corporate Services completed a review of the ten largest and certain other City financial reserves in 2007.

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

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

OPERATIONAL RISK MANAGEMENT

The City of Calgary was not materially impacted by the worldwide economic downturn as much as many other organizations in 2009, but the recovery that has begun is somewhat fragile. In keeping with Council's Integrated Risk Management policy, The City continues to monitor economic conditions and The City's financial status so that Council is informed promptly of any changes requiring adjustment to business plans and budgets.

The economy's impact on provincial government revenues has resulted in deferral of a portion of capital grants to Calgary for infrastructure construction underway and planned for the near future. As a result, Calgary will take on short-term debt until the deferred grant funding is provided in order to continue planned projects, thus avoiding costs of delaying projects and taking advantage of a more favourable construction market. Declining economic activity in 2009 weakened property development, but population and the tax base continues to grow. Franchise fee revenues were affected by less growth in demand and lower energy prices, but even as recovery gets underway there is still uncertainty about the direction in the coming year.

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

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

NORMAL OPERATIONAL

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

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

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

ENVIRONMENTAL

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

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

In 2007, Council approved a Brownfield Strategy focusing on redevelopment of City-owned contaminated sites and management of related environmental issues. Also, The City and the Calgary Health Region created the Calgary Region Air Shed Zone (CRAZ) to address regional air shed issues, take over management of air monitoring equipment from Alberta Environment and address air quality issues. CRAZ has also adopted the Calgary Region Airshed Zone Strategic Plan 2009-2011 and Action Plan which focuses activities and resources for the next 3 years.

COMMODITY PRICE AND FOREIGN EXCHANGE

To stabilize operating budgets in the face of energy price volatility, The City purchases diesel fuel in the futures market when deemed beneficial and has a long-term fixed-rate contract for electricity. The City has a natural hedge against natural gas price increases because fees for using City rights of way (e.g., for natural gas distribution) are based on the amount billed for those services. The City hedges any foreign currency requirements in excess of \$250,000 Canadian. At December 31, 2009, The City had outstanding Euro currency and U.S. dollar foreign exchanged fixed contract arrangements totaling \$71.3 million Canadian dollars (2008 – \$73.9 million) at exchange rates ranging from 1.01 to 1.26 Canadian dollars for U.S. dollar contracts and from 1.52 to 1.54 Canadian dollars for Euro contracts. During the fiscal year ended December 31, 2009, the various arrangements for foreign merchandise purchases cost The City \$1.716 million (2008 – \$44 thousand) more than if the arrangements had not been entered into.

ENMAX (THE CITY'S WHOLLY-OWNED SUBSIDIARY)

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

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

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

ENMAX is a substantial City equity holding. In 2009 The City, as shareholder, endorsed the company's 2010 strategic plan. Approvals for capital projects in excess of \$30 million are sought separately and explicitly from the shareholder. ENMAX provides The City with annual dividends that are determined by board policy and have been \$50 million or more for each of the last five years.

2009 FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

THE OUTLOOK

Calgary's economic prospects are closely connected with fluctuations in the global, national and provincial economies. Thus, the speed and shape of Calgary's recovery from the 2008-2009 recession is dependent on global economic factors, and the growth outlook for the United States in particular. Although it would appear that the local economy is beginning to rebound following the recent downturn, sluggish global demand for energy and a stronger Canadian dollar will tend to dampen Calgary's exports, in turn tempering growth expectations for Calgary's business, equity and property markets.

Estimates for the Calgary Economic Region forecast growth of about 2.5% in 2010, rising beyond that for 2011, and then stabilizing in the 2%-3% range for several years, a rate of economic expansion lower than what was experienced in the last decade. Calgary is expected to experience a mild recovery in residential construction levels, a slow improvement in employment leading toward a full employment scenario by 2012, and consumer price inflation rebounding to the 2%-3% range over the next several years. However, rising office vacancy rates should restrain construction in the non-residential sector. In general, the effects of the global recession were somewhat muted in Calgary, but the ultimate speed and degree of the expected recovery remain subject to varying opinions among experts.

Even under recessionary conditions, Calgary's economy has continued to attract many people from other locations. Annual net migration is forecasted to average about 15,000 per year over the next five years, which, combined with natural increases (births less deaths) will increase population by an average of 21,800 persons (2.1%) per year, a very healthy growth rate for a large city.

The rapid swings in economic prospects, from the record growth of 2006-2007 to the slump of 2008-2009, and the gradual recovery now expected, have validated the flexibility built into The City's process for strategic and business planning. Council reviews the impacts of current decisions on future budget prospects and gives the Administration clear direction concerning business plans and budgets through its guidelines and decisions. Council's approval of the 2009-2011 business plans and operating and capital budgets in 2008 was followed by a set of approved adjustments for 2009 to respond to changing economic and operating conditions. Those adjustments centred on containing costs, deferring some elements of growth, controlling the increase in full-time City employees, and reducing the rates of increase in property taxes and utility rates, all in reflection of the changing Calgary economy. The adjustment process for the remaining year in the current cycle will be completed in the fall of 2010, with work then beginning on the next round of three-year Council priorities, business plans and budgets for the 2012-2014 period.

The City of Calgary's longer-term perspective carries well beyond its three-year plan. In 2009, Council approved the adoption of new municipal development and transportation plans that will manage future community growth and investment plans for the next 60 years, featuring a balancing of growth between established and new areas of the city. Calgary has also been a major contributor to the Calgary Metropolitan Plan, completed and approved by the Calgary Regional Partnership, which includes a comprehensive regional land use plan, a governance strategy and principles for regional servicing. The Metropolitan Plan contemplates the extension of Calgary's water, sewer and transit services to the surrounding region, which will have significant future operational, budgetary and growth management implications. The City also will update its long-range financial plan, building on the projections for 2010-2019, and their related financial goals and strategies, that were provided to Council in 2009.

Calgary's rapid growth in the last decade has created a substantial challenge to provide for the maintenance of City assets. Work will continue to address the magnitude of required lifecycle maintenance for the organization's \$50 billion (estimated replacement cost) in assets, by integrating multiple asset management systems into a corporate Asset Management Plan. The City has entered into a 20-year contract for electricity from ENMAX Energy for 2007-2026 with the objective of moving towards 100% "green" energy use. Consideration is being given to build on the success of the blue cart recycling program established in 2009, through the development of a more automated collection system for all household garbage over the next several years.

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

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

Federal government support for municipal priorities remains in place. In its 2010-11 budget, The Government of Canada has maintained its commitment to a long-term funding agreement with municipalities to share a portion of federal fuel tax proceeds for transportation infrastructure as well as for environmental initiatives.

The Community Revitalization Levy is an example of an innovative, own-source approach to obtaining funding that has been approved for a major downtown infrastructure redevelopment project called The Rivers Community Revitalization Plan. The plan was initiated as a self-sufficient tax-supported program in 2007 under the newly formed Calgary Municipal Land Corporation, a controlled corporation of The City that is accountable for development and sale of land transferred from The City. As with other development projects, challenging economic conditions could affect the implementation schedule.

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

Calgary, Canada

April 30, 2010

Canadian Award for Financial Reporting

Presented to

The City of Calgary
Alberta

For its Annual
Financial Report
for the Year Ended

December 31, 2008

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




President

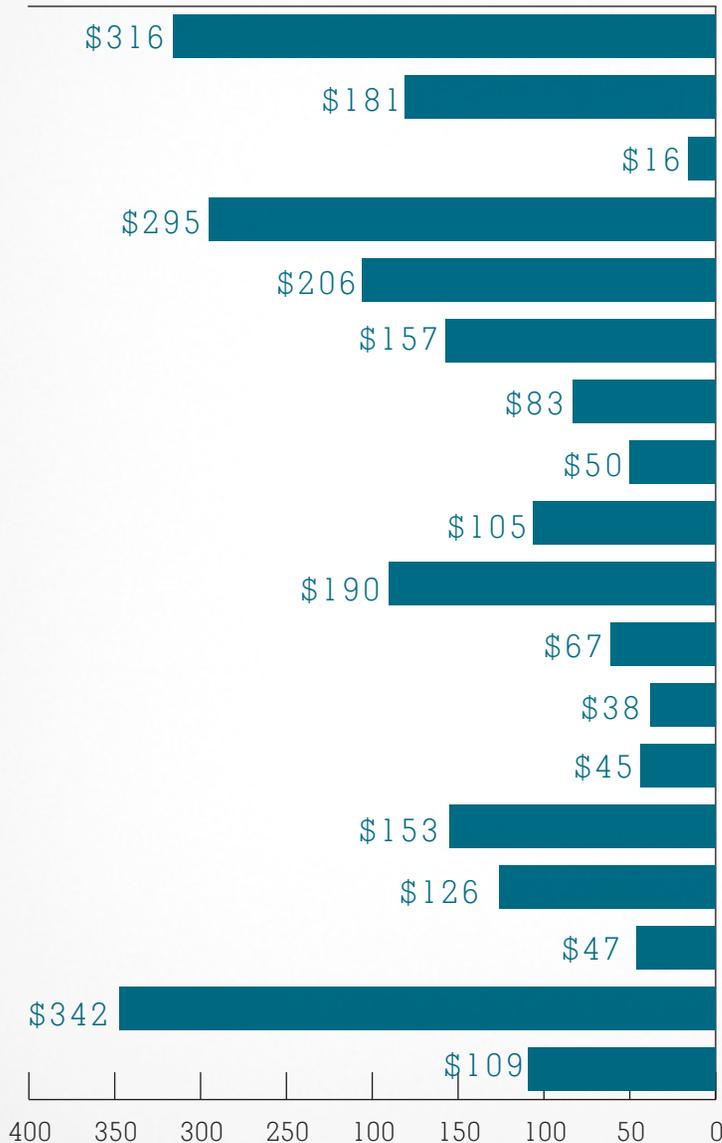

Executive Director

FINANCIAL SYNOPSIS

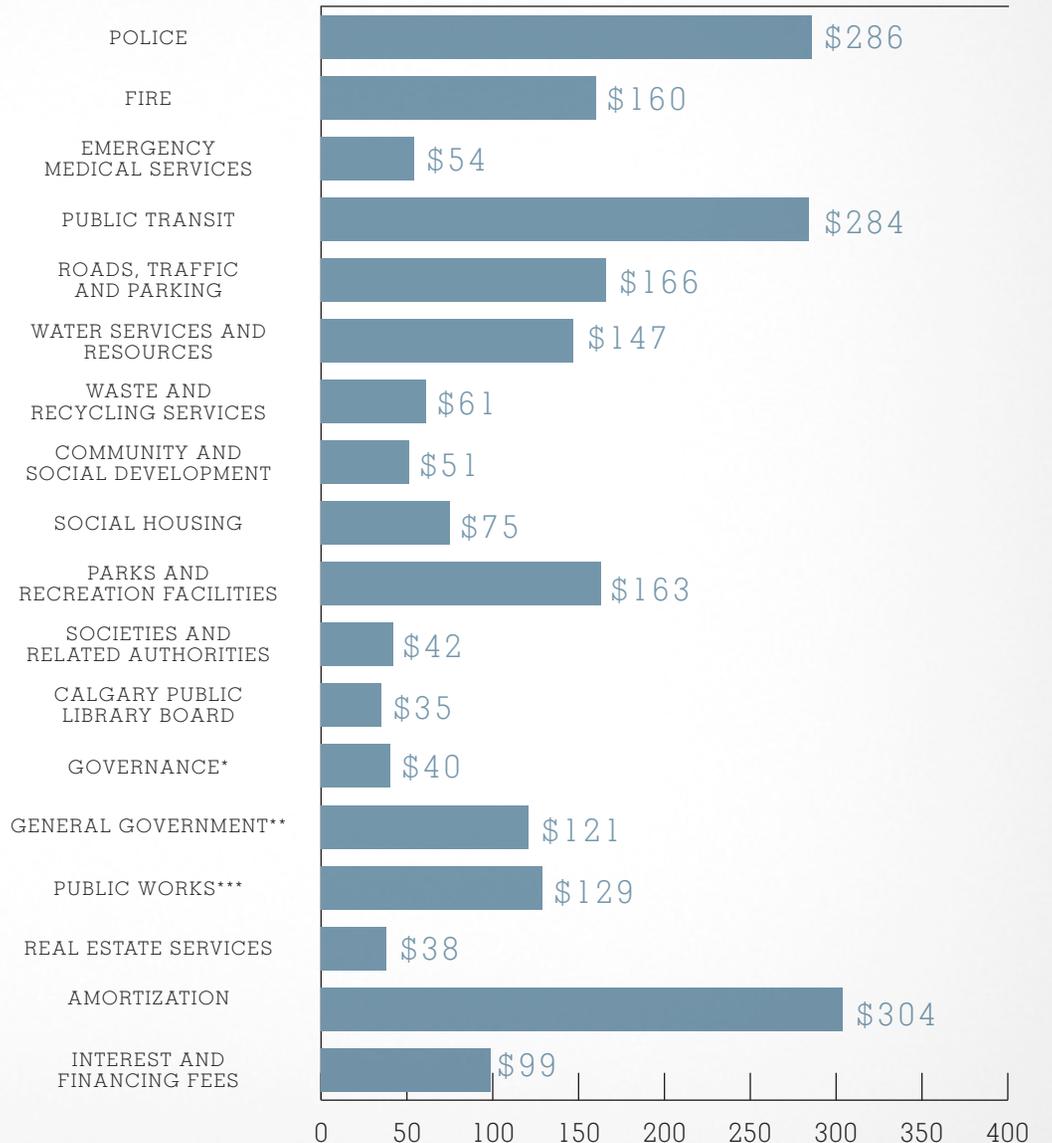
EXPENDITURES

FOR THE YEAR ENDED DECEMBER 31
(IN MILLIONS OF DOLLARS)

2009 TOTAL EXPENDITURES \$2,526



\$2,255 2008 TOTAL EXPENDITURES



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

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

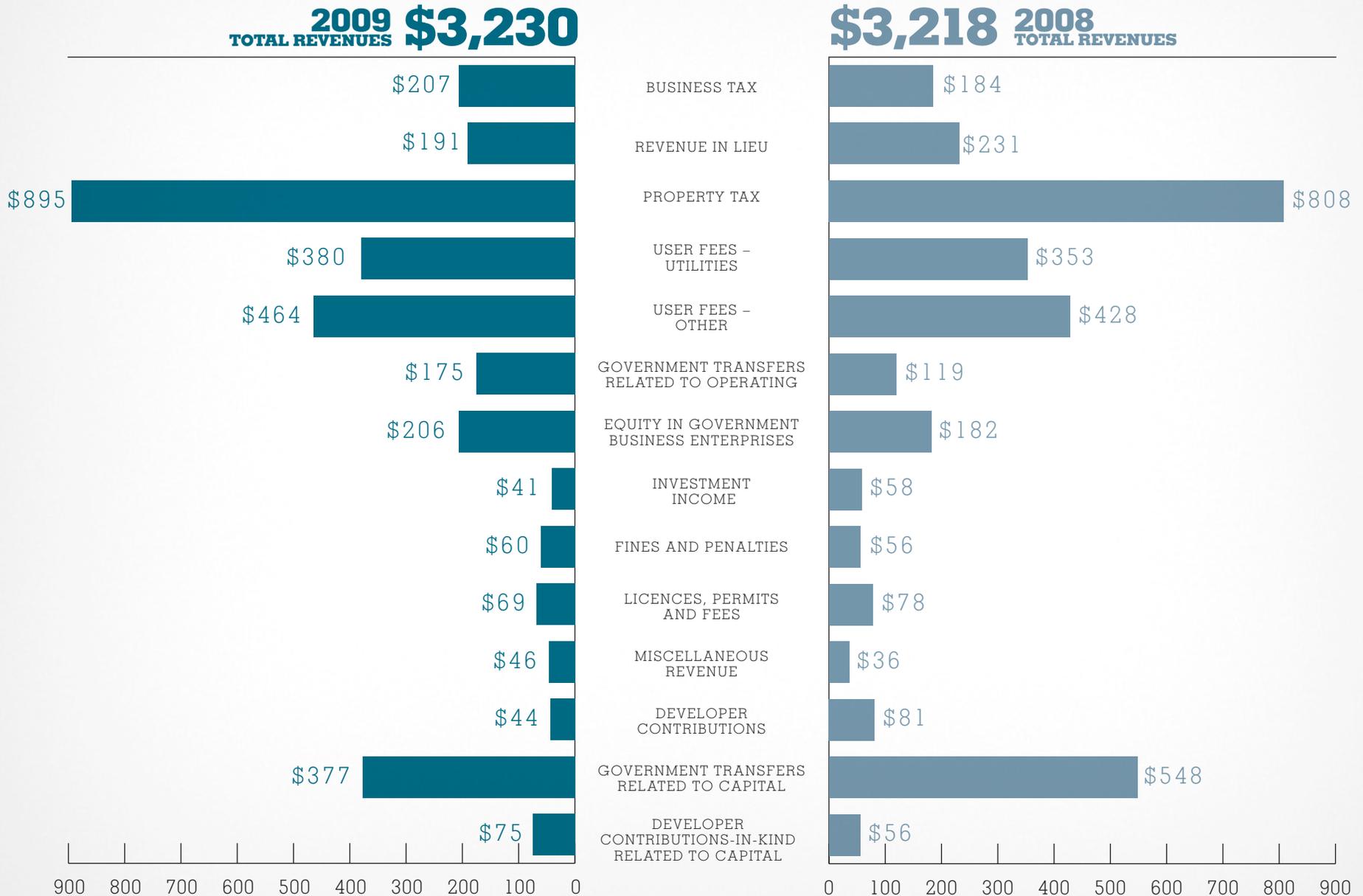
*** Includes Animal & Bylaw Services, Development & Building Approvals (DBA), Land Use Planning and Policy, Land Information and Mapping, Environmental & Safety Management, Infrastructure Services and facilities.

FINANCIAL

SYNOPSIS 2009

SOURCES OF REVENUE

FOR THE YEAR ENDED DECEMBER 31
(IN MILLIONS OF DOLLARS)



CONSOLIDATED FINANCIAL STATEMENTS

RESPONSIBILITY FOR FINANCIAL REPORTING

MANAGEMENT'S REPORT

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

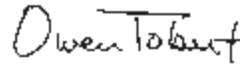
The consolidated financial statements are prepared by management, in accordance with generally accepted accounting principles established by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. They necessarily include some amounts that are based on the best estimates and judgments of management. Financial data elsewhere in the report is consistent with that in the consolidated financial statements.

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

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

City Council fulfils its responsibility for financial reporting through its Standing Policy Committee ("S.P.C.") on Finance and Corporate Services and its Audit Committee. The S.P.C. on Finance and Corporate Services consists of seven aldermen who meet regularly to deal with budget-related matters. The Audit Committee of five alderman and two citizen representatives meets regularly with both the independent external auditors and the City Auditor to review financial control and reporting matters.

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



Owen Tobert,
City Manager



Eric Sawyer,
Chief Financial Officer

Calgary, Canada
April 30, 2010

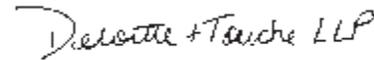
AUDITORS' REPORT

TO HIS WORSHIP MAYOR DAVE BRONCONNIER AND MEMBERS OF CITY COUNCIL, THE CITY OF CALGARY

We have audited the consolidated statement of financial position of The City of Calgary as at December 31, 2009 and the consolidated statements of operations and accumulated surplus, cash flows and changes in net financial assets for the year then ended. These consolidated financial statements are the responsibility of The City's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of The City of Calgary as at December 31, 2009 and the results of its operations, cash flows and changes in its net financial assets for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

Calgary, Canada
April 30, 2010

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31
(IN THOUSANDS OF DOLLARS)

	2009	2008 (restated) (note 27)
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 48,657	\$ 68,927
Investments (Note 3)	2,218,939	1,958,122
Receivables (Notes 4 and 6(d))	223,047	242,054
Land inventory	247,353	243,874
Other assets (Note 5)	10,395	11,231
Investment in government business enterprises (Note 6)	1,751,000	1,604,361
	4,499,391	4,128,569
FINANCIAL LIABILITIES		
Bank indebtedness (Note 7)	56,442	76,371
Accounts payable and accrued liabilities (Notes 6(d) and 8)	567,097	506,466
Deferred revenue (Note 9)	63,839	67,567
Capital deposits (Note 10)	620,107	583,436
Provision for landfill rehabilitation (Note 11)	12,100	11,500
Employee benefit obligations (Note 12)	278,677	248,339
Long-term debt (Note 13)	2,461,850	1,959,231
	4,060,112	3,452,910
NET FINANCIAL ASSETS	439,279	675,659
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 14)	9,992,208	9,057,406
Inventory	42,273	45,294
Prepaid assets	16,874	13,150
	10,051,355	9,115,850
ACCUMULATED SURPLUS (Note 16)	\$ 10,490,634	\$ 9,791,509

Commitments, contingent liabilities and guarantees (Notes 22 and 23)

See accompanying notes to the consolidated financial statements

Approved on behalf of City Council:



Mayor Dave Bronconnier



Alderman Brian Pincott, Chairman, Audit Committee

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED
DECEMBER 31
(IN THOUSANDS
OF DOLLARS)

	Budget 2009 (unaudited) (note 15)	Actual 2009	Actual 2008 (restated) (note 27)
REVENUES			
Net taxes available for municipal purposes (Note 18)	\$ 1,240,091	\$ 1,292,408	\$ 1,223,187
Sales of goods and services	810,652	844,256	781,437
Government transfers and revenue sharing agreements			
Federal	6,983	9,506	8,202
Province of Alberta	117,511	165,753	111,098
Investment income	49,216	40,486	57,873
Fines and penalties	57,447	60,075	56,156
Licences, permits and fees	58,703	69,061	77,700
Miscellaneous revenue	42,864	46,343	35,751
Equity in earnings of government business enterprises (Note 6)	205,900	204,637	181,994
	2,589,367	2,732,525	2,533,398
EXPENDITURES			
Police	316,581	316,025	285,936
Fire	183,324	181,149	159,998
Emergency medical services	14,449	15,939	53,928
Public transit	295,111	295,252	283,688
Roads, traffic and parking	188,260	205,663	166,415
Water services and resources	159,881	157,277	147,041
Waste and recycling services	95,154	82,934	60,632
Community and social development	43,896	49,535	50,641
Social housing	93,672	105,528	75,153
Parks and recreation facilities	178,160	189,898	162,997
Societies and related authorities	57,908	66,925	41,559
Calgary Public Library Board	41,244	37,574	35,325
General government	224,170	199,821	160,958
Public works	131,709	125,718	129,428
Real estate services	43,839	46,598	37,631
Amortization	1,797	341,792	304,383
Interest and financing fees	112,963	108,823	99,392
	2,182,118	2,526,451	2,255,105
EXCESS OF REVENUES OVER EXPENDITURES BEFORE OTHER OTHER	407,249	206,074	278,293
Developer contributions	48,810	44,383	80,872
Government transfers related to capital (Note 20)	627,637	376,424	548,117
Developer contributions-in-kind related to capital	3,765	75,242	56,042
NET REVENUES	1,087,461	702,123	963,324
Government business enterprises – transition adjustments upon new accounting standard adoption (Note 6)	–	8,200	–
Government business enterprises – other comprehensive income (loss) adjustment (Note 6)	–	(11,198)	6,433
EXCESS OF REVENUE OVER EXPENSES	1,087,461	699,125	969,757
ACCUMULATED SURPLUS, BEGINNING OF YEAR	9,791,509	9,791,509	8,821,752
ACCUMULATED SURPLUS, END OF YEAR	\$ 10,878,970	\$ 10,490,634	\$ 9,791,509

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31
(IN THOUSANDS OF DOLLARS)

	2009	2008 (restated) (note 27)
NET INFLOW (OUTFLOW) OF CASH AND CASH EQUIVALENTS:		
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 699,125	\$ 969,757
Deduct items not affecting cash:		
Equity in earnings of government business enterprises	(201,639)	(188,427)
Amortization of tangible capital assets	341,792	304,383
Gain on disposal of tangible capital assets	(22,399)	(22,799)
Developer contributions-in-kind related to capital	(75,242)	(56,042)
Change in non-cash items:		
Receivables	19,007	(44,758)
Land inventory	(3,479)	(28,113)
Other assets	836	1,157
Inventory	3,021	(5,733)
Prepaid assets	(3,724)	(1,655)
Accounts payable and accrued liabilities	60,631	40,097
Deferred revenue	(3,728)	9,642
Capital deposits	36,671	74,974
Provision for landfill rehabilitation	600	600
Employee benefit obligations	30,338	16,993
	881,810	1,070,076
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(1,227,677)	(1,289,280)
Sale of tangible capital assets	48,724	27,104
	(1,178,953)	(1,262,176)
INVESTING ACTIVITIES		
Dividends from ENMAX Corporation	55,000	50,000
Increase in investments	(260,817)	(139,224)
	(205,817)	(89,224)
FINANCING ACTIVITIES		
Long-term debt issued	703,114	432,838
Long-term debt repaid	(200,495)	(170,343)
(Decrease)/increase in bank indebtedness	(19,929)	16,819
	482,690	279,314
DECREASE IN CASH AND CASH EQUIVALENTS	(20,270)	(2,010)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	68,927	70,937
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 48,657	\$ 68,927

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

FOR THE YEAR ENDED DECEMBER 31
(IN THOUSANDS OF DOLLARS)

	Budget 2009 (unaudited) (note 15)	Actual 2009	Actual 2008 (restated) (note 27)
EXCESS OF REVENUES OVER EXPENSES	\$ 1,087,461	\$ 699,125	\$ 969,757
Amortization of tangible capital assets	1,797	341,792	304,383
Proceeds on disposal of tangible capital assets	-	48,724	27,104
Acquisition of supplies inventories	-	177,986	166,786
Use of supplies inventories	-	(174,965)	(172,519)
Acquisition of prepaid assets	-	38,072	35,928
Use of prepaid assets	-	(41,796)	(37,583)
Tangible capital assets received as contributions	(3,765)	(75,242)	(56,042)
Loss (gain) on sale of tangible capital assets	-	(22,399)	(22,799)
Acquisition of tangible capital assets	(1,293,815)	(1,227,677)	(1,289,280)
DECREASE IN NET FINANCIAL ASSETS	(208,322)	(236,380)	(74,265)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	675,659	675,659	749,924
NET FINANCIAL ASSETS, END OF YEAR	\$ 467,337	\$ 439,279	\$ 675,659

See accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2009
(IN THOUSANDS OF DOLLARS)

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

1. SIGNIFICANT ACCOUNTING POLICIES

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

a) Basis of Consolidation

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

The consolidated financial statements include all organizations that are accountable for the administration of their financial affairs and resources to The City and are controlled by The City, except for The City's government business enterprises, ENMAX Corporation ("ENMAX") and the Calgary TELUS Convention Centre, which are accounted for on the modified equity basis of accounting.

Consolidated Entities

The five related authorities included in the consolidated financial statements are Calgary Parking Authority, the Calgary Public Library Board, Calhome Properties Ltd. (operating as Calgary Housing Company), the Calgary Municipal Land Corporation, and the Attainable Homes Calgary Corporation (Note 19). Transactions and balances between The City and the related authorities have been eliminated.

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

Calgary Board of Education
Calgary Exhibition and Stampede Limited
Calgary HandiBus Association
Calgary Health Region
Calgary Arts Development Authority Ltd.
Calgary Roman Catholic Separate School District No.1
TELUS World of Science & Creative Kids Museum
Calgary Zoological Society
EPCOR Centre for the Performing Arts
Heritage Park Society
Lindsay Park Sports Society
Metropolitan Calgary Foundation
Saddledome Foundation

Registered Pension Plans (Note 12)

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

Government Business Enterprises

ENMAX and the Calgary TELUS Convention Centre are government business enterprises, and wholly-owned subsidiaries of The City. These enterprises are accounted for using the modified equity method. Under this method, the business enterprise's accounting principles are not adjusted to conform to those of The City, and inter-organizational transactions are not eliminated (Note 6).

Funds Held in Trust

Funds held in trust and their related operations administered by The City for the benefit of external parties are not included in the consolidated financial statements, but are reported separately on the continuity of funds (Note 26).

b) Basis of Accounting

- i) Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.
- ii) Taxation revenues are recorded at the time tax billings are issued. Taxation billings are subject to appeal. A provision has been recorded in accounts payable and accrued liabilities for potential losses on taxation revenue appeals outstanding as of December 31, 2009.
- iii) Government transfers and grants are recognized in the consolidated financial statements as revenues in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.
- iv) Expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.
- v) Authorized transfers from The City are recorded as expenditures when eligibility criteria have been met by the recipient and the amount can be reasonably estimated.

c) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit and treasury bills with original maturities of 90 days or less at the date of acquisition and are recorded at cost.

d) Investments

Included in investments are temporary investments in money market instruments and portfolio investments such as fixed income bonds. In 2008, The City added equities, on a limited basis, as an allowable asset class, with a constraint of not more than 10% of the market value of total funds invested allocated to equities. Investments are recorded at the lower of original cost net of amortized discounts and premiums and market value on a portfolio basis.

e) Land Inventory

Land inventory is carried at the lower of cost and net realizable value. Cost includes amounts for land acquisition.

f) Bank Indebtedness

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

g) Deferred Revenue

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

h) Capital Deposits

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

i) Provision for Landfill Rehabilitation

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

j) Employee Benefit Obligations

The City has fully funded its total estimated employee benefit obligations.

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

iii) The City records the actuarially determined excess of the accrued benefit obligation over the market value of the plan assets for City-sponsored, registered defined-benefit pension plans. For jointly sponsored plans, The City records its proportionate share of that excess. For non-registered, defined-benefit plans and other retirement benefit obligations, The City records the actuarially determined accrued benefit obligation. The City holds assets within its cash and investments to address these obligations. No obligations are recorded for multi-employer defined-benefit pension plans administered by external parties as The City's share of those obligations is not readily determinable.

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

k) Non-Financial Assets

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

l) Accumulated Surplus/Deficit

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

m) Tangible Capital Assets

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

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

Works of art for display are not recorded as tangible capital assets but are disclosed. The cost, less residual value, of tangible capital assets is amortized on a straight line basis over the estimated useful life as follows:

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

i) Inventories

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

ii) Land Held for Municipal Purposes

Land inventory comprising land held for future development is carried at the lower of cost and net realizable value. Cost includes amounts for land acquisition and improvements to prepare the land for sale or servicing.

n) Equity in Non-financial Assets

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

o) Budget Figures (unaudited)

The 2009 budget is reflected on the consolidated statement of operations and accumulated surplus. The budget consists of the Council-approved amounts for the operating fund and the capital fund, modified for capital revenue adjustments and assets capitalized on the statement of financial position. The budgets established for the capital fund are on a project-oriented basis, the costs of which may be carried out over one or more years. The capital budget figures are modified based on the percentage of completion of these projects.

p) Environmental Provisions

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

q) Financial Instruments and Fair Values

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

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

Based on available market information, the carrying value of The City's financial instruments approximates their fair value due to their short period to maturity, except with respect to investments as indicated in Note 3 and long-term debt, as indicated in Note 13(e).

r) Use of Estimates

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

s) Recent Accounting Pronouncements – Tangible Capital Assets

In 2007, PSAB approved a recommendation to require local governments to recognize capital expenditures as capital assets and to amortize them over their expected useful life. This recommendation under PSAB Handbook Section 3150 Tangible Capital Assets applies to all local governments for the fiscal years beginning on or after January 1, 2009. The City of Calgary has adopted these standards.

2. CASH AND CASH EQUIVALENTS

	2009	2008
Cash on deposit	\$ 47,995	\$ 56,546
Treasury bills with original maturities of 90 days or less	662	12,381
	\$ 48,657	\$ 68,927

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2009
(IN THOUSANDS OF DOLLARS)

3. INVESTMENTS

All the investments managed by The City are held in fixed income securities and equity investments. Investments with a cost of \$1,981 (2008 – \$1,820) are managed by the Parks Foundation, and include equity investments of \$1,531 (2008 – \$1,261). The cost and market value of all investments as at December 31 are as follows:

	2009 Cost	2009 Market value	2008 Cost	2008 Market value
Government of Canada bonds	\$ 252,619	\$ 252,037	\$ 67,590	\$ 68,923
Provincial bonds	307,931	310,190	339,767	340,088
Federally regulated banks	232,191	238,573	209,515	209,384
Other Canadian corporations	1,324,078	1,329,990	1,339,989	1,339,534
Equity investments	102,120	112,248	1,261	1,261
	\$ 2,218,939	\$ 2,243,038	\$ 1,958,122	\$ 1,959,190

The average yield earned from investments during the year was 2.7% (2008 – 4.0%). Maturity dates on the investments range from 2010 to 2108. Investments include \$1,674,716 (2008 – \$1,477,442) in an internally managed portfolio composed of money market instruments maturing within one year.

4. RECEIVABLES

	2009	2008 (restated)
Taxes	\$ 39,880	\$ 35,882
Federal and Provincial governments	35,647	46,877
General	147,520	159,295
	\$ 223,047	\$ 242,054

5. OTHER ASSETS

	2009	2008
Deferred charges	\$ 2,732	\$ 2,653
Long-term debt recoverable	3,604	3,854
Assets held by other organizations	–	22
Long-term receivables	4,059	4,702
	\$ 10,395	\$ 11,231

6. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES

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

Upon deregulation, effective January 1, 2001, The City approved only those electrical rates determined for the regulated activities of electricity transmission and distribution. Effective January 2004, Alberta Energy and Utilities Board (“AEUB”) became the regulator of ENMAX Power, approving the electricity transmission and distribution rates to charge customers within ENMAX’s service area.

Debentures in the amount of \$516,852 (2008 – \$438,586) and reported by ENMAX in long-term debt have been issued in the name of The City (Note 13(a)).

In 2009, ENMAX adopted new accounting standards that resulted in a transitional accounting adjustment of \$8,200 on the Statement of Operations and Accumulated Surplus. This accounting adjustment was as a result of the application of the CICA’s issuance of EIC-173 “Credit Risk and the Fair Value of Financial Assets and Financial Liabilities”. As a result of the application of this new standard, the fair value of derivatives included in ENMAX’s other long-term liabilities was reduced by \$11,000 and future income tax liability was increased by \$2,800. The standard is effective for ENMAX beginning January 1, 2009 with retrospective application without restatement.

- b) The Calgary Convention Centre Authority (the “Authority”) is incorporated under the laws of the Province of Alberta and operates the Calgary TELUS Convention Centre pursuant to an operating agreement between the Authority and The City. The land, building, furniture and equipment are owned by The City, which also contributes a grant towards the operating costs of the Centre. In accordance with an amendment to the operating agreement, the Authority retains operating surpluses and is responsible to fund net operating deficits.
- c) The following table provides condensed supplementary financial information reported separately by ENMAX and the Calgary TELUS Convention Centre.

	2009	2008 (restated)
FINANCIAL POSITION		
ENMAX		
Current assets	\$ 732,756	\$ 725,814
Power purchase arrangements	504,280	502,436
Future income taxes	89,219	136,265
Capital assets	2,302,412	2,041,293
Other assets	115,576	75,948
	3,744,243	3,481,756
Current liabilities (including current portion of long-term debt; 2009 – \$46,142, 2008 – \$43,379)	547,859	662,090
Other long-term liabilities	178,234	267,020
Long-term debt	1,273,686	956,218
	1,999,779	1,885,328
ENMAX net assets	1,744,464	1,596,428
Accumulated other comprehensive loss	(23,041)	(11,904)
Retained earnings	1,767,505	1,608,332
ENMAX shareholders equity	1,744,464	1,596,428
Calgary TELUS Convention Centre		
Cash and investments	\$ 5,330	\$ 3,230
Capital assets	4,221	5,314
Other current assets	1,480	3,620
	11,031	12,164
Current liabilities	4,455	4,131
Major replacement reserve	40	100
Calgary TELUS Convention Centre Reserve	6,536	7,933
Investment in government business enterprises	\$ 1,751,000	\$ 1,604,361

	2009	2008 (restated)
RESULTS OF OPERATIONS		
ENMAX		
Revenues	\$ 2,314,340	\$ 2,667,922
Operating expenses	1,990,466	2,418,946
Interest charges (net)	54,042	35,860
Earnings before income tax	269,832	213,116
Income tax	63,798	31,953
Earnings before dividends paid	206,034	181,163
Dividends paid	(55,000)	(50,000)
Net earnings after dividends paid	151,034	131,163
Other comprehensive income (loss)	(11,198)	6,433
Transition adjustment resulting from adopting new accounting standard	8,200	–
Net assets, beginning of year	1,596,428	1,458,832
Net assets, end of year	1,744,464	1,596,428
Calgary TELUS Convention Centre		
Revenues	\$ 23,312	\$ 25,861
Expenses	24,608	24,835
Net contribution to replacement reserve	101	277
Net (loss) profit	(1,397)	749
Accumulated surplus, beginning of year	7,933	7,184
Accumulated surplus, end of year	6,536	7,933
Equity in government business enterprises	\$ 1,751,000	\$ 1,604,361

d) The following summarizes The City's related-party transactions with its government business enterprises:

	2009	2008
ENMAX		
Received by The City		
Dividends	\$ 55,000	\$ 50,000
Local access fee	107,991	125,902
Sales of services	32,985	6,836
Purchased by The City		
Power and other services	80,031	88,558

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The City's accounts payable and accrued liabilities include \$12,933 (2008 – \$15,483) for amounts owed to ENMAX at December 31, 2009. The City's receivables include \$13,204 (2008 – \$10,685) for amounts owing to The City by ENMAX at December 31, 2009. Corresponding related-party differences between the payables and receivables for The City and ENMAX result primarily from timing differences related to recognizing the receipt of payments. Sale of services and purchase of power and other services are transacted at fair market value, which is the amount agreed upon by the parties.

Calgary TELUS Convention Centre ("CTCC")

The City provides an annual operating grant to the CTCC in the amount of \$1,625 (2008 – \$1,550). At year end, The City's accounts payable and accrued liabilities included \$305 (2008 – \$53) for amounts owed to CTCC at December 31, 2009. In the regular course of business, The City conducts a number of transactions with CTCC. These transactions have been conducted in the ordinary course of business and are transacted at exchange amounts.

7. BANK INDEBTEDNESS

The City has the approved authority to issue up to \$100,000 of short-term borrowing, through a combination of a bank line of credit and the issue of commercial paper. An unsecured short-term bank line of credit with a commercial bank is available to The City up to an amount of \$60,000. As at December 31, 2009 The City had a total of \$56,442 (2008 – \$76,371) of bank indebtedness comprised of \$nil (2008 – \$544) on its line of credit and cheques issued in excess of deposits of \$56,442 (2008 – \$75,827). As at December 31 2009, The City has not issued any promissory notes.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2009	2008
		(restated)
Trade	\$ 521,870	\$ 460,351
Government	16,220	17,800
Accrued interest	29,007	28,315
	\$ 567,097	\$ 506,466

9. DEFERRED REVENUE

	2009	2008
		(restated)
Advance sales of goods and services	\$ 13,529	\$ 10,856
Licences, permits and application fees	22,449	24,528
Government transfers	23,621	28,019
Other contributions	4,240	4,164
	\$ 63,839	\$ 67,567

10. CAPITAL DEPOSITS

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

	2009	2008
		(restated)
Opening balance	\$ 583,436	\$ 512,114
New deposits		
Fuel tax	65,000	102,479
Federal government	99,381	29,838
Provincial government	227,134	416,752
Developer contributions	59,092	121,753
Investment income	6,797	17,162
Recognized as revenue	(420,733)	(616,662)
Closing Balance	\$ 620,107	\$ 583,436

11. PROVISION FOR LANDFILL REHABILITATION

Under environmental law, there is a requirement for closure and post-closure care of landfill sites. Closure and post-closure care includes final covering and landscaping of a landfill, pumping of ground water and leachates from the site and ongoing environmental monitoring, site inspections and maintenance. The estimated total liability of \$41,500 (2008 – \$41,400) for these expenditures represents the sum of the discounted future cash flows for closure and post-closure activities for 40 years after closure. A discount rate of 4% (2008 – 4%) was used.

The calculation of the reported liability of \$12,100 (2008 – \$11,500) is based on the cumulative capacity used at December 31, 2009 compared to the total estimated landfill capacity at that same date. The estimated remaining capacity of the landfill sites is 57.9 (2008 – 59.3) million cubic metres, which is 62% (2008 – 63%) of the sites' total capacity. Based on current disposal practices and projected growth rates, the landfills have an expected remaining life of 32 years (2008 – 37 years).

The City has provided a reserve to fund future landfill capital expenditures, which is funded through tipping fees. In 2009, The City reclassified \$600 (2008 – \$600) from the landfill closure reserve to a liability to account for the provision for site rehabilitation. At December 31, 2009 the balance of the landfill closure reserve was \$9,688 (2008 – \$10,081).

12. EMPLOYEE BENEFIT OBLIGATIONS

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

The City has fully funded its total estimated employee benefit obligations.

	2009	2008
a) Registered defined-benefit pension plans	\$ 6,612	\$ 2,351
b) Non-registered defined-benefit pension plans	13,462	11,511
c) Other retirement benefits (discounted)	103,912	95,030
d) Vacation and overtime (undiscounted)	154,691	139,447
	\$ 278,677	\$ 248,339

a) Registered defined-benefit pension plans

Certain of the defined-benefit pension plans are registered for Canada Revenue Agency ("CRA") purposes. These plans provide benefits up to limits prescribed by the *Income Tax Act* (Canada). The assets of these plans are held in trust and The City records its obligations under these plans net of plan assets. As required by provincial legislation, actuarial funding valuations are performed at least triennially on the registered plans to determine The City's required contributions to plan trusts.

Actuarial accounting valuations are performed periodically using the projected benefit method prorated on services to determine the accrued benefit obligation and the expense to be recognized in the consolidated financial statements. The most recent actuarial accounting valuation was prepared on December 31, 2009 for each of the registered defined-benefit pension plans. For each plan, the actuarial value of the assets as at December 31, 2009 was determined as the market value of assets as of October 31, 2009, projected forward to December 31, 2009 using expected employer and employee contributions and benefit payments for November and December 2009, and expected interest at an annual rate of 6.25% for the projection period, and adjusted for estimated net receivables/payables.

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

	2009	2008
Fair value of plan assets – beginning of year	\$ 73,198	\$ 88,189
Contributions – employer	5,720	5,586
Contributions – member	1,229	1,188
Expected interest on plan assets	4,576	5,692
Less benefits paid	(6,907)	(8,014)
Actuarial gain	3,112	(19,443)
Fair value of plan assets – end of year	80,928	73,198
Accrued benefit obligation – beginning of year	117,482	103,404
Current period benefit cost	6,251	4,995
Interest on accrued benefit obligation	5,713	4,959
Less benefits paid	(6,907)	(8,014)
Actuarial loss	11,762	12,138
Accrued benefit obligation – end of year	134,301	117,482
Funded status – plan deficit	53,373	44,284
Unamortized net actuarial loss	(46,761)	(41,933)
Accrued benefit liability	\$ 6,612	\$ 2,351
Current period benefit cost	\$ 6,251	\$ 4,995
Amortization of actuarial losses	3,821	1,361
Less member contributions	(1,229)	(1,188)
Benefit expense	8,843	5,168
Interest on accrued benefit obligation	5,713	4,959
Less expected interest on plan assets	(4,576)	(5,692)
Benefit interest income	1,137	(733)
Total expense	\$ 9,980	\$ 4,435
Year end obligation discount rate	4.25%	4.75%
Inflation rate	2.50%	2.50%
Long term rate of return on plan assets	6.25%	6.50%
Rate of compensation increase, excluding merit and promotion increases	6.00%	6.00%
Expected average remaining service life – beginning of year	(1)	(1)

(1) Actuarial gains and losses are amortized over the expected average remaining service life ("EARSLS") of the related employee group commencing in the period following the determination of the gain or loss. As at January 1, 2009, the EARSLS is: 13.8 (2008 – 14.8) years for the Calgary Firefighters' Supplementary Pension Plan ("FSPP"), 8.7 (2008 – 9.4) years for the Supplementary Pension Plan ("SPP") and 9.7 (2008 – 9.7) years for the Elected Officials Pension Plan ("EOPP"). Since there are no active members in the Police Supplemental Pension Plan ("PSPP"), actuarial gains and losses under the PSPP are amortized over the average remaining life expectancy of the former employees, which is equal to 10.7 (2008 – 10.2) years as at January 1, 2009.

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

i) **Calgary Firefighters' Supplementary Pension Plan ("FSPP")**

The FSPP commenced on June 3, 1975. The plan is jointly administered by The City and The International Association of Firefighters ("IAFF") Local 255. The plan provides a supplement to the Local Authorities Pension Plan (Note 12 e) i) to provide an annual retirement benefit of 1.4% of pensionable earnings up to the year's maximum pensionable earnings ("YMPE"), 2% of pensionable earnings over YMPE, a bridge benefit of 0.6% of YMPE to age 65, and improved early retirement and death benefits, up to maximum pension limits of the *Income Tax Act* (Canada). In 2008 the FSPP obtained registration under the *Employment Pension Plans Act* of Alberta (EPPA) and as a result is subject to the EPPA minimum funding requirements. The City and the IAFF Local 255 have agreed to share the cost of future service and future additional unfunded liabilities 55% by The City and 45% by the plan members. Due to the joint nature of the plan and the cost sharing arrangement, the consolidated financial statements of The City reflect The City's portion only of both the expense and the accrued benefit liability for the FSPP. The City and members' contributions and rates are provided in the note 12 a) v).

At December 31, 2009, The City's portion of plan assets held in trust is invested in a mix of bonds and equities. Plan assets are valued at market value and exclude the amount of the promissory note from The City. The promissory note was fully repaid in 2009.

The City's cash contributions to the external trust are made in compliance with the minimum funding requirements pursuant to the most recent actuarial funding valuation report dated December 31, 2007.

ii) **City of Calgary Supplementary Pension Plan ("SPP")**

The SPP commenced on February 1, 2000 and is sponsored and administered by The City. The plan provides a supplement to the Local Authorities Pension Plan (Note 12 e) i) to provide an annual retirement benefit of 2% of earnings, up to maximum pension limits of the *Income Tax Act* (Canada) for years of service since the later of February 1, 2000 and the date of eligibility for membership in the plan, as well as enhanced death benefits. The City and members' contributions and contribution rates are provided in note 12 a) v).

At December 31, 2009, The City's portion of plan assets held in trust is invested in a mix of equities, bonds and money market instruments. Plan assets are valued at market value.

The City's cash contributions to the external trust are made in compliance with the minimum funding requirements pursuant to the most recent actuarial funding valuation report dated December 31, 2007. In 2008, The City made an additional payment to the external trust within the allowable funding requirements of the December 31, 2007 valuation report. The payment increased the plan's funded ratio at December 31, 2007 and as a result the next actuarial funding valuation required for the plan is at the triennial valuation date of December 31, 2010. No such payment was made in 2009.

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

The EOPP commenced on October 1, 1989 and provides pension benefits of 2% of taxable salary, up to a maximum pension limit of the *Income Tax Act* (Canada) per year of service to City elected officials who choose to participate. The City and members' contributions and contribution rates are provided in note 12 a) v).

At December 31, 2009, plan assets held in trust are invested in a mix of equities, bonds and money market instruments. Plan assets are valued at market value.

The City's cash contributions to the external trust are made in compliance with the minimum funding requirements pursuant to the most recent actuarial funding valuation report dated December 31, 2006.

iv) **Calgary Police Supplementary Pension Plan ("PSPP")**

The PSPP commenced on January 1, 1975 and provides supplemental pension benefits to those police officers who retired prior to September 1, 1979. Police officers who have retired after September 1, 1979 are covered under the Special Forces Pension Plan (Note 12 e) ii).

The PSPP is not subject to provincial minimum funding legislation. Pursuant to the agreement made in 1985, The City will continue to pay benefits out of its investments. In 2007 the fund was exhausted and benefits to pensioners for the year and future years are now being paid from The City's investments. Since 2003 the liabilities associated with these continued benefits have been accounted for under the appropriate GAAP and PSAB guidelines and sufficient funds are held with The City's investments to cover the liabilities. The liabilities under the PSPP were determined pursuant to the most recent actuarial valuation as at December 31, 2007 extrapolated to December 31, 2009.

v) **Employer and members' contributions for registered defined-benefit pension plans**

The City and members of the registered defined-benefit pension plans made the following contributions to the respective plans (expressed in dollars and as a percentage of pensionable salaries):

	2009 Employer	2009 Members	2008 Employer	2008 Members
FSP (Note 12 a i))				
Past and current service	\$ 3,864	\$ 2,957	\$ 2,464	\$ 1,893
Past and current service	3.09%	2.53%	3.09%	2.53%
SPP (Note 12 a ii))				
Current service	\$ 1,330	\$ 1,130	\$ 1,273	\$ 1,088
Current service	2.34%	2.00%	2.33%	2.00%
Special payments	n/a	n/a	\$1,335	n/a
EOPP (Note 12 a iii))				
Current service	\$ 247	\$ 91	\$ 254	\$89
Current service	16.30%	6.00%	15.80%	6.00%

b) Non-registered defined-benefit pension plans

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

Actuarial accounting valuations are performed periodically using the projected benefit method prorated on services to determine the accrued benefit obligation and the expense to be recognized in the consolidated financial statements. The most recent actuarial valuation was prepared at the following dates and extrapolated to December 31, 2009.

Pension Plan	Valuation Date
OCCP for management employees	December 31, 2007
OCCP for the Police Chief and deputies	December 31, 2008
EOSP	December 31, 2006
Contractual obligations	December 31, 2009
EPP	December 31, 2008

The results of and significant assumptions utilized in the most recent actuarial accounting valuations for the non-registered pension plans are as follows:

	2009	2008
Accrued benefit obligation – beginning of year	\$ 16,330	\$ 15,440
Current period benefit cost	591	618
Past service cost	303	–
Interest on accrued benefit obligation	793	745
Less benefits paid	(455)	(754)
Actuarial loss	1,499	281
Accrued benefit obligation – end of year	\$ 19,061	\$ 16,330
Funded status – plan deficit	\$ 19,061	\$ 16,330
Unamortized net actuarial loss	(5,599)	(4,819)
Accrued benefit liability ⁽¹⁾	\$ 13,462	\$ 11,511
Current period benefit cost	\$ 591	\$ 618
Past service cost	303	–
Amortization of actuarial losses	720	685
Interest on accrued benefit obligation	793	745
Total expense	\$ 2,407	\$ 2,048
Year end obligation discount rate	4.25%	4.75%
Inflation rate	2.50%	2.50%
Rate of compensation increase, excluding merit and promotion increases	6.00%	6.00%
Expected average remaining service life beginning of year	(2)	(2)

(1) Assets in the amount of \$13,462 (2008 – \$11,511) to satisfy the obligations under these plans are held within The City's investments.

(2) Actuarial gains and losses are amortized over the expected average remaining service life ("EARSLS") of the related employee group commencing in the period following the determination of the gain or loss. As at January 1, 2009 EARSLS is: 7.3 (2008 – 8.6) years for the City of Calgary Overcap Pension Plan ("OCCP") management employees, 7.9 (2008 – 7.9) years for OCCP Police Chief and deputies, 6.1 (2008 – 6.1) years for OCCP Fire Chief and deputies, 15.8 (2008 – 16.8) years for the Supplementary Pension Plan for Elected Officials of The City of Calgary ("EOSP").

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

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

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

The OCPP for management employees provides a coordinated benefit with the LAPP (Note 12 e i)), and the SPP (Note 12 a ii)), to provide an annual retirement benefit of 2% of all pensionable earnings for the years of service since the later of January 1, 1992 and the date of hire with The City.

The OCPP for the Police Chief and deputies and the OCPP for the Fire Chief and deputies provide supplementary pension benefits in excess of the maximum pension benefits provided under the SFPP (Note 12 e ii)) and the FSPP (Note 12 a i)) respectively.

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

The EOSP commenced on October 1, 1999. This plan is sponsored and administered by The City and provides a coordinated benefit with the EOPP to provide an annual retirement benefit of 2% of all pensionable earnings for the years of service recognized under the EOPP (Note 12 a iii)).

Since the EOSP was designed to provide benefits on the non-taxable portion of Council salaries, the elimination of the non-taxable portion of Council salaries in July 2006 will result in a gradual decrease in the benefit obligations under the EOSP. This decrease will occur with a corresponding increase in benefits under the EOPP due to the increase in taxable earnings. Since the EOSP and EOPP determine benefits using the final 36 months' salary, the EOSP will continue to provide benefits to any current Council member who retires or leaves office before October 2009. In addition, the EOSP will continue to provide benefits to existing retirees and eligible Council members in excess of the maximum pension benefits provided under the EOPP (Note 12 a(iii)) to Council members as required .

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

The EPP was designed to provide pension arrangements for key members of senior management pursuant to individual employment contracts with The City prior to the inception of the OCPP and SPP. The EPP will continue to provide benefits to existing retirees and to grandfathered members. The City has fully funded its total estimated employee benefit obligations.

iv) **Contractual obligations**

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

c) **Other retirement benefits**

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

Actuarial accounting valuations are performed periodically using the projected benefit method prorated on services to determine the accrued benefit obligation and the expense to be recognized in the consolidated financial statements. The most recent actuarial accounting valuation for other retirement benefits was at December 31, 2007 extrapolated to December 31, 2009.

The results of and significant assumptions utilized in the most recent actuarial accounting valuations for other retirement benefits include:

	2009	2008
Accrued benefit obligation – beginning of year	\$ 119,535	\$ 104,652
Current period benefit cost	6,148	4,898
Interest on accrued benefit obligation	5,842	5,074
Less benefits paid	(5,389)	(5,470)
Actuarial loss	18,233	10,382
Accrued benefit obligation – end of year	\$ 144,369	\$ 119,536
Funded status – plan deficit	\$ 144,369	\$ 119,536
Plan assets	(557)	(501)
Unamortized net actuarial loss	(39,900)	(24,005)
Accrued benefit liability ⁽¹⁾	\$ 103,912	\$ 95,030
Current period benefit cost	\$ 6,148	\$ 4,898
Amortization of actuarial loss	2,338	1,394
Interest on accrued benefit obligation	5,842	5,074
Total expense	\$ 14,328	\$ 11,366
Contributions from operations and reserves ⁽²⁾	–	11,401
Adjusted expense	\$ 14,328	\$ 22,767
Year end obligation discount rate	4.25%	4.75%
Rate of compensation increase, excluding merit and promotion increases ⁽³⁾	3.50%	3.50%
Annual increase in extended health care costs ⁽⁴⁾	6.00%	6.00%
Annual increase in dental costs	6.00%	6.00%
Expected average remaining service life – beginning of year	(5)	(5)

- (1) Assets in the amount of \$103,912 (2008 – \$95,030) to satisfy the obligations under these plans are held within The City's investments.
- (2) The City adopted a plan to address future obligations through annual contributions from operations and reserves over approximately 11 years commencing in 2003. As at December 31, 2008 the City has completed its plan to address these future obligations.
- (3) 2010:4.50%, 2011:4.30%, 2012:4.10%, 2013:3.90%, 2014:3.70%; thereafter 3.50% per annum.
- (4) 2010: 7.00%; thereafter 6.00% per annum.
- (5) Actuarial gains and losses are amortized over the EARSLS of the related employee group commencing in the period following the determination of the gain or loss. As at January 1, 2009, the EARSLS is 11.0 (2008 – 11.0).

d) Vacation and overtime

The vacation and overtime liability comprises the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year. Employees who have deferred vacation or overtime can, under specific circumstances as outlined in administrative policies and/or contractual agreements, be paid out in cash. Contributions from operations and reserves were paid in full in 2008, \$9,490 was applied to future obligations. Assets in the amount of \$154,691 (2008 – \$139,447) to satisfy the obligations under these programs are held within The City's investments.

e) Multi-employer pension plans

Civic employees, with the exception of police officers, are members of the Local Authorities Pension Plan ("LAPP"). Police officers are members of the Special Forces Pension Plan ("SFPP"). Both plans are multi-employer, defined-benefit pension plans and are sponsored by the Alberta Minister of Finance and administered by the Alberta Pension Administration ("APA"). Due to the multi-employer nature of these plans, information is not available to determine the portion of the plans' obligations and assets attributable to each employer. Therefore, The City appropriately accounts for both plans using the method for defined contribution plans. The amount of expense recorded in the consolidated financial statements is equal to The City's contributions to the plan as determined by the APA for the year and no obligation is recorded in The City's financial statements.

i) Local Authorities Pension Plan ("LAPP")

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

2009 Employer	2009 Members	2008 Employer	2008 Members
\$74,711	\$67,131	\$59,901	\$55,330
8.46% of YMPE and 11.66% over YMPE	7.46% of YMPE and 10.66% over YMPE	7.75% of YMPE and 10.64% over YMPE	6.75% of YMPE and 9.64% over YMPE

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Based on the latest information available (December 31, 2008 audited financial statements), in total the LAPP had a deficiency in the net assets available for benefits of (\$4,413,971) (2007: (\$1,183,334) deficiency) based on the actuarial valuation performed by William M. Mercer Ltd. as at December 31, 2008, The City's portion of which is not readily determinable. The City's 2009 contribution rates increased 9% (2008 – 0%) as a result of this deficit.

ii) Special Forces Pension Plan ("SFPP")

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

2009 Employer	2009 Members	2008 Employer	2008 Members
\$16,518	\$14,999	\$14,400	\$13,522
11.11% of pensionable salaries	10.01% of pensionable salaries	11.11% of pensionable salaries	10.01% of pensionable salaries

Based on the latest information available (December 31, 2008 audited financial statements), in total the SFPP had a deficiency in the net assets available for benefits of (\$429,966), (2007: (\$78,651) deficiency) based on the actuarial valuation performed by Hewitt & Associates as at December 31, 2006 and extrapolated to December 31, 2008, The City's portion of which is not readily determinable. There was no change to The City's 2009 and 2008 contribution rates.

13. LONG-TERM DEBT

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

	2009 Tax Supported	2009 Self Sufficient Tax Supported	2009 Self Supported	2009 Total	2008 Tax Supported	2008 Self Sufficient Tax Supported	2008 Self Supported	2008 Total
							(restated)	(restated)
i) Debentures	\$ 449,441	\$ 306,000	\$ 2,092,804	\$ 2,848,245	\$ 486,890	\$ 40,000	\$ 1,745,425	\$ 2,272,315
ii) Mortgages and other debt	–	–	129,365	129,365	–	–	124,518	124,518
iii) Capital leases	1,092	–	–	1,092	984	–	–	984
	450,533	306,000	2,222,169	2,978,702	487,874	40,000	1,869,943	2,397,817
Less								
iv) Debt attributable to ENMAX	–	–	516,852	516,852	–	–	438,586	438,586
	\$ 450,533	\$ 306,000	\$ 1,705,317	\$ 2,461,850	\$ 487,874	\$ 40,000	\$ 1,431,357	\$ 1,959,231

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

Self-sufficient tax-supported debt comprises debt for programs and activities whose operating costs, including debt servicing, have historically been funded in whole or in part, directly or indirectly, by revenue from municipal property and business taxes, but that are currently being funded by revenues resulting from their own operations.

Self-supported debt includes debentures in the amount of \$64,691 (2008 – \$58,091) which have been issued to fund local improvements and are collectable from property owners for work authorized by them and performed by The City. Principal and interest on local improvement debentures are recovered from property owners through annual local improvement levies over the term of the debenture to a maximum of 25 years.

ii) Mortgages and other debt, which are predominantly held by Canada Mortgage and Housing Corporation, mature in annual amounts to the year 2030. Capital assets with a cost of \$120,122 (2008 – \$136,155) are pledged as collateral against the mortgages.

iii) Capital leases for computer equipment mature between 2010 and 2012. The future minimum payments totalling \$1,117 (2008 – \$1,030) over the next 3 years include interest of \$25 (2008 – \$47) at a weighted average rate of 4.67% (2008 – 5.60%).

iv) Debenture debt attributable to ENMAX was initially issued by The City on behalf of the Calgary Electric System (“CE”) pursuant to City Bylaw authorizations prior to January 1, 1998. Pursuant to the Master Agreement between ENMAX and The City, a liability equivalent to the debentures attributable to ENMAX was included in the assumed liabilities upon transfer of substantially all of the assets and liabilities of CE from The City to ENMAX at January 1, 1998. In accordance with a Debt Management Service Level Agreement between The City and ENMAX, The City shall continue to service the existing debentures through the disbursement of principal and interest

payments. The City also continues to be liable for the outstanding ENMAX debenture debt to the debenture debt holders. ENMAX is required to reimburse The City for all principal and interest payments with respect to the debentures on the same day as The City disburses the payments to the debt holders. In addition, ENMAX is required to pay to The City a loan guarantee and administration fee of 0.25% on the average monthly outstanding debenture balance held by The City on behalf of ENMAX.

v) More detail on the self-supported and tax-supported debt payable can be found in the continuity of long-term debt within the unaudited financial and statistical schedules in the annual report.

b) Long-term debt is repayable as follows:

	Tax Supported	Self Sufficient Tax Supported	Self Supported	Less: Debt attributable to ENMAX	Total
2010	\$ 57,825	\$ –	\$ 160,069	\$ 34,843	\$ 183,051
2011	48,945	–	159,101	33,589	174,457
2012	51,216	–	160,679	31,926	179,969
2013	46,550	–	141,357	30,263	157,644
2014	31,286	240,000	139,000	29,162	381,124
Thereafter	214,711	66,000	1,461,963	357,069	1,385,605
	\$ 450,533	\$ 306,000	\$ 2,222,169	\$ 516,852	\$ 2,461,850

c) Debenture interest is payable, before provincial subsidy, at rates ranging from 2.026% to 12% (2008 – 3.098% to 12%) per annum. The Government of Alberta, under its Municipal Debenture Interest Rebate Program, provides rebates to reduce the effective interest paid to levels that ranged from 8% to 11% on most debentures issued between 1974 and 1986. Debenture debt held at year end has an average annual rate of interest of 5.22% (2008- 5.42%) before provincial subsidy and 5.097% (2008 – 5.34%) after provincial subsidy.

The mortgages of Calgary Housing Company in the amount of \$45,599 (2008 – \$49,286) are payable with annual interest rates ranging from 2.86% to 6.45% (2008 – 2.86% to 6.45%) before interest rate subsidy. The effective interest rate after the subsidy for the fixed-subsidy projects is 2.0% (2008 – 2.0%).

d) Interest charges are as follows:

	2009 Tax Supported	2009 Self Sufficient Tax Supported	2009 Self Supported	2008 Tax Supported	2008 Self Sufficient Tax Supported	2008 Self Supported
Debenture interest	\$ 26,022	\$ 4,414	\$ 73,842	\$ 29,506	\$ 1,069	\$ 64,526
Other interest and charges	39	–	4,506	1,799	–	2,492
	\$ 26,061	\$ 4,414	\$ 78,348	\$ 31,305	\$ 1,069	\$ 67,018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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- e) The estimated fair value of The City's long-term debt is \$2,937,863 (2008 – \$2,009,056). Calculation of the estimated fair value of the debt is based on lending rates obtainable at December 31 for debentures with comparable maturities from The City's primary lender, the Alberta Capital Finance Authority.
- f) Section 271 of the *Municipal Government Act* requires disclosure of debt, debt limits and the debt service limits, which include both interest and principal payments. The debt limit is calculated at 2 times revenue (as defined in the Debt Limit Regulation 255/2000) and the debt service limit is calculated at 0.35 times such revenue. Incurring debt beyond these limits requires approval by the Minister of Municipal Affairs. These thresholds are conservative guidelines used by Municipal Affairs to identify municipalities which could be at financial risk if further debt is incurred. The calculation, taken alone, does not represent the financial stability of the municipality as the consolidated financial statements must be interpreted as a whole.

	2009	2008
		(Restated)
Total debt limit	\$ 5,210,616	\$ 4,803,653
Total debt (short- and long-term)	2,537,026	2,013,904
Percentage of debt to debt limit	48.69%	41.92%
Total debt service limit (35% of revenue)	\$ 911,858	\$ 840,639
Total debt service	348,084	292,070
Percentage of debt service to service limit	38.17%	34.74%

14. TANGIBLE CAPITAL ASSETS

	2009 Cost	2009 Accumulated depreciation	2009 Net book value	2008 Cost	2008 Net book value
				(restated)	(restated)
Land	\$ 1,392,150	\$ –	\$ 1,392,150	\$ 1,337,687	\$ 1,337,687
Land Improvements	723,782	398,568	325,214	697,194	325,636
Engineered Structures	8,154,765	2,844,329	5,310,436	7,521,054	4,841,502
Buildings	1,149,975	429,230	720,745	1,045,093	656,951
Machinery and Equipment	523,927	263,264	260,663	483,639	264,303
Vehicles	894,353	371,792	522,561	866,475	526,725
	12,838,952	4,307,183	8,531,769	11,951,142	7,952,804
Work in Progress					
Land	168,906	–	168,906	55,624	55,624
Construction	1,291,533	–	1,291,533	1,048,978	1,048,978
Tangible capital assets	\$ 14,299,391	\$ 4,307,183	\$ 9,992,208	\$ 13,055,744	\$ 9,057,406

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

15. 2009 BUDGET - UNAUDITED

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

As set out in Note 14, The City has adopted the new PSAB Tangible Capital Asset accounting standards in the current year. These new standards have not been adopted for budget preparation and presentation purposes. The 2009 Council approved budget has been modified for the amount of capital budget revenues based on the percentage of completion of the various capital projects and the capitalization of tangible capital assets.

The table below shows the adjustments to the 2009 budget approved by Council after adjusting the budget values by the tangible capital asset related items that were not included in the approved 2009 budget.

	2009 Operating Budget Council Approved	2009 Capital Budget Council Approved	2009 Reserves	Tangible Capital Asset Related Adjustments	2009 Budget Financial Statements
STATEMENT OF OPERATIONS:					
Revenues					
Net taxes available for municipal purposes	1,240,091	-	-	-	1,240,091
Sales of goods and services	810,652	-	-	-	810,652
Government transfers and revenue sharing agreements					
Federal	6,983	-	-	-	6,983
Provincial	117,511	-	-	-	117,511
Investment income	49,216	-	-	-	49,216
Fines and penalties	57,447	-	-	-	57,447
Licences, permits and fees	58,703	-	-	-	58,703
Miscellaneous revenue	42,864	-	-	-	42,864
Equity in earnings of government business enterprises	205,900	-	-	-	205,900
	2,589,367	-	-	-	2,589,367
Expenditures					
Police	317,202	153,797	-	(154,418)	316,581
Fire	184,581	68,529	-	(69,786)	183,324
Emergency medical services	14,449	1,403	-	(1,403)	14,449
Public transit	295,624	424,730	-	(425,243)	295,111
Roads, traffic and parking	164,680	390,915	-	(367,335)	188,260
Water services & resources	159,881	627,017	-	(627,017)	159,881
Waste and recycling services	88,761	53,930	-	(47,537)	95,154
Community and social development	43,896	-	-	-	43,896
Social housing	93,672	123,063	-	(123,063)	93,672
Parks and recreation facilities	144,644	219,667	-	(186,151)	178,160
Societies and related authorities	28,829	127,341	-	(98,262)	57,908
Calgary Public Library Board	41,244	6,116	-	(6,116)	41,244
General government	223,801	80,572	-	(80,203)	224,170
Public works	131,056	191,981	-	(191,328)	131,709
Real estate services	41,663	139,334	-	(137,158)	43,839
Fleet services	-	85,366	-	(85,366)	-
Amortization	1,797	-	-	-	1,797
Interest and financing fees	112,963	-	-	-	112,963
	2,088,743	2,693,761	-	(2,600,386)	2,182,118
Net Expenditures Before Other	500,624	(2,693,761)	-	2,600,386	407,249
Other					
Developer contributions	-	135,541	-	(86,731)	48,810
Government transfers related to capital	-	1,037,242	-	(409,605)	627,637
Developer contributions-in-kind related to capital	-	3,665	-	100	3,765
Net Expenditures	500,624	(1,517,313)	-	2,104,150	1,087,461
Financing and Transfers					
Debt principal repayment	(203,007)	-	-	-	(203,007)
Debt issued	-	884,254	-	(472,483)	411,771
Net interfund transfers					
From (to) reserves fund	(292,930)	628,372	(335,442)	380,348	380,348
Between capital and operating fund	(4,687)	4,687	-	-	-
Capital fund expenditures	-	-	-	(2,012,015)	(2,012,015)
	(500,624)	1,517,313	(335,442)	(2,104,150)	(1,422,903)
Net Increase (Decrease) in Fund Balance	-	-	(335,442)	-	(335,442)
Fund Balance, Beginning of Year	7,300	166,756	866,192	-	1,040,248
Transfer of prior year's surplus to reserve fund	(7,300)	-	7,300	-	-
Fund Balance, End of Year	-	166,756	538,050	-	704,806

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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16. ACCUMULATED SURPLUS

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

	2009	2008
		(restated)
Operating fund	\$ 2,141	\$ 7,300
Capital fund	185,391	161,254
Reserves (Note 17)	951,628	862,290
Equity in government business enterprises (Note 6)	1,751,000	1,604,361
Equity in non-financial assets	7,600,474	7,156,304
	\$ 10,490,634	\$ 9,791,509

17. RESERVES

Reserves consist of operating and capital reserves and the operating surpluses of municipal enterprises and related authorities. Individual reserves with significant balances include:

	2009	2008
		(restated)
Fiscal stability	\$ 195,738	\$ 148,084
Reserve for future capital	251,054	215,767
Debt servicing	87,991	109,310
Legacy parks	31,738	53,117
Corporate housing reserve	42,935	33,638
Real Estate Services	11,561	-
Community investment	40,929	39,776
Development and building approvals ("DBA") sustainment	38,189	39,725
Reserve for tax loss provision	29,630	27,000
Landfill revenue	9,829	3,132
Lifecycle maintenance and upgrade	55,404	48,762
Calgary Housing Company	(2,550)	8,368
	\$ 792,448	\$ 726,679

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

Wastewater treatment and disposal and water supply	17,786	15,011
Social programs	8,479	7,922
Police services (capital)	10,837	9,261
Environmental control	26,346	19,091
Other operating	40,511	36,505
Other capital expenditures	55,221	47,821
Subtotal	159,180	135,611
	\$ 951,628	\$ 862,290

18. NET TAXES AVAILABLE FOR MUNICIPAL PURPOSES

	2009	2008
Property taxes	\$ 1,463,695	\$ 1,343,143
Community Revitalization Levy	7,627	5,018
Business taxes	206,771	183,522
Revenue in lieu of taxes	189,573	230,284
Local improvement levies and special taxes	10,779	9,778
	1,878,445	1,771,745
Less: Provincial property taxes (see below)		
Current year levy	(578,471)	(542,276)
Prior year levy	(7,566)	(6,282)
Net taxes available for municipal use	\$ 1,292,408	\$ 1,223,187

The City is required to collect provincial property taxes under Section 353 of the Municipal Government Act. The amount of these provincial property taxes is determined solely by the Government of Alberta. Provincial property taxes are recorded at the amounts levied. If property taxes are reduced due to an assessment reduction, The City is required by legislation to fund the repayment of both the municipal and provincial taxes with applicable interest. An amount of provincial property taxes receivable of \$10,659 (2008 - \$7,614) has been recorded at December 31 within accounts receivable that will be funded through an increase in the subsequent year's provincial property tax rate.

19. RELATED AUTHORITIES

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

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

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

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

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

Attainable Homes Calgary Corporation ("AHCC") is a controlled corporation of The City and was incorporated on November 27, 2009 under the Business Corporations Act. The purpose of AHCC is the implementation and administration of attainable housing in the City of Calgary. To December 31, 2009, there have been no operations for AHCC.

	2009 Calgary Parking Authority	2009 Calgary Public Library Board	2009 Calgary Housing Company	2009 Calgary Municipal Land Corporation	2008 Calgary Parking Authority	2008 Calgary Public Library Board	2008 Calgary Housing Company	2008 Calgary Municipal Land Corporation
						(restated)	(restated)	
Financial Position								
Physical assets	\$ 128,763	\$ 35,695	\$ 102,101	\$ 81,396	\$ 130,307	\$ 34,904	\$ 89,113	\$ 32,151
Financial assets	3,798	17,061	28,519	40,009	3,559	16,293	40,129	33,021
	132,561	52,756	130,620	121,405	133,866	51,197	129,242	65,172
Long-term debt	10,242	4,407	45,637	66,000	11,561	5,977	49,699	40,000
Financial liabilities	9,107	2,720	29,103	52,282	9,207	2,214	30,229	23,893
	19,349	7,127	74,740	118,282	20,768	8,191	79,928	63,893
Net Assets	\$ 113,212	\$ 45,629	\$ 55,880	\$ 3,123	\$ 113,098	\$ 43,006	\$ 49,314	\$ 1,279
Results of Operations								
Total revenue	\$ 70,431	\$ 45,775	\$ 98,931	\$ 8,298	\$ 65,947	\$ 44,548	\$ 87,851	\$ 5,530
Total expenditure	34,535	43,702	91,930	6,522	33,534	43,121	81,286	3,707
Income before appropriations	35,896	2,073	7,001	1,776	32,413	1,427	6,565	1,823
Internal transfers	(17,151)	(2,073)	(7,001)	(1,776)	(15,627)	(1,427)	(6,565)	(1,823)
To City operating fund ⁽¹⁾	18,745	-	-	-	16,786	-	-	-
Change in fund balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

20. GOVERNMENT TRANSFERS

	2009	2008
Operating		
Province of Alberta	\$ 165,753	\$ 111,098
Government of Canada	9,506	8,202
	175,259	119,300
Capital		
Province of Alberta	322,145	500,502
Government of Canada	54,279	47,615
	376,424	548,117
	\$ 551,683	\$ 667,417

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2009 (IN THOUSANDS OF DOLLARS)

21. SEGMENTED INFORMATION

Schedule of Financial Activities by Segment

For the Year Ended December 31, 2009 (in thousands of dollars)

	Tax Supported Operating	Self Supported Operating	Tax Supported Capital	Self Supported Capital	Total The City of Calgary	Calgary Parking Authority
Revenues						
Property tax	\$ 1,127,174	\$ -	\$ -	\$ -	\$ 1,127,174	\$ -
Business tax	206,771	-	-	-	206,771	-
Sales of goods & services	404,957	385,943	8	-	790,908	55,506
Government transfers, agreements & subsidies						
Federal	4,564	-	54,279	-	58,843	-
Provincial	114,188	55	319,409	2,661	436,313	-
Developers' contributions	-	-	31,267	13,116	44,383	-
Donated assets	-	-	-	-	-	-
Investment income	39,712	1,262	-	-	40,974	1,958
Fines & penalties	44,007	1,584	-	-	45,591	12,639
Licences, permits & fees	66,135	877	4	(9)	67,007	493
Miscellaneous revenue	36,125	2,153	399	-	38,677	17
Dividends from ENMAX Corporation	55,000	-	-	-	55,000	-
Equity in earnings from GBE	-	-	-	-	-	-
Intercompany transfers & recoveries	50,145	-	-	-	50,145	-
Contribution from reserves	149,114	-	-	28,792	177,906	-
Total Revenues	2,297,892	391,874	405,366	44,560	3,139,692	70,613
Expenditures						
Police	328,006	-	115,519	-	443,525	-
Fire	184,229	-	38,185	-	222,414	-
Emergency medical services	24,083	-	1,403	-	25,486	-
Public transit	298,037	-	127,300	-	425,337	-
Roads, traffic & parking	159,994	-	346,645	-	506,639	48,240
Water services & resources	-	391,874	-	301,555	693,429	-
Waste & recycling	115,272	-	24,092	-	139,364	-
Community & social development	51,738	-	-	-	51,738	-
Social housing	60,989	-	30,392	-	91,381	-
Parks & recreational facilities	160,772	-	103,552	-	264,324	-
Societies & related authorities	68,467	-	36,484	-	104,951	-
Calgary Public Library Board	-	-	-	-	-	-
General government	600,116	-	21,484	-	621,600	-
Public works	147,832	-	57,117	-	204,949	-
Real estate services	86,673	-	43,764	-	130,437	-
Fleet services	9,543	-	35,454	-	44,997	-
Amortization	-	-	-	-	-	-
Interest & financing fees	-	-	-	-	-	-
Total Expenditures	2,295,751	391,874	981,391	301,555	3,970,571	48,240
Excess (deficiency) of revenues over expenditures	\$ 2,141	\$ -	\$ (576,025)	\$ (256,995)	\$ (830,879)	\$ 22,373

Calgary Public Library Board	Calgary Housing Company	Calgary Municipal Land Corporation	Government Business Enterprises (GBE)	Consolidation Adjustments	Total Consolidated 2009
\$ -	\$ -	\$ 7,627	\$ -	\$ (49,164)	\$ 1,085,637
-	-	-	-	-	206,771
-	42,091	621	-	(44,870)	844,256
-	5,020	-	-	(78)	63,785
5,719	45,867	-	-	(1)	487,898
-	-	-	-	-	44,383
-	3,620	-	-	71,622	75,242
169	387	50	-	(3,052)	40,486
1,845	-	-	-	-	60,075
1,561	-	-	-	-	69,061
898	1,946	-	-	4,805	46,343
-	-	-	-	-	55,000
-	-	-	146,639	-	146,639
35,583	-	-	-	(85,728)	-
-	-	-	-	(177,906)	-
45,775	98,931	8,298	146,639	(284,372)	3,225,576
-	-	-	-	(127,500)	316,025
-	-	-	-	(41,265)	181,149
-	-	-	-	(9,547)	15,939
-	-	-	-	(130,085)	295,252
-	-	-	-	(349,216)	205,663
-	-	-	-	(536,152)	157,277
-	-	-	-	(56,430)	82,934
-	-	-	-	(2,203)	49,535
-	111,440	-	-	(97,293)	105,528
-	-	-	-	(74,426)	189,898
-	-	-	-	(38,026)	66,925
39,947	-	-	-	(2,373)	37,574
-	-	-	-	(421,779)	199,821
-	-	-	-	(79,231)	125,718
-	-	54,724	-	(138,563)	46,598
-	-	-	-	(44,997)	-
-	-	-	-	341,792	341,792
-	-	-	-	108,823	108,823
39,947	111,440	54,724	-	(1,698,471)	2,526,451
\$ 5,828	\$ (12,509)	\$ (46,426)	\$ 146,639	\$ 1,414,099	\$ 699,125

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Schedule of Financial Activities by Segment

For the Year Ended December 31, 2008 (in thousands of dollars) (restated)

	Tax Supported Operating	Self Supported Operating	Tax Supported Capital	Self Supported Capital	Total The City of Calgary	Calgary Parking Authority
Revenues						
Property tax	\$ 1,077,192	\$ -	\$ -	\$ -	\$ 1,077,192	\$ -
Business tax	183,522	-	-	-	183,522	-
Sales of goods & services	334,401	357,451	-	-	691,852	53,142
Government transfers, agreements & subsidies						
Federal	6,088	-	45,422	41	51,551	-
Provincial	74,068	657	491,673	8,830	575,228	-
Developers' contributions	-	-	53,883	26,989	80,872	-
Donated assets	-	-	21,198	29,390	50,588	-
Investment income	54,890	1,707	-	-	56,597	1,981
Fines & penalties	42,206	1,459	-	-	43,665	10,516
Licences, permits & fees	74,180	1,469	-	-	75,649	431
Miscellaneous revenue	40,197	1,596	164	-	41,957	49
Dividends from ENMAX Corporation	50,000	-	-	-	50,000	-
Equity in earnings from GBE	-	-	-	-	-	-
Intercompany transfers & recoveries	49,627	-	-	-	49,627	-
Contribution from reserves	110,242	-	184,393	41,910	336,545	-
Total Revenues	2,096,613	364,339	796,733	107,160	3,364,845	66,119
Expenditures						
Police	293,455	-	30,027	-	323,482	-
Fire	161,798	-	39,989	-	201,787	-
Emergency medical services	54,678	-	1,842	-	56,520	-
Public transit	280,265	-	288,433	-	568,698	-
Roads, traffic & parking	161,242	-	189,119	-	350,361	51,843
Water services & resources	-	364,339	-	355,700	720,039	-
Waste & recycling	81,268	-	22,984	-	104,252	-
Community & social development	52,574	-	-	-	52,574	-
Social housing	21,354	-	60,297	-	81,651	-
Parks & recreational facilities	149,052	-	80,973	-	230,025	-
Societies & related authorities	62,524	-	15,069	-	77,593	-
Calgary Public Library Board	-	-	-	-	-	-
General government	566,816	-	23,756	-	590,572	-
Public works	137,676	-	85,468	-	223,144	-
Real estate services	68,693	-	57,064	-	125,757	-
Fleet services	(2,082)	-	60,263	-	58,181	-
Amortization	-	-	-	-	-	-
Interest & financing fees	-	-	-	-	-	-
Total Expenditures	2,089,313	364,339	955,284	355,700	3,764,636	51,843
Excess (deficiency) of revenues over expenditures	\$ 7,300	\$ -	\$ (158,551)	\$ (248,540)	\$ (399,791)	\$ 14,276

Calgary Public Library Board	Calgary Housing Company	Calgary Municipal Land Corporation	Government Business Enterprises (GBE)	Consolidation Adjustments	Total Consolidated 2008
\$ -	\$ -	\$ 5,018	\$ -	\$ (42,545)	\$ 1,039,665
-	-	-	-	-	183,522
13	41,057	-	-	(4,627)	781,437
2,151	2,186	-	-	(71)	55,817
4,331	50,910	-	-	(18,869)	611,600
-	-	-	-	-	80,872
-	5,454	-	-	-	56,042
633	51	433	-	(1,822)	57,873
1,975	-	-	-	-	56,156
1,620	-	-	-	-	77,700
876	-	80	-	(7,211)	35,751
-	-	-	-	-	50,000
-	-	-	138,427	-	138,427
32,948	-	-	-	(82,575)	-
2,100	-	-	-	(338,645)	-
46,647	99,658	5,531	138,427	(496,365)	3,224,862
-	-	-	-	(37,546)	285,936
-	-	-	-	(41,789)	159,998
-	-	-	-	(2,592)	53,928
-	-	-	-	(285,010)	283,688
-	-	-	-	(235,789)	166,415
-	-	-	-	(572,998)	147,041
-	-	-	-	(43,620)	60,632
-	-	-	-	(1,933)	50,641
-	100,319	-	-	(106,817)	75,153
-	-	-	-	(67,028)	162,997
-	-	-	-	(36,034)	41,559
44,944	-	-	-	(9,619)	35,325
-	-	-	-	(429,614)	160,958
-	-	-	-	(93,716)	129,428
-	-	34,625	-	(122,751)	37,631
-	-	-	-	(58,181)	-
-	-	-	-	304,383	304,383
-	-	-	-	99,392	99,392
44,944	100,319	34,625	-	(1,741,262)	2,255,105
\$ 1,703	\$ (661)	\$ (29,094)	\$ 138,427	\$ 1,244,897	\$ 969,757

22. COMMITMENTS AND CONTINGENT LIABILITIES

- a) Capital commitments of \$1,489,291 (2008 – \$719,231) are not reflected in the consolidated financial statements. This amount represents uncompleted portions of contracts, as at December 31, 2009, on major projects and estimated obligations under other various agreements. These capital commitments were included in the current year’s capital budget of \$2,758,827 (2008 – \$2,212,580) and will be funded from reserves and debt in future years
- b) Commitments related to operating leases of \$25,996 (2008 – \$33,661) for office premises and facilities are not reflected in the consolidated financial statements. Annual commitments will be funded from the operating fund in the respective future years and are as follows:

2010	\$	6,380
2011		5,041
2012		3,852
2013		1,625
2014		410
Thereafter		8,688
	\$	25,996

- c) In the ordinary course of business, various claims and lawsuits are brought against The City. It is the opinion of management that the settlement of these actions will not result in any material liabilities beyond any amounts already accrued. No provision has been made for pending expropriations of land beyond the payments already made to affected property owners. Any payment made by The City pursuant to expropriation settlement is charged to the year of settlement.
- d) Where estimated reclamation and closure costs are reasonably determinable, The City has recorded a total provision in the amount of \$3,470 (2008 – \$3,420) for environmental liabilities based on management’s estimate of these costs. Such estimates are subject to adjustment based on changes in laws and regulations and as additional information becomes available.
- e) As at December 31, 2009, there were various assessment appeals pending with respect to properties. The outcome of those appeals may result in adjustments to property taxes receivable for the current and prior years. The City makes an annual provision against property taxes receivable for the impact of appeals including specific provision where the results of an appeal are reasonably determinable and general provision for those where the outcome is presently indeterminable.
- f) Alberta Revenue, Tax and Revenue Administration (“Alberta Revenue”) is responsible for assessing the income tax returns filed under the payment in lieu of taxes (“PILOT”) regulation to the Electric Utilities Act. In August 2004, Alberta Revenue notified ENMAX that it is reviewing the value of certain assets established for the purpose of this regulation. At January 1, 2001 the balance of the future income tax asset associated with these assets was \$195 million, based on an estimated fair market value of \$855 million. From June 2005 through July 2008, ENMAX received Notices of Reassessment from Alberta Finance in respect of the taxation years 2001 through 2005. ENMAX

does not agree with the reassessments and has commenced the necessary steps to defend its position through the formal appeals process. The assessments relate primarily to the value of certain power purchase arrangement assets established for the purpose of the PILOT regulation and the allocation of costs and benefits of the energy supply portfolio between taxable and non-taxable operations for those years. ENMAX voluntarily remitted certain of these amounts to minimize interest and penalties until the issues are resolved, which are recorded as income taxes receivable as at December 31, 2009 and 2008. ENMAX expects this process to be successful and will vigorously pursue all options available should the appeals process result in an unfavourable outcome. The amount of possible adjustment, which could have a material impact on net earnings, cannot be reasonably estimated at this time and no provision has been made in the ENMAX consolidated financial statements for any additional income tax expense that may be payable relating to this assessment.

- g) The City has entered into a 20-year contract for power supply from ENMAX Energy from 2007 to 2026. Under the terms of the agreement, ENMAX Energy will provide 75% of The City’s electricity from green energy sources. The annual price is a blended price of market energy purchases plus green energy projects developed for The City; and has been pre-determined for each year of the contract.

23. GUARANTEES

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

α) Third party debt agreements

- i) The City has guaranteed certain indebtedness of the Calgary Exhibition and Stampede Limited (“CES”). This third party debt agreement requires The City to make immediate payment of certain outstanding borrowings on behalf of CES in the event CES cannot fulfill its obligations to a Canadian chartered bank. The term of this guarantee is equal to the term of the related credit facilities, which mature in 2021. The interest rates on the credit facilities held by the CES range from 4.72% to 6.23%. As at December 31, 2009, CES has drawn a total of \$68,928 (2008 – \$52,987) on the total maximum available facility of \$135,500 (2008 – \$140,000). The City, as an unconditional guarantor, holds as security a fixed debenture in the amount of \$135,500 (2008 – \$140,000) charging the Ground Lease Lands, all improvements, and any additional lands purchased by the CES from the proceeds of the non-revolving credit facility as well as those purchased from the proceeds of the CES’ related, revolving demand credit facility. No amount has been accrued in the consolidated financial statements of The City with respect to this agreement.

ii) The City has provided a guarantee and postponement of claim (to a maximum of \$9,040 (2008 – \$4,000)) regarding certain indebtedness of the Calgary Zoo (the “Zoo”). This third party debt agreement requires The City to make immediate payment of outstanding borrowings on behalf of the Zoo in the event the Zoo cannot fulfill its obligations to a Canadian chartered bank as it relates to the non-revolving, fixed rate term facility. The term of this guarantee is 10 years and the interest rate on the debt held by the Zoo is 4.94% to 5.60% (2008 – 5.60%). As at December 31, 2009, the Zoo has outstanding \$6,248 (2008 – \$1,686) on the facility guaranteed by The City. As collateral to this guarantee, The City would terminate its 1986 Operating Agreement with the Zoo and take possession and control of all Zoo facilities, including any and all personal property owned by the Zoo at that time. No amount has been accrued in the consolidated financial statements of The City with respect to this agreement.

b) Other indemnification agreements

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

24. EXECUTIVE SALARIES AND BENEFITS

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

	2009 Salaries	2009 Benefits	2009 Total	2008 Salaries	2008 Benefits	2008 Total
Mayor ⁽³⁾	\$ 181	\$ 32	\$ 213	\$ 177	\$ 31	\$ 208
Aldermen ^{(1) (3)}	1,353	433	1,786	1,325	427	1,752
City Manager	338	40	378	337	37	374
Designated Officers ⁽²⁾	935	160	1,095	962	151	1,113

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

Notes:

1. Aldermen in 2009 each received a salary of \$97 (2008 – \$95) and benefits ranging between \$29 and \$31 (2008 – \$28 and \$31).
2. The City’s five designated officers are the City Assessor, City Clerk, City Solicitor, City Treasurer and City Auditor. In 2009 the City Solicitor received \$1 (2008 – \$2) in vacation and holiday payouts which are not included in the salary and benefits reported above. Also during 2009, the City Assessor received \$nil (2008 – \$53) in vacation and holiday payouts, and \$nil (2008 – \$12) in retirement allowances which are also not included in the salary and benefits reported above.
3. Elected officials receive a transition allowance of two weeks’ pay for each year in office, up to a maximum of twenty-six years, when they leave office. These allowances may be taken over several years and are not included in the salary and benefits amounts reported above. Transitional allowances paid are \$nil (2008 – \$10) to the former Ward 3 alderman who left office in 2007. No transitional allowances were paid in 2009.

25. FINANCIAL INSTRUMENTS

At December 31, 2009, The City had 3 (2008 – 6) Euro and 46 (2008 – 30) U.S. foreign exchange fixed contract arrangements in place with dates for exercising these contracts ranging from January 2010 to January 2012, for committed and anticipated 2010 foreign merchandise purchases totalling 209 Euros (2008 – 135 Euros) and \$29,427 U.S. (2008 – \$19,416), 2011 – \$37,071 U.S. (2008 – \$36,800), 2012 – \$2,500 U.S. (2008 – \$2,500).

Under the terms of the contract arrangements, The City has fixed its exchange risk on foreign purchases for Canadian dollar trades against the U.S. dollar with Schedule One Canadian banks at rates ranging from 1.01 to 1.26 and against the Euro currency to 1.52 to 1.54 Canadian Dollars. The fair value of these contracts at December 31, 2009 is \$71,262 (2008 – \$73,910) Canadian Dollars. During the fiscal year ended December 31, 2009, the various arrangements for foreign merchandise purchases cost The City \$1,716 (2008 – \$44) more than if the arrangements had not been entered into.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2009
(IN THOUSANDS OF DOLLARS)

26. FUNDS HELD IN TRUST

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

	December 31, 2008	Receipts	Investment Income	Disbursements	December 31, 2009
Joint Use Reserve Fund	\$ 34,067	\$ 10,284	\$ 510	\$ -	\$ 44,861
Oversize roads	26,695	3,318	130	(12,126)	18,017
Oversize parks	12,042	1,575	61	(2,213)	11,465
Oversize utilities	7,689	1,467	24	(4,943)	4,237
Developers' cash bonds	7,353	4,902	1	(1,241)	11,015
Calgary Regional Partnership	693	1,821	1	(1,980)	535
Calgary Technologies Inc.	1,693	-	7	(216)	1,484
Acreage assessments	885	-	4	(14)	875
Other miscellaneous trusts	670	133	3	(186)	620
	\$ 91,787	\$ 23,500	\$ 741	\$ (22,919)	\$ 93,109

27. PRIOR PERIOD ADJUSTMENTS

The City has restated its financial statements to comply with the provisions of Section 3150 of the PSAB Handbook, which requires governments to record and amortize their tangible capital assets on their financial statements. In addition, revenue from contributed assets and government grants and transfers relating to capital acquisitions has been included in income. These adjustments are as follows:

	December 31, 2008
Adjustments to opening accumulated surplus:	
As previously reported	\$ 11,687,409
Adjustment to net book value of tangible capital assets	(1,904,882)
Adjustment to equity in government business enterprises	5,244
Adjustment to reserves and restricted surplus	3,738
As restated	\$ 9,791,509
Adjustments to net revenues:	
As previously reported	\$ (80,470)
Tangible capital assets recorded but previously expensed	1,289,280
Tangible capital assets received as contributions	56,042
Annual amortization expense	(304,383)
Proceeds on disposal of tangible capital assets	(27,104)
Gain on sale of tangible capital assets	22,799
Change in inventories	5,733
Change in equity in earnings of government business enterprises	1,427
As restated	\$ 963,324
Adjustments to tangible capital assets:	
As previously reported	\$ 10,962,286
Adjustment to historical cost of tangible capital assets	1,033,221
Accumulated amortization recorded	(2,938,101)
As restated	\$ 9,057,406

Certain comparative figures have been restated to conform to the current year's presentation.

FINANCIAL AND STATISTICAL STATEMENTS

2005–2009 UNAUDITED

REVENUE BY SOURCE

UNAUDITED 2005 TO 2009
(IN THOUSANDS OF DOLLARS)

	2009 Operating	2009 Capital	2009 Total	2008 Operating (restated)	2008 Capital (restated)	2008 Total (restated)
Property taxes	\$ 1,463,695	\$	\$ 1,463,695	\$ 1,343,143	\$	\$ 1,343,143
Community Revitalization Levy	7,627		7,627	5,018		5,018
Business taxes	206,771		206,771	183,522		183,522
Municipal ENMAX capital surcharge	-		-	-		-
Revenue in lieu of taxes	189,573		189,573	230,284		230,284
Local improvement levies and special taxes	10,779		10,779	9,778		9,778
	1,878,445	-	1,878,445	1,771,745	-	1,771,745
Less: Provincial property taxes	(586,037)	-	(586,037)	(548,558)	-	(548,558)
Net taxes available for municipal purposes	1,292,408	-	1,292,408	1,223,187	-	1,223,187
Sales of goods and services						
Water and sewer	380,467		380,467	353,148		353,148
Public transit	144,129		144,129	134,905		134,905
Real estate	42,356		42,356	48,187		48,187
Recreation and culture	41,637		41,637	38,403		38,403
Parking	52,911		52,911	51,247		51,247
Social housing	42,091		42,091	40,084		40,084
Protective services	38,576		38,576	44,264		44,264
Waste disposal	67,361		67,361	35,739		35,739
Other	34,728		34,728	35,460		35,460
	844,256	-	844,256	781,437	-	781,437
Government transfers						
Federal						
Debenture interest rebates	943	-	943	961	-	961
Revenue and cost sharing agreements and grants	8,563	54,279	62,842	7,241	47,615	54,856
Provincial						
Debenture interest rebates	359	-	359	720	-	720
Grants, entitlements, revenue and cost sharing agreements	165,394	322,145	487,539	110,378	500,502	610,880
	175,259	376,424	551,683	119,300	548,117	667,417
Other revenue						
Dividends from ENMAX Corporation	55,000	-	55,000	50,000	-	50,000
Other equity earnings in government business enterprises	149,637	-	149,637	131,994	-	131,994
Developer contributions	-	44,383	44,383	-	80,872	80,872
Donated assets	-	75,242	75,242	-	56,042	56,042
Investment income	40,486	-	40,486	57,873	-	57,873
Fines and penalties	60,075	-	60,075	56,156	-	56,156
Licences, permits and fees	69,061	-	69,061	77,700	-	77,700
Miscellaneous revenue	46,343	-	46,343	35,751	-	35,751
	420,602	119,625	540,227	409,474	136,914	546,388
Total revenue	\$ 2,732,525	\$ 496,049	\$ 3,228,574	\$ 2,533,398	\$ 685,031	\$ 3,218,429

REVENUE BY SOURCE UNAUDITED

2007 Operating	2007 Capital	2007 Total	2006 Operating	2006 Capital	2006 Total	2005 Operating	2005 Capital	2005 Total
\$ 1,292,531	\$ -	\$ 1,292,531	\$ 1,167,904	\$ -	\$ 1,167,904	\$ 1,081,100	\$ -	\$ 1,081,100
-	-	-	-	-	-	-	-	-
198,195	-	198,195	160,992	-	160,992	154,349	-	154,349
-	-	-	2,325	-	2,325	19,000	-	19,000
207,787	-	207,787	177,555	-	177,555	167,434	-	167,434
9,680	-	9,680	9,584	-	9,584	8,635	-	8,635
1,708,193	-	1,708,193	1,518,360	-	1,518,360	1,430,518	-	1,430,518
(499,928)	-	(499,928)	(479,104)	-	(479,104)	(469,470)	-	(469,470)
1,208,265	-	1,208,265	1,039,256	-	1,039,256	961,048	-	961,048
329,516	-	329,516	308,982	-	308,982	265,635	-	265,635
122,675	-	122,675	117,524	-	117,524	98,479	-	98,479
71,561	-	71,561	75,487	-	75,487	26,378	-	26,378
37,643	-	37,643	35,845	-	35,845	32,807	-	32,807
46,753	-	46,753	41,126	-	41,126	35,978	-	35,978
34,464	-	34,464	34,656	-	34,656	28,814	-	28,814
41,759	-	41,759	41,951	-	41,951	35,292	-	35,292
31,073	-	31,073	27,275	-	27,275	23,835	-	23,835
25,099	-	25,099	23,737	-	23,737	27,247	-	27,247
740,543	-	740,543	706,583	-	706,583	574,465	-	574,465
988	-	988	1,139	-	1,139	1,361	-	1,361
5,719	52,638	58,357	5,797	54,015	59,812	4,614	5,982	10,596
1,142	-	1,142	1,734	-	1,734	2,530	-	2,530
160,848	261,515	422,363	89,658	218,635	308,293	83,808	179,158	262,966
168,697	314,153	482,850	98,328	272,650	370,978	92,313	185,140	277,453
50,000	-	50,000	50,000	-	50,000	50,000	-	50,000
94,299	-	94,299	79,671	-	79,671	66,753	-	66,753
-	71,771	71,771	-	63,261	63,261	-	31,039	31,039
-	62,847	62,847	-	45,446	45,446	-	40,214	40,214
56,474	-	56,474	49,369	-	49,369	37,162	-	37,162
53,571	-	53,571	53,339	-	53,339	51,273	-	51,273
74,238	-	74,238	64,053	-	64,053	50,015	-	50,015
17,679	2,355	20,034	14,100	2,542	16,642	13,521	8,167	21,688
346,261	136,973	483,234	310,532	111,249	421,781	268,724	79,420	348,144
\$ 2,463,766	\$ 451,126	\$ 2,914,892	\$ 2,154,699	\$ 383,899	\$ 2,538,598	\$ 1,896,550	\$ 264,560	\$ 2,161,110

EXPENDITURE BY FUNCTION

UNAUDITED 2005 TO 2009
(IN THOUSANDS OF DOLLARS)

	2009 Operating	2009 Capital	2009 Total	2008 Operating	2008 Capital	2008 Total
Protective Services						
Police	\$ 316,654	\$ 115,519	\$ 432,173	\$ 282,006	\$ 30,027	\$ 312,033
Fire	183,554	38,185	221,739	161,328	39,989	201,317
Emergency Medical Services	15,062	1,403	16,465	53,033	2,093	55,126
	515,270	155,107	670,377	496,367	72,109	568,476
Transportation						
Public transit	295,453	314,643	610,096	279,058	288,443	567,501
Roads, traffic and parking	178,249	165,168	343,417	181,479	200,304	381,783
	473,702	479,811	953,513	460,537	488,747	949,284
Environmental protection						
Water services & resources	155,677	301,555	457,232	148,638	389,363	538,001
Waste and recycling	76,143	24,092	100,235	58,256	22,984	81,240
	231,820	325,647	557,467	206,894	412,347	619,241
Social development						
Community and social development	49,557	-	49,557	50,676	-	50,676
Social housing	105,094	45,840	150,934	77,818	66,129	143,947
	154,651	45,840	200,491	128,494	66,129	194,623
Recreation and culture						
Parks and recreation facilities	148,801	103,552	252,353	137,994	81,674	219,668
Societies and related authorities	29,996	36,930	66,926	26,080	15,479	41,559
Calgary Public Library Board	37,530	6,116	43,646	39,487	2,217	41,704
	216,327	146,598	362,925	203,561	99,370	302,931
Other expenditure						
General government	197,631	21,484	219,115	178,471	23,757	202,228
Public works	125,654	67,081	192,735	127,023	95,683	222,706
Real estate services	43,229	65,826	109,055	37,652	32,395	70,047
Fleet services	-	35,454	35,454	-	60,264	60,264
	366,514	189,845	556,359	343,146	212,099	555,245
Interest and financing fees						
Tax supported	26,061	-	26,061	31,305	-	31,305
Self sufficient tax supported	4,414	-	4,414	1,069	-	1,069
Self supported	78,348	-	78,348	67,018	-	67,018
	108,823	-	108,823	99,392	-	99,392
Total expenditure	\$ 2,067,107	\$ 1,342,848	\$ 3,409,955	\$ 1,938,391	\$ 1,350,801	\$ 3,289,192

Notes: This schedule does not conform to the new local reporting model changes introduced by PSAB effective for 2009 and onwards. This schedule is prepared to provide the reader with additional information. Depreciation is not included in operating expenditures.

EXPENDITURE BY FUNCTION UNAUDITED

2007 Operating		2007 Capital		2007 Total		2006 Operating		2006 Capital		2006 Total		2005 Operating		2005 Capital		2005 Total	
\$	253,872	\$	18,573	\$	272,445	\$	240,503	\$	9,289	\$	249,792	\$	226,033	\$	15,196	\$	241,229
	150,391		13,827		164,218		125,263		10,790		136,053		120,220		6,532		126,752
	49,804		3,712		53,516		49,230		2,866		52,096		42,368		1,003		43,371
	454,067		36,112		490,179		414,996		22,945		437,941		388,621		22,731		411,352
	246,317		232,932		479,249		229,456		50,063		279,519		205,989		93,638		299,627
	154,275		180,049		334,324		141,976		323,202		465,178		131,392		170,856		302,248
	400,592		412,981		813,573		371,432		373,265		744,697		337,381		264,494		601,875
	139,490		372,164		511,654		125,086		299,490		424,576		116,291		219,355		335,646
	53,180		7,331		60,511		53,033		17,795		70,828		41,428		9,896		51,324
	192,670		379,495		572,165		178,119		317,285		495,404		157,719		229,251		386,970
	47,713		-		47,713		46,106		-		46,106		48,466		-		48,466
	53,068		18,768		71,836		46,850		17,315		64,165		39,512		9,462		48,974
	100,781		18,768		119,549		92,956		17,315		110,271		87,978		9,462		97,440
	127,347		71,053		198,400		120,648		37,211		157,859		108,225		21,523		129,748
	22,061		10,310		32,371		21,806		9,940		31,746		21,873		10,831		32,704
	36,872		1,237		38,109		35,739		2,299		38,038		32,910		1,976		34,886
	186,280		82,600		268,880		178,193		49,450		227,643		163,008		34,330		197,338
	143,337		21,037		164,374		183,810		11,712		195,522		139,579		16,571		156,150
	119,467		32,171		151,638		94,236		14,395		108,631		82,884		21,371		104,255
	49,050		8,789		57,839		20,599		14,523		35,122		19,871		9,071		28,942
	-		33,196		33,196		-		30,463		30,463		-		21,615		21,615
	311,854		95,193		407,047		298,645		71,093		369,738		242,334		68,628		310,962
	38,940		-		38,940		39,125		-		39,125		42,937		-		42,937
	-		-		-		-		-		-		-		-		-
	53,765		-		53,765		49,718		-		49,718		46,869		-		46,869
	92,705		-		92,705		88,843		-		88,843		89,806		-		89,806
\$	1,738,949	\$	1,025,149	\$	2,764,098	\$	1,623,184	\$	851,353	\$	2,474,537	\$	1,466,847	\$	628,896	\$	2,095,743

OTHER FINANCIAL AND STATISTICAL SCHEDULES

EXPENDITURES BY OBJECT OPERATING FUND UNAUDITED

2005 to 2009 (in thousands of dollars)

	2009	2008	2007	2006	2005
Salaries, wages and benefits	\$ 1,293,706	\$ 1,202,562	\$ 1,080,709	\$ 989,228	\$ 920,444
Contracted and general services	252,377	213,096	196,392	177,309	168,626
Materials, equipment and supplies	223,668	278,007	220,715	198,428	153,517
Interest charges					
Tax supported	26,061	32,374	38,940	39,125	42,937
Self supported	82,762	67,018	53,765	49,718	46,869
Third-party social, cultural and recreation programs	123,898	85,985	94,677	120,372	83,761
Utilities	64,635	59,349	53,751	49,004	50,693
Total expenditures	\$ 2,067,107	\$ 1,938,391	\$ 1,738,949	\$ 1,623,184	\$ 1,466,847

CONSOLIDATED INVESTMENTS UNAUDITED

2005 to 2009 (in thousands of dollars)

	2009	2008	2007	2006	2005
Cost:					
Government of Canada bonds	\$ 252,619	\$ 67,590	\$ 120,758	\$ 152,545	\$ 172,248
Provincial bonds	307,931	339,767	67,786	62,806	49,489
Federally regulated banks	232,191	209,515	324,954	222,140	201,615
Other Canadian corporations	1,324,078	1,339,989	1,303,870	1,085,616	811,715
Equity investments	102,120	1,261	1,530	795	881
	\$ 2,218,939	\$ 1,958,122	\$ 1,818,898	\$ 1,523,902	\$ 1,235,948
Market Value:					
Government of Canada bonds	\$ 252,037	\$ 68,923	\$ 122,932	\$ 153,727	\$ 173,710
Provincial bonds	310,190	340,088	68,981	64,413	51,711
Federally regulated banks	238,573	209,384	322,007	222,217	201,816
Other Canadian corporations	1,329,990	1,339,534	1,303,696	1,085,475	813,240
Equity investments	112,248	1,261	1,485	996	963
	\$ 2,243,038	\$ 1,959,190	\$ 1,819,101	\$ 1,526,828	\$ 1,241,440

OTHER FINANCIAL AND STATISTICAL SCHEDULES

CONSOLIDATED RESERVES UNAUDITED

2005 to 2009 (in thousands of dollars)

	2009	2008	2007	2006	2005
Significant Reserves		(restated)			
Fiscal stability	\$ 195,738	\$ 148,084	\$ 148,125	\$ 80,997	\$ 74,435
Reserve for future capital	251,054	215,767	176,038	119,603	91,995
Debt servicing	87,991	109,310	105,739	100,476	79,575
Corporate housing reserve	42,935	33,638	67,316	3,427	2,610
Legacy parks	31,738	53,117	53,112	52,206	43,331
Real estate services (combined operating & capital)	11,561	–	–	50,847	21,905
Regulated utility capital investment	–	–	–	–	33,200
Community investment	40,929	39,776	34,789	26,753	19,473
Development and building approvals (“DBA”) sustainment	38,189	39,725	38,999	32,079	20,187
Reserve for tax loss provision	29,630	27,000	27,000	–	–
Landfill revenue	9,829	3,132	4,069	7,171	8,688
Annexation	–	–	–	14,762	304
Lifecycle maintenance and upgrade	55,404	48,762	23,393	9,042	6,542
Calgary Housing Company	(2,550)	8,368	7,594	4,874	3,381
	\$ 792,448	\$ 726,679	\$ 686,174	\$ 502,237	\$ 405,626
Other reserve balances will be utilized in future years for the following types of expenditures:					
Wastewater treatment and disposal and water supply	17,786	15,011	22,301	24,942	14,946
Social programs	8,479	7,922	7,551	7,521	7,936
Police services (capital)	10,837	9,261	9,793	9,199	5,836
Environmental control	26,346	19,091	15,048	7,615	3,716
Other operating	40,511	36,505	35,398	35,031	34,343
Other capital expenditures	55,221	47,821	39,878	27,633	25,168
	159,180	135,611	129,969	111,941	91,945
	\$ 951,628	\$ 862,290	\$ 816,143	\$ 614,178	\$ 497,571

TAXATION AND ASSESSMENTS

UNAUDITED 2005 TO 2009
(IN THOUSANDS OF DOLLARS UNLESS OTHERWISE STATED)

	2009	2008	2007	2006	2005	
TAX RATES						
Residential						
Municipal and Library	Mills	2.640	2.415	2.884	3.999	3.968
Provincial property	Mills	2.360	2.189	2.577	3.684	4.062
Non-Residential						
Municipal and Library	Mills	8.213	8.093	9.923	13.627	14.374
Provincial property	Mills	3.228	3.216	3.822	5.400	6.254
ASSESSED VALUES						
Residential	\$ 170,027,495	\$ 172,262,927	\$ 134,254,973	\$ 89,565,165	\$ 79,530,430	
Percentage of total (%)	76.4	77.7	78.2	77.8	78.3	
Commercial, industrial and farm	\$ 52,645,433	\$ 49,431,089	\$ 37,444,216	\$ 25,578,379	\$ 22,057,439	
Percentage of total (%)	23.6	22.3	21.8	22.2	21.7	
Total assessment	\$ 222,672,928	\$ 221,694,016	\$ 171,699,189	\$ 115,143,544	\$ 101,587,869	
TAX LEVIES						
Municipal property taxes						
Residential	\$ 443,963	\$ 412,317	\$ 379,721	\$ 352,225	\$ 309,297	
Non-residential	442,173	390,471	420,988	345,035	310,864	
Community Revitalization Levy	7,627	5,018	-	-	-	
Business tax	206,771	183,522	198,195	160,992	154,349	
Revenue in lieu of taxes	181,095	222,081	199,681	169,095	158,903	
Municipal ENMAX capital surcharge	-	-	-	2,325	19,000	
Local improvements and special levies	10,779	9,778	9,680	9,584	8,635	
	\$ 1,292,408	\$ 1,223,187	\$ 1,208,265	\$ 1,039,256	\$ 961,048	
Provincial property taxes						
Residential	\$ 401,527	\$ 377,174	\$ 343,838	\$ 327,633	\$ 320,535	
Non-residential	176,032	163,181	147,984	143,011	140,404	
Revenue in lieu of taxes	8,478	8,203	8,106	8,460	9,930	
	586,037	548,558	499,928	479,104	470,869	
Total taxes levied	\$ 1,878,445	\$ 1,771,745	\$ 1,708,193	\$ 1,518,360	\$ 1,431,917	
Percentage of Total Levies						
Property tax						
Residential property	45.01%	44.56%	42.36%	44.79%	44.0%	
Non-residential property	32.91%	31.25%	33.31%	32.14%	31.6%	
Local improvement	0.57%	0.55%	0.57%	0.63%	0.6%	
Community Revitalization Levy	0.41%	0.28%	-	-	-	
Business tax	11.01%	10.36%	11.60%	10.60%	10.8%	
Revenue in lieu of taxes	10.09%	13.00%	12.16%	11.69%	11.7%	
Municipal ENMAX surcharge	-	-	-	0.15%	1.3%	

TAXATION AND ASSESSMENTS

UNAUDITED 2005 TO 2009
(IN THOUSANDS OF DOLLARS UNLESS OTHERWISE STATED)

	2009	2008	2007	2006	2005
PROPERTY TAX – Continuity					
Taxes receivable, January 1	\$ 36,632	\$ 22,765	\$ 24,094	\$ 25,500	\$ 29,897
Current levies					
Property taxes	1,489,955	1,379,373	1,266,628	1,206,380	1,109,873
Business taxes	198,609	192,937	180,187	175,389	165,344
Non-tax items for collection	1,709	1,143	784	760	553
Penalties	7,818	6,586	5,733	4,999	5,594
Cancellation of tax arrears	(26,958)	(11,566)	(5,041)	(4,306)	(5,589)
Write-off of taxes	(903)	(617)	(374)	(1,080)	(624)
	1,706,862	1,590,621	1,472,011	1,407,642	1,305,048
Collections					
Current	(1,658,062)	(1,540,661)	(1,431,691)	(1,364,778)	(1,257,729)
Arrears	(8,170)	(13,328)	(17,555)	(18,770)	(21,819)
Subtotal	40,630	36,632	22,765	24,094	25,500
Allowance for doubtful accounts	(750)	(750)	(650)	(750)	(800)
Taxes receivable, December 31	\$ 39,880	\$ 35,882	\$ 22,115	\$ 23,344	\$ 24,700
Percentage of current taxes collected (%)	98.2%	98.0%	99.0%	98.8%	98.6%
Taxes outstanding as a percentage of the current year levy (%)	2.4%	2.3%	1.5%	1.7%	1.9%
Other Major Tax Levies:					
Revenue in lieu of taxes					
Municipal consent and access fee	\$ 107,991	\$ 125,903	\$ 113,565	\$ 85,999	\$ 72,436
Franchise fees	68,832	92,185	81,290	80,212	85,565
Governments					
Provincial	10,899	10,602	9,138	7,748	5,552
Federal	1,850	1,594	3,770	3,596	3,881
	\$ 189,572	\$ 230,284	\$ 207,763	\$ 177,555	\$ 167,434

CONTINUITY OF LONG-TERM DEBT

UNAUDITED 2005 TO 2009 (IN THOUSANDS OF DOLLARS UNLESS OTHERWISE STATED)

	2009	2008	2007	2006	2005
Opening Balance	\$ 1,959,231	\$ 1,696,323	\$ 1,429,244	\$ 1,322,301	\$ 1,263,728
New issues or additions during the year					
Tax supported					
Debentures	31,438	36,562	42,251	17,201	38,500
Capital leases	768	563	780	473	694
	32,206	37,125	43,031	17,674	39,194
Self-sufficient tax supported					
Debentures	266,000	40,000	-	-	-
	266,000	40,000	-	-	-
Self supported					
Debentures	382,015	339,029	375,087	219,036	176,557
Local improvement debentures	12,761	6,185	8,061	10,603	7,250
Mortgages and other debt	10,132	10,913	3,306	12,989	-
	404,908	356,127	386,454	242,628	183,807
Debt repaid during the year					
Tax supported					
Debentures	(68,888)	(59,197)	(58,108)	(62,818)	(63,400)
Mortgages and other debt	-	-	-	-	(17,600)
Capital leases	(660)	(591)	(520)	(503)	(532)
	(69,548)	(59,788)	(58,628)	(63,321)	(81,532)
Self-sufficient tax supported					
Debentures	-	-	-	-	-
	-	-	-	-	-
Self supported					
Debentures	(112,929)	(97,211)	(91,294)	(81,735)	(72,148)
Local improvement debentures	(6,135)	(5,896)	(5,424)	(4,435)	(3,656)
Mortgages and other debt	(11,883)	(7,449)	(7,060)	(3,868)	(7,092)
	(130,947)	(110,556)	(103,778)	(90,038)	(82,896)
Increase (Decrease)					
Tax supported	(37,342)	(22,663)	(15,597)	(45,647)	(42,338)
Self-sufficient tax supported	266,000	40,000	-	-	-
Self supported	273,961	245,571	282,676	152,590	100,911
Net Increase during the year	502,619	262,908	267,079	106,943	58,573
Closing balance	\$ 2,461,850	\$ 1,959,231	\$ 1,696,323	\$ 1,429,244	\$ 1,322,301
Debt servicing as a per cent of operating expenditures (net of recoveries), tax supported	4.4	4.5	5.2	6.2	7.2
Percentage of legal debt limit as per Municipal Government Act [see note 13(f)]	48.7	41.9	37.1	35.4	37.2

CONTINUITY OF LONG-TERM DEBT AUDITED

	2009	2008	2007	2006	2005
Tax Supported					
Calgary Public Library Board	\$ 104	\$ 660	\$ 1,507	\$ 2,358	\$ 3,119
Water Services & Resources	-	-	1,025	2,203	3,578
Facility Management	42,490	49,702	42,901	44,190	48,070
Fire	4,214	4,594	4,065	4,501	5,644
General Government	869	95	114	57	483
Parks and Recreation	79,715	77,561	76,772	72,244	81,533
Police	5,351	2,772	1,059	829	1,015
Public Housing	6,330	6,578	6,814	4,908	2,488
Real Estate Services	-	676	1,311	1,908	2,469
Roads	202,499	269,705	282,322	283,242	236,460
Societies & Related Authorities	12,308	17,154	18,266	19,858	25,284
Waste & Recycling Services	5,706	5,923	6,129	6,277	1,036
Transit	90,946	52,454	68,252	83,559	160,602
	450,532	487,874	510,537	526,134	571,781
Tax supported, % of total	18.3	24.9	30.1	36.8	43.2
Per capita, tax supported (\$)	423	468	501	531	598
Self Sufficient Tax Supported					
MSI bridge financing	240,000	-	-	-	-
Calgary Municipal Land Corporation	66,000	40,000	-	-	-
	306,000	40,000	-	-	-
Self sufficient tax supported, % of total	12.4	2.0	-	-	-
Per capita, self sufficient tax supported	287	38	-	-	-
Self Supported					
Calgary Parking Authority	10,242	11,561	12,819	14,020	-
Calhome Properties Ltd.	45,637	49,698	53,785	61,049	61,071
Water Services & Resources	1,345,063	1,122,942	913,625	651,985	527,088
Facility Management	3,218	600	626	649	671
Fleet Services	133,080	118,725	94,532	67,224	65,222
General Government	394	574	746	908	1,062
Parks and Recreation	12,836	10,392	6,205	5,370	6,095
Police	-	123	469	954	1,635
Public Housing	22,125	16,439	17,105	15,057	14,714
Real Estate Services	10,971	4,695	5,320	10,885	16,188
Roads	64,024	57,360	56,689	53,365	47,121
Societies & Related Authorities	5,833	6,889	7,875	8,794	9,653
Waste & Recycling Services	22,525	8,429	3,560	3,725	-
Transportation Infrastructure	29,370	22,930	12,430	9,125	-
	1,705,318	1,431,357	1,185,786	903,110	750,520
Total City debt	2,461,850	1,959,231	1,696,323	1,429,244	1,322,301
ENMAX debt	516,852	438,586	406,968	339,700	219,472
Total debt attributable to The City	\$ 2,978,702	\$ 2,397,817	\$ 2,103,291	\$ 1,768,944	\$ 1,541,773
Self supported, % of total (excludes ENMAX)	69.3	73.1	69.9	63.2	56.8
Per capita, self supported (excludes ENMAX) (\$)	1,601	1,372	1,163	911	786

DEMOGRAPHIC AND OTHER INFORMATION

UNAUDITED 2005 TO 2009

	2009	2008	2007	2006	2005
Population, per April civic census	1,065,455	1,042,892	1,019,942	991,759	956,078
Change due to natural increase	9,643	9,695	10,552	9,887	8,906
Change due to net migration	12,920	13,255	17,631	25,794	13,677
Dwelling Units, per April civic census					
Total number of units	438,663	432,997	420,311	408,543	395,779
Number of vacancies	13,012	9,199	5,825	6,809	14,214
Owner occupancy rate (%)	71.1	71.6	71.7	71.6	71.6
Housing Activity					
Annual applications for residential units					
Total residential	6,215	6,439	12,937	15,971	13,572
Change (%)	(3.5)	(50.2)	(19.0)	17.7	1.4
Single family	4,166	3,208	5,461	8,285	8,285
Change (%)	29.9	(41.2)	(3.1)	20.2	20.2
MLS average selling price (\$) ⁽¹⁾	384,347	401,125	425,900	359,000	251,074
New housing price inflation (%) ⁽²⁾	(6.7)	0.6	16.2	43.6	7.0
Building Permits, applied for					
Number of applications	15,125	14,920	18,450	20,757	19,446
Change (%)	1.4	(19.1)	(11.1)	6.7	16.3
Value, in thousands of dollars	3,658,000	4,142,000	5,615,995	4,767,624	3,602,151
Change (%)	(11.7)	(26.2)	17.8	32.4	36.7
Inflation, CPI annual increases ⁽²⁾					
Calgary	(0.1%)	3.2%	5.0%	4.6%	2.0%
Alberta	(0.1%)	3.2%	4.9%	3.9%	2.2%
Canada	0.3%	2.4%	2.1%	2.0%	2.2%
Unemployment Rate ⁽²⁾					
Calgary	6.3%	3.3%	3.2%	3.4%	3.9%
Alberta	6.3%	3.5%	3.5%	3.5%	3.9%
Canada	8.1%	6.1%	6.0%	6.3%	6.8%

External Sources

⁽¹⁾ Calgary Real Estate Board

⁽²⁾ Statistics Canada

DEMOGRAPHIC AND OTHER INFORMATION UNAUDITED

	2009	2008	2007	2006	2005
Revenue sources – city general ⁽¹⁾	\$ 2,165,336	\$ 2,002,323	\$ 2,022,950	\$ 1,781,503	\$ 1,613,975
Taxes and revenue in lieu of taxes	61.6%	63.0%	61.5%	60.2%	60.4%
General	27.4%	27.4%	26.2%	29.0%	28.8%
Utilities and related authorities contributions	3.0%	3.2%	3.1%	4.2%	3.7%
Government transfers	5.5%	4.0%	6.7%	3.8%	4.0%
Dividends from ENMAX Corporation	2.5%	2.5%	2.5%	2.8%	3.1%
Interest charges – city general					
As a % of operating expenditures					
Before subsidy	5.2%	5.2%	5.2%	3.3%	3.5%
After subsidy	5.1%	5.1%	5.2%	3.2%	3.3%
Interest charges – consolidated					
Before subsidy (000s)	\$ 108,823	\$ 99,392	\$ 92,705	\$ 88,843	\$ 89,806
Share of operating expenditures (%)	5.2	5.1	5.3	5.3	5.9
After subsidy (000s)	\$ 108,594	\$ 97,722	\$ 90,576	\$ 85,970	\$ 85,915
Share of operating expenditures (%) (net of subsidy)	5.2	5.0	5.2	5.1	5.7
Debt service limit (principal + interest)					
Total debt service limit	\$ 913,892	\$ 840,639	\$ 827,997	\$ 724,812	\$ 638,860
Total debt service	\$ 348,084	\$ 292,070	\$ 271,854	\$ 261,122	\$ 263,081
Percentage used (%)	38.2	34.7	32.8	36.0	41.2
Debt limit ⁽²⁾					
Total debt limit (000s)	\$ 5,222,239	\$ 4,803,653	\$ 4,731,414	\$ 4,141,782	\$ 3,650,628
Total debt (000s)	\$ 2,537,026	\$ 2,013,904	\$ 1,753,390	\$ 1,467,912	\$ 1,359,265
Percentage used (%)	48.7	41.9	37.1	35.4	37.2
Municipal Full-time Equivalents (excluding ENMAX Corporation)					
Total Full-time Equivalents ⁽³⁾	14,848	14,440	13,798	12,668	12,227
Full-time Equivalents					
Per 1,000 population	13.9	13.8	13.5	12.8	12.8
Area, square kilometres	848	848	848	746	746
Km of roads (lane km)	14,447	14,317	14,126	13,639	13,400
Km of roads (centreline km)	4,801	4,745	4,655	4,491	4,407
Km of bus routes	4,518	4,659	4,741	4,530	4,571
Transit passenger trips, annual (000s)	94,151	95,314	90,200	89,800	81,952
Km of wastewater mains	4,680	4,667	4,629	3,989	3,933
Km of water mains	4,320	4,309	4,251	4,516	4,500
Km of storm drainage mains	4,586	4,567	4,498	3,586	3,472

Notes:

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

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

(3) In 2008, the full-time equivalents for Calgary Public Library were included in the total number. Figures for 2007 have been restated. In 2005, full-time equivalents was increased by 202.9 as a result of including all positions funded through operations and cost-recovery activities relating to capital and third-party work. Previously, some specific third-party or private account work was not included in the operating budget and FTE count. Prior years have not been restated.

THE CITY OF CALGARY
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