

2019 ANNUAL REPORT

Edmonton

CITY OF EDMONTON, ALBERTA, CANADA
FOR THE YEAR ENDED DECEMBER 31, 2019



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Produced by the City of Edmonton, Financial and Corporate Services, with support from Communications and Engagement and other civic departments, offices and agencies.

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OUR ORGANIZATION

Every day, more than 970,000 residents rely on the City of Edmonton for everything from police and fire services to waste collection and park maintenance. Edmonton also serves as a hub and service centre for the Edmonton metropolitan region, home to over 1.3 million people.

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INTRODUCTION

Edmonton's elected City Council and Mayor set policy, approve budgets and provide direction for the City Manager who, along with the City Auditor, is one of two direct employees of Council.

Administration, directed by the City Manager, implements City Council's vision and administers public services. Administration is organized into departments that work cooperatively to manage complex and wide-ranging activities.

MESSAGE FROM CITY COUNCIL

Edmonton continues to grow at a rapid pace. We have effectively become a city of a million people, with projections of adding another million in the coming decades.



Back Row (left to right): Ben Henderson – Ward 8, Tony Caterina – Ward 7, Scott McKeen – Ward 6, Mayor Don Iveson, Michael Walters – Ward 10, Sarah Hamilton – Ward 5, Jon Dziedyk – Ward 3
Front Row (left to right): Aaron Paquette – Ward 4, Bev Esslinger – Ward 2, Andrew Knack – Ward 1, Mohinder Banga – Ward 12, Mike Nickel – Ward 11, Tim Cartmell – Ward 9

As we grow, it is important to build a city that can grow and adapt, with necessary services and up-to-date infrastructure. This mindset guided our planning and decision making throughout 2019. And while the year brought surprises and city-building challenges, City Council remained united in our vision for a stronger and more connected Edmonton. Together we are building one of Canada's great cities: a 21st-century hub that is poised to help lead the way in this country.

We needed a new direction to build the Edmonton we envision for the future. While that sounds like a large task, Edmontonians were up for it. Thousands of citizens contributed their time, ideas and priorities to the development of the City's new strategic plan: **ConnectEdmonton**. Approved in April 2019, ConnectEdmonton outlines what we need to change today to realize our vision for Edmonton in 2050. Its four goals, based directly on feedback from Edmontonians, will require transformational change in the next decade: Healthy City, Urban Places, Regional Prosperity and Climate Resilience. Establishing these goals and a shared vision was critical to meeting the needs of our growing city.

“ EDMONTON IS ON TRACK FOR A POPULATION OF OVER ONE MILLION PEOPLE BY THE END OF 2020. ”

In conjunction with **ConnectEdmonton**, the City Plan was also drafted in 2019 and should be finalized in the coming year. This plan will chart out how to build a city that has the benefits we enjoy today and provides new opportunities for the future. The City Plan is about our spaces and places and how people experience and engage with our city. It is also about our community and what we need to do together to grow, adapt and succeed.

A huge piece of the City Plan involves the Big City Moves, which is an invitation to work together as a community to build our future city. These moves are bold, but they will guide our planning and development for years to come. They stay true to Council’s vision, and in light of any challenges we experienced over the past year, we are confident we can continue building on these and stay focused on our end goal.

Staying focused on our shared goals is not just important when we are planning and envisioning for the future, it is perhaps even more important when we are setting our budget. In 2019, after provincial budget cuts affected our bottom line, Council worked through tough debate to rework our budget and make sure these cuts did not result in higher property taxes for Edmontonians. We were also very conscious of our shared goals and were committed to maintaining and delivering the infrastructure and services Edmontonians rely on each year. When cuts needed to be made, we made sure to protect investments that would contribute to our goals, and no choices were made lightly. We all acknowledge that there is a balancing act between showing restraint and maintaining the momentum our city needs to continue to grow.

At the end of 2019, the City bid farewell to its City Manager, Linda Cochrane. Linda was instrumental in transforming our city into a more open, responsive and modern municipal corporation. She led City staff through countless challenges and triumphs, and we thank her for her service to the City. We also want to express our gratitude to the 13,000 City staff who continue to work tirelessly each day with passion for public service. And we thank you, our citizens, for your vision, enthusiasm, and inspiration as we continue to build Edmonton together.

EDMONTON COMPRISES 12 MUNICIPAL WARDS, AS OUTLINED ON THIS MAP. ONE COUNCILLOR REPRESENTS EACH WARD. THE MAYOR IS ELECTED ACROSS ALL WARDS.



MESSAGE FROM THE INTERIM CITY MANAGER



Administration continues to be focused on bringing transformative ideas to life across the city, delivering excellent service to Edmontonians every day and managing the organization for our community.

2019 marked the launch and activation of several essential pieces of the City's strategic planning framework, notably Edmonton's Strategic Plan, ConnectEdmonton and the Corporate Business Plan. These are the plans that set out our direction for the future and that identify the actions that will keep the City of Edmonton moving effectively, efficiently, and with alignment. The financial course we set in our operating budget, our assessments of opportunities and risk, and the performance targets we establish to measure our progress are other active pieces of the framework.

While Administration took decisive steps in 2019 to ensure Edmonton remains poised to achieve its future, we did so in a challenging environment of economic uncertainty and the evolution of funding parameters of other orders of government. Flexibility and responsiveness have been key to ensuring Edmontonians continue to receive good value for their tax dollars.

Edmontonians can be assured that the City of Edmonton maintained its financial health in 2019. Our economic performance is strong, and our financial position is healthy. With robust financial policies, strategies and guiding principles in place, we are well-positioned to continue to deliver sound fiscal management and long-term financial sustainability.

Administration continues to be focused on bringing transformative ideas to life across the city, delivering excellent service to Edmontonians every day and managing the organization for our community.

A handwritten signature in blue ink that reads "Adam Laughlin".

Adam Laughlin, P. Eng.
Interim City Manager



HEALTHY CITY

Edmonton is a neighbourly city with community and personal wellness that embodies and promotes equity for all Edmontonians.



URBAN PLACES

Edmonton neighbourhoods are more vibrant as density increases, where people and businesses thrive and where housing and mobility options are plentiful.



REGIONAL PROSPERITY

Edmonton grows prosperity for our Metro Region by driving innovation, competitiveness and relevance for our businesses at the local and global level.



CLIMATE RESILIENCE

Edmonton is a city transitioning to a low-carbon future, has clean air and water and is adapting to a changing climate.

“ CONNECTEDMONTON IS EDMONTON’S STRATEGIC PLAN FOR 2019 – 2028. IT SETS THE DIRECTION FOR OUR FUTURE AND OUTLINES WHERE WE NEED TO CHANGE TODAY TO REALIZE OUR VISION FOR EDMONTON IN 2050. ”

LEGISLATIVE AND ADMINISTRATIVE ORGANIZATIONAL CHART

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CITY COUNCIL MAYOR AND 12 COUNCILLORS

Audit Committee	Mayor, four Councillors and two external members
Community and Public Services Committee	Four Councillors
Executive Committee	Mayor and four Councillors
Inter-municipal and Regional Development Committee	Mayor and four Councillors
Urban Planning Committee	Four Councillors
Utility Committee	Six Councillors
Other Committees	Council has other committees to handle various tasks (e.g. Council Services)
Office of the City Auditor	David Wiun, City Auditor
EPCOR Utilities Inc.	Janice G. Rennie, Chair
Police Commission	Micki Ruth, Chair
City of Edmonton Library Board	Fern Snart, Chair
Edmonton Economic Development Corporation	Chantell Ghosh, Chair
Other Commissions, Agencies, Boards and Authorities	

CITY OF EDMONTON ADMINISTRATION

Interim City Manager	Adam Laughlin
Citizen Services	Rob Smyth, Deputy City Manager
City Operations	Gord Cebryk, Deputy City Manager
Communications and Engagement	Catrin Owen, Deputy City Manager
Employee Services	Kim Armstrong, Deputy City Manager
Financial and Corporate Services	Mary Persson, Deputy City Manager and Chief Financial Officer
Integrated Infrastructure Services	Jason Meliefste, Acting Deputy City Manager
Urban Form and Corporate Strategic Development	Stephanie McCabe, Deputy City Manager

EDMONTON
CITIZENS
SERVE ON
MORE THAN
20 AGENCIES,
BOARDS,
COMMISSIONS
AND TASK
FORCES. ’’

POLITICAL AND ADMINISTRATIVE STRUCTURE

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CITY COUNCIL

13 elected representatives make up Edmonton's City Council: one mayor and 12 councillors. Every four years, a civic election is held in which the mayor is elected by all Edmontonians and councillors are elected by voters in the wards they represent. On October 16, 2017, Edmontonians re-elected Don Iveson as mayor, re-elected 8 councillors and elected four new councillors. Edmonton's next civic election will be in 2021.

City Council typically meets two or three times a month. Council also has standing committees to take a closer look at specific topics and make recommendations. Some examples are:

Audit Committee – helps City Council meet its responsibility to oversee financial reporting, audit and enterprise risk management

Community and Public Services Committee – oversees the delivery of City services, including neighbourhoods and communities, social development, recreational activities and facilities, cultural and social programs and activities, emergency services, and municipal enforcement

Executive Committee – oversees financial and corporate issues

Inter-municipal and Regional Development Committee – makes recommendations to Council regarding regional development

Urban Planning Committee – makes recommendations to Council related to sustainable City planning

Utility Committee – makes recommendations to Council regarding the rates, governance, policies, and operations of all municipal and non-municipal public utilities

Meetings of City Council and committees are open to the public.

In addition to these Standing Committees, Edmonton citizens serve on more than 20 agencies, boards, commissions and task forces. These range from quasi-judicial or governing agencies to advisory and decision-making panels. All bring in unique perspectives and help to shape our community.

OFFICE OF THE CITY AUDITOR

The Office of the City Auditor is appointed by City Council and accountable directly to them. The internal services provided by the Office of the City Auditor include independent audits and studies of civic departments and programs. This oversight helps to improve work done by Administration and to guide Council's decision making. The delegated powers, duties, and functions of this position are established under Bylaw 12424 City Auditor.

CITY ADMINISTRATION

City Administration is led by the City Manager, who reports to City Council. The City Manager is the City of Edmonton's Chief Administrative Officer, carrying out Council's direction and administering public services. Linda Cochrane held this role from March 2016 until December 31, 2019. Adam Laughlin is the Interim City Manager.

As well as the Office of the City Manager, City Administration has seven departments that work closely with each other in delivering public services. A department is made up of areas that have similar corporate functions. The City of Edmonton's departments are:

Citizen Services

City Operations

Communications and Engagement

Employee Services

Financial and Corporate Services

Integrated Infrastructure Services

Urban Form and Corporate Strategic Development

As well, the City owns subsidiaries and authorities that provide services to the City and to the public on the City's behalf.

EDMONTON'S NEW
COMMONWEALTH
WALKWAY IS PART
OF A NETWORK
THAT CONNECTS
COMMONWEALTH
COUNTRIES BY
LINKING 100 CITIES
AND 2,000 POINTS
OF SIGNIFICANCE

EDMONTON ECONOMIC DEVELOPMENT CORPORATION

As an agency of the City of Edmonton, Edmonton Economic Development Corporation (EEDC) manages Edmonton Tourism and the Edmonton Convention Centre. They are working toward a refresh in 2020.

EEDC management reports to a 15-member, independent Board of Directors that includes Edmonton's mayor. Members bring a broad skill set from public and private sectors and are appointed by City Council.

EDMONTON POLICE COMMISSION

The Edmonton Police Commission, consisting of nine citizens and two city councillors, provides independent civilian oversight for the Edmonton Police Service (EPS). Members are appointed by City Council and are given authority by the provincial *Police Act*, which prescribes the powers, duties, functions and constraints of a municipal police commission, and Edmonton Police Commission Bylaw 14040. One of their responsibilities is allocating funds from City Council to EPS, with the goal of maximizing EPS' ability to reduce crime and increase public safety.

EDMONTON PUBLIC LIBRARY

The award-winning Edmonton Public Library (EPL) receives over 15 million visits annually – in-person across all 21 branch locations and online at epl.ca.

EPL supports literacy and lifelong learning through expert staff and technology while sharing information, resources and ideas. A free library card provides over 275,000 citizens access to a large collection of over 14 million digital and physical items, as well as over 22,000 classes and events. The *Libraries Act* of Alberta provides authority for EPL's operations, and EPL is governed by a 10-member board of trustees. This board is appointed by City Council and consists of nine citizens and one city councillor.

EPCOR

EPCOR, through its subsidiaries, builds, owns and operates electrical, natural gas and water transmission and distribution networks, water and wastewater treatment facilities, sanitary and stormwater systems, and infrastructure in Canada and the United States. The company also provides electricity, natural gas and water products and services to residential and commercial customers.

EPCOR is wholly owned by the City of Edmonton. City Council appoints EPCOR's Board of Directors. Headquartered in Edmonton, EPCOR employs about 3,600 employees across its operations.

OTHER BOARDS

From the Naming Committee to the City of Edmonton Youth Council, the City of Edmonton has over twenty agencies, boards, committees and commissions that draw on the knowledge and dedication of hundreds of citizen volunteers. These commissions, agencies, boards and committees advise and provide leadership on a wide range of activities, including naming streets, honouring the military, assessment appeals, development and bylaw complaints, transit, housing, energy transition and climate resilience, and historical preservation. They also provide needed perspectives from groups representing youth, women, seniors and multiculturalism.

THE BLATCHFORD ENERGY STRATEGY WILL REDUCE GREENHOUSE GAS EMISSIONS FROM HEATING, COOLING AND HOT WATER BY ABOUT 74% VERSUS A TYPICAL COMMUNITY.

EDMONTON'S ACCOMPLISHMENTS IN 2019

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2019 started an exciting journey for Edmontonians. It was the first year of ConnectEdmonton, Edmonton's new strategic plan.

Built from myriad conversations with thousands of Edmontonians, the plan points the way to the kind of city Edmontonians want for themselves and their families, and the people who come after them.

Edmontonians envisioned a **Healthy, Urban, Climate Resilient** City that supports a **Prosperous Region**. ConnectEdmonton also laid the foundation for a new City Plan, which – when finalized in mid-2020 – will outline the choices necessary for a city that respects and preserves the things we value today while also creating a city to attract and inspire its next million residents.

RESPONSIVE AND RESILIENT

Our mandates as mayors are crystal clear. Canadians expect us to cut through the noise: to tackle traffic congestion in our communities, to make their housing and their lives more affordable, to confront new climate extremes that are impacting our communities and disrupting business, and to build more livable and competitive and prosperous cities. – Mayor Don Iveson

The City of Edmonton remains committed to creating a low-carbon future and adapting to climate change. In August, City Council officially declared a climate emergency, thus paving the way for the City to take critical action to respond to the impacts of climate change and protect people, businesses and infrastructure. Council also voted to bolster the City's Energy Transition Strategy by increasing Greenhouse Gas (GHG) emission reduction targets. Edmonton is working to ensure our annual per capita GHG emissions are reduced to three tonnes by 2030, with a goal of being carbon neutral by 2050.

The City achieved two significant milestones in our goal to become a climate-resilient city: Blatchford's first community energy centre, Energy Centre One, was completed, which will use renewable energy sources to provide environmentally friendly heating, cooling and hot water to the neighbourhood's homes and buildings. In addition, the first land sales in the community took place, including selling the first parcels of residential land as well as approximately 33 acres of land to NAIT to expand their campus, making this area even more appealing to

a diverse population. Blatchford will set the standard for how we can work to achieve our GHG reduction goals through thoughtful urban design, high-efficiency systems, and by using innovative technologies.

From 2020 to 2022, the City will be purchasing enough Renewable Energy Credits to be powered by 100 per cent renewable electricity through offsets. This will result in a 47 per cent reduction in greenhouse gas emissions.

In April, the City purchased 50 new electric buses with the intention to have the largest fleet of electric buses in Canada. The first of these buses made their way into our city to begin testing in September. We anticipate 40 of the electric buses to be in full service in 2020 and the remaining ten to be running by 2021.

HEALTHY COMMUNITIES IN A HEALTHY CITY

A healthy city encompasses the overall health and wellness of our community. This means that all Edmontonians have the opportunity to access and maintain a good standard of living, and a high quality of life. It means they feel safe and connected. And it means they are active and engaged in their communities. Good overall health is an integral part of our wellbeing as individuals and as a city. By providing residents with opportunities to get outside to explore, to be mindful of their safety and to experience everything Edmonton has to offer, we can advance the equity and conditions for all Edmontonians to live their best lives. In 2019, we moved forward with several initiatives that are advancing Edmonton as a healthy city.

In 2018, the City co-hosted the Safe Cities and Safe Public Spaces Global Leaders Forum with United Nations Women. The impact of this conference carried over into 2019, with work continuing to ensure our public spaces are safe and empowering for all Edmontonians. One of the initiatives to come out of this was the launch of SafeCityYEG, an online mapping tool that gives people an opportunity to anonymously share their perceptions of safety in public spaces. Users place a pin on a map and identify their safety concerns, with an option to include details of why they feel unsafe; whether due to poor lighting, street

“IN A TIGHT-KNIT NEIGHBOURHOOD, YOU DON’T NEED TO DRIVE TO THE STORE IF ALL YOU NEED IS A CUP OF SUGAR.”

Abundant Communities

harassment or any other issue. Alternatively, users can also pin the map for places they feel comfortable and safe. The original goal for SafeCityYEG was to gather 5,000 pins in one year, and to date, there have been 7,913 validated pins. A healthy city is one that is safe and welcoming for all, and the information gathered will inform how City programs and services are built and delivered within public spaces.

Another highlight from this year was the long-anticipated opening of Nature's Wild Backyard Phase 1 at the Edmonton Valley Zoo. This project offers visitors an opportunity to learn about food sustainability and agriculture through interactive activities, demonstrations and events. The first phase of the project includes three areas: the new 40Acres restaurant, the Urban Farm, and the red panda habitat and play space. Located in the Urban Farm area, 40Acres serves a menu focused on sustainable local food, while the Farm itself offers visitors a chance to interact with barnyard critters like sheep, goats, pigs, ponies and cows. The red panda habitat allows visitors a chance to get closer to one of the zoo's most popular animals. The habitat has also created more space and can comfortably house up to four breeding pairs, which is essential to the zoo's participation in the international Red Panda Species Survival Plan.

In September, Edmonton's Commonwealth Walkway was launched. The Walkway is a 10-kilometre loop that aims to connect our city with Commonwealth countries around the world. The overall Walkway will be 1,000 km long, linking 100 cities and permanently marking 2,000 points of significance while providing a practical opportunity for a third of the world's population to be more active. Edmonton is the first Canadian capital to join the walkway project. The City created a free mobile app that allows users to hear or read information and stories about the area's history, environment and population.



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A THRIVING,
PROSPEROUS AND
RESILIENT EDMONTON
IS THE PRODUCT OF CITY
BUILDING WITH OUR
BUSINESS COMMUNITY,
REGIONAL PARTNERS
AND OTHER LEVELS OF
GOVERNMENTS. WHEN
WE WORK TOGETHER, WE
BUILD A BETTER CITY AND
A STRONGER PROVINCE.”

Linda Cochrane

“ THE MOST IMPORTANT THING TO KEEP IN MIND, WHETHER WE ARE BUILDING NEW OR REDEVELOPING EXISTING AREAS, IS THAT WE ARE BUILDING OUR CITY FOR OUR PEOPLE. GREAT CITIES ARE GREAT NOT BECAUSE ALL OF THE BUILDINGS ARE PERFECTLY DESIGNED, BUT BECAUSE THEY ARE FUNDAMENTALLY BUILT TO WORK FOR THE PEOPLE WHO INHABIT THEM. ”

Kalen Anderson, Director, City Plan,
Office of the Chief Planner, Urban Form
and Corporate Strategic Development

PROSPERING TOGETHER

The Edmonton Metro Region is where great homegrown ideas, talent and businesses gain the attention and markets of investors around the world.

In September, we received the results of our latest municipal census, which indicated that our population was closing in on a million. As of April 2019, when the census was completed, we were home to 972,223 people – a 7.5 per cent increase from the previous municipal census, which was completed in 2016. The census also revealed that more than half of Edmonton’s population was under the age of 39, making us one of the youngest major cities in Canada.

The City changed the way it provides planning and development services by improving customer service and meeting the ever-changing demands of building a modern city. Improvements include reducing red tape for builders with good track records by reducing thousands of inspections, saving time and cost. We also reduced the timelines for rezoning, subdivision and endorsements, set targets to measure and maintain service and reduced the time it takes for development permits.

URBAN, VIBRANT AND THRIVING

Urban Places are well-designed and developed areas for Edmontonians to enjoy. As density increases, our neighbourhoods become more vibrant: places where people and businesses thrive, and where housing and mobility options are plentiful. These areas feature attractive destinations and amenities, have a distinctive culture and a wealth of transportation options.

In March, public registration opened to purchase lots in the Meadows of Laurel. This community is the newest sustainable development located in Southeast Edmonton, just off of 17th Street at 19th Avenue. The Meadows of Laurel will be made up of sustainably designed and environmentally sensitive homes in a range of attractive styles. All homes in this neighbourhood will comply with a set of sustainability and architectural guidelines, including building a photovoltaic solar-ready home and obtaining third-party certification that the home has achieved an EnerGuide rating of 15 per cent lower than a typical new home.

On November 26, 2019, City Council approved Edmonton’s new transit network. The new network is designed to deliver safe, fast, convenient and reliable service to better connect Edmontonians to places and each other. It will also balance the needs of transit users and long-term City-building goals by creating a more efficient system and improving service levels.



ECONOMIC PERFORMANCE

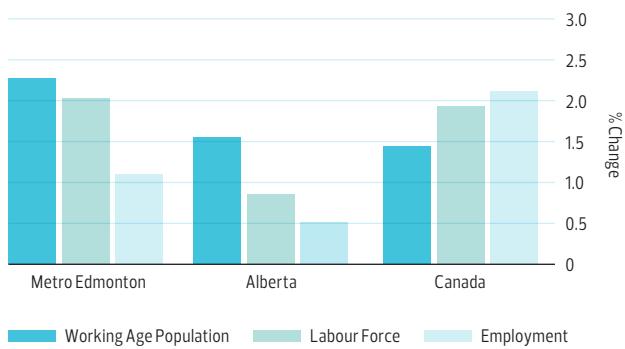
The Edmonton economy saw continued population growth and modest growth in the labour market in 2019.

OVERALL PERFORMANCE

Between 2018 and 2019, employment in Metro Edmonton gained 8,500 positions, or growth of 1.1 per cent. Employment gains were concentrated in full-time positions, supporting annual growth of almost two per cent year-over-year in average weekly wages. Employment in the trade sector saw the strongest growth in 2019, followed by gains in the health care sector. The manufacturing sector continued its recovery in employment, picking up close to 5,000 positions year-over-year in 2019. Overall, Metro Edmonton had an average of 791,800 persons employed in 2019. The regional unemployment rate rose to 7.3 per cent in 2019 from 6.4 per cent in 2018 as employment growth was more than outpaced by growth in the labour force.

Labour Market Developments – 2019 Annual Change

Source: Statistics Canada



At the provincial level, the production limits that came into effect at the start of 2019 have helped to stabilize the oil price differential between West Texas Intermediate (WTI) and Western Canadian Select. Though investment in the oil and gas sector remains below levels seen in 2014, investment levels have held relatively steady since 2016. In 2019, Alberta saw growth in the health care, manufacturing and public administration sectors, which helped to sustain the province's employment level from the year prior. Employment growth in the province was more than offset by gains in the labour force, bringing the unemployment rate to 6.9 per cent in 2019 from 6.6 per cent in 2018.

For Canada as a whole, employment grew 2.1 per cent, driven by strong gains in the professional services, health care and retail trade sectors. Employment growth exceeded labour force growth, bringing the national unemployment rate to 5.7 per cent from 5.8 per cent in 2018.

Average Annual Oil Prices – West Texas Intermediate

Source: Bloomberg



WTI, the US benchmark oil price, averaged US\$57 per barrel in 2019, down from an annual average of US\$65 per barrel in 2018. Despite the annual decline, WTI has made a significant recovery since bottoming below US\$30 per barrel in February 2016, which has stabilized investment levels in the province's energy sector. However, it should be noted that Alberta's ability to transport oil out of the province remains constrained. Transportation capacity constraints resulted in a significant discount opening up between Western Canadian Select (WCS) and WTI in late 2017, widening to almost US\$50 per barrel in November 2018. In January 2019, provincially mandated production cuts came into effect, which has helped to narrow the price differential.

RESIDENTIAL CONSTRUCTION

Residential construction in Metro Edmonton picked up in 2019, driven solely by higher apartment starts, particularly for rental apartment units. Single-family housing starts were 14 per cent lower year-over-year in 2019 as elevated inventory levels in both the existing and new home markets held back production in the first three quarters of the year. The Multiple Listing Service (MLS) single-family detached median house price in 2019 for Metro Edmonton was \$342,000,

' BETWEEN 2018 AND 2019, EMPLOYMENT IN METRO EDMONTON GAINED 8,500 POSITIONS, OR GROWTH OF 1.1 PER CENT.'

slightly more than a two per cent reduction from \$350,000 in 2018. Within city limits, the median house price in 2019 was \$338,000, down 2.3 per cent from \$346,000 in 2018. Metro Edmonton's rental vacancy rate decreased from 5.3 per cent in October 2018 to 4.9 per cent in October 2019 as net in-flows of migrants boosted the demand for rental accommodation.

The value of building permits in Metro Edmonton dropped from \$4.9 billion in 2018 to \$3.9 billion in 2019. Both residential and non-residential building permit values saw double-digit declines year-over-year in 2019. Across residential segments, the reduction was most evident in single dwelling building permit values, which were almost 30 per cent lower year-over-year in 2019. Non-residential building permit values saw a 23 per cent reduction in 2019 compared to the previous year, largely due to a significant decline in commercial building permit values.

Residential and non-residential building permit values in Alberta declined by almost 14 per cent year-over-year in 2019. Both residential and non-residential building permit values saw reductions in 2019 compared to 2018. On a year-over-year basis, single dwelling building permit values dropped about 15 per cent in 2019, while multiple dwelling building permit values saw a more moderate reduction of two per cent. On the non-residential side, building permit values for all segments were lower year-over-year in 2019, though commercial building permit values saw the largest reduction. At the national level, the value of permits rose 1.5 per cent year-over-year in 2019, driven by growth in all non-residential building segments.

HOUSING STARTS

Housing starts in both the city and Metro Edmonton rose year-over-year in 2019. Housing starts in 2019 within city limits totaled 8,605 units, 7.5 per cent higher than annual housing starts in 2018. Single-family starts were lower year-over-year in 2019, largely due to lower starts recorded in the first three quarters of the year as builders eased starts production to manage inventory levels. Multi-family starts, on the other hand, finished 2019 24.1 per cent above 2018, solely due to higher apartment production, particularly for rental units. Throughout Metro Edmonton, there were 10,720 housing starts in 2019, an increase of 6.8 per cent year-over-year.

Annual Housing Starts

Source: Canada Mortgage and Housing Corporation



INFLATION

Inflation levels in Metro Edmonton rose by approximately 1.7 per cent in 2019 as a result of higher shelter costs, particularly for rented accommodation and water, fuel and electricity costs. Inflation, as measured by the Consumer Price Index, was driven higher by gasoline costs in 2018. Lower costs had the opposite effect in 2019, with year-over-year monthly declines for most of the year. For Alberta, the comparable figure was 1.8 per cent, while Canada's annual inflation rate in 2019 was 1.9 per cent.

Annual Consumer Price Index

Source: Statistics Canada



SUMMARY

Following a strong performance in 2018, the city saw very modest growth in 2019. By mid-2018, employment in Metro Edmonton recovered all job losses seen in late 2016. In 2019, employment in the region continued to grow, albeit at a very moderate pace of one per cent, with gains in both full- and part-time positions. Residential construction activity picked up in 2019, largely due to increased multi-family housing starts, particularly for rental apartment units. The increased number of rental apartment starts reflects improving rental demand, a result of a growing population. Looking ahead, growth prospects in 2020 for both Metro Edmonton and Alberta have turned sharply negative in light of the COVID-19 pandemic. Physical distancing measures that were introduced in March 2020 to slow the rate of the novel coronavirus' spread have tamped down economic activity for both households and businesses. Employment in Metro Edmonton is expected to see a sizable reduction in 2020 relative to 2019 in response to this economic contraction, which will lift the region's unemployment rate. The region's population will continue to grow which should provide some support for housing and consumer spending once the region's economy begins its recovery. However, population growth is expected at a slower rate than initially expected as the in-flow of migration from other parts of the country is likely to ease.





2 FINANCIAL STATEMENT DISCUSSION + ANALYSIS

INTRODUCTION

The Annual Report provides information regarding the use of financial resources entrusted to the City of Edmonton for the purpose of providing municipal services and infrastructure.

In addition to providing an overview of the City's 2019 financial performance and position, this report describes significant fiscal policies, strategies and plans related to financial control, accountability, long-term sustainability and risk management.

The 2019 Annual Report includes the City's consolidated financial statements (financial statements), which have been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS). KPMG LLP has audited the City's financial statements and provided an Independent Auditor's Report. The financial statements and auditor's report satisfy the legislative reporting requirement set out in the *Municipal Government Act* (MGA) of Alberta.

The following financial statement discussion and analysis should be read in conjunction with the financial statements. Both have been prepared by and are the responsibility of Management of the City of Edmonton. A five-year statistical review of key information has also been provided.



2020 SUBSEQUENT EVENTS

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In January 2020, the World Health Organization (WHO) declared a public health emergency of international concern in response to the outbreak of a novel coronavirus (COVID-19) and subsequently recognized COVID-19 as a global pandemic.

In March 2020, in response to the pandemic, the Province declared a state of public health emergency under the Public Health Act.

In efforts to protect the health and well-being of City employees and the general public, the City declared a State of Local Emergency, activated the Emergency Operations Centre and implemented a series of measures including the closure of recreational, cultural and sports facilities, cancellation of public events with over 15 attendees, temporary suspension of parking fees and transit fare collection, deferral of utility payments and delay of property tax penalties.

This situation presents uncertainty over the City's future cash flows, and may have a significant impact on the City's future operations. Potential impacts on the City's business could include future decreases in revenue, future increases in expenses, impairment of investments or reduction in investment income, and delays in completing capital project work.

On April 27, 2020, City Council approved one-time 2020 operating budget adjustments to mitigate the reduced revenue and increased costs resulting from the pandemic. The 2020 operating budget was adjusted to reflect a decrease of \$143,245 in revenues, an \$85,479 decrease in expenses, \$46,520 reduction in transfers to the Pay-As-You-Go reserve and an \$11,246 increase in transfers from reserves, including the planning and development and vehicle for hire reserves.

As the situation is dynamic and the ultimate duration and magnitude of the impact on the economy are not known, an estimate of the total financial effect on the City is not determinable at this time.

The City continues to closely monitor the COVID-19 developments and follow the guidelines issued by Alberta Health Services to ensure it can quickly and effectively respond to this evolving situation.

2019 FINANCIAL HIGHLIGHTS

The City ended the year with a \$20.1 million surplus (0.8 per cent of budgeted tax-supported expenses) for general government (tax-supported) operations relative to the budget.

The surplus is primarily a result of lower than expected personnel costs due to a pause in filling vacancies, lower than budgeted costs for snow & ice control, and other net favourable variances across City programs; partially offset by higher than budgeted costs for benefits coverage for staff on long-term disability, increased tax loss for lower than budgeted grants in lieu of taxes, and various other net unfavourable program variances.

This year marks the first year of the City's four-year capital budget for 2019–2022. The 2019–2022 Capital Budget balances the infrastructure investment required to keep existing City assets in good repair while supporting ongoing growth needs. Approximately 41 per cent of 2019–2022 capital investment is earmarked for renewing roads, neighbourhoods, parks, City-owned buildings and transit vehicles, with the remaining 59 per cent to support planning and delivery of new infrastructure.

In 2019, the City began the first year of the 2019–2022 multi-year operating budget. The 2019 operating budget saw a property tax increase of 2.6 per cent to pay for civic programs, including 0.5 per cent increase for Municipal Services, 1.2 per cent dedicated to the Edmonton Police Service, 0.6 per cent for the Valley Line LRT, and 0.3 per cent dedicated to fund Alley Renewal, in alignment with City Council's (Council) priorities.

With an overall accumulated surplus of \$14,928.5 million, the City's financial position is resilient. The City will continue to monitor its financial performance and will implement strategies to address growth and increased service demand through the multi-year budget process. These areas are expanded upon in the Long-Term Sustainability section of this discussion.

FINANCIAL POSITION

PAGE 23

Consolidated Statement of Financial Position
(millions of \$)

	2019	2018	2017	2016	2015
Financial Assets	\$ 7,284.0	\$ 7,237.7	\$ 6,791.5	\$ 5,715.8	\$ 5,325.2
Liabilities	4,796.5	4,699.5	4,334.4	4,652.7	4,244.1
Net Financial Assets	\$ 2,487.5	\$ 2,538.2	\$ 2,457.1	\$ 1,063.1	\$ 1,081.1
Non-Financial Assets	12,441.0	11,758.3	10,842.2	13,638.9	12,666.6
Accumulated Surplus	\$ 14,928.5	\$ 14,296.5	\$ 13,299.3	\$ 14,702.0	\$ 13,747.7

The City ended the year in a strong financial position with net financial assets of \$2,487.5 million, an overall decrease of \$50.7 million compared to 2018. The primary components of the net financial asset balance are the City's investment of \$3,841.9 million in the EPCOR subsidiary, investments of \$1,937.2 million, cash and cash equivalents of \$578.3 million, and long-term debt of \$3,202.8 million. Net financial assets have held steady over the past 3 years due to capital appreciation on the City's investment holdings and the City's investment in EPCOR, resulting in a resilient and stable net financial asset position.

The City's **non-financial assets** at the end of 2019 were \$12,441.0 million, an overall increase of \$682.7 million, or 5.8 per cent, compared to 2018. Non-financial assets consist primarily of tangible capital assets such as buildings, roadways, and vehicles that are valued at \$12,365.0 million. The City's non-financial assets have grown over the last five years due to continued investments in infrastructure. These investments include the construction of new infrastructure to meet the needs of a growing population and repairs to existing infrastructure to maintain the service standards that Edmontonians expect. The ability to build and maintain infrastructure assets ensures that Edmonton can provide services and remain an attractive and cost-effective place to live and do business.

Accumulated surplus is an indicator of the City's overall financial viability that reflects the net economic resources the City has built up over time. The City ended 2019 with a total accumulated surplus of \$14,928.5 million, an increase of 4.4 per cent compared to the prior year. This surplus includes the City's equity in tangible capital assets, investments in the EPCOR subsidiary and Ed Tel Endowment Fund, and a number of reserves, including the Financial Stabilization Reserve. The City maintains a stable accumulated surplus balance due to its continued investments in Edmonton's infrastructure, its growing investment in EPCOR and the accumulation of annual excess of revenues over expenses.

In 2017, City Council approved the transfer of the net assets and operations of the City's Drainage Utility to EPCOR, effective September 1, 2017. This transfer resulted in a decrease in the City's net financial assets, non-financial assets, and accumulated surplus in that year. In 2018, the City's financial position returned to the growth trend seen prior to the Drainage Utility transfer in 2017.

Refer to the Statistical Review section of the annual financial report for additional trending and other statistical data.

The significant balances and changes in financial position are discussed in the following sections.

THE CITY ENDED THE YEAR IN A STRONG FINANCIAL POSITION WITH NET FINANCIAL ASSETS OF \$2,487.5 MILLION, AN OVERALL DECREASE OF \$50.7 MILLION COMPARED TO 2018.

FINANCIAL ASSETS

The financial assets-to-liabilities ratio is used to assess the sustainability of the City's financial position. A result lower than one indicates that future revenues will be required to pay for past transactions and events.

A result higher than one indicates that financial resources are presently available that can pay for future operations. The City's financial assets-to-liabilities ratio over the past five years has remained greater than one.

Financial Assets to Liabilities

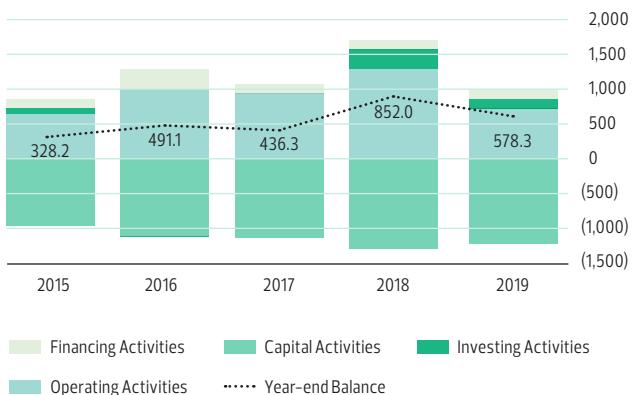


CASH

The City's cash position includes both cash and cash equivalents such as bankers' acceptances, treasury bills and commercial paper, which are used to ensure that sufficient cash and liquid assets are available to manage the timing of the City's operating and capital expenditures. In 2019, the City's cash position decreased to \$578.3 million from \$852.0 million in 2018, an overall decrease of \$273.7 million, or 32.1 per cent.

The Consolidated Statement of Cash Flows summarizes the sources and uses of cash by the City in 2019. During the year, the City raised \$759.6 million from operations and \$116.9 million from net financing activities. The City spent \$1,256.3 million to acquire tangible capital assets, net of proceeds on disposal, and generated \$106.1 million in cash through investing activities, including a dividend from the EPCOR subsidiary of \$171.0 million during the year.

Cash Flows (millions of \$)



RECEIVABLES

Receivables include amounts owed to the City related to the following categories: trade and other; local improvements; taxes; and government transfers. The 2019 receivables balance of \$668.9 million increased by \$186.0 million, or 38.5 per cent, from the prior year balance of \$482.9 million. Trade and other, local improvement, and taxes receivables increased by \$11.3 million due to normal operating fluctuations. Government transfers receivable increased by a net \$174.7 million compared to prior years as a result of Municipal Sustainability Initiative grant funds receivable from the Province at the end of 2019, and timing differences between expenditures related to the Valley Line Southeast LRT project and reimbursement of those expenditures through grant funding. From 2016 to 2019, design and construction work on the Valley Line Southeast LRT project has progressed. Currently, the City is owed \$143.3 million from the P3

THE ED TEL ENDOWMENT FUND HAS CONTRIBUTED \$832.6 MILLION TO THE CITY. IN 2019, THE FUND CONTRIBUTED \$48.5 MILLION IN DIVIDENDS TO THE CITY, INCLUDING A \$9.7 MILLION SPECIAL DIVIDEND.

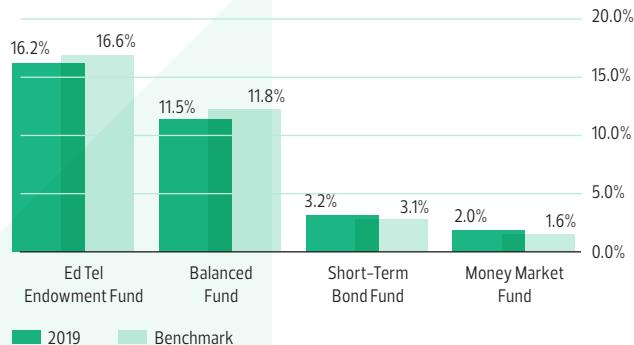
Canada Fund for expenditures incurred for the Valley Line Southeast LRT project from 2016 to the end of 2019. The P3 Canada Fund grant will be paid to the City upon service commencement of the Valley Line Southeast LRT project, which is expected in 2021. As a result, the grant receivable amount will grow in line with eligible expenditures until that time. Details on federal and provincial government transfers are provided in Note 18 to the financial statements.

INVESTMENTS

All investments held by the City must comply with the MGA, the Major Cities Investment Regulation and the City's internal investment policy. The objective of the Council-approved investment policy, as overseen by the Investment Committee, is to preserve the principal investment amount and maximize investment returns within an acceptable and prudent level of risk. Asset mix is determined based on investment earnings objectives, investment time horizon, and level of risk tolerance.

The Investment Committee's role is to oversee the City's investments. Members are selected to bring both investment and business expertise to the Committee. By monitoring the City's investment program and implementing changes as necessary, the Committee ensures that the funds are well positioned and appropriately invested in a manner that meets their objectives.

2019 Performance vs Benchmark



Included in investments of \$1,937.2 million are amounts held as cash, amounts receivable (payable), fixed income, common and preferred shares, pooled infrastructure funds, and other investments. The majority of these investments are held within the Money Market Fund, the Short-term Bond Fund, the Balanced Fund and the Ed Tel Endowment Fund.

The Money Market Fund ensures that sufficient cash and liquid assets are available to cover the City's short-term obligations. As such, the fund is solely invested in money market securities with time horizons of one year or less, depending on the City's forecast of commitments.

The Short-term Bond Fund is an investment vehicle for working capital that is not currently needed to fund City operations but will be needed in less than five years. Therefore, the fund holds fixed income securities with an investment horizon of less than five years.

The Balanced Fund is a long-term investment vehicle to fund operating and capital reserve funds, deferred revenue accounts and other similar funds. Because it has a longer-term investment horizon, it has a risk tolerance that permits owning some equities.

The largest of the City investment funds is the Ed Tel Endowment Fund, established in 1995, with the sale of the City's municipally owned telephone company, Edmonton Telephones, to the TELUS Corporation for \$465.0 million. Council directed Administration to establish the Ed Tel Endowment Fund to hold the financial assets generated from this sale and to ensure Edmonton's long-term financial stability. The Ed Tel Endowment Fund provides a source of income in perpetuity while ensuring that the real purchasing power of the original investment is maintained. Similar to the Balanced Fund, the Ed Tel Endowment Fund has a longer-term investment horizon and a level of risk tolerance that permits owning equities. City Bylaw 11713 establishes the formula under which earnings from this fund can be applied to fund City operations.

“ IN 2019, THE CITY’S INVESTMENT IN EPCOR INCREASED TO \$3,841.9 MILLION FROM \$3,749.1 IN 2018, A NET INCREASE OF \$92.8 MILLION, OR 2.5 PER CENT.

Since 1995, the Ed Tel Endowment Fund has contributed \$832.6 million to the City. In 2019, the fund contributed \$48.5 million in dividends to the City, including a \$9.7 million special dividend that was approved by City Council on September 4, 2018, and paid in 2019. In accordance with Bylaw 11713, City Council may authorize a special dividend payment when the market value of the fund, as at June 30 of the preceding year, is more than 15 per cent above the inflation-adjusted principal. On June 30, 2018, the market value of the Ed Tel Endowment Fund was 17.6 per cent above the inflation-adjusted principal and following Bylaw 11713 was in a position to pay a special dividend. The special dividend was used to fund capital projects consistent with the budget strategy to redirect investment earnings to capital. The fund ended the year with an investment book value of \$823.4 million compared to a market value of \$861.6 million.

Performance of the City's investment funds ranged from 2.0 per cent (Money Market Fund) to 16.2 per cent (Ed Tel Endowment Fund), depending on each fund's asset mix. In a sharp reversal to 2018, financial markets across the globe showed strength in 2019. Supportive monetary policy, easing trade tensions and stabilizing global growth contributed to the strength in capital markets during the year. Canadian equities were up 22.9 per cent for the year as the Canadian dollar rose 5 per cent versus the U.S. dollar and the price of oil surged by 34 per cent – all reversing the declines experienced in 2018. As a result, the Ed Tel Endowment Fund and Balanced Fund, both of which are invested in a mix of fixed income and equity markets in accordance with the City's investment policy, saw returns of 16.2 per cent and 11.5 per cent, respectively. Conversely, the Money Market Fund and Short-term Bond Fund, which are invested solely in lower returning fixed income securities, had returns of 2.0 per cent and 3.0 per cent respectively. Overall, the market value of the City's investment portfolio at year-end was \$1,993.0 million, 2.9 per cent above the investment cost.

The outbreak of a novel coronavirus (COVID-19) in early 2020 has created market volatility which has impacted the value of the City's investments and could result in a reduction in investment income or impairment of investments. The ultimate duration and magnitude of the impact on the economy are not known, and an estimate of the financial effect on the City is not determinable at this time.

More detailed information about the investment performance and benchmarks are available in the 2019 Investment Committee Annual Report on the City of Edmonton's website.

Additional investments are managed for trust assets under administration's control, including City-sponsored pension plans and a long-term disability benefit plan funded by employees. Consistent with public sector accounting standards, trust assets that are not owned by the City are excluded from the reporting entity. Note 21 to the financial statements provides summary disclosures with respect to trust assets under City administration.

INVESTMENT IN EPCOR

EPCOR builds, owns and operates electrical, natural gas and water transmission and distribution networks, as well as water and wastewater treatment facilities, sanitary and stormwater systems, and infrastructure in Canada and the United States. EPCOR also provides electricity, natural gas and water products and services to residential and commercial customers.

The City applies a modified equity method of accounting and reporting for EPCOR, a wholly-owned subsidiary, as a government business enterprise. EPCOR's management has prepared its 2019 consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). EPCOR's accounting principles are not adjusted to conform to those used by the City as a local government; therefore, inter-organizational transactions and balances are not eliminated.

In 2019, the City's investment in EPCOR increased to \$3,841.9 million from \$3,749.1 in 2018, a net increase of \$92.8 million, or 2.5 per cent. The net increase is due to EPCOR's reported net income of \$231.1 million for 2019, \$80.8 million of tangible capital assets contributed to EPCOR and other equity adjustments of \$0.2 million, offset by \$1.1 million in amortization of contributed assets, other comprehensive loss of \$47.2 million and a dividend of \$171.0 million paid to the City. Summary financial information for EPCOR is included in Note 20 to the financial statements.

Additional detail on EPCOR's strategies, financial performance and health, and significant events that occurred in 2019 are discussed in EPCOR's annual reporting for 2019, which is available on the company's website.

SUPPORTIVE MONETARY POLICY, EASING TRADE TENSIONS AND STABILIZING GLOBAL GROWTH CONTRIBUTED TO THE STRENGTH IN CAPITAL MARKETS DURING THE YEAR.

LIABILITIES

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities include the categories of trade and other, developer obligations, payroll and remittances, and accrued interest amounts owing. The balance of \$953.2 million at year-end has increased over the prior year balance of \$867.7 million by \$85.5 million, or 9.9 per cent.

The trade and other category has increased by \$96.3 million due to timing differences in the payment of outstanding invoices over the prior year and an overall increase in capital expenditures compared to prior years. In particular, there was a \$48.2 million increase in the P3 substantial completion liability to be paid in 2021 to TransEd (the P3 partner) upon service commencement of the Valley Line Southeast LRT. The liability increases annually until final payment upon service commencement based on the percentage of project completion.

Payroll and remittance liabilities have decreased by \$19.5 million over the prior year. A majority of this variance is related to timing differences in the payment of payroll deduction amounts that are collected by the City and owed to the Receiver General at the end of the year compared to prior years. The remainder of the variance was within developer obligations and accrued interest.

Information on the composition of the accounts payable and accrued liability balance is provided in Note 7 to the financial statements.

DEFERRED REVENUE

Deferred revenue is largely made up of government transfers provided to fund operating and capital expenditures. The use of these revenues is externally restricted until used for the purposes intended. The deferred revenue balance of \$350.3 million decreased by \$142.9 million, or 29.0 per cent, from the prior year balance of \$493.2 million. The decrease is mainly due to reduced Municipal Sustainability Initiative (MSI) grant funding received in 2019 compared to 2018, and the use of the provincial Climate Leadership Plan Grant received in 2018 to fund Valley Line LRT expenditures; these are partially offset by Federal Gas Tax grant proceeds received in advance of eligible expenditures. Additional details about balances and changes in deferred revenue are included in Note 8 to the financial statements.

LONG-TERM DEBT

The City uses debt to finance capital expenditures under the principles and limits established by the City's Debt Management Fiscal Policy (DMFP), C203C. The policy supports the City's long-term capital plans and strategies while maintaining long-term financial affordability, flexibility and sustainability. The policy also provides for approval of multi-year debt guidelines with a corresponding debt repayment funding strategy, and added flexibility for the application of funds used for debt servicing once the debt is retired.

The City has three main types of long-term debt obligations: tax-supported debt funded by tax levy, self-supporting tax-guaranteed debt funded through dedicated non-tax levy revenues, and self-liquidating debt funded through programs that are self-sustaining, such as the Waste Services Utility, the Blatchford Redevelopment Project and local improvements. As self-supporting tax-guaranteed debt is guaranteed by the tax levy, it is classified as tax-supported debt. Tax-supported debt also includes the City's long-term obligation related to its public-private partnership (P3) with TransEd for the construction of the Valley Line Southeast LRT (P3 term debt).

The City's policies and strategies with respect to debt management are documented in a Debt White Paper that is available on the City of Edmonton's website. The Debt White Paper discusses the City's use of debt financing to optimize resources dedicated to the acquisition, creation, and rehabilitation of infrastructure.

Since 1993, borrowing completed by the City has generally been in the form of amortizing debentures in Canadian dollars administered through the Alberta Capital Finance Authority (ACFA), using the debt rating of the Government of Alberta and combined borrowing volumes across Alberta.

On October 24, 2019, the Province released the 2019 Provincial Budget which introduced legislation to dissolve ACFA, by mid-2020, and transfer responsibilities to the Government of Alberta's department of Treasury Board and Finance. There will be no change to active loans during both the transition and after the dissolution of ACFA. It is not anticipated that the Province will change the substance of the program of lending to local authorities.

Interest rates are established at the time of borrowing and remain constant throughout the term of the debenture, eliminating the risk associated with fluctuating interest rates. Repayments are made annually or semi-annually. The City continued to benefit from low interest rates for new borrowing during the year, with ranges as follows:

THE CITY'S NET LONG-TERM DEBT WAS \$3,202.8 MILLION AT DECEMBER 31, 2019, AN INCREASE OF \$156.6 MILLION COMPARED TO THE 2018 BALANCE.

Debt Schedule
(millions of \$)

	Tax-Supported	Self-Liquidating	Total Debt (net)
Opening	\$ 2,595.1	\$ 451.1	\$ 3,046.2
Debt reclassification	(10.5)	10.5	189.8
Borrowings	151.7	38.1	123.0
Increase in P3 term debt	123.0		
Principal payments	(122.6)	(33.6)	(156.2)
Ending	\$ 2,736.7	\$ 466.1	\$ 3,202.8

Borrowing Terms and Interest Rates

Term	Interest Rates
5 years	1.86% to 2.23%
10 years	2.00% to 2.56%
15 years	2.30% to 2.87%
20 years	2.46% to 2.93%
25 years	2.42% to 3.13%
30 years	2.47% to 3.19%

The City's net long-term debt was \$3,202.8 million on December 31, 2019, an increase of \$156.6 million, or 5.1 per cent, compared to the 2018 balance. Long-term debt comprises debentures, mortgages and the P3 term debt. The gross amount of debentures, mortgages payable and P3 term debt of \$3,790.1 million is offset by \$587.3 million in amounts receivable from EPCOR. The amount receivable from EPCOR is for debentures issued in the name of the City on behalf of EPCOR relating to the Gold Bar Wastewater Treatment Facility, transferred to EPCOR in 2009, and the Drainage Utility, transferred to EPCOR in 2017.

Of the total net long-term debt of \$3,202.8 million, \$2,736.7 million is tax-supported and \$466.1 million is self-liquidating. Tax-supported debt includes \$311.6 million of P3 term debt related to the portion of deferred capital costs owing to TransEd from 2021 to 2050 for the construction of the Valley Line Southeast LRT. Term debt is based on the percentage of project completion as of December 31, 2019.

During the year, the City added a total of \$189.8 million through new debenture borrowings and mortgages; \$151.7 million is considered tax-supported and \$38.1 million is considered self-liquidating. Self-liquidating borrowings during the year include \$12.2 million for the Waste Services Utility, \$9.0 million for Non-Profit Housing Corporation, \$6.5 million for the Blatchford Redevelopment Project, \$6.4 million for the Blatchford Utility, and \$4.0 million related to local improvement projects. Tax-supported debt was borrowed to finance various capital projects, including the Kathleen Andrews Transit Garage construction, revitalization of the Stanley A. Milner Library, continued construction of Downtown and Quarters Community Revitalization Levy funded projects, and design and land acquisition related to Yellowhead Trail Freeway Conversion.

Debt principal repayments of \$156.2 million were made during the year, comprising \$122.6 million for tax-supported debt and \$33.6 million for self-liquidating debt.

The City of Edmonton is subject to limits of total debt and debt servicing by the MGA Debt Limit Regulation AR 255/2000 which stipulates that the City's total debt limit is two times the revenue of the municipality, and that debt servicing costs are limited to 35 per cent of the revenue of the municipality. Revenue for the purpose of this calculation is the consolidated revenue of the City, less capital government transfers and contributed tangible capital assets and excludes revenue from EPCOR. Debt servicing, for the purpose of calculating the MGA debt servicing limit, is the amount of principal and interest for the subsequent year relating to debt in place at the end of the year reported.

Debt and Debt Service Limits – MGA (millions of \$)

	2019	2018	2017	2016	2015
Debt limit	\$ 5,840.6	\$ 5,587.4	\$ 5,649.4	\$ 5,627.4	\$ 5,556.1
Debt limit used	\$ 3,202.8	\$ 3,046.2	\$ 2,912.1	\$ 3,339.0	\$ 3,033.2
Percentage used (%)	54.8	54.5	51.5	59.3	54.6
Debt service limit	\$ 1,022.1	\$ 977.8	\$ 988.6	\$ 984.8	\$ 972.3
Debt service limit used	\$ 301.1	\$ 284.3	\$ 264.6	\$ 341.0	\$ 285.8
Percentage used (%)	29.5	29.1	26.8	34.6	29.4

The City's level of debt is well below the legislated limit established in the MGA and has been relatively stable. Over the past five years, the debt limit has ranged from 51.5 per cent to 59.3 per cent of the established debt limit, indicating the City holds a sustainable level of debt. Debt has been used strategically to move priority capital projects ahead while benefiting from low interest rates. The City's debt servicing in comparison to the MGA debt servicing limits indicates the extent to which past borrowing decisions constrain the City's ability to meet its financial and service commitments in the present. The City's debt servicing limits over the past five years have remained well below the established limit.

Debt is further restricted through the City's DMFP, which limits total debt servicing to 22 per cent of City revenues, and tax-supported debt servicing to 15 per cent of annual tax-supported revenues. In monitoring compliance with the DMFP, debt servicing is defined as debt principal and interest paid in the year. The City DMFP debt servicing limits are below the limits established in the MGA. The percentage of the debt servicing limit used for purposes of the DMFP increased in 2017 due to the repayment of \$60.0 million of short-term borrowing. The City undertook short-term borrowing to finance fast-tracked capital expenditures for projects with approved funding through Municipal Sustainability Initiative grants and the provincial fuel tax.



Debt and Debt Service Limits – DMFP (millions of \$)

	2019	2018	2017	2016	2015
Total debt service limit	\$ 642.5	\$ 614.6	\$ 621.4	\$ 619.0	\$ 611.2
Debt service limit used	\$ 283.2	\$ 269.7	\$ 333.0	\$ 262.0	\$ 304.3
Percentage used (%)	44.1	43.9	53.6	42.3	49.8
Tax-supported debt service limit	\$ 397.8	\$ 380.0	\$ 361.9	\$ 348.6	\$ 331.0
Debt service limit used	\$ 232.4	\$ 219.0	\$ 264.1	\$ 170.8	\$ 218.8
Percentage used (%)	58.4	57.6	73.0	49.0	66.1

“ OVER THE PAST FIVE YEARS, THE DEBT LIMIT HAS RANGED FROM 51.5 PER CENT TO 59.3 PER CENT OF THE ESTABLISHED DEBT LIMIT, INDICATING THE CITY HOLDS A SUSTAINABLE LEVEL OF DEBT. ”

NON-FINANCIAL ASSETS

PAGE 32

TANGIBLE CAPITAL ASSETS

Tangible capital assets are managed and held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for development, construction, maintenance or repair of other tangible capital assets. The assets are not for sale in the ordinary course of operations, and their economic lives extend beyond a year.

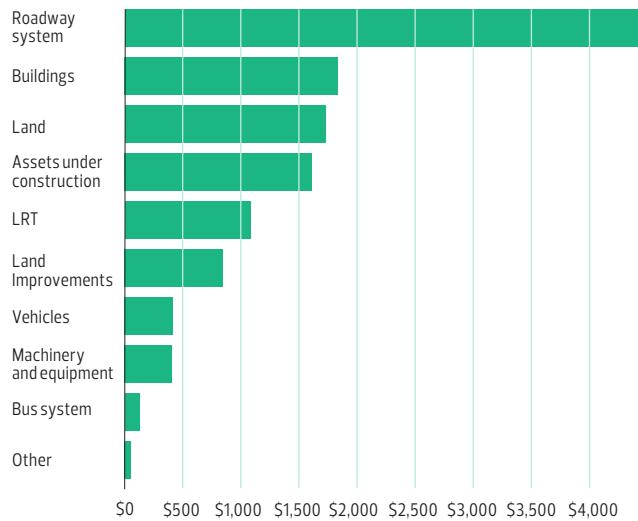
Tangible capital assets of \$12,365.0 million have increased by 5.8 per cent compared to the 2018 balance of \$11,687.0 million. The net increase of \$678.0 million is a result of acquisitions of tangible capital assets of \$1,259.2 million and contributions of tangible capital assets of \$146.9 million. This increase was partially offset by annual amortization of \$558.5 million, disposals and transfers of assets with a net book value of \$107.3 million and impairment of \$62.3 million.

Tangible capital assets placed in service were primarily in the asset categories of light rail transit (LRT), roadways and land improvements. Schedule 1 – Consolidated Schedule of Tangible Capital Assets to the financial statements provides a continuity schedule for the asset cost and related accumulated amortization for each significant asset type.

City Council approved the 2019–2022 capital budget in December 2018. During the first year of the 2019–2022 capital budget, capital spending during the year focused on key growth projects and infrastructure maintenance. The capital additions and contributions of \$1,406.2 million in 2019, compared to \$1,541.8 million in 2018, shows the City's continued commitment to investing in city infrastructure to accommodate both growth and renewal. The capital additions of \$1,259.2 million in 2019 is similar in comparison to previous years. Roadways continue to be the largest asset category with a net book value of \$4,333.1 million. These are followed by buildings and land for future municipal purposes, with net book values of \$1,813.0 million and \$1,714.2 million, respectively.

In 2019, the City made progress on significant capital projects such as the Neighbourhood Renewal program, roadway systems across the City, construction of the Kathleen Andrews Transit Garage, Northwest Police Campus, Stanley A. Milner Library and the Valley Line Southeast LRT.

Net Book Value of Tangible Capital Assets by Category
(millions of \$)



TANGIBLE CAPITAL ASSETS PLACED IN SERVICE WERE PRIMARILY IN THE ASSET CATEGORIES OF LIGHT RAIL TRANSIT, ROADWAYS AND LAND IMPROVEMENTS.

RESERVES

City Policy C217D, Reserve and Equity Accounts, directs the establishment of and processes related to reserves. Establishing reserves and transferring funds to and from reserves requires Council's approval.

In accordance with the City Policy, C217D, the City completed a review of reserves in 2018. This review is completed at minimum once every three years and ensures that City reserves continue to support the City's financial goals and serve the highest priority needs of the City and its residents. The reserve policy and balances are monitored on an ongoing basis with the next formal review planned for 2021.

A schedule of reserves has been provided in Note 15 to the financial statements. The reserve balance of \$758.2 million at the end of 2019 has increased by \$36.4 million over the prior year balance of \$721.8 million. The net increase was primarily the result of a \$26.6 million increase in the Pay-As-You-Go Capital Reserve. This reserve manages tax levy and other operating sources for capital project funding. The change in this reserve is due to the timing of capital expenditures; significant capital projects to be funded from this reserve in 2020–2022 include the Enterprise Systems Transformation Program, Affordable Housing Land Acquisition and Site Development, and rehabilitation work related to City-owned facilities. The overall reserve balance includes reserves of the City of Edmonton Library Board, Edmonton Economic Development Corporation, Non-Profit Housing Corporation, and Fort Edmonton Management Company, as approved by their respective Boards.

Financial Stabilization Reserve

(millions of \$)



THE FINANCIAL STABILIZATION RESERVE BALANCE OF \$140.2 MILLION WILL EXCEED THE MINIMUM LEVEL OF \$115.3 MILLION, BUT WILL BE BELOW THE TARGET LEVEL OF \$191.3 MILLION.

“**2,781,120
RESIDENTIAL
PROPERTIES
WERE
ASSESSED
FOR 2019.**”



The Financial Stabilization Reserve (FSR) was established in 1997 to provide flexibility in addressing financial risks associated with revenue instability and emergent financial issues, and to ensure the orderly provision of services to citizens. The appropriated balance of the reserve represents funds that have been set aside by City Council to fund future commitments. The FSR is uncommitted and provides the City with the flexibility to address significant emergent financial issues. The reserve is not intended to be used to stabilize future tax rate increases. City policy establishes that the FSR must have a minimum balance of 5 per cent with a target balance of 8.3 per cent of current general government expenses (excluding non-cash amortization). Any annual general government surplus would be applied to the reserve in the subsequent year. Any annual tax-supported deficit would draw on the reserve.

City Policy C217D, Reserve and Equity Accounts requires that a risk-based review of the FSR be completed every three years to ensure the sufficiency of the minimum and target percentages. Administration conducted a risk-based review of the FSR in 2018 and concluded that the respective minimum and target balances of 5 per cent and 8.3 per cent of current general government expenses (excluding non-cash amortization) were appropriate.

As of December 31, 2019, the FSR balance is \$123.9 million. During the year, the general government deficit from 2018 of \$2.3 million was transferred from the reserve, and \$5.2 million in funding was transferred to the appropriated balance to fund future project expenses. The 2019 general government surplus of \$20.1 million will be transferred to the Financial Stabilization Reserve in 2020 with \$3.8 million then appropriated for funding within the 2020 operating budget, as approved by City Council. After reflecting the approved transactions, the reserve balance of \$140.2 million will exceed the minimum level set within the policy of \$115.3 million, but will be below the target level of \$191.3 million.

As of December 31, 2019, the appropriated FSR balance is \$51.3 million. Throughout 2019, City Council approved \$12.2 million in funding from the appropriated balance to fund future project expenses, and \$26.3 million was withdrawn to fund expenses. Amounts within the appropriated FSR of \$2.7 million were released back to the FSR as the funding was no longer required.

As of December 31, 2019, the City had five reserves that were in deficit balances. The City maintains reserves that are used to accommodate differences between expenses and related funding sources. These include the Interim Financing, three Community Revitalization Levy reserves and the Brownfield Redevelopment Reserve. In accordance with City Policy C217D Reserve and Equity Accounts, reserves that are expected to have deficit balances will only be established if future funding to offset the deficit balance has been identified at the time of

the reserve's creation. A review of the City's deficit reserve balances was included as part of the 2018 Reserves Review and confirmed that all reserves are performing consistent with long-term plans, with existing shortfalls to be recovered through future funding sources.

A Community Revitalization Levy (CRL) is a funding source the City can use to dedicate future property tax revenue in a specific area to fund public projects designed to encourage new development and revitalize a specific area of the City. The City currently has CRLs approved for Belvedere, the Quarters and Capital City Downtown. An annual update on the progress of the CRLs was presented to City Council on December 10, 2019. The annual update noted that market conditions in the Belvedere Community Revitalization Levy area have been weak and private development progress has been slow and projections indicate revenues from the Community Revitalization Levy and land sales will be insufficient to cover all outstanding principal and interest charges before the expiry of the Levy in 2032. The shortfall is projected to be \$6.9 million. Ongoing municipal tax revenues that continue beyond 2032 would retire the remaining debt by 2035. The Quarters and Capital City Downtown CRL's are performing consistent with long-term plans.

The Interim Financing Reserve is used to accommodate timing differences between operating expenses and receipt of future revenue intended to fund these costs including differences that arise between the timing of budgeted expenses and payment of expenses. At the end of 2019, the reserve has a deficit balance of \$40.6 million, which will be replenished upon receipt of future revenues.

THE CITY MAINTAINS RESERVES THAT ARE USED TO ACCOMMODATE DIFFERENCES BETWEEN EXPENSES AND RELATED FUNDING SOURCES.

FINANCIAL OPERATIONS

PAGE 36

The Consolidated Statement of Operations and Accumulated Surplus outlines revenues earned by the City and their application (expenses) to provide municipal services.

Consolidated Statement of Operations
(millions of \$)

	2019 Actual	2018 Actual	2017 Actual	2016 Actual	2015 Actual
Operating Revenues	\$ 3,120.0	\$ 3,050.3	\$ 3,023.8	\$ 3,043.2	\$ 2,926.4
Capital Revenues	749.8	941.8	687.0	758.7	636.9
Operating Expenses	3,189.7	3,029.4	2,956.1	2,836.6	2,764.0
Excess of Revenues over Expenses	\$ 680.1	\$ 962.7	\$ 754.7	\$ 965.3	\$ 799.3

Consolidated revenues exceeded expenses for the year by \$680.1 million after accounting for government transfers for capital, contributed tangible capital assets, developer and customer contributions for capital and local improvements. Operating revenues have remained fairly consistent, with a majority of revenue coming from property taxes, user fees and the City's growing investment in EPCOR. Capital revenues vary from year to year based on fluctuations in development activities and the timing of significant capital projects. Expenses over the past five years reflect the demand for additional services and infrastructure that comes with a growing population. Tax-supported expenses have been increasing with the growth in taxable property assessments, indicating that expenses are growing at a consistent and sustainable rate with the economy.

Significant year-over-year variances and variances from budget are discussed in the following sections.

OPERATING REVENUES HAVE REMAINED FAIRLY CONSISTENT, WITH A MAJORITY OF REVENUE COMING FROM PROPERTY TAXES, USER FEES AND THE CITY'S GROWING INVESTMENT IN EPCOR.

OPERATING REVENUES

PAGE 37

Operating Revenues (millions of \$)

	2019 Budget (A)	2019 Actual (B)	Variance (B-A)	2018 Actual (C)	Variance (B-C)
Net taxes available for municipal purposes	\$ 1,677.6	\$ 1,671.8	\$ (5.8)	\$ 1,592.0	\$ 79.8
User fees and sales of goods and services	661.3	623.3	(38.0)	633.1	(9.8)
Subsidiary operations - EPCOR	280.0	231.1	(48.9)	295.2	(64.1)
Franchise fees	174.5	171.8	(2.7)	158.4	13.4
Government transfers - operating	116.4	122.0	5.6	113.0	9.0
Investment earnings	96.3	102.2	5.9	66.5	35.7
Fines and penalties	92.4	97.9	5.5	87.7	10.2
Licenses and permits	81.4	74.3	(7.1)	74.8	(0.5)
Developer and customer contributions - operating	30.1	25.6	(4.5)	29.6	(4.0)
Operating Revenues	\$ 3,210.0	\$ 3,120.0	\$ (90.0)	\$ 3,050.3	\$ 69.7

COMPARISON TO BUDGET

Operating revenues were lower than budget by \$90.0 million, or 2.8 per cent of the revenue budget, due to lower than budgeted net income for EPCOR, and lower than budgeted user fees and sales.

Subsidiary operations - EPCOR were lower than budget primarily due to higher income tax expense, lower work volumes and margins for street lighting, traffic signals and LRT electrical services for the City and lower water consumption-related revenues resulting from lower temperatures and higher precipitation, partially offset by higher margins in retail electricity operations.

User fees and sales were lower than budgeted mainly due to fewer than expected land sales due to market conditions and development for civic use.

COMPARISON TO PRIOR YEAR

Overall, operating revenues increased by \$69.7 million from the prior year due to an increase of \$79.8 million in taxation revenue from a combined rate increase and growth, and an increase of \$35.7 million in investment earnings, partially offset by a decrease of \$64.1 million in EPCOR earnings. There was a net increase of \$18.3 million from various other revenue sources.

Net taxes available for municipal purposes (property taxes) are the primary source of revenue available to the City to pay for municipal services. Total tax revenues in 2019 were \$2,164.0 million, with \$488.3 million collected on behalf of the Province for education school tax and \$3.9 million for Business Improvement Areas. Net taxes for municipal services are collected annually to support operations, with certain amounts directed towards specific programs such as Neighbourhood Renewal, community revitalization and LRT construction. The remaining tax revenues are applied generally across all departments. Note 17 to the financial statements provides further detail with respect to tax revenue.

Investment earnings were higher in 2019 because equity markets around the world experienced increased growth in 2019.

Subsidiary operations - EPCOR decreased by \$64.1 million from the prior year primarily due to higher income tax expense, lower work volumes and margins for street lighting, traffic signals and LRT electrical services for the City and lower water consumption-related revenues resulting from lower temperatures and higher precipitation, partially offset by higher margins in retail electricity operations.



CAPITAL REVENUES

PAGE 38

Capital revenues comprise government transfers, contributed tangible capital assets, developer and customer contributions and local improvement revenues. These revenue sources are approved by City Council as funding sources for capital projects through the capital budget process.

Capital Revenues
(millions of \$)

	2019 Budget (A)	2019 Actual (B)	Variance (B-A)	2018 Actual (C)	Variance (B-C)
Government transfers - capital	\$ 551.8	\$ 571.5	\$ 19.7	\$ 699.3	\$ (127.8)
Contributed tangible capital assets	129.0	146.9	17.9	203.9	(57.0)
Developer and customer contributions - capital	82.9	18.4	(64.5)	26.7	(8.3)
Local improvements	15.3	13.0	(2.3)	11.9	1.1
Capital Revenues	\$ 779.0	\$ 749.8	\$ (29.2)	\$ 941.8	\$ (192.0)

COMPARISON TO BUDGET

Capital revenues of \$749.8 million were \$29.2 million lower than budget during the year due to \$64.5 million fewer than expected capital developer and customer contributions, which were partially offset by \$19.7 million greater than budgeted government transfers, and \$17.9 million greater than anticipated contributed tangible capital assets.

Developer and customer contributions were lower than budget largely due to the timing of capital expenditures.

Government transfers - capital were greater than budget due to the P3 Canada Fund capital grant revenues recognized related to eligible expenditures incurred for the Valley Line Southeast LRT project, partially offset by the timing of bus purchases funded with the Municipal Sustainability Initiative grant.

Contributed tangible capital assets were greater than budget as a result of increased developer-contributed infrastructure assets such as roads and sidewalks for new neighbourhoods constructed in 2019, and the annexation of land, buildings, and roads, with a net book value of \$4.7 million from Leduc County, effective January 1, 2019.

COMPARISON TO PRIOR YEAR

Capital revenues decreased from the prior year by \$192.0 million due to a decrease in government transfers of \$127.8 million, and a decrease of \$57.0 million in contributed tangible capital assets.

Government transfers - capital decreased over the prior year as fewer capital expenditures were funded through government transfers compared to the prior year. In 2018, larger portions of significant capital projects such as the Valley Line LRT and Bus Renewal and Replacement were funded through government transfers.

Contributed tangible capital assets decreased from the prior year due to the 2018 transfer of the EXPO Centre, Northlands Coliseum and Northlands Park to the City at a value of \$82.5 million. This was offset by increased developer-contributed infrastructure assets such as roads and sidewalks for new neighbourhoods constructed in 2019, and the annexation of land, buildings, and roads from Leduc County, effective January 1, 2019.

“ OVER 25 YEARS,
ETS STUFF A BUS
HAS RESULTED
IN OVER 500,000
KG OF FOOD AND
\$460K IN CASH
DONATED FOR
THOSE IN NEED. ”



OPERATING EXPENSES

Operating Expenses by Function (millions of \$)

	2019 Budget (A)	2019 Actual (B)	Variance (A-B)	2018 Actual (C)	Variance (B-C)
Transportation services	\$ 915.0	\$ 983.7	\$ (68.7)	\$ 904.6	\$ 79.1
Protective services	748.8	734.7	14.1	702.2	32.5
Community services	765.2	701.8	63.4	684.2	17.6
Waste Services Utility	218.9	240.9	(22.0)	203.7	37.2
Land Enterprise	39.8	23.7	16.1	27.6	(3.9)
Blatchford Renewable Energy Utility	2.1	1.6	0.5		1.6
Fleet Services	42.3	36.3	6.0	40.9	(4.6)
Corporate administration, general municipal and other	495.5	467.0	28.5	466.2	0.8
Operating Expenses	\$ 3,227.6	\$ 3,189.7	\$ 37.9	\$ 3,029.4	\$ 160.3

COMPARISON TO BUDGET

Operating expenses of \$3,189.7 million were lower than budget by \$37.9 million, or 1.2 per cent of the consolidated expenses budget.

Community services expenses were lower than budget mainly due to lower Revolving Industrial Servicing Fund debt servicing costs due to less than expected borrowing of \$23.0 million, lower than budgeted reimbursement to EPCOR for Sanitary Servicing Fund projects due to slower than expected progress on projects of \$11.7 million, lower than anticipated grant payments related to the Affordable Housing Investment Program of \$8.7 million as grant payments are delayed until 2020, and lower than budgeted consulting costs of \$3.4 million due to timing of various projects as well as minor delays in projects such as the Bike Strategy and Envision 109.

Corporate administration, general municipal and other expenses were lower than anticipated due to lower amortization costs as significant capital projects, such as the Lewis Farms Recreation Centre, were postponed or delayed in 2019. This is also a result of lower expenses for corporate financial strategies, which are budgeted to provide flexibility for emerging items or contingencies for fluctuating costs, such as fuel or utilities.

Transportation services expenses were greater than budget mainly due to an asset impairment of \$55.9 million related to the Metro Line LRT signalling system.

Waste Services Utility expenses were greater than budgeted mainly due to an increase of \$17.8 million in the Clover Bar Landfill post-closure liability for future closure expenses and an asset impairment of \$6.4 million related to the Edmonton Composting Facility.

COMPARISON TO PRIOR YEAR

In 2019, operating expenses increased by \$160.3 million over the prior year due to an increase in transportation services of \$79.1 million, Waste Services Utility increased by \$37.2 million, Protective Services increased by \$32.5 million, and an increase of \$17.6 million in Community Services.

Transportation services costs increased over the prior year mainly due to an asset impairment of \$55.9 million related to the Metro Line LRT signalling system.

Waste Services Utility expenses increased over the prior year mainly due to an increase of \$17.8 million in the Clover Bar Landfill post-closure liability for future closure expenses and an asset impairment of \$6.4 million related to the Edmonton Composting Facility.

Protective services costs increased over the prior year due to increased personnel costs for additional staff to meet service level needs for the Edmonton Police Service and Fire Rescue Service.

Community services had increased expenses in 2019 mainly due to a compensation payment of \$8.5 million related to the annexation of an area of land from Leduc County in 2019, higher revolving industrial servicing fund (RISF) rebate payments to developers, and increased professional services for projects such as the Regional Transit Service Commission.

Operating Expenses by Object
(millions of \$)

		2019 Actual (A)	2018 Actual (B)	Variance (A-B)
Salaries, wages and benefits	\$ 1,636.5	\$ 1,614.1	\$ 22.4	
Materials, goods and utilities	300.8	303.5	(2.7)	
Contracted and general services	347.8	309.8	38.0	
Interest and bank charges	142.1	131.2	10.9	
Grants and other	118.3	117.3	1.0	
Amortization of tangible capital assets	558.4	533.6	24.8	
Loss on disposal, impairment and transfer of tangible capital assets	85.8	19.9	65.9	
Operating Expenses	\$ 3,189.7	\$ 3,029.4	\$ 160.3	

Operating expenses increased from the prior year by \$160.3 million. This was mainly related to net increases in loss on disposal of tangible capital assets of \$85.8 million, contracted and general services of \$38.0 million, amortization of \$24.8 million, and personnel costs of \$22.4 million.

Loss on disposal, impairment and transfer of tangible capital assets increased over the prior year mainly due to asset impairment of \$55.9 million related to the Metro Line LRT signalling system and \$6.4 million related to the Edmonton Compost Facility.

Contracted and general services increased mainly as a result of a \$17.8 million increase in the Clover Bar Landfill post-closure liability for future closure expenses, and the compensation payment of \$8.5 million to Leduc County related to the annexation of land.

Amortization of tangible capital assets for the entire City increased in comparison to the prior year mainly as a result of new assets placed into service in 2019, such as the Kathleen Andrews Transit Garage, several Neighbourhood Renewal projects, and various other projects.

Salaries, wages and benefits increased over the prior year mainly due to increased personnel costs for additional staff to meet service level needs for the Edmonton Police Service and Fire Rescue Services.

Schedule 2 – Consolidated Schedule of Segment Disclosures provides an analysis of revenues and expenses (by object) for each of the significant business groupings within the reporting entity. A description of each of the segments is provided in Note 29 to the financial statements.



OPERATING EXPENSES OF \$3,189.7 MILLION WERE LOWER THAN BUDGET BY \$37.9 MILLION, OR 1.2 PER CENT OF THE CONSOLIDATED EXPENSES BUDGET.

“

THE CITY'S DEBT
MANAGEMENT FISCAL
POLICY PROVIDES
GUIDELINES FOR
PRUDENT DEBT
MANAGEMENT AND
ENSURES THAT DEBT
IS USED RESPONSIBLY
TO ADVANCE KEY
INFRASTRUCTURE
PROJECTS.

”

“ ENTERPRISE RISK MANAGEMENT IS ABOUT THE CITY’S ASSURANCE AND PLAN TO ACHIEVE ITS OBJECTIVES BY PREPARING FOR UNCERTAINTY AND OBSTACLES BY SEIZING EMERGING OPPORTUNITIES.

FINANCIAL CONTROL AND ACCOUNTABILITY

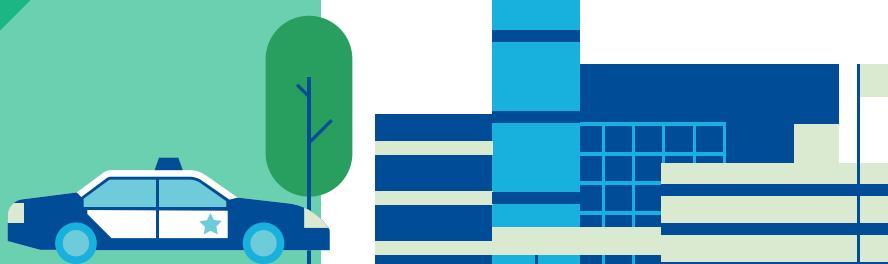
The City maintains the following processes to ensure that appropriate financial control and accountability are maintained, and a proactive approach is taken to identify and address financial challenges.

FISCAL POLICIES

The City’s financial governance policies and practices ensure Edmonton’s continued sound fiscal management and long-term financial sustainability. These policies and practices are continuously assessed using leading practice and research on several policy and strategy topics. The City has drafted white papers to provide a foundation for discussing the key financial issues and questions related to debt, franchise fees, investments, user fees and property assessment and taxation. Some of the more significant policies are discussed below.

The City has policies in place for various reserves, including the Financial Stabilization Reserve, that ensure sufficient funds are in place to satisfy the financial needs of the operations being supported by the reserve.

On November 26, 2019, City Council approved City Policy, C451H, Edmonton Transit Service Fare Policy. The City of Edmonton Fare Policy gives direction for setting public transit fares based on considerations of equity, fairness and affordability and encouraging mode shift to public transit. The City will balance the individual or private benefits derived from the use of public transit with the public benefits of an effective public transportation system; this will be accomplished by means of fares recovered from customers.



In 2019 City Council approved revisions to City Policy C212E, Investment. This policy establishes a set of investment objectives and beliefs giving consideration to the type of fund, its characteristics, investment return considerations, financial obligations, as well as the objective of preserving capital, liquidity, and a prudent level of risk given the investment time horizon, while ensuring that the City's investments comply with statutory requirements. The revisions to the policy were primarily the result of recently completed asset allocation reviews.

City Policy C579B, Traffic Safety and Automated Enforcement Reserve, was established to address the revenue variability associated with automated traffic enforcement. This reserve also accumulates annual traffic safety program surpluses and funds an annual traffic safety program deficit when necessary. Annual automated enforcement revenue funds ongoing traffic safety initiatives and other programs approved by City Council through the budget process. The reserve helps manage this process and supports transparency related to the use of automated enforcement revenues to fund City operations.

City Policy C604, Edmonton Police Service (EPS) Funding Formula was established to provide guidelines and the approach for the planning and approval of the multi-year funding formula for the EPS. This funding formula provides funding certainty to allow for long-term budgeting and workforce planning for EPS and other tax-supported operations. It allows the City to sustainably allocate budget funds based on predictable indicators that reflect police cost inflation and changes in demand. To this end, an EPS Reserve fund was established to allow for the management of police operational surpluses and deficits over the long term through City Policy C605, Edmonton Police Service Reserve.

City Policy C610, Fiscal Policy for the Planning and Development Business formalized the fiscal management and operating principles of the City's planning and development operations to ensure long-term fiscal sustainability and service stability while enabling growth within the City of Edmonton. The policy clarified the purpose of the Planning and Development Reserve, which is to be used to stabilize the planning and development business across extended periods of time.

The City's Land Governance Model helps ensure land management decisions are made from an integrated perspective that includes input from across the corporation. This model also provides for ongoing monitoring of City land holdings to ensure they are used appropriately to meet the City's needs. The model defines the process and funding related to strategic land acquisitions for future municipal purposes, specifically restricting the use of land enterprise retained earnings to fund strategic land acquisitions for municipal purposes on an interim basis.

The City's Debt Management Fiscal Policy, C203C, provides guidelines for prudent debt management and ensures that debt is used responsibly to advance key infrastructure projects.

City Council's Waste Management Utility Fiscal Policy, C558A, governs the financial relationship between the City and the municipally owned and operated utility. This policy requires the utility to operate in a manner that balances the best service at the lowest cost while employing private sector approaches to rate setting. The utility is required to charge rates that are sufficient to meet expenditures and cash flow requirements, repay capital debt and ensure financial sustainability.

Fiscal Policy C597 for the Blatchford Renewable Energy Utility provides the overarching framework that outlines the financial parameters that will guide the long-term financial sustainability of the utility. Bylaw 17943, which established the Blatchford Renewable Energy Utility, outlines requirements for properties receiving energy service through the utility and the relevant rates, fees and charges.

EPCOR water and wastewater rates were approved by City Council in 2016 through the related Performance-Based Regulation (PBR) Plans which set these rates for the period April 1, 2017, to March 31, 2022. The Drainage Utility was transferred to EPCOR in 2017 at which time the utility's rates for the period January 1, 2018, to March 31, 2022, were approved through the related PBR Plan. The PBR framework and annual PBR progress reports allow for City Council to have oversight and governance over water, wastewater and drainage rates over a longer term and provide incentives to ensure that EPCOR operates more efficiently while providing appropriate service levels.

THE CITY'S LAND GOVERNANCE MODEL HELPS ENSURE LAND MANAGEMENT DECISIONS ARE MADE FROM AN INTEGRATED PERSPECTIVE THAT INCLUDES INPUT FROM ACROSS THE CORPORATION.

STRATEGIC PLANNING

The City follows a strategic planning framework that enables a consistent and integrated approach to strategy development, planning and performance evaluation. The framework has six components that work together to support the organization in making transformational impacts in our community, delivering excellent services to our community, and managing the corporation for our community.

After extensive public consultation, Council approved ConnectEdmonton, Edmonton's strategic plan 2019–2028, which provides community direction, aspiration and inspiration. This is the City's highest-level plan and it's about making transformational change within our community. Approved by City Council on April 16, 2019, it is intended to provide direction for the next ten years.

The City Plan, anticipated to be approved in mid-2020, will articulate the choices the City will make to become a healthy, urban and climate-resilient city of 2 million people that supports a prosperous region. A plan for people, places and prosperity, the City Plan policies will be reviewed and refined annually, and larger growth management strategies associated with phasing and staging the plan will be updated at key population growth thresholds (1.25, 1.5 and 1.75 million people).

The Corporate Business Plan outlines the actions the City will take and presents an integrated overview of the City's work. It communicates the transformational projects, daily programs and services, improvement initiatives and capital infrastructure projects the City will deliver over the next four years. The Plan will be updated each year in response to changes that may arise.

Enterprise Performance Management is about the City's performance and managing the City's work by continuously measuring and monitoring our progress towards achieving results Edmontonians care about. When Council approved the Enterprise Performance Policy on May 8, 2018, it set the foundation for a new way of managing the City.

Enterprise Risk Management (ERM) is about the City's assurance and plan to achieve its objectives by preparing for uncertainty and obstacles by seizing emerging opportunities. ERM helps the City understand uncertainty and envision new ways to view the world. It focuses on the shift to opportunities, helping the City stay ahead based on insights about uncertainty and how to manage it to the City's advantage.

The Capital and Operating budgets are essential tools in allocating resources to achieve the City's goals and objectives and are approved by City Council. The budgets are prepared by Administration every four years and updated twice annually.



THE CITY FOLLOWS A STRATEGIC PLANNING FRAMEWORK THAT ENABLES A CONSISTENT AND INTEGRATED APPROACH TO STRATEGY DEVELOPMENT, PLANNING AND PERFORMANCE EVALUATION.

PROGRAM AND SERVICE REVIEW

The purpose of the Program and Service Review is to determine whether municipal services align with the expectations of Council and Edmontonians by examining relevance, effectiveness and efficiency.

The review resulted in budget savings and recommendations for process improvements, many of which have been incorporated into the 2019–2022 Operating and Capital budgets. The Program and Service Review team will continue to identify savings and provide recommendations to ensure the City's financial efficiency and progress toward City Council's goals.

At the end of 2019, there are completed reviews for 30 of 73 services, and reviews of an additional 27 services are in progress. Administration will continue to conduct reviews that thoughtfully consider the perspectives of diverse stakeholders and the service expected by all Edmontonians.

BUDGETING

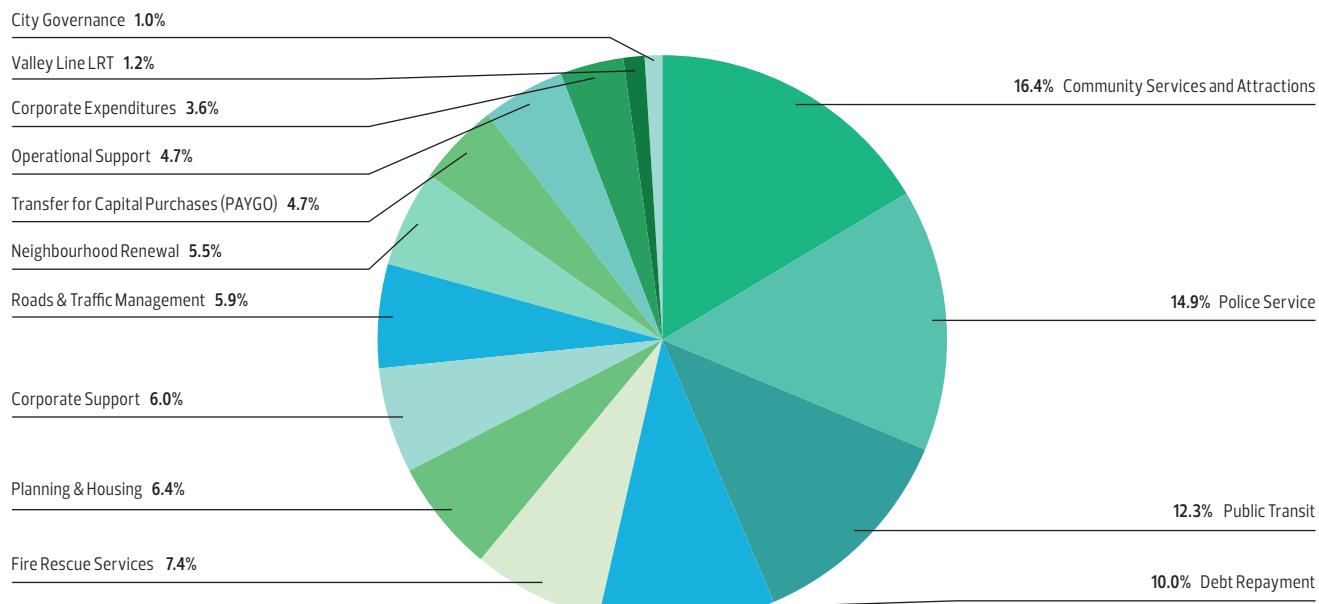
Guided by Edmonton's strategic plan, the 2019–2022 Operating and Capital Budgets assist Council in making strategic decisions about how to allocate City resources. This multi-year approach allows the City to align strategic plans, business plans, and operating and capital budgets to ensure the dollars are spent to achieve City Council's vision. It also allows for better alignment with Councillor election terms, providing the foundation for more informed and strategic financial decision making. Funding can be reallocated across different years of the

budget and needs can be assessed over a longer term to allow for more prudent and informed financial decision making, while building stable program and service delivery and infrastructure development.

The multi-year process includes opportunities to adjust the budget twice a year through the supplementary budget adjustment process approved by City Council. During the supplementary budget adjustment process, Council can adjust the capital and operating budgets in response to changing project needs, new funding opportunities, changes in federal and provincial budgets, changes imposed by legislation, Council-directed changes in priorities, operating impacts of capital projects, unforeseen impacts to economic forecasts, and emerging issues. On December 14, 2018, City Council approved the 2019–2022 Operating and Capital budgets.

The operating budget identifies how resources for the day-to-day costs required to run the city are allocated, for services such as maintaining roads and public transit, police, bylaws and fire rescue services, as well as parks and waste services. The approved operating budget resulted in a 2.6 per cent general property tax increase in 2019. The budget reflects a 2.08, 2.6, and 2.3 per cent general property tax increase in each of 2020, 2021 and 2022 respectively. The 2019 operating budget was approved by City Council on April 16, 2019 and included a 2.6 per cent a year general property tax increase over the next four years. The 2.6 per cent increase in 2019 is made up of a 0.5 per cent increase for all civic operations, 0.6 per cent for Valley Line LRT, 0.3 per cent for alley renewal, and 1.2 per cent for the Edmonton Police Service. The chart below shows the portion of the City's tax-supported budget that is spent on each major expense category.

2019 Budget by Major Expense Category

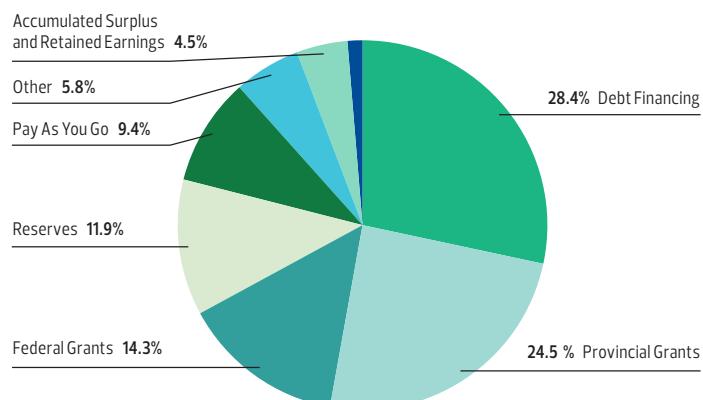


The Bylaw to establish the 2020 municipal tax for all property types will be set by City Council in April 2020. Changes to the operating budget that will impact the tax levy may be completed prior to the taxation bylaw approval.

The capital budget strikes a balance between investments in infrastructure growth and the requirement to maintain and renew existing City assets. It determines the investment in Edmonton's hard infrastructure, including the construction of buildings such as recreation centres and libraries and transportation assets including LRT lines and bridges. The foundation of the 2019–2022 Capital Budget is the 2019–2028 Capital Investment Outlook, a high-level overview of the City's capital investment requirements over the next ten years that supports the strategic direction of Council.

The four-year capital budget will see investment of \$7.3 billion in infrastructure based on the approved capital budget. Capital requirements directly related to EPCOR are not included in the capital budget. The funding and financing sources are as follows:

2019–2022 Capital Budget – Funding Sources



“ THE CAPITAL BUDGET STRIKES A BALANCE BETWEEN INVESTMENTS IN INFRASTRUCTURE GROWTH AND THE REQUIREMENT TO MAINTAIN AND RENEW EXISTING CITY ASSETS. ”

AWARD PROGRAMS IN THE FINANCIAL SECTOR AREA CONTINUE TO RECOGNIZE THE CITY OF EDMONTON FOR A HIGH STANDARD OF ACHIEVEMENT.

ACCOUNTING AND FINANCIAL REPORTING

The City of Edmonton is organized into various business areas that are responsible for managing the delivery of program services in accordance with the resources allocated to those programs. The City currently uses a shared services model for financial services; all business areas reporting to the City Manager share a common accounting and reporting system, and financial and accounting services are administered within financial services and delivered to each business area based on their needs. Accounting and financial reporting functions are centralized to improve the quality and timeliness of financial reporting and increase accounting oversight and transactional consistency to support better financial decision-making.

The City of Edmonton Library Board, the Edmonton Police Service, Waste RE-solutions Edmonton and Edmonton Combative Sports Commission use the same accounting system as the City but report through their own boards or commissions. EPCOR, Edmonton Economic Development Corporation, Non-Profit Housing Corporation and Fort Edmonton Management Company each have independent accounting systems and report through their respective boards.

Administration reviews operating financial update reports on a monthly basis for areas that report to the City Manager. This process includes comparing year-to-date and year-end projected results relative to corresponding budgets and reporting on significant City reserves. Quarterly operating reporting includes economic updates that are reviewed by Administration and provided to City Council along with recommendations to address opportunities and challenges. City Council reviews capital reporting for second, third and fourth quarters, which includes reporting on major projects in comparison to originally approved budgets and timelines, as well as forecast updates on debt for capital project funding. Both operating and capital performance reports are used to help guide budget strategies.

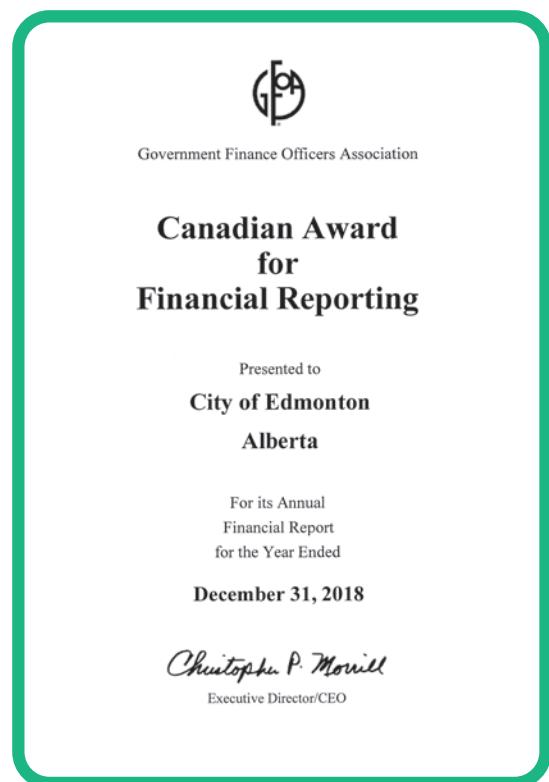
The operating budget is also presented in a format consistent with audited annual financial statements that are amended for adjustments required to adhere to PSAS. The objective is to provide City Council and other users of the financial statements and budget documents an improved understanding of the budget approved by City Council compared to the actual results reported in the audited financial statements.

The City continues its commitment to compliance with Public Sector Accounting Standards as established by the PSAS board. Details of future accounting standards and pronouncements are included in Note 1 to the financial statements.

RECOGNITION FOR ACHIEVEMENT

Award programs in the financial sector area continue to recognize the City of Edmonton for a high standard of achievement.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Canadian Award for Financial Reporting to the City of Edmonton for its annual financial report for the fiscal year ended December 31, 2018. The Canadian Award for Financial Reporting program was established to encourage Canadian municipal governments to publish high-quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports. To receive a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report that conforms to program standards. Such reports should go beyond the minimum requirements of Public Sector Accounting Standards and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments and address user needs. A Canadian Award for Financial Reporting is valid for a period of one year and, in 2018, Edmonton received this award for the 26th consecutive year.



The GFOA established the Popular Annual Financial Reporting Awards Program to recognize local governments that produce high-quality summarized annual financial reports. The reports must be readily accessible and easily understandable to the general public and other interested parties without a background in public finance. The City received the Popular Annual Financial Reporting Award for the sixth consecutive year for our 2018 Financial Report to Citizens.

The City also received the GFOA Award for Distinguished Budget Presentation for the 2019–2022 fiscal years beginning January 1, 2019, and ending December 31, 2022. To be eligible for this award, a governmental unit must publish a budget document of the highest quality that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

AUDITING PROCESS

The MGA requires municipal councils to appoint an independent auditor. In 2015, a tender for audit services was completed, and City Council appointed the firm of KPMG LLP, Chartered Professional Accountants, as External Auditor for a five-year term. The auditor must report to City Council on the annual consolidated financial statements. KPMG also audits the City's Municipal Financial Information Return and each pension and benefit plan administered by the City. Certain government transfer programs also require an external audit.

The City's Audit Committee serves as a Committee of Council to assist in fulfilling its oversight responsibilities. Audit Committee provides oversight and consideration of audit matters brought forward by the City Auditor and the External Auditor. The Committee includes the Mayor, four Councillors and two public members as outlined under Bylaw 16097, Audit Committee Bylaw. Audit Committee reviews the consolidated financial statements and makes a recommendation to City Council for the approval of the City's financial statements.

The City has an internal audit function independent of the City Administration. The Office of the City Auditor reports directly to City Council through Audit Committee, empowered by Bylaw 12424, City Auditor. This bylaw establishes the position of City Auditor and delegates powers, duties and functions to this position. The City Auditor has two roles:

Agent of Change – to conduct proactive and forward-looking projects based on the provision of strategic, risk and control-related consulting services to better serve the changing needs of the corporation and bring about improvement in program performance; and

Guardian – to conduct projects directed primarily towards providing assurance through review of existing operations, typically focusing on compliance, efficiency, effectiveness, economy and controls.

LONG-TERM SUSTAINABILITY

The City is committed to an integrated approach to risk management and establishing effective relationships with other orders of governments, which are a critical component of the City's long-term sustainability.

City Council approved an Enterprise Risk Management Policy in March 2016 to ensure that enterprise risks and opportunities are proactively identified, evaluated, communicated and managed on an ongoing basis. Guided by this policy, the Enterprise Risk Management process continues to evolve as the City progresses toward becoming a risk-mature organization.

Consistent with the Policy requirements for an annual risk update, in November 2018, Audit Committee was presented with the 2018–2019 Corporate Strategic Risk Register. This report identified the City's top 10 risks to achieving the City's strategic goals, with the greatest risks being economic swings and uncertainty regarding funding from other orders of government, both of which are discussed below.

The City continually monitors global, national, and local political, economic, social, and technological developments and trends to plan for future risks and opportunities. These risks are considered and factored into the risk register, business plans, and operating and capital budgets in an effort to ensure the City is able to provide services and infrastructure to its growing population in a sustainable manner.

ECONOMIC RISKS

Edmonton's population and economy are expected to continue growing, increasing the demand for existing services. At the same time, internet-connected and globally aware citizens are demanding new types of services not historically provided. The City has limited revenue generation tools, and Alberta's economy has historically been dominated by a single, volatile industry that has struggled to recover since prices began to drop in 2014. A more moderate pace of economic growth is expected over the next four years for both the province as well as Edmonton. Risks are weighted on the downside

for Edmonton and Alberta for the next year with the most visible impacts if oil prices stay below the US \$55 to \$60 per barrel range, consumer confidence falters with growing concerns over debt and an elevated unemployment rate, or a combination of both. Over the next four years, the City is prepared for potential negative shocks to its economy. The City's business plans and operating and capital budgets aim to balance economic realities with the need to provide quality services and infrastructure to a growing population.

The City faces challenges in funding new demand for services and infrastructure in light of current economic conditions and an inelastic primary revenue source in the form of property taxes. Property taxes fund close to 60 per cent of the City's annual operating costs, including portions dedicated to capital projects. However, they lag in reacting to increased service and infrastructure demand. This inelasticity emphasizes the need for long-term planning, risk management and diversification of City revenues. The City is addressing the infrastructure and service funding gap using various strategies and revenue stream diversification, including securing more stable and predictable provincial government funding, which is discussed below.

The 2019–2022 Operating and Capital Budgets, and 2019–2028 Operating and Capital Investment Outlooks outline the City's operating and capital spending taking into consideration these economic challenges. The long-term sustainability of City infrastructure is impacted by the City's capital renewal plan. When the City discusses the concept of renewal, this refers to investment in existing infrastructure to restore it to an efficient operating condition and extend its service life. Investing in renewal at key points throughout the life of an asset maintains its condition at a higher level while extending the life of the asset. Investment in renewal reduces the long-term requirement for capital funding while maintaining a suitable level of service for residents.

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FUTURE RISKS AND
OPPORTUNITIES .”

The City manages a broad range of infrastructure assets. As of 2017, 49 per cent of City assets are in very good/good condition, 41 per cent are in fair condition, and 10 per cent are in poor or very poor condition. This represents a 7.7 per cent reduction of assets in poor condition since 2011. The City uses a customized assessment methodology – the Risk-based Infrastructure Management System (RIMS) – which was developed by the City in 2011. Over the last decade, RIMS has evolved into a dynamic analytical tool designed to predict the optimal funding for the renewal of existing infrastructure.

INTERGOVERNMENTAL RELATIONS

Edmonton requires appropriate legislation, programs and policies that will enable the City to manage the corporation for the community, deliver excellent services and achieve the transformational impacts required to welcome one million more Edmontonians by 2065. The City will achieve this by building and leveraging relationships with other orders of government, other municipalities, and municipal organizations.

The City of Edmonton exists in a dynamic environment of financial uncertainty around the security and stability of provincial and federal grants. In particular, the City's infrastructure maintenance and growth is highly dependent on grant funding from other orders of government. Along with Calgary and other municipalities, Edmonton has advocated for long-term, predictable, sustainable funding from other orders of government to replace the less predictable grant-based and application-based funding system.

Through the development of City Charters, Edmonton and Calgary sought a new kind of partnership with the Province. The two cities negotiated the City Charters Fiscal Framework agreement, which was legislated in the City Charters Fiscal Framework Act (December 2018).

Through the Fiscal Framework component of the City Charters, Edmonton and Calgary had been provided with more stable revenue sources that would have enabled them to better plan and construct major infrastructure projects. The Fiscal Framework was built around a revenue-sharing arrangement that would have these two big cities receive a share of provincial revenues that corresponded with the ebbs and flows of the provincial economy. Recognizing the fiscal and economic realities of Alberta, Edmonton and Calgary agreed to the need to take a 42 per cent reduction in infrastructure provincial funding support as a new starting point for the fiscal framework.

With a change in government, the City Charters Fiscal Framework Act was repealed in the Government of Alberta's Budget 2019, and replaced by the Local Government Fiscal Framework Act. This new act applied the revenue sharing aspects of the City Charter Fiscal Framework to all Alberta municipalities, replacing the existing Municipal Sustainability Initiative (MSI) infrastructure funding for both Edmonton and Calgary as well as all other municipalities in the province when that program is completed in 2022.

The Local Government Fiscal Framework Act also introduced further reductions in infrastructure funding for the two big cities, bringing the total amount of funding for Edmonton and Calgary to \$455 million, down from the \$500 million base funding agreed to in the City Charter Fiscal Framework. Also eliminated in Budget 2019 were the Alberta Community Transit Fund – which affected projects in the City's current capital plan – and (effective 2027) a long-term transit infrastructure fund for Edmonton and Calgary.

The changes did have an impact on the City's 2019–2022 Capital Budget and longer-term capital planning. Council was able to review, reprioritize and/or re-cost many planned projects to address the known funding decreases. As such, advocacy related to provincial and federal government infrastructure funding has taken on some additional urgency.

Other aspects of the City Charters – regulatory policy tools and collaboration agreements – remain in place, recognizing the unique challenges and opportunities Alberta's two largest cities face every day. The Regulation contains policy tools that could provide the City with increased authority or flexibility in areas such as administrative governance, assessment and taxation, city planning and environment. City Council, with input from the public and other stakeholders, can decide which of the Charter policy tools are most appropriate in the Edmonton context.

City Administration is currently working on the implementation of the new provisions resulting from the City of Edmonton Charter's 2018 Regulation and an associated updating of the Municipal Government Act (MGA) Regulations. The City Charters and modernized MGA help ensure that the City of Edmonton can continue to enable a better life for all Edmontonians.

MANAGING OTHER RISKS

The City also manages risk to help ensure its long-term sustainability and achievement of Council's strategic goals and outcomes through various other strategies, including but not limited to the following:

- + Environmental risks are monitored through internal City practices and policies, which aid in the effective management of environmental risks and responsibilities. City Council approved Edmonton's Environmental Management System Policy as well as an Environmental Policy. The policies ensure commitment to sound environmental management practices, and stewardship in all aspects of its corporate activities. Standard environmental management system practices across the City will address environmental regulatory compliance, pollution prevention and continual improvement.
- + The corporate Property and Casualty Risk Management area provides risk management advice, claims adjusting, purchase of insurance and risk control inspections.
- + Ongoing proactive analysis of the physical, contractual and insurance risks associated with capital projects or major initiatives and establishment of appropriate measures to identify and control project risk. For example, Valley Line Southeast LRT, from Mill Woods to Downtown, is being developed with the construction, operation and maintenance provided through a P3 delivery method, which shares risks between the City and its private partners. In 2017, City Council approved City Policy C591, Capital Project Governance Policy, which sets out to ensure that an appropriate level of development is completed on projects prior to them moving onto the delivery phase. This rigorous risk management process helps to ensure that key projects are completed safely, on time, on budget, to a quality standard, and in scope.
- + Hedges are purchased for future fuel purchases when deemed beneficial in order to stabilize operating budgets in the face of fuel price fluctuations. Similarly, forward currency contracts are used to mitigate foreign exchange risk within the City's foreign equity investments and capital purchases.
- + Borrowing is completed through the ACFA, which allows Alberta municipalities to borrow at interest rates that would not be available to municipalities acting independently. The interest rates are set for the term of the borrowing, therefore reducing risk associated with interest rate fluctuations. By mid-2020, the responsibilities of ACFA will be transferred to the Government of Alberta's department of Treasury Board and Finance, and ACFA will be dissolved. There will be no change to active loans during the transition and after the dissolution of ACFA.

- + The City has a Financial Stabilization Reserve that may be used to address emergent needs without impacting the City's financial position in the long term. A financial risk-based review was completed for the City in 2018, identifying potential risks faced by the City and the probable financial cost of each risk. The review substantiated the minimum and target balances of the reserve established through City policy.
- + The City's Debt Management Fiscal Policy provides for prudent management of debt and ensures debt is used responsibly without burdening the financial health and long-term sustainability of the City. Administration continues to monitor the use of debt and provide debt forecasts as part of ongoing reporting to City Council.
- + The City continues to leverage data analytics in order to discover and communicate meaningful patterns in data, which help to predict and improve business and financial performance, recommend strategies, and guide financial decision making.

The City continues to closely monitor the risks associated with the COVID-19 pandemic to ensure it can quickly and effectively respond to this evolving situation.

THE CITY MANAGES A BROAD RANGE OF INFRASTRUCTURE ASSETS. AS OF 2017, 49 PER CENT OF CITY ASSETS ARE IN VERY GOOD/GOOD CONDITION.

CONCLUSION

Throughout 2019, the City of Edmonton has maintained its financial health and the City's economic performance remains one of the best in the province.

In 2019, Standard and Poor downgraded the City from a credit rating of AA+ with a negative outlook, to AA and a stable outlook. The downgrade was expected based on the negative outlook identified in previous years.

The downgrade reflected the City of Edmonton's large capital spending plan and the associated growth in tax-supported debt. The number of significant capital projects being constructed within the 2019–2022 period (including the overlapping of the Valley Line Southeast and West LRT projects) are expected to lead to larger after-capital deficits from 2019 to 2022, and the associated borrowing for these projects means that Edmonton's tax-supported debt burden is more in line with AA rated peers. The current AA rating includes a stable outlook with the expectation that the City's funding strategy for capital projects will not further stress its budgetary performance. Weaker economic activity or unexpected major spending decisions at the same time the City is undertaking its capital plan could impact the rating negatively in the future. The rating could be positively impacted in the future if robust economic growth supported strong revenue generation.

Recent economic uncertainty has reinforced the need to maintain flexibility and to monitor both the economy and the City's financial condition in order to be able to react and adapt to economic impacts. The City will continue to be challenged to manage emerging competing financial needs

as the major centre for the region, and to maintain existing services while addressing service and infrastructure needs associated with the growth. The 2019–2022 Operating and Capital budgets and business plans have helped the City position itself well for the future.

The City also continues to closely monitor the financial impacts of the COVID-19 pandemic to ensure it can quickly and effectively respond to this evolving situation.

Robust financial policies, strategies, guiding principles and a healthy financial position ensure the continued sound fiscal management and long-term financial sustainability for the City of Edmonton.



Mary Persson, FCPA, FCMA, ICD.D, MBA
Deputy City Manager and Chief Financial Officer
Financial and Corporate Services
June 8, 2020



3 CONSOLIDATED FINANCIAL STATEMENTS



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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Management of the City of Edmonton is responsible for the integrity of the accompanying consolidated financial statements and all other information contained within this Annual Report. The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards.

To assist in meeting its responsibility, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are appropriately authorized and accurately recorded, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

The preparation of the consolidated financial statements necessarily includes some amounts which are based on the best estimates and judgements of management. Financial data elsewhere in the Annual Report is consistent with that of the consolidated financial statements.

Prior to their submission to City Council, the consolidated financial statements have been reviewed and recommended for approval by the Audit Committee. The consolidated financial statements have been audited by the independent firm of KPMG LLP, Chartered Professional Accountants. Their report to the Mayor and City Council, stating their opinion, basis for opinion, other information, responsibilities of management and those charged with governance for the financial statements, and auditors' responsibilities for the audit of the financial statements, follows.



Adam Laughlin, P.Eng
Interim City Manager

June 8, 2020
Edmonton, Canada



Mary Persson, FCPA,FCMA,ICD.D,MBA
Deputy City Manager and Chief Financial Officer
Financial and Corporate Services

June 8, 2020
Edmonton, Canada

INDEPENDENT AUDITORS' REPORT

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TO HIS WORSHIP THE MAYOR AND MEMBERS OF COUNCIL OF THE CITY OF EDMONTON

OPINION

We have audited the consolidated financial statements of the City of Edmonton (the "Entity"), which comprise:

- + the consolidated statement of financial position as at December 31, 2019
- + the consolidated statement of operations and accumulated surplus for the year then ended
- + the consolidated statement of changes in net financial assets for the year then ended
- + the consolidated statement of cash flows for the year then ended
- + and notes and schedules to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2019, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

BASIS FOR OPINION

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

INDEPENDENT AUDITORS' REPORT (CONT)

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OTHER INFORMATION

Management is responsible for the other information. Other information comprises:

- + the information included in Management's Financial Statement Discussion and Analysis
- + the information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled the "2019 Annual Report"
- + the information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled the "2019 Financial Report to Citizens"

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Financial Statement Discussion and Analysis as at the date of this auditors' report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

The information, other than the financial statements and the auditors' report thereon, included in the documents likely to be entitled "2019 Annual Report" and "2019 Financial Report to Citizens" is expected to be made available to us after the date of this auditors' report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

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

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

INDEPENDENT AUDITORS' REPORT (CONT)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

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

Chartered Professional Accountants

June 8, 2020, Edmonton, Canada

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31 (in thousands of dollars)

	2019	2018
Financial Assets		
Cash and cash equivalents (Note 2)	\$ 578,308	\$ 851,969
Receivables (Note 3)	668,880	482,852
Investments (Note 4)	1,937,192	1,872,281
Debt recoverable (Note 5)	10,060	10,296
Land for resale	247,635	271,257
Investment in EPCOR (Note 20)	3,841,938	3,749,075
	7,284,013	7,237,730
Liabilities		
Promissory notes payable (Note 6)	19,907	59,597
Accounts payable and accrued liabilities (Note 7 and Note 23)	953,200	867,667
Deposits	49,235	50,274
Deferred revenue (Note 8)	350,275	493,161
Employee benefit obligations (Note 9)	175,566	154,819
Landfill closure and post-closure care (Note 10)	45,589	27,794
Long-term debt (Note 11)	3,202,765	3,046,194
	4,796,537	4,699,506
Net Financial Assets	2,487,476	2,538,224
Non-financial Assets		
Tangible capital assets (Note 12)	12,365,026	11,686,947
Inventory of materials and supplies	38,606	40,165
Other assets (Note 13)	37,363	31,150
	12,440,995	11,758,262
Accumulated Surplus (Note 16)	\$ 14,928,471	\$ 14,296,486

Commitments, contingent liabilities, contingent assets and contractual rights (Notes 22, 24, 25 and 26)

See accompanying notes to consolidated financial statements.

Approved on behalf of City Council:

Mayor Don Iveson

Councillor Andrew Knack

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

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

	Budget	2019	2018
Revenues			
Net taxes available for municipal purposes (Note 17)	\$ 1,677,644	\$ 1,671,800	\$ 1,591,960
User fees and sale of goods and services	661,278	623,326	633,091
Subsidiary operations - EPCOR (Note 20)	280,000	231,054	295,173
Franchise fees	174,446	171,840	158,437
Government transfers - operating (Note 18)	116,391	121,950	113,081
Investment earnings	96,322	102,246	66,511
Fines and penalties	92,389	97,898	87,668
Licenses and permits	81,426	74,311	74,756
Developer and customer contributions - operating	30,065	25,558	29,598
	3,209,961	3,119,983	3,050,275
Expenses			
Transportation services:			
Bus and light rail transit	489,368	549,237	472,150
Roadway and parking	425,665	434,445	432,491
	915,033	983,682	904,641
Protective services:			
Police	479,303	465,928	444,492
Fire rescue	221,900	225,292	211,158
Bylaw enforcement	47,617	43,445	46,595
	748,820	734,665	702,245
Community services:			
Parks and recreation	285,149	276,723	279,149
Planning and corporate properties	244,528	196,471	175,764
Convention and tourism	65,505	69,619	73,326
Public library	65,539	61,513	61,766
Community and family	60,631	58,175	60,098
Public housing	43,862	39,347	34,050
	765,214	701,848	684,153
Utility and enterprise services:			
Waste Services Utility	218,920	240,883	203,657
Land Enterprise	39,786	23,721	27,591
Blatchford Renewable Energy Utility	2,115	1,627	
	260,821	266,231	231,248
General municipal	260,182	238,552	232,384
Corporate administration	230,805	225,329	230,179
Fleet services	42,292	36,249	40,881
Ed Tel Endowment Fund	4,420	3,127	3,642
	3,227,587	3,189,683	3,029,373
(Shortfall) Excess of Revenues over Expenses before Other	(17,626)	(69,700)	20,902
Other			
Government transfers - capital (Note 18)	551,855	571,432	699,347
Contributed tangible capital assets (Note 12)	128,975	146,932	203,883
Developer and customer contributions - capital	82,878	18,418	26,688
Local improvements	15,286	12,968	11,909
Excess of Revenues over Expenses	761,368	680,050	962,729
Accumulated Surplus, beginning of year	14,296,486	14,296,486	13,299,286
Subsidiary operations - EPCOR - other comprehensive (loss) income (Note 20)		(47,140)	49,134
Contributed capital transfer to EPCOR and other adjustments (Note 20)		(925)	(14,663)
Accumulated Surplus, end of year	\$ 15,057,854	\$ 14,928,471	\$ 14,296,486

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

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

	Budget	2019	2018
	\$	\$	\$
Excess of Revenues over Expenses	\$ 761,368	\$ 680,050	\$ 962,729
Acquisition of tangible capital assets	(2,463,863)	(1,259,242)	(1,290,468)
Contributed tangible capital assets (Note 12)	(128,975)	(146,932)	(203,883)
Proceeds on disposal of tangible capital assets		2,997	4,759
Amortization of tangible capital assets	563,227	558,462	533,649
Loss on disposal/transfer of tangible capital assets		85,762	19,867
Tangible capital assets contributed to EPCOR (Note 20)		80,874	24,520
	(2,029,611)	(678,079)	(911,556)
Net use of inventory of materials and supplies		1,559	3,307
Net change in other assets		(6,213)	(7,806)
		(4,654)	(4,499)
Subsidiary operations - EPCOR - other comprehensive (loss) income (Note 20)		(47,140)	49,134
Contributed capital transfer to EPCOR and other adjustments (Note 20)		(925)	(14,663)
		(48,065)	34,471
(Decrease) increase in net financial assets	(1,268,243)	(50,748)	81,145
Net Financial Assets, beginning of year	2,538,224	2,538,224	2,457,079
Net Financial Assets, end of year	\$ 1,269,981	\$ 2,487,476	\$ 2,538,224

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

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

	2019	2018
Net inflow (outflow) of cash and cash equivalents:		
Operating Activities		
Excess of revenues over expenses	\$ 680,050	\$ 962,729
Add (deduct) items not affecting cash and cash equivalents:		
Subsidiary operations - EPCOR (Note 20)	(231,054)	(295,173)
Amortization of tangible capital assets	558,462	533,649
Loss on disposal, impairment and transfer of tangible capital assets	85,762	19,867
Contributed tangible capital assets	(146,932)	(203,883)
Change in non-cash items:		
Receivables	(186,028)	53,656
Debt recoverable	236	275
Land for resale	23,622	(8,616)
Inventory of materials and supplies	1,559	3,307
Other assets	(6,213)	(7,806)
Accounts payable and accrued liabilities	85,533	96,477
Deposits	(1,039)	4,502
Deferred revenue	(142,886)	120,108
Employee benefit obligations	20,747	12,161
Landfill closure and post-closure care	17,795	(2,043)
	759,614	1,289,210
Capital Activities		
Acquisition of tangible capital assets	(1,259,242)	(1,290,468)
Proceeds on disposal of tangible capital assets	2,997	4,759
	(1,256,245)	(1,285,709)
Investing Activities		
Dividend from subsidiary (Note 20)	171,000	166,000
Net (increase) decrease in investments	(64,911)	112,285
	106,089	278,285
Financing Activities		
Promissory notes issued	139,293	218,997
Repayment of promissory notes	(178,983)	(219,166)
Debenture borrowings	189,832	276,036
Repayment of long-term debt	(156,200)	(241,796)
Increase in public-private partnership (P3) term debt	122,939	99,824
	116,881	133,895
(Decrease) increase in cash and cash equivalents	(273,661)	415,681
Cash and cash equivalents, beginning of year	851,969	436,288
Cash and cash equivalents, end of year	\$ 578,308	\$ 851,969

Operating activities for 2019 include \$48,587 (2018 - \$46,026) of interest received and \$106,790 (2018 - \$104,380) of interest paid.
 See accompanying notes to consolidated financial statements.

SCHEDULE 1 – CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2019 (in thousands of dollars)

	Opening Balance	Additions and Transfers	Disposals, Impairments and Transfers	Closing Balance
Cost				
Land	\$ 1,621,605	\$ 103,852	\$ (11,299)	\$ 1,714,158
Land improvements	1,256,774	166,933	(5,583)	1,418,124
Buildings	3,012,151	133	(18,630)	2,993,654
Vehicles	1,068,715	48,277	(43,043)	1,073,949
Machinery and equipment	921,449	79,751	(42,269)	958,931
Engineered structures:				
Roadway system	7,917,054	419,057	(75,318)	8,260,793
Light rail transit	1,344,939	208,662	(55,955)	1,497,646
Waste	168,626	6,666	(30,981)	144,311
Bus system	173,219	33,053	(3,780)	202,492
Other	47,160	37,294	(11,151)	73,303
	17,531,692	1,103,678	(298,009)	18,337,361
Assets under construction	1,343,385	302,496	(69,746)	1,576,135
	18,875,077	1,406,174	(367,755)	19,913,496
Accumulated Amortization				
Land improvements	482,818	46,905	(5,466)	524,257
Buildings	1,088,473	101,193	(8,970)	1,180,696
Vehicles	661,196	62,339	(41,986)	681,549
Machinery and equipment	523,195	81,623	(38,586)	566,232
Engineered structures:				
Roadway system	3,777,358	220,660	(70,353)	3,927,665
Light rail transit	421,588	37,376		458,964
Waste	137,730	(1,768)	(28,858)	107,104
Bus system	85,160	8,423	(3,215)	90,368
Other	10,612	1,711	(688)	11,635
	7,188,130	558,462	(198,122)	7,548,470
Net Book Value	\$ 11,686,947	\$ 847,712	\$ (169,633)	\$ 12,365,026

Additions to assets under construction are reported net of those tangible capital assets placed in service during the year, which are shown in their respective asset classifications.

Included in disposals, impairments and transfers, in 2019, is \$62,321 for the impairment of assets where the value of future economic benefits associated with the tangible capital asset is less than its net book value. Also included is \$80,874 of tangible capital assets contributed to EPCOR (Note 20) and \$7,903 of tangible capital assets contributed to the Province of Alberta.

See accompanying notes to consolidated financial statements.

SCHEDULE 1 – CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2018 (in thousands of dollars)

	Opening Balance	Additions and Transfers	Disposals and Transfers	Closing Balance
Cost				
Land	\$ 1,504,742	\$ 121,523	\$ (4,660)	\$ 1,621,605
Land improvements	1,200,461	63,519	(7,206)	1,256,774
Buildings	2,689,803	324,937	(2,589)	3,012,151
Vehicles	990,761	112,174	(34,220)	1,068,715
Machinery and equipment	834,248	102,414	(15,213)	921,449
Engineered structures:				
Roadway system	7,594,004	345,226	(22,176)	7,917,054
Light rail transit	1,324,187	20,752		1,344,939
Waste	169,022	1,123	(1,519)	168,626
Bus system	171,235	1,984		173,219
Other	46,968	192		47,160
	16,525,431	1,093,844	(87,583)	17,531,692
Assets under construction	924,395	447,918	(28,928)	1,343,385
	17,449,826	1,541,762	(116,511)	18,875,077
Accumulated Amortization				
Land improvements	452,599	35,890	(5,671)	482,818
Buildings	990,036	100,983	(2,546)	1,088,473
Vehicles	629,965	62,378	(31,147)	661,196
Machinery and equipment	465,868	70,716	(13,389)	523,195
Engineered structures:				
Roadway system	3,574,355	217,481	(14,478)	3,777,358
Light rail transit	388,365	33,223		421,588
Waste	134,079	3,785	(134)	137,730
Bus system	77,494	7,666		85,160
Other	9,085	1,527		10,612
	6,721,846	533,649	(67,365)	7,188,130
Net Book Value	\$ 10,727,980	\$ 1,008,113	\$ (49,146)	\$ 11,686,947

Additions to assets under construction are reported net of those tangible capital assets placed in service during the year, which are shown in their respective asset classifications.

Included in disposals and transfers is \$24,520 of tangible capital assets contributed to EPCOR (Note 20) and \$4,678 of tangible capital assets contributed to the Province of Alberta.

See accompanying notes to consolidated financial statements.

SCHEDULE 2 – CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the year ended December 31, 2019 (in thousands of dollars)

	Tax-Supported										
	Transportation Services	Protective Services	Community Services	Fleet Services	Other Tax-Supported	Total Tax-Supported	Waste Services	Land Enterprise	Blatchford Renewable Energy	Ed Tel Endowment Fund	2019
Revenues											
Net taxes available for municipal purposes	\$ 384,910	\$ 602,237	\$ 378,905	\$ 305,748	\$ 1,671,800					\$ 1,671,800	
User fees and sale of goods and services	161,106	30,439	144,701	16,508	27,443	380,197	213,690	29,432	7	231,054	231,054
Subsidiary operations - EPCOR											623,326
Franchise fees											171,840
Government transfers - operating	5,123	29,293	37,262	171,840							121,950
Investment earnings	4		2,135	46,663	118,341	3,609					102,246
Fines and penalties	31	66,837	766	48,620	50,759	1,459					97,898
Licenses and permits	2,860	3,171	59,288	30,264	97,898						74,311
Developer and customer contributions - operating											25,558
Appropriation of earnings											25,558
	554,034	732,119	648,473	16,508	48,529	48,529	218,758	29,432	7	231,054	(48,529)
							2,639,233				3,119,983
Expenses											
Salaries, wages and benefits	344,465	581,769	289,241	82,999	285,732	1,584,206	50,873	1,419			1,636,498
Materials, goods and utilities	102,898	36,709	59,118	48,402	28,371	275,498	10,550	14,714	18		300,780
Contracted and general services	101,857	86,083	170,822	(146,687)	(10,497)	201,578	136,341	5,857	878		347,781
Interest and bank charges	74,155	3,244	39,061	1,908	12,323	130,691	9,025	1,731	661		142,108
Grants and other	259	362	90,662		21,909	113,192	5,100				118,292
Amortization of tangible capital assets	284,692	26,387	51,930	50,170	122,747	535,926	22,466		70		558,462
Loss (gain) on disposal, impairment and transfer of tangible capital assets	75,356	111	1,014	(543)	3,296	79,234	6,528				85,762
	983,682	734,665	701,848	36,249	463,881	2,920,325	240,883	23,721	1,627		3,127
(Shortfall) Excess of Revenues over Expenses before Other	(429,648)	(2,546)	(53,375)	(19,741)	224,218	(281,092)	(22,125)	5,711	(1,620)	231,054	(69,700)
Other											
Government transfers - capital	401,539	5,046	100,547		64,300	571,432					571,432
Contributed tangible capital assets	104,286		41,500		1,146	146,932					146,932
Developer and customer contributions - capital	1,706		8,361		8,351	18,418					18,418
Local improvements	507,531	5,046	150,408		12,968	12,968					12,968
											749,750
Excess (Shortfall) of Revenues over Expenses	\$ 77,883	\$ 2,500	\$ 97,033	\$ (19,741)	\$ 310,983	\$ 468,658	\$ (22,125)	\$ 5,711	\$ (1,620)	\$ 231,054	\$ (1,628)

SCHEDULE 2 – CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the year ended December 31, 2018 (in thousands of dollars)

	Tax-Supported					Total Tax-Supported	Waste Services	Land Enterprise	EPCOR	Ed Tel Endowment Fund	2018
Revenues	Transportation Services	Protective Services	Community Services	Fleet Services	Other Tax-Supported						
Net taxes available for municipal purposes	\$ 382,508	\$ 570,141	\$ 357,010	\$ 490	\$ 281,811	\$ 1,591,960					\$ 1,591,960
User fees and sale of goods and services	159,831	30,471	153,860	17,108	26,616	387,886	215,425	29,780			633,091
Subsidiary operations - EPCOR											295,173
Franchise fees											158,437
Government transfers - operating	4,861	29,371	33,552		43,793	111,577					113,081
Fines and penalties		60,748	799		26,121	87,668					87,668
Licenses and permits		494	3,376	59,411	11,475	74,756					74,756
Investment earnings				1,839	31,484	33,323	974				32,214
Developer and customer contributions - operating				96	29,502						66,511
Appropriation of earnings						29,598					29,598
						46,014	46,014				(46,014)
	547,694	694,203	635,973	17,598	625,751	2,521,219	217,903	29,780	295,173		3,050,275
Expenses											
Salaries, wages and benefits	345,473	561,686	285,485	84,026	285,214	1,561,884	50,588	1,665			1,614,137
Materials, goods and utilities	104,097	33,796	59,974	51,697	26,304	275,868	10,583	17,014			303,465
Contracted and general services	96,983	82,242	160,359	(142,259)	(767)	196,558	104,177	5,377			309,754
Interest and bank charges	68,914	2,490	40,121	(1,467)	10,517	120,575	9,129	1,525			131,229
Grants and other	6	592	90,083		22,281	112,962	2,300	2,010			117,272
Amortization of tangible capital assets	275,344	22,508	48,162	48,553	115,432	509,999	23,650				533,649
Loss (gain) on disposal and transfer of tangible capital assets	13,824	(1,069)	(31)	331	3,582	16,637	3,230				19,867
	904,641	702,245	684,153	40,881	462,563	2,794,483	203,657	27,591			3,642
Excess (Shortfall) of Revenues over Expenses before Other	(356,947)	(8,042)	(48,180)	(23,283)	163,188	(273,264)	14,246	2,189	295,173	(17,442)	20,902
Other											
Government transfers - capital	581,778	8,826	72,602	2,563	33,571	699,340	7				699,347
Contributed tangible capital assets	71,327		46,191		86,365	203,883					203,883
Developer and customer contributions											
- capital	6,609		14,758		3,893	25,260	1,428				26,688
Local improvements						11,909	11,909				11,909
	659,714	8,826	133,551	2,563	135,738	940,392	1,435				941,827
Excess (Shortfall) of Revenues over Expenses	\$ 302,767	\$ 784	\$ 85,371	\$ (20,720)	\$ 298,926	\$ 667,128	\$ 15,681	\$ 2,189	\$ 295,173	\$ (17,442)	\$ 962,729

SCHEDULE 3 – SUPPLEMENTARY FINANCIAL INFORMATION OF INTERNALLY RESTRICTED AND OTHER ENTITIES

The assets, liabilities and the operations of the following related authorities are included in the City's consolidated financial statements. The amounts are reported before any inter-organizational transactions are eliminated.

For the year ended December 31, 2019 (in thousands of dollars)

	City of Edmonton Library Board	Edmonton Economic Development Corporation	Non-Profit Housing Corporation	Fort Edmonton Management Company	Edmonton Combative Sports Commission	Waste RE-solutions Edmonton
Financial Position						
Financial Assets	\$ 34,363	\$ 21,793	\$ 8,244	\$ 2,600	\$ 268	\$ 471
Liabilities	26,340	20,906	31,198	877	10	284
Net Financial Assets (Debt)	8,023	887	(22,954)	1,723	258	187
Non-Financial Assets	35,864	9,118	45,090	688		4
Accumulated Surplus	\$ 43,887	\$ 10,005	\$ 22,136	\$ 2,411	\$ 258	\$ 191
Operations						
Revenues	56,247	71,435	8,618	3,244	109	106
Expenses	61,936	71,124	7,430	3,863	20	137
Other	4,592		726			
(Shortfall) Excess of Revenues over Expenses	(1,097)	311	1,914	(619)	89	(31)
Accumulated Surplus, beginning of year	44,984	9,694	20,222	3,030	169	222
Accumulated Surplus, end of year	\$ 43,887	\$ 10,005	\$ 22,136	\$ 2,411	\$ 258	\$ 191

For the year ended December 31, 2018 (in thousands of dollars)

	City of Edmonton Library Board	Edmonton Economic Development Corporation	Non-Profit Housing Corporation	Fort Edmonton Management Company	Edmonton Combative Sports Commission	Waste RE-solutions Edmonton
Financial Position						
Financial Assets	\$ 26,727	\$ 24,290	\$ 5,362	\$ 3,195	\$ 189	\$ 2,276
Liabilities	15,556	21,977	18,254	757	20	2,058
Net Financial Assets (Debt)	11,171	2,313	(12,892)	2,438	169	218
Non-Financial Assets	33,813	7,381	33,114	592		4
Accumulated Surplus	\$ 44,984	\$ 9,694	\$ 20,222	\$ 3,030	\$ 169	\$ 222
Operations						
Revenues	55,850	75,707	8,857	4,026	26	353
Expenses	62,180	73,642	7,535	4,374	113	367
Other	10,547		712			
Excess (Shortfall) of Revenues over Expenses	4,217	2,065	2,034	(348)	(87)	(14)
Accumulated Surplus, beginning of year	40,767	7,629	18,188	3,378	256	236
Accumulated Surplus, end of year	\$ 44,984	\$ 9,694	\$ 20,222	\$ 3,030	\$ 169	\$ 222

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (in thousands of dollars)

The City of Edmonton (the City) is a municipality in the Province of Alberta, Canada and operates under the provisions of the Municipal Government Act, R.S.A., 2000, c. M-26, as amended (MGA).

01 SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements (the financial statements) of the City are prepared by management in accordance with Canadian Public Sector Accounting Standards (PSAS). Significant aspects of the accounting policies adopted by the City are as follows:

A. REPORTING ENTITY

The financial statements reflect the revenues, expenses, assets, liabilities and accumulated surplus of the reporting entity. The reporting entity comprises all organizations and enterprises accountable for the administration of their financial affairs and resources to the City and which are owned or controlled by the City. In addition to general government tax-supported departments, these organizations and enterprises are consolidated and include the following:

The City of Edmonton Library Board
(Edmonton Public Library)

Edmonton Economic Development Corporation
(including EFF Media Investments Ltd. and
TEC Edmonton partnership)

Fort Edmonton Management Company

Edmonton Combative Sports Commission

The City of Edmonton Non-Profit Housing Corporation
(Non-Profit Housing Corporation)

Waste Services Utility
(including 2492369 Canada Corporation,
operating as Waste RE-solutions Edmonton)

Land Enterprise
(Land Development, Land for Future Municipal Purposes and
Blatchford Redevelopment)

Blatchford Renewable Energy Utility

Ed Tel Endowment Fund

Interdepartmental and inter-organizational transactions
are eliminated.

EPCOR, a subsidiary corporation of the City, is accounted for on a modified equity basis, consistent with the public sector accounting treatment for a government business enterprise. Under the modified equity basis, the government business enterprise's accounting principles are not adjusted to conform with those of the City, and inter-organizational transactions and balances are not eliminated. Other comprehensive income (loss) due to fair value adjustments is reported on the Consolidated Statement of Operations and Accumulated Surplus as an adjustment to Accumulated Surplus. Contributions of tangible capital assets to EPCOR from the City are recorded as an increase to the investment in EPCOR.

The City, through its wholly-owned subsidiary Edmonton Economic Development Corporation, holds a 50 per cent interest in TEC Edmonton, a partnership with the University of Alberta to stimulate entrepreneurialism, advance corporate development and accelerate commercialization of new ideas and technologies that benefit society. Proportionate consolidation is used to record the City's share in the partnership.

EFF Media Investments Ltd. was wholly owned by Edmonton Economic Development Corporation. In September 2016 City Council passed a resolution to cease operations and wind up the company in an orderly fashion. EFF Media Investments Ltd. had no active operations in 2019 and was dissolved on November 26, 2019. The dissolution did not have a material effect on the City's financial statements.

The City is the sole Shareholder of its subsidiary corporation, 2492369 Canada Corporation, operating as Waste RE-solutions Edmonton (WRsE). At the October 10, 2018 Annual General Shareholder Meeting, the City, in its capacity as Shareholder, passed a resolution to begin the process to put the 2492369 Canada Corporation into dormancy. It is anticipated that the wind-down of operations of WRsE will continue into 2020. There are no reporting changes in 2019 resulting from the Shareholder's decision.

The City administers Pension Funds, a Long-term Disability Plan and other assets on behalf of third parties. Related trust assets under administration for the benefit of external parties have been excluded from the reporting entity.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (in thousands of dollars)

B. BASIS OF ACCOUNTING

The financial statements are prepared using the accrual basis of accounting. Revenues are accounted for in the period in which they are earned and measurable. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Expenses are recognized as they are incurred and measurable based upon receipt of the goods and services and/or the legal obligation to pay.

C. USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions. These estimates affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Administration has used estimates to determine employee benefit obligations, pension obligations relating to City-sponsored pension plans, landfill closure and post-closure care obligations, accrued liabilities including estimates for expropriation of municipal lands and contaminated sites remediation, useful lives of tangible capital assets, the value of contributed tangible capital assets as well as provisions made for allowances for amounts receivable or any provision for impairment of investment values and tangible capital assets.

D. FOREIGN CURRENCY

Monetary items denominated in foreign currency are translated to Canadian dollars at exchange rates in effect at December 31 and non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenues and expenses are translated at rates in effect at the time of the transactions or at rates of exchange established by the terms of a forward foreign exchange contract. Gains (losses) on foreign currency translation are included in the Consolidated Statement of Operations and Accumulated Surplus.

E. TAX REVENUE

Annually, the City bills and collects property tax revenues for municipal purposes. Tax revenues are based on market value assessments determined in accordance with the MGA and annually established tax rates. Municipal tax rates are set each year by City Council in accordance with legislation and City Council-approved policies to raise the tax revenue required to meet the City's budget requirements. Tax revenues are recorded at the time tax billings are issued. Property assessments are subject to tax appeal. A provision has been recorded in Accounts payable and accrued liabilities for potential losses on assessment appeals outstanding at December 31. Tax revenues are recorded net of any tax appeals or allowances in the Consolidated Statement of Operations and Accumulated Surplus.

The City also bills and collects education tax on behalf of the Province of Alberta (the Province). Education tax rates are established by the Province each year in order to fund the cost of education on a Province-wide basis. Education taxes collected are remitted to the Province and the Edmonton Catholic Separate School District and are excluded from revenues and expenses in the Consolidated Statement of Operations and Accumulated Surplus. Education taxes collected as part of the incremental property taxes within a Community Revitalization Levy (CRL) are retained to offset development costs in the area over the life of the CRL.

F. GOVERNMENT TRANSFERS

Government transfers are the transfer of monetary assets or tangible capital assets from other orders of government that are not the result of an exchange transaction and for which there is no expectation of repayment or direct financial return to the transferor in the future. The City receives government transfers from the Federal and Provincial governments to fund operating and capital expenditures. These transfers to the City are recognized as revenues when the transfers are authorized and all the eligibility criteria, if any, have been met, except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for the recipient. Prior to that time, any amounts received, along with restricted interest thereon are recorded as deferred revenue.

Authorized transfers from the City to other organizations or individuals are recorded as an expense when the transfer has been authorized and the eligibility criteria, if any, have been met by the recipient. The majority of transfers made by the City are in the form of tangible capital assets, grants and subsidies.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (in thousands of dollars)

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G. LOCAL IMPROVEMENTS

When a service or improvement is deemed to benefit a specific area more than the municipality as a whole, the project may be classified as a local improvement under the MGA, to be paid in whole or in part by a tax imposed on the benefiting property owners. The property owners' share of the improvement is recognized as revenue, and established as a receivable, in the period that the project expenditures are completed.

H. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on deposit, bankers' acceptances, treasury bills and commercial paper, at cost, which approximates market value. These cash equivalents generally mature within ninety days from the date of purchase, are capable of reasonably prompt liquidation and may be used to manage the City's cash position throughout the year.

I. INVESTMENTS

Fixed income investments are recorded at amortized cost. Purchase premiums and discounts are amortized on the net present value basis over the terms of the issues. Investments in common and preferred shares and pooled funds are recorded at cost. Where there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss. Any net undistributed realized losses in multi-unit investment trusts managed by the City are recorded in the year incurred.

J. DEBT RECOVERABLE

Debt recoverable consists of long-term debt amounts borrowed by the City that are recoverable under loans or other financial arrangements made to non-profit organizations. These debt recoverable amounts are recorded at a value equivalent to the offsetting outstanding long-term debt balances as at December 31. Loans are recorded at the lower of cost and net recoverable value. A valuation allowance in the debt recoverable is recognized when the City no longer has reasonable assurance of collection.

K. LAND FOR RESALE

Land for resale is recorded 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.

L. LIABILITY FOR CONTAMINATED SITES

Contaminated sites are the result of a chemical, organic or radioactive material or live organism in amounts that exceed an environmental standard being introduced into soil, water or sediment. The City recognizes a liability for remediation of contaminated sites when the following criteria have been met:

- an environmental standard exists,
- there is evidence that contamination exceeds an environmental standard,
- the City is directly responsible or accepts responsibility for the contamination,
- it is expected that future economic benefits will be given up, and
- a reasonable estimate of the amount can be made.

Sites that are currently in productive use are only considered contaminated sites if an unexpected event results in remediation. In cases where the City's responsibility is not determinable, a contingent liability may be disclosed.

The liability reflects the City's best estimate, as of December 31, of the amount required to remediate non-productive sites to the current minimum standard of use prior to contamination. Where possible, provisions for remediation are based on environmental assessments completed on a site; for those sites where an assessment has not been completed, estimates of the remediation are completed using information available for the site and by extrapolating from the cost to clean up similar sites. The liability is recorded net of any estimated recoveries from third parties. When cash flows are expected to occur over extended future periods, the City will measure the liability using present value techniques. This liability is reported in Accounts payable and accrued liabilities (Trade and other) in the Consolidated Statement of Financial Position.

M. DEPOSITS

Deposits are held for the purposes of securing the compliance of a third party to contractual stipulations. Deposits are returned when compliance with contractual stipulations is determined. The City recognizes deposits into revenue when a third party defaults on the contractual stipulations that the deposits were securing against.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (in thousands of dollars)

N. DEFERRED REVENUE

Deferred revenue comprises funds received in advance of services performed or where the use of funds is externally restricted. These amounts are recognized as revenue in the period the service is performed or when the funds are used for the purpose specified. When agreements stipulate that interest earned on contributions should be restricted for a specific purpose, that interest is treated as a contribution received and recorded as an addition to deferred revenue.

O. EMPLOYEE BENEFIT OBLIGATIONS

The costs of post-employment benefits, compensated absences and termination benefits are recorded as an expense when the event that gives rise to the obligation occurs.

City employees participate in multi-employer pension plans that are administered by third parties. Obligations related to plan deficiencies are not recorded for these multi-employer pension plans as the City's share is not determinable. Contributions to multi-employer plans for current and past service are recorded as expenses in the year in which they become due.

Costs related to City-sponsored registered and non-registered defined benefit pension plans are recognized when earned by plan members. Plan obligations are actuarially determined using the projected benefit method prorated on service, applying management's best estimates of expected retirement ages of employees, salary and benefit escalation, plan investment performance and discount rates.

Actuarial gains and losses for active plans are amortized on a straight-line basis over the expected average remaining service life of the related employee group. Adjustments arising from prior service costs relating to plan amendments and changes in the valuation allowance are recognized in the period in which the adjustment occurs. The City records the actuarially determined net fund asset or liability for City-sponsored registered pension plans. For jointly sponsored plans, the City records its proportionate share of that asset or liability.

P. LANDFILL CLOSURE AND POST-CLOSURE LIABILITIES

The costs to close and maintain solid waste landfill sites are based on estimated future expenses, adjusted for inflation and discounted to current dollars. These costs are reported as a liability on the Consolidated Statement of Financial Position.

Q. PUBLIC-PRIVATE PARTNERSHIPS

A public-private partnership (P3) is a contractual agreement between a public authority and a private entity for the provision of infrastructure and/or services. The City's P3 is assessed based on the substance of the underlying agreement. Costs incurred during construction or acquisition are recognized as Tangible capital assets (classified as assets under construction), with a corresponding liability, both based on the estimated percentage of project completion. The asset will be amortized over the estimated useful life once in service. The liability is reduced by progress payments made during and upon completion of construction. The present value of future construction payments is recognized as Long-term debt, discounted to the date the asset is available for use, using the implied interest rate at the time the agreement is signed.

R. NON-FINANCIAL ASSETS

Non-financial assets are not available to discharge 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. Non-financial assets include tangible capital assets, inventory of materials and supplies and other assets.

i. Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Interest charges during construction are not capitalized. The cost, less residual value of the tangible capital assets, is amortized on a straight-line basis over the following estimated useful lives of the assets:

Land improvements	20 to 50 years
Buildings	10 to 60 years
Machinery and equipment	3 to 50 years
Vehicles	9 to 35 years
Engineered structures	7 to 100 years

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (in thousands of dollars)

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Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets are written down when conditions indicate that a tangible capital asset no longer contributes to the City's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value.

ii. Contributed Tangible Capital Assets

Tangible capital assets acquired as contributions are recorded at their fair value on the date received and corresponding revenues are recorded as contributed tangible capital assets on the Consolidated Statement of Operations and Accumulated Surplus.

iii. Leases

Leases are classified as capital or operating leases. Leases that transfer substantially all benefits and risks to the City incidental to ownership of property are accounted for as capital leases. Assets under a capital lease are included within the respective tangible capital asset classifications. All other leases are accounted for as operating leases and the related lease payments, net of tenant inducements, are charged to expenses on a straight-line basis over the lease term.

iv. Land Under Roads

Land under roads that is acquired other than by a purchase agreement is valued at a nominal amount.

v. Inventory of Materials and Supplies

Inventory of materials and supplies is valued at the lower of average cost and replacement cost.

vi. Cultural, Historical and Works of Art

The City manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings and sculptures located at City sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized. Costs for public art are expensed in the period they are incurred.

S. RESERVES FOR FUTURE EXPENDITURES

Certain amounts, as approved by City Council, are designated within accumulated surplus as reserves for future operating and capital expenditures.

T. EQUITY IN TANGIBLE CAPITAL ASSETS

Equity in tangible capital assets is included within accumulated surplus. It represents the investment in tangible capital assets, after deducting the portion financed by Long-term debt.

U. BUDGET INFORMATION

Operating budget information is consistent with amounts approved by City Council in April 2019, with the passing of Bylaw 18743 – 2019 Property Tax and Supplementary Property Tax Bylaw. The budget is reported on an accrual basis, consistent with principles applied in the consolidated financial statements.

Capital budgets reflect the 2019 budget originally approved by City Council in December 2018 as a part of the overall 2019–2022 capital budget, plus any carry forward of unspent capital budgets from previous years. Capital budget adjustments made as part of the spring and fall supplementary capital budget adjustment process are not reflected.

V. CHANGES IN ACCOUNTING POLICY

Effective January 1, 2019, the City implemented the following accounting standard required for government organizations with fiscal years beginning on or after April 1, 2018. The adoption of this standard was applied on a prospective basis and is reflected in the Consolidated Financial Statements and Note 22.

i. Restructuring Transactions

PS3430, *Restructuring Transactions* establishes standards on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities, together with related program or operating responsibilities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (in thousands of dollars)

W. FUTURE ACCOUNTING STANDARD PRONOUNCEMENTS

In 2020, the City will continue to assess the impact and prepare for the adoption of the following standards. While the timing of standard adoption can vary, certain standards must be adopted concurrently. The requirements in PS1201, *Financial Statement Presentation*, PS3450, *Financial Instruments*, PS2601, *Foreign Currency Translation* and PS3041, *Portfolio Investments* must be implemented at the same time. The following summarizes upcoming changes to PSAS.

i. Financial Statement Presentation

PS1201, *Financial Statement Presentation*, requires a new statement of re-measurement gains and losses separate from the statement of operations. Included in this new statement are the unrealized gains and losses arising from the re-measurement of financial instruments and items denominated in foreign currencies, as well as the government's proportionate share of other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. This standard is applicable for fiscal years beginning on or after April 1, 2021.

ii. Financial Instruments

PS3450, *Financial Instruments* establishes recognition, measurement, and disclosure requirements for derivative and non-derivative financial instruments. The standard requires fair value measurement of derivatives and equity instruments; all other financial instruments can be measured at cost/amortized cost or fair value at the election of the government. Unrealized gains and losses are presented in a new statement of re-measurement gains and losses. There is the requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities. This standard is applicable for fiscal years beginning on or after April 1, 2021.

iii. Foreign Currency Translation

PS2601, *Foreign Currency Translation*, requires that monetary assets and liabilities denominated in a foreign currency and non-monetary items included in the fair value category, denominated in a foreign currency, be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses are to be presented in the new statement of re-measurement gains and losses. This standard is applicable for fiscal years beginning on or after April 1, 2021.

iv. Portfolio Investments

PS3041, *Portfolio Investments* has removed the distinction between temporary and portfolio investments. This section was amended to conform to PS3450, *Financial Instruments*, and now includes pooled investments in its scope. Upon adoption of PS3450 and PS3041, PS3030, *Temporary Investments* will no longer apply. This standard is applicable for fiscal years beginning on or after April 1, 2021.

v. Asset Retirement Obligations

PS3280, *Asset Retirement Obligations* establishes guidance on the accounting and reporting of legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. Upon adoption of PS3280, PS3270 *Solid Waste Landfill Closure and Post-closure Liability* will no longer apply. This standard is applicable for fiscal years beginning on or after April 1, 2021.

vi. Revenue

PS3400, *Revenue* provides a framework for recognizing, measuring and reporting revenue by differentiating between revenue that arises from transactions that include performance obligations and transactions that do not have performance obligations. This standard is applicable for fiscal years beginning on or after April 1, 2022.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (in thousands of dollars)

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02 CASH AND CASH EQUIVALENTS

	2019	2018
Cash	\$ 12,322	\$ 15,116
Cash equivalents	601,509	836,853
Cheques outstanding in excess of deposits	(35,523)	
	\$ 578,308	\$ 851,969

Cash equivalents have effective interest rates of 1.0 to 2.0 per cent (2018 - 0.0 to 2.3 per cent) and generally mature within ninety days from the date of purchase.

The City has access to an unsecured line of credit of up to \$100,000 to cover any bank overdrafts arising from day-to-day cash transactions. As of December 31, 2019, \$1,767 (2018 - \$0) was outstanding on the line of credit.

03 RECEIVABLES

	2019	2018
Trade and other	\$ 173,604	\$ 166,155
Local improvements	106,884	105,836
Taxes	67,197	64,369
Government transfers:		
P3 Canada Fund	143,347	82,650
Public Transit Infrastructure Fund	70,496	53,432
Municipal Sustainability Initiative	63,743	
Green Transit Incentives Program	29,337	1,981
Building Canada Fund	14,242	7,824
Other	30	605
	\$ 668,880	\$ 482,852

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (in thousands of dollars)

04 INVESTMENTS

	2019		2018	
	Cost	Market value	Cost	Market Value
Cash	\$ 1,285	\$ 1,285	\$ 509	\$ 509
Amounts receivable (payable) - net	611	611	(341)	(341)
Fixed income:				
Short-term notes and deposits	43,593	43,470	62,431	62,328
Government and government guaranteed bonds	547,617	550,500	520,150	510,451
Corporate bonds and debentures	414,831	413,843	383,428	372,342
Pooled fund	92,078	93,377	92,077	89,163
	1,098,119	1,101,190	1,058,086	1,034,284
Common and preferred shares:				
Canadian	278,179	306,113	279,583	260,457
International	448,261	462,986	419,045	396,135
Global	47,497	50,582	83,941	74,405
	773,937	819,681	782,569	730,997
Pooled infrastructure funds	62,959	69,902	31,146	38,392
Other investments	281	281	312	312
	\$ 1,937,192	\$ 1,992,950	\$ 1,872,281	\$ 1,804,153

Short-term notes and deposits have effective interest rates of 0.6 to 2.2 per cent (2018 – 0.6 to 2.3 per cent) and mature in less than one year. Government and corporate bonds and debentures have effective interest rates of 1.7 to 4.2 per cent (2018 – 1.8 to 5.2 per cent) with maturity dates from March 12, 2020 to June 18, 2062 (2018 – March 27, 2019 to December 1, 2064). The pooled fixed income fund represents an interest in a fund consisting of corporate bonds, government bonds and inflation-linked bonds.

The pooled infrastructure fund represents an interest in a globally diversified portfolio of core-yielding infrastructure investments.

Investments with a cost of \$823,406 (2018 – \$825,035) and market value of \$861,580 (2018 – \$787,562) are managed within the Ed Tel Endowment Fund, in accordance with City Bylaw 11713. An annual appropriation from the earnings of the fund of \$48,529 (2018 – \$46,014), including a special dividend of \$9,706 (2018 – \$9,203) was withdrawn to support municipal operations, based upon a spending formula set out in the Bylaw. In accordance with the Bylaw, the fund is in a position to pay a special dividend when the market value of the fund as at June 30 of the preceding year is more than 15 per cent above the inflation-adjusted principal. Any amendment to the Bylaw requires advertisement and a public hearing.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (in thousands of dollars)

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05 DEBT RECOVERABLE

Debt recoverable of \$10,060 (2018 – \$10,296) consists of amounts borrowed by the City and provided to the Edmonton Catholic School Board, to be recovered through a lease agreement. The financial arrangement is in accordance with section 264 of the MGA and is authorized by City bylaws. The arrangement has the same general repayment terms as the respective debt with interest accrued on outstanding amounts. As of December 31, 2019, the Edmonton

Catholic School Board is in compliance with the terms of the financial arrangement. Lease receivables of \$10,060 bear an implicit annual interest rate of 4.3 per cent (2018 – 4.3 per cent) and will be recovered in annual amounts to the year 2044.

Principal and interest payments recoverable for each of the next 5 years and thereafter are as follows:

	Principal	Interest	Total
2020	\$ 247	\$ 435	\$ 682
2021	258	424	682
2022	269	413	682
2023	280	402	682
2024	293	388	681
Thereafter	8,713	4,234	12,947
	\$ 10,060	\$ 6,296	\$ 16,356

06 PROMISSORY NOTES PAYABLE

As at December 31, 2019, the City has one (2018 – three) promissory note payable with a maturity date of March 18, 2020 (2018 – February 20, 2019 to April 17, 2019) with an interest rate of 0.5 per cent (2018 – 0.5 per cent to 1.0 per cent).

The promissory note is being accounted for at amortized cost, with the amount for the note at maturity totaling \$20,000 (2018 – \$60,000) and a discounted value of \$19,907 (2018 – \$59,597).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (in thousands of dollars)

07 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018
Trade and other	\$ 694,454	\$ 598,137
Developer obligations	174,721	165,288
Payroll and remittances	62,277	81,781
Accrued interest	21,748	22,461
	<hr/>	<hr/>
	\$ 953,200	\$ 867,667

08 DEFERRED REVENUE

	2018	Externally Restricted Contributions Received	Revenue Recognized	2019
Operating:				
Revenue in advance of service performed and other	\$ 27,884	\$ 131,113	\$ 125,011	\$ 33,986
Development permits	15,359	15,759	11,208	19,910
Affordable Housing Municipal Block Funding	16,188	316	2,667	13,837
Deferred lease incentives	6,732	4,289	1,100	9,921
	66,163	151,477	139,986	77,654
Capital:				
Municipal Sustainability Initiative	301,072	132,119	260,717	172,474
Federal Gas Tax Fund	7,829	105,378	49,895	63,312
Fort Edmonton Park Expansion	20,191	17,290	19,835	17,646
Other	3,327	5,280	3,370	5,237
Parks Community Initiatives	2,996	3,761	1,825	4,932
Parkallen Land Acquisition		4,639		4,639
Local improvements	1,463	445		1,908
Alberta Innovation and Science Program	3,116	3,712	5,100	1,728
Milner Library Renewal	7,049	3,380	9,684	745
Climate Leadership Plan	71,969	552	72,521	
Alberta Community Resilience Program	7,986	129	8,115	
	426,998	276,685	431,062	272,621
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 493,161	\$ 428,162	\$ 571,048	\$ 350,275

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (in thousands of dollars)

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09 EMPLOYEE BENEFIT OBLIGATIONS

	2019	2018
Accrued vacation	\$ 80,689	\$ 77,753
Post-employment benefits	45,902	33,356
Banked overtime	13,672	12,994
Major medical and dental plans	12,505	10,351
Group life insurance plan	8,755	5,875
Supplementary management retirement plan	7,214	6,354
Health care spending	4,104	5,298
Income replacement plan	1,711	2,095
Other	1,014	743
	<hr/> \$ 175,566	<hr/> \$ 154,819

Post-employment benefits represent the City's cost, including the continuation of benefits for employees on long-term disability, and the City's share of pensioners' eligible medical, dental and other obligations until pensioners reach the age of 65.

In order to measure the post-employment obligation, an actuarial valuation was completed by Aon Hewitt as at December 31, 2019, regarding the continuation of benefits coverage while eligible employees are on long-term disability. The discount rate used in the valuation is 2.5 per cent (2018 – 2.0 per cent). The accrued benefit obligation as at December 31, 2019, is \$38,630 (2018 – \$29,177). The change comprises current service cost of \$7,365 (2018 – \$8,551), interest cost of \$854 (2018 – \$657), actuarial loss of \$5,973 (2018 actuarial gain – \$2,156) and benefits paid during the year of \$4,739 (2018 – \$4,397).

Eligible post-employment medical and dental obligations are estimated based on a five year average of pensioners' claim costs in excess of contributions until the pensioners reach age 65. Eligible medical obligations for 2019 were \$1,071 (2018 – \$1,427). Eligible dental obligations for 2019 were \$317 (2018 – \$376). Other post-employment benefits were \$5,884 (2018 – \$2,376).

The City sponsors major medical, dental and other employee benefit plans, which are funded through employee and/or employer contributions. Premium contributions, interest earnings, payments for benefit entitlements and administrative costs are applied to each of the respective plans.

A Group Life Insurance Plan is provided by the City, funded equally by employer and employees. The Plan is administered by Great West Life.

A Supplementary Management Retirement Plan for designated management employees was implemented effective for service beginning January 1, 2003. The accrued benefit liability for total current and past service costs of \$7,214 (2018 – \$6,354) has been based upon an actuarial valuation completed by Aon Hewitt as at December 31, 2019. Unamortized net gains of \$117 (2018 loss – \$568) will be amortized over the twelve-year (2018 – twelve) average remaining service period of active plan participants.

All permanent employees are entitled to a health care spending account providing reimbursement up to established limits for eligible expenses not covered under the Supplementary Health Care and Dental Plans. An estimate has been included in 2019 expenses of amounts not used in the current year that are eligible to be carried forward under the terms of the plan.

The income replacement plan was a disability plan partially funded by employees, which was discontinued in April 1991. The outstanding obligation will be paid to employees in accordance with the terms and conditions of the plan. The obligation is based on an actuarial valuation as at December 31, 2019, completed by Aon Hewitt.

Other employee benefit obligations for 2019 include \$450 (2018 – \$171) for the Fire Chief and Deputy Fire Chiefs' Supplementary Pension Plan liability (Note 21c).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (in thousands of dollars)

10 LANDFILL CLOSURE AND POST-CLOSURE CARE

Under Provincial legislation, the City has a liability for closure and post-closure care costs for its landfill sites. The Clover Bar landfill site was closed to the public in August 2009. The City used the landfill internally until 2018 and anticipates final closure by 2021. From the time of final closure, the post-closure period is expected to be 25 years. The costs to maintain a closed solid waste landfill site are based on estimated future expenses in current dollars by applying a discount rate at the City's average long-term borrowing rate of 3.7 per cent (2018 – 3.7 per cent) and an inflation rate of 1.8 per cent (2018 – 1.6 per cent). An amount of \$45,589 (2018 – \$27,794) has been accrued. Waste Services currently maintains restricted cash of \$25,700 for the Clover Bar landfill liability. The remaining required funds for this liability will be funded through the collection of utility rates. In 2019, Waste Services completed a review of the landfill closure and post-closure costs which resulted in an increase to the liability of \$17,795 (2018- \$2,043) to reflect revised cost estimates including upgrades

to the leachate management system, landfill gas management infrastructure which includes a wellfield addition, flare system and header replacement, upgrades to stormwater surface run-off storage infrastructure and the addition of Class III landfill capping.

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include the final covering and landscaping of the landfill, monitoring ground and surface water, treatment and monitoring of leachates, ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events using the best information available to management. Future events, such as changes to regulatory requirements, may result in significant changes to the estimated total expenses and will be recognized prospectively, as a change in estimate, when applicable.

11 LONG-TERM DEBT

A. DEBT PAYABLE

Debt payable includes the following amounts:

	2019	2018
Debentures	\$ 3,472,500	\$ 3,468,595
Mortgages	5,930	6,870
Public-private partnership (P3) term debt	311,609	188,670
	3,790,039	3,664,135

Less debt attributed to and secured by offsetting amounts receivable from:

EPCOR Utilities Inc.	587,274	617,941
	\$ 3,202,765	\$ 3,046,194

Long-term debt comprises:

Self-liquidating debt	466,082	451,084
Tax-supported debt:		
Debenture debt	2,425,074	2,406,440
Public-private partnership (P3) term debt	311,609	188,670
	\$ 3,202,765	\$ 3,046,194

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (in thousands of dollars)

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The amount receivable from EPCOR relates to debentures issued in the name of the City on behalf of EPCOR. The repayment terms are the same as the respective debt with the exception of debt relating to the Gold Bar Wastewater Treatment Facility which is based on a blended semi-annual repayment schedule.

EPCOR receivable amounts offset self-liquidating debt and interest payments.

Principal and interest payments on long-term debt for the next five years and thereafter are as follows:

Principal:

	Self-Liquidating	Tax-Supported	Gross Payment	Less: EPCOR Receivable	Net Payment
2020	\$ 65,125	\$ 129,346	\$ 194,471	\$ 31,658	\$ 162,813
2021	65,886	144,297	210,183	32,268	177,915
2022	66,274	140,322	206,596	33,221	173,375
2023	64,413	143,078	207,491	30,966	176,525
2024	64,704	147,107	211,811	31,613	180,198
Thereafter	726,954	2,032,533	2,759,487	427,548	2,331,939
	\$ 1,053,356	\$ 2,736,683	\$ 3,790,039	\$ 587,274	\$ 3,202,765

Interest:

	Self-Liquidating	Tax-Supported	Gross Payment	Less: EPCOR Receivable	Net Payment
2020	\$ 39,279	\$ 86,485	\$ 125,764	\$ 22,604	\$ 103,160
2021	36,467	88,735	125,202	21,150	104,052
2022	33,632	89,577	123,209	19,690	103,519
2023	30,780	84,167	114,947	18,195	96,752
2024	28,113	78,645	106,758	16,885	89,873
Thereafter	170,602	667,919	838,521	107,908	730,613
	\$ 338,873	\$ 1,095,528	\$ 1,434,401	\$ 206,432	\$ 1,227,969

Total Payments:

	Self-Liquidating	Tax-Supported	Gross Payment	Less: EPCOR Receivable	Net Payment
2020	\$ 104,404	\$ 215,831	\$ 320,235	\$ 54,262	\$ 265,973
2021	102,353	233,032	335,385	53,418	281,967
2022	99,906	229,899	329,805	52,911	276,894
2023	95,193	227,245	322,438	49,161	273,277
2024	92,817	225,752	318,569	48,498	270,071
Thereafter	897,556	2,700,452	3,598,008	535,456	3,062,552
	\$ 1,392,229	\$ 3,832,211	\$ 5,224,440	\$ 793,706	\$ 4,430,734

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (in thousands of dollars)

B. DEBT AND DEBT SERVICE LIMITS

A regulation under section 271 of the MGA requires that debt, debt limit and debt service (principal and interest payments) limit be disclosed. The debt limit, as defined in the Regulation, is two times consolidated revenue net of capital government transfers and developer contributed tangible capital assets. As allowed under the Regulation, the revenue

from EPCOR subsidiary operations are eliminated in calculating the debt limits. Consistently, debt and debt service costs relating to EPCOR are also eliminated from the calculation. The debt service limit is calculated at 0.35 times the same revenue. Incurring debt beyond these limits requires approval by the Minister of Municipal Affairs.

The City's position with respect to the debt and debt service limits is as follows:

	2019	2018
Total debt limit per Regulation	\$ 5,840,630	\$ 5,587,398
Total debt	3,202,765	3,046,194
Percentage used (%)	54.8	54.5
Total debt service limit per Regulation	\$ 1,022,110	\$ 977,795
Total debt service	301,097	284,343
Percentage used (%)	29.5	29.1

C. MATURITIES AND INTEREST RATES

Existing long-term debt matures in annual amounts from 2020 through 2051 and debenture interest is payable at rates ranging from

1.7 to 8.5 per cent (2018 – 1.7 to 8.5 per cent). The average annual interest rate is 3.7 per cent for 2019 (2018 – 3.7 per cent).

D. INTEREST ON LONG-TERM DEBT

	2019	2018
Self-liquidating debt	\$ 40,809	\$ 47,705
Tax-supported debt	88,382	86,584
Public private partnership (P3) term debt	21,474	18,815
	150,665	153,104
Less payments on offsetting amounts receivable	23,733	31,105
Long-term debt interest included in interest and bank charges	\$ 126,932	\$ 121,999

E. PUBLIC PRIVATE PARTNERSHIP (P3) OBLIGATION

	2019	2018
Valley Line LRT:		
P3 service commencement liability	\$ 142,817	\$ 94,618
P3 term debt	311,609	188,670
Total P3 Obligation	\$ 454,426	\$ 283,288

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (in thousands of dollars)

In February 2016, the City entered into a P3 agreement with TransEd Partners General Partnership (TransEd) for the design, construction, operation, and maintenance of stage 1 of the Valley Line Light Rail Transit (LRT) from Mill Woods to Downtown. In 2019, the impacts of delays encountered were assessed, shifting the expected service commencement date from 2020 to 2021. As such, the construction period will run from 2016 to 2021 and the operating period from 2021 to 2050. During construction of the Valley Line LRT, the City recognizes capital costs as assets under construction and makes progress payments on 50.0 per cent of the capital costs, based on the percentage of construction completion. Payments on the remaining 50.0 per cent of the capital costs are deferred and recognized as a P3 obligation to TransEd of which 16.7 per cent will be settled upon substantial completion of the project in 2021. The remaining 33.3 per cent, which represents P3 term debt, is to be repaid by monthly interest and principal payments starting in 2021 over the operating period at an interest rate of 4.4 per cent, with the final payment in 2050.

As of December 31, 2019, the total P3 obligation is \$454,426 based on 62.4 per cent of project completion. The P3 substantial completion

liability related to the payment TransEd will receive upon substantial completion, reported in Accounts payable and accrued liabilities, has a balance of \$142,817. Due to the delay in the expected service commencement date, the substantial completion liability was adjusted classifying a portion in the amount of \$8,961 as P3 term debt, with the remaining balance of the P3 substantial completion liability being reported in Accounts payable and accrued liabilities.

Principal and interest payments on the P3 term debt for the next five years and thereafter are as follows:

	Principal	Interest	Total
2020	\$	\$	\$
2021	11,684	7,238	18,922
2022	5,061	13,192	18,253
2023	5,289	12,964	18,253
2024	5,529	12,724	18,253
Thereafter	284,046	198,733	482,779
	\$ 311,609	\$ 244,851	\$ 556,460

12 TANGIBLE CAPITAL ASSETS

	Net Book Value	
	2019	2018
Land	\$ 1,714,158	\$ 1,621,605
Land improvements	893,867	773,956
Buildings	1,812,958	1,923,678
Vehicles	392,400	407,519
Machinery and equipment	392,699	398,254
Engineered structures:		
Roadway system	4,333,128	4,139,696
Light rail transit (LRT)	1,038,682	923,351
Waste	37,207	30,896
Bus system	112,124	88,059
Other	61,668	36,548
	10,788,891	10,343,562
Assets under construction	1,576,135	1,343,385
	\$ 12,365,026	\$ 11,686,947

For additional information, see the Consolidated Schedule of Tangible Capital Assets (Schedule 1).

In 2019, a total of \$146,932 (2018 - \$203,883) in land, land improvements, and engineered structures were contributed to the City and were recorded at their fair value at the time received.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (in thousands of dollars)

13 OTHER ASSETS

	2019	2018
Prepaid expenses – operational	\$ 24,331	\$ 21,067
Benefit plan asset	13,032	10,083
	\$ 37,363	\$ 31,150

14 EQUITY IN TANGIBLE CAPITAL ASSETS

	2019	2018
Tangible capital assets (Schedule 1)	\$ 19,913,496	\$ 18,875,077
Accumulated amortization (Schedule 1)	(7,548,470)	(7,188,130)
Long-term debt (Note 11)	(3,202,765)	(3,046,194)
Long-term debt for land redevelopment	80,129	87,372
Debt recoverable (Note 5)	10,060	10,296
	\$ 9,252,450	\$ 8,738,421

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (in thousands of dollars)

15 RESERVES FOR FUTURE EXPENDITURES

	2019	2018
General Government:		
Pay-As-You-Go capital	\$ 185,874	\$ 159,316
Financial stabilization	123,886	130,271
Local improvement	123,003	119,653
Sanitary servicing strategy fund	66,320	68,661
Financial stabilization – appropriated	51,291	68,118
Affordable housing	44,956	37,050
LRT	40,486	32,759
Fleet services – vehicle replacement	28,418	25,203
Funds in lieu – residential	26,582	23,182
Parkland	20,647	19,734
Traffic safety and automated enforcement	16,903	15,424
Planning and development	16,156	16,372
Pay-As-You-Go capital – Edmonton Police Service	13,734	11,629
Developer recoveries	12,078	17,804
Natural areas	8,722	8,585
Tree management	8,161	7,091
Rogers Place Arena capital	5,439	3,792
Tax-supported debt	5,380	6,458
Enterprise portfolio/Commonwealth Stadium	4,012	4,723
Perpetual care	3,719	2,912
Motor vehicle insurance	2,500	2,500
Vehicle for hire	2,353	1,907
Heritage resources	2,324	2,792
Edmonton Police Service	2,245	1,162
Neighbourhood Renewal	2,042	(15,061)
St. Francis Xavier	1,934	1,610
Developer incentive	1,699	1,716
Other	1,033	845
Revolving industrial servicing fund	923	3,200
Brownfield redevelopment	(2,900)	(2,900)
Community Revitalization Levy – Quarters	(8,650)	(8,202)
Community Revitalization Levy – Belvedere	(10,093)	(9,098)
Community Revitalization Levy – Capital City Downtown	(19,872)	(23,586)
Interim financing	(40,556)	(32,657)
	740,749	702,965
City of Edmonton Library Board	8,680	11,549
Non-Profit Housing Corporation	5,918	3,033
Edmonton Economic Development Corporation	2,853	4,211
Fort Edmonton Management Company	30	30
	\$ 758,230	\$ 721,788

The City maintains reserves that are used to accommodate differences between expenses and related funding sources. These include the Interim financing, Community Revitalization Levy and Brownfield redevelopment reserves. Existing shortfalls in these reserves will be recovered through future funding sources.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (in thousands of dollars)

16 ACCUMULATED SURPLUS

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets.

	2019	2018
General government operations	\$ 20,127	\$ (2,279)
Restricted surplus:		
EPCOR Utilities Inc.	3,841,938	3,749,075
Ed Tel Endowment Fund	823,406	825,035
Land Enterprise	107,702	102,779
Pension and benefits	29,620	25,855
Edmonton Economic Development Corporation	11,913	13,311
Waste Services Utility	9,619	29,240
Fort Edmonton Management Company	1,882	2,649
Non-Profit Housing Corporation	1,012	1,107
City of Edmonton Library Board	635	628
Waste RE-solutions Edmonton	399	2,017
Edmonton Combative Sports Commission	258	169
Blatchford Renewable Energy Utility	(1,924)	
Reserves for future expenditures (Note 15)	758,230	721,788
Equity in tangible capital assets (Note 14)	9,252,450	8,738,421
Advances for construction	71,204	86,691
	<hr/> \$ 14,928,471	<hr/> \$ 14,296,486

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (in thousands of dollars)

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17 NET TAXES AVAILABLE FOR MUNICIPAL PURPOSES

	Budget	2019	2018
Taxes:			
Property taxes	\$ 2,129,143	\$ 2,104,416	\$ 2,015,884
Revenue in lieu of taxes	35,810	34,603	39,080
Community Revitalization Levy	30,556	30,119	22,589
Other	4,700	9,513	8,922
Special tax – alley lighting	906	1,281	837
Tax appeals and allowances	(11,250)	(15,907)	(11,002)
	2,189,865	2,164,025	2,076,310
Less taxes on behalf of:			
Education	512,221	488,266	480,479
Business Improvement Areas and other		3,959	3,871
	512,221	492,225	484,350
Net taxes available for municipal purposes	\$ 1,677,644	\$ 1,671,800	\$ 1,591,960

The City is required to levy taxes under section 353 of the MGA towards payment of education requisitions. Education tax revenues are recorded at the amounts levied. Actual taxes levied over/under the amount requisitioned are recorded as an adjustment to Accounts payable and accrued liabilities – Trade and other (Note 7).

Local improvement levies are not included in net taxes available for municipal purposes and are reflected separately in the Consolidated Statement of Operations and Accumulated Surplus.

Provincial education taxes collected on incremental tax revenue within the Community Revitalization Levy (CRL) are retained to offset development costs in the related area. As at December 31, 2019, the City has three active CRL areas: the Quarters, Belvedere and Capital City Downtown. The CRL taxes collected include property taxes, revenue in lieu of taxes and other taxes. In 2019, \$4,301 (2018 - \$4,434) incremental tax levy was collected in the Quarters CRL, including \$943 (2018 - \$884) in education taxes. The Belvedere CRL collected \$1,003 (2018 - \$1,178) in incremental tax levy during the year, including \$215 (2018 - \$243) in education taxes. The Capital City Downtown CRL collected \$24,815 (2018 - \$16,977) in incremental tax levy during the year, including \$5,683 (2018 - \$4,783) in education taxes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (in thousands of dollars)

18 GOVERNMENT TRANSFERS

	Budget	2019	2018
Operating:			
Federal	\$ 45,127	\$ 45,562	\$ 45,877
Provincial	71,264	76,388	67,204
	116,391	121,950	113,081
Capital:			
Federal	85,001	158,104	178,414
Provincial	466,854	413,328	520,933
	551,855	571,432	699,347
Total Government Transfers	\$ 668,246	\$ 693,382	\$ 812,428

In 2011, the Minister of Transportation approved initial projects under the Green Transit Incentives Program (Green TRIP) to support the provincial public transportation initiatives that contribute towards environmental benefits. In 2019, the City received \$20,594 (2018 - \$206,152), including earned interest of \$285 (2018 - \$534), net of \$1,953 (2018 - \$1,401) received on behalf of regional transit partners. In 2019, the City recognized \$47,950 (2018 - \$108,075) as capital government transfers and a receivable of \$29,337 (2018 - \$1,981) has been recorded.

In 2008, the Province introduced a grant for the Affordable Housing Program Municipal Block Funding. The grant is administered through the City's Cornerstones program to assist qualified applicants to purchase or renovate existing rental accommodation units, to construct new units and to develop secondary suites and transitional housing. In 2019, the City recognized operating government transfers of \$2,667 (2018 - \$1,014). In 2019, the City recorded \$13,837 (2018 - \$16,188) as deferred revenue, including interest of \$316 (2018 - \$284).

In 2007, the Province introduced the Municipal Sustainability Initiative (MSI) program to provide municipalities with sustainable funding. In 2019, the City recognized \$132,119 (2018 - \$293,924) from the Province, including earned interest of \$4,632 (2018 - \$5,119) and recorded \$260,717 (2018 - \$268,182) as capital government transfers. In 2019, the City recorded \$172,474 (2018 - \$301,072) as deferred revenue and \$63,743 (2018 - \$0) as receivable.

Under the Federal Gas Tax Fund, the City received \$105,378 (2018 - \$51,434), and recognized \$6,290 (2018 - \$0) as capital government transfers and \$43,605 (2018 - \$43,605) as operating government transfers, to fund debt servicing costs related to the South LRT. In 2019, \$63,312 (2018 - \$7,829) has been recorded as deferred revenue.

In 2019, the City received a grant of \$22,325 (2018 - \$22,325) from the Province for Family and Community Support Services funding. In 2019, \$22,325 (2018 - \$22,325) was recognized as operating government transfers.

Through the Building Canada Fund, an agreement was signed for the Valley Line LRT expansion in 2017. In 2018, agreements for the Fort Edmonton Park Expansion project and the Yellowhead Trail Freeway Conversion Project were also signed. In 2019, the City received \$48,433 (2018 - \$69,195) and recorded \$54,851 (2018 - \$39,885) as capital government transfers. A receivable has been recorded for \$14,242 (2018 - \$7,824).

Under the Public Transit Infrastructure Fund, the Province agrees to provide on behalf of itself and the Federal Government a cost-sharing grant which comprises the Province's contribution of 25 per cent and the Federal Government's contribution of 50 per cent of the eligible expenditures. An agreement was signed between the City and the Province in 2017 to support the funding of improved and expanded public transit systems. In 2019, the City received \$35,482 (2018 - \$55,561) and recorded \$52,185 (2018 - \$82,211) as capital government transfers, \$361 (2018 - \$0) as an operating transfer and \$70,496 (2018 - \$53,432) as receivable.

In 2018, the Province introduced the Climate Leadership Plan designed to diversify Alberta's economy, create jobs and reduce greenhouse gas emissions that cause climate change. An agreement was signed between the City and the Province for the Valley Line LRT Expansion Project - Stage 1 under the Plan. In 2019, the City received \$552 (2018 - \$177,336) including earned interest of \$552 (2018 - \$1,636) and recognized \$72,521 (2018 - \$105,367) as capital government transfers and recorded \$0 (2018 - \$71,969) as deferred revenue.

In 2016, through the P3 Canada Fund, an agreement was signed to provide funding for the construction of Valley Line LRT. In 2019, the City recognized \$60,697 (2018 - \$82,650) as capital transfers and recorded \$143,347 (2018 - \$82,650) as receivable.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (in thousands of dollars)

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19 EXECUTIVE SALARIES AND BENEFITS

The following executive salaries and benefits are disclosed as required under the Supplementary Accounting Principles and Standards Regulation (AR 313/2000) of the MGA.

	Salaries	Benefits	2019	2018
Mayor:				
Iveson	\$ 212	\$ 45	\$ 257	\$ 244
	212	45	257	244
Councillors:				
Banga	120	26	146	138
Cartmell	120	23	143	135
Caterina	120	26	146	138
Dziadyk	120	24	144	137
Esslenger	120	27	147	139
Hamilton	120	26	146	138
Henderson	120	24	144	136
Knack	120	27	147	139
McKeen	120	24	144	136
Nickel	120	26	146	137
Paquette	120	27	147	139
Walters	120	27	147	139
	1,440	307	1,747	1,651
Chief Administrative Officer (City Manager)	425	7	432	409
Designated Officers	1,052	85	1,137	1,250
	\$ 3,129	\$ 444	\$ 3,573	\$ 3,554

Executive salaries and benefits are included in Corporate administration expenses in the Consolidated Statement of Operations and Accumulated Surplus.

Benefits include the City's share of all benefits and contributions made on behalf of executives, including retirement contributions, Canada Pension Plan, Employment Insurance, dental coverage, medical coverage, group life insurance, short-term disability insurance and transportation allowances.

The City of Edmonton Members of Council are provided with a transition allowance, upon the conclusion of their service, equal to three weeks salary for each year served, to a maximum of 36 weeks.

The City's designated officers are designated by City bylaws and include the City Assessor, City Auditor, Chief of Police, Executive Director of Edmonton Combative Sports Commission and the Integrity Commissioner.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (in thousands of dollars)

20 SUBSIDIARY OPERATIONS – EPCOR

EPCOR, established by City Council under City Bylaw 11071, is wholly owned by the City. EPCOR builds, owns and operates electrical, natural gas and water transmission and distribution networks, water and wastewater treatment facilities, sanitary and stormwater systems, and infrastructure in Canada and the United States.

EPCOR also provides electricity, natural gas and water products and services to residential and commercial customers.

The following table provides condensed supplementary financial information for EPCOR.

	2019	2018
Financial position:		
Current assets	\$ 524,511	\$ 481,988
Capital assets	10,279,663	9,581,485
Other assets	617,276	592,129
Total assets	11,421,450	10,655,602
Current liabilities (including current portion of long-term debt of \$55,468 (2018 – \$70,294))	652,464	630,267
Non-current liabilities	4,039,652	3,704,458
Long-term debt	3,025,556	2,630,176
Total liabilities	7,717,672	6,964,901
Accumulated other comprehensive income	51,134	98,274
Share capital	797,528	797,528
Retained earnings	2,855,116	2,794,899
Shareholder's equity	\$ 3,703,778	\$ 3,690,701
Results of operations:		
Revenues	\$ 1,864,347	\$ 1,760,076
Expenses	(1,633,293)	(1,464,903)
Net income	\$ 231,054	\$ 295,173
Changes in shareholder's equity:		
Shareholder's equity – opening	\$ 3,690,701	\$ 3,512,061
Net Income	231,054	295,173
Other comprehensive (loss) income	(47,140)	49,134
Dividend to shareholder (City of Edmonton)	(171,000)	(166,000)
Other equity adjustments	163	333
Shareholder's equity – ending	\$ 3,703,778	\$ 3,690,701

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (in thousands of dollars)

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In the regulatory environment that EPCOR operates in, estimates are often required to be recorded until values are finalized and adjusted pursuant to subsequent regulatory decisions or proceedings. Adjustments to previous estimates, which may be material, will be recorded in the period they become known.

In 2019, the City contributed \$80,874 (2018 - \$24,520) in tangible capital assets to EPCOR. The difference between the City's investment in EPCOR and EPCOR's shareholder equity reflects accumulated tangible capital assets contributed to EPCOR from the City in the amount of \$140,060 (2018 - \$59,186), less related amortization of \$1,900 (2018 - \$812). This difference of \$138,160 (2018 - \$58,374) will be amortized over the useful life of the assets contributed.

Principal payments on EPCOR's long-term debt for the next five years and thereafter and deferred financing charges are as follows:

2020	\$	33,475
2021		213,188
2022		134,777
2023		32,395
2024		32,913
Thereafter		2,628,447
	\$	3,075,195

EPCOR has issued letters of credit for \$100,067 (2018 - \$80,499) to meet the credit agreements of electricity market participants, as conditions of certain agreements or to satisfy legislated reclamation requirements.

The following summarizes EPCOR's related party transactions with the City for the year.

	2019	2018
Dividend paid to the City	\$ 171,000	\$ 166,000
Franchise fees paid to the City	93,081	91,818
Financing expenses paid or payable to the City	22,194	26,386
Sales of administrative and construction services from the City	21,888	24,165
Property taxes and other taxes paid to the City	19,861	18,638
Costs of capital construction paid or payable to the City	72,811	71,661
Power and water purchased by the City	4,767	7,745
Other services purchased by the City	49,399	76,399

All transactions are in the normal course of operations and are recorded at the exchange value based on normal commercial rates or as agreed to by the parties.

The following summarizes EPCOR's related party balances with the City.

	2019	2018
Trade and other receivables	\$ 78,056	\$ 63,148
Property, plant and equipment	72,811	71,661
Trade and other payables	20,613	23,885
Loans and borrowings issued in the name of the City	590,328	622,412
Deferred revenue and other liabilities	124,195	106,066

The City's financial statements include the net balance payable to EPCOR within Accounts payable and accrued liabilities - Trade and other (Note 7) and offsetting receivables from EPCOR of \$587,274 (2018 - \$617,941), presented on a PSAS basis, which have been applied to reduce the City's consolidated Long-term Debt (Note 11).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (in thousands of dollars)

21 PENSION AND LONG-TERM DISABILITY PLANS

A. LOCAL AUTHORITIES PENSION PLAN

All employees of the City, with the exception of police officers, are members of the Local Authorities Pension Plan (LAPP), which is one of the multi-employer plans covered by the Public Sector Pension Plans Act of Alberta.

The City is required to make current service contributions to the Plan of 9.39 per cent of pensionable payroll up to the yearly maximum pensionable earnings (YMPE) and 13.84 per cent thereafter. Employees of the City are required to make current service contributions of 8.39 per cent of pensionable salary up to YMPE and 12.84 per cent thereafter. Contributions for current service are recorded as expenses in the year in which they become due.

Total current service contributions by the City to the LAPP in 2019 were \$102,307 (2018 – \$102,018) and by the employees to the LAPP in 2019 were \$93,109 (2018 – \$93,467).

The LAPP reported a surplus for the overall plan as at December 31, 2018, of \$3,469,347. Information as at December 31, 2019, was not available at the time of preparing these financial statements.

B. SPECIAL FORCES PENSION PLAN

Police officers employed by the City are participants in the multi-employer Special Forces Pension Plan (SFPP). The City is required to make current service contributions to the Plan of 11.81 per cent of pensionable payroll. In addition, past service contributions to the Plan of 0.75 per cent of pensionable payroll are required to eliminate an unfunded liability related to service prior to 1992, on or before December 31, 2036. Additional past service contributions of 2.79 per cent of pensionable payroll were implemented July 1, 2010, to eliminate an unfunded liability related to post-1991 service amortized over no more than 15 years. Participants of the SFPP are required to make current service contributions of 10.71 per cent of pensionable salary. As well, past service contributions of 0.75 per cent and 2.79 per cent of pensionable salary are required, consistent with those described for the City. Contributions for current and past service are recorded as expenses in the year in which they become due.

Total current and past service contributions by the City to the SFPP in 2019 were \$32,344 (2018 – \$29,533) and by the employees to the SFPP in 2019 were \$29,900 (2018 – \$27,300).

The SFPP reported a deficit for the plan as at December 31, 2018, of \$191,195 comprises a deficit of \$198,758 for pre-1992 and a surplus of \$7,563 relating to post-1991. Information as at December 31, 2019, was not available at the time of preparing these financial statements.

C. CITY-SPONSORED PENSION PLANS

The City, in conjunction with the City of Edmonton Investment Committee, administers Pension Fund and Long-term Disability Plan assets on behalf of third parties. Related trust assets not owned by the City have been excluded from the reporting entity. Assets consist of government, government-guaranteed and corporate bonds valued at market quotations from Canadian and global investment dealers, along with Canadian, international and global common and preferred shares valued at the closing price on the stock exchange where listed. Other investments within the Pension Funds and Long-term Disability Plan include global infrastructure assets. The City's share of the FFSP asset balance and the Fire Chief Plan net fund liability has been recognized in the financial statements.

The following summarizes plans sponsored by the City.

i. Annuity Plan

The multi-employer Annuity Fund provided lifetime benefits to retired members and beneficiaries only. As of December 4, 2014, there are no longer any beneficiaries of this plan, and the fund is closed to new members. The plan is being wound up and surplus funds attributable to the City are not yet known. The surplus fund position is being held in trust by the City until the assets are distributed.

Total benefits paid during the year were \$0 (2018 – \$0).

ii. Police Supplementary Pension Plan

The Police Supplementary Pension Plan (PSPP) provides benefits supplementary to the LAPP for 13 pensioners and beneficiaries. There are no active police officers enrolled in the PSPP and no further contributions are expected to be made to the Fund.

Total benefits paid during the year were \$54 (2018 – \$55).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (in thousands of dollars)

iii. Fire Fighters' Supplementary Pension Plan

The Fire Fighters' Supplementary Pension Plan (FFSPP) is a defined benefit pension plan covering members of the City Fire Fighters' Union. Pensions are payable to retired firefighters and surviving spouses of deceased firefighters. This pension is reduced by the pension payable to the member under the LAPP.

Total benefits paid during the year were \$8,778 (2018 – \$8,360). Employer contributions for the year were \$4,243 (2018 – \$3,609) and employee contributions for the year were \$3,676 (2018 – \$3,055).

iv. Fire Chief and Deputy Fire Chiefs' Supplementary Pension Plan

The City of Edmonton Fire Chief and Deputy Fire Chiefs' Supplementary Pension Plan (Fire Chief) is a defined benefit pension plan covering employees in the positions of fire chief and deputy fire chief.

Contributions are made by plan members and by the City. The pension is reduced by the pension payable to the member under the LAPP.

Total benefits paid during the year were \$312 (2018 – \$299). Employer contributions were \$69 (2018 – \$82) and employee contributions for the year were \$21 (2018 – \$21).

The following table sets out the results for each of the pension plans:

	Annuity	PSPP	FFSPP	Fire Chief	2019	2018
Fair value of assets	\$ 14,937	\$ 14,059	\$ 254,881	\$ 3,792	\$ 287,669	\$ 251,167
Accrued benefit obligation		238	198,260	3,824	202,322	198,088
Funded status – surplus (deficit)	14,937	13,821	56,621	(32)	85,347	53,079
Unamortized net actuarial (gain) loss			(25,641)	(395)	(26,036)	2,283
Accrued benefit asset (liability)	14,937	13,821	30,980	(427)	59,311	55,362
Valuation allowance	14,937	13,821			28,758	26,547
Employee portion of accrued benefit asset			13,941		13,941	13,044
Net fund asset (liability)	\$	\$	\$ 17,039	\$ (427)	\$ 16,612	\$ 15,771

The net actuarial loss is amortized on a straight-line basis over the expected average remaining service life (EARSL) of the Fire Fighters' plan of 16.3 years (2018 - 16.3 years) and of the Fire Chief plan of 1.0 year (2018 - 1.0 year). The accrued benefit asset for the FFSPP is shared 55 per cent by the City as the employer and 45 per cent by

Actuarial valuations for Annuity, Police Supplementary, Fire Chief and Deputy Fire Chiefs' Supplementary Pension Plans and an actuarial extrapolation for the Fire Fighters' Supplementary Pension Plan were completed by Aon Hewitt as at December 31, 2019. Each 2019 actuarial valuation and extrapolation was based upon a number of assumptions about future events, which reflect management's best estimates. The expected inflation rate is 2.0 per cent (2018 – 2.0 per cent). The discount rate used to determine the accrued benefit obligation is 5.75 per cent (2018 – 5.75 per cent). The expected rate of return on plan assets is 5.75 per cent (2018 – 5.75 per cent). The expected salary increase is 1.5 per cent for 2 years, and 2.0 per cent thereafter (2018 – 1.0 per cent for 2 years, and 3.0 per cent thereafter), plus a merit and promotion increase in the FFSPP (which varies by service). The Fire Chief Plan assumes a 0.5 per cent merit and promotion increase per annum for those with greater than 5 years of service.

Each pension fund's assets are valued at fair value. The fair value actual rate of return is 16.5 per cent (2018 – negative 3.1 per cent).

employees. The net employer share of the fund asset balance for the FFSPP is included in Receivables – Trade and other (Note 3). The net fund liability for the Fire Chief Plan is included within Employee Benefit Obligations – Other (Note 9).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (in thousands of dollars)

The following table sets out the benefit plan related expense for each of the pension plans:

	Annuity	PSPP	FFSPP	Fire Chief	2019	2018
Current service cost			\$ 7,171	\$ 34	\$ 7,205	\$ 6,811
Amortization of actuarial loss (gain)	614	(1,298)	123	308	(253)	1,331
Increase (decrease) in valuation allowance	232	1,979			2,211	(372)
Less: employee contributions			(205)	(21)	(226)	(123)
Benefit plan expense for the year	846	681	7,089	321	8,937	7,647
Interest cost on accrued benefit obligation		13	11,306	222	11,541	11,656
Expected return on plan assets	(846)	(694)	(12,675)	(196)	(14,411)	(15,010)
Benefit plan interest (income) expense	(846)	(681)	(1,369)	26	(2,870)	(3,354)
Total benefit plan related expense			5,720	347	6,067	4,293
Less: employee portion of expense			(2,574)		(2,574)	(1,953)
Net benefit plan related expense			3,146	347	3,493	2,340
Less: employer contributions			(4,243)	(91)	(4,334)	(3,691)
Net Change	\$	\$	\$ (1,097)	\$ 256	\$ (841)	\$ (1,351)

D. LONG-TERM DISABILITY PLAN

The City administers the Long-term Disability Plan (the Plan), made available to permanent City employees to provide protection against loss of income. The employee pays 100 per cent of the premium for the Plan.

An actuarial valuation of the Plan was completed by Aon Hewitt as at December 31, 2019. The Plan's assets are valued at fair value.

	2019	2018
Fair value of assets	\$ 143,936	\$ 130,017
Less: Accrued benefit obligation	110,454	109,368
Net assets	\$ 33,482	\$ 20,649

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (in thousands of dollars)

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22 COMMITMENTS

A. CONTRACTUAL OBLIGATIONS

To mitigate the risk of fluctuation in fuel prices, the City has entered into swap transactions to purchase 21.2 million litres of heating oil for monthly periods from January 2020 through December 2020. The contracts have settlement dates ranging from February 7, 2020, through January 8, 2021, at prices from \$0.64 to \$0.72 per litre, for a total commitment of \$14,426.

In February 2016, the City entered into a P3 agreement with TransEd Partners General Partnership (TransEd) for the design, construction, operation, and maintenance of the Valley Line LRT Southeast. The construction period runs from 2016–2021 and the operating period from 2021–2050. The total commitment for construction over the life of the contract is \$1,456,495.

As of December 31, 2019, \$908,853 of the construction costs have been recognized by the City. The total commitment for the service level payments and maintenance payments to be made during the operating period is based on current estimated ridership levels and inflation. The total service level payments and maintenance payments are estimated to be \$976,621 and \$264,910 respectively. Additional details are provided in Note 11e.

In January 2019, the City annexed 8,260 hectares of land from Leduc County and the total compensation for the annexation was \$8,500. As of December 31, 2019, \$3,730 has been paid by the City and the remaining \$4,770 will be repaid in equal, annual instalments of \$530 from 2020 through 2028.

B. LEASE COMMITMENTS

The City has entered into a number of operating lease agreements, mainly for facilities and equipment. Lease commitments over the next five years and thereafter are as follows:

2020	\$	29,523
2021		28,923
2022		28,149
2023		25,517
2024		24,296
Thereafter		226,696
	\$	363,104

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (in thousands of dollars)

23 LIABILITY FOR CONTAMINATED SITES

As of December 31, 2019, the liability for contaminated sites includes sites associated with former City operations, sites acquired through tax forfeiture, historical acquisition of properties, and former unofficial waste disposal sites from early in the City's history. The nature of contamination includes chemicals, heavy metals, salt, biosolids, and other organic and inorganic contaminants. The sources of contamination include underground fuel storage tanks, fuel handling, vehicle storage and maintenance, metal manufacturing, stockyards, incinerators, wastewater treatment plants and lagoons and the leaching of materials deposited in unauthorized landfills.

Liability estimates are based on environmental site assessments or are derived by extrapolating remediation costs incurred by the City for similar sites. The City has recognized a net increase in the liability of \$400 over the prior year, representing a total liability for the remediation of contaminated sites of \$20,694 (2018 - \$20,294). The liability is reported in Accounts payable and accrued liabilities (Note 7, Trade and other) in the Consolidated Statement of Financial Position.

24 CONTINGENT LIABILITIES

- A. The City is the defendant in various lawsuits as at December 31, 2019. Where the occurrence of future events is considered likely to result in a loss with respect to an existing condition and the amount of loss can be reasonably estimated, amounts have been included within accrued liabilities. Where the resulting losses, if any, cannot be determined or the occurrence of future events is unknown, amounts have not been recorded, and the City's Administration believes there will be no material adverse effect on the financial position of the City.
- B. The City continues to review environmental objectives and liabilities for its activities and properties as well as any potential reclamation obligations. There may be contaminated sites that the City has identified that have the potential to result in remediation obligations. A liability has not been recorded for these sites because either the likelihood of the City becoming responsible for the site is not determinable, the amount of the liability cannot be estimated, or both.

25 CONTINGENT ASSETS

The City has outstanding legal claims against third parties as at December 31, 2019, for which the probability of settlement in favour of the City is likely, resulting in \$19,804 in future assets. Contingent assets are not recorded in the financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (in thousands of dollars)

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26 CONTRACTUAL RIGHTS

Contractual rights are rights of the City to economic resources arising from contracts or agreements that will result in both assets and revenues in the future when the terms of those contracts or agreements are met.

The City enters into service agreements, partnership agreements and other developer agreements that result in either contributed assets or contributed funds with average annual revenues of \$278,530.

	Government transfers	Future lease revenue	Total
2020	\$ 474,833	\$ 19,925	\$ 494,758
2021	316,285	18,179	334,464
2022	94,636	15,708	110,344
2023	96,773	14,929	111,702
2024	46,876	14,106	60,982
Thereafter	82,476	249,478	331,954
	\$ 1,111,879	\$ 332,325	\$ 1,444,204

27 RELATED PARTY DISCLOSURE

A related party exists when one party has the ability to exercise control or shared control over the other. Two or more parties are related when they are subject to common control and influence. Related party transactions are disclosed if they occurred at a value other than or terms different from that which would have been arrived at if the parties were unrelated and the transaction has a material effect on the financial statements.

Related parties include key management personnel and close family members, through their relationship with the key management personnel, as they have the ability to influence and impact the City's policies, operations and strategic decisions. Key management personnel of the City have been identified as the Mayor, City

Councillors, City Manager and Deputy City Managers for the purpose of this reporting. An external entity becomes a related party to the City when the key management personnel and/or their close family member have the ability to influence and impact the policies, operations and strategic decisions of the external entities.

For the year ended December 31, 2019, there were no material transactions to disclose that occurred between related parties at a value other than or terms different from that which would have been arrived at if the parties were unrelated.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (in thousands of dollars)

28 SUBSEQUENT EVENTS

On January 30, 2020, the World Health Organization (WHO) declared a public health emergency of international concern in response to the outbreak of a novel coronavirus (COVID-19) and subsequently, on March 11, 2020, the WHO recognized COVID-19 as a global pandemic. On March 17, 2020, the Province declared a state of public health emergency under the Public Health Act.

In efforts to protect the health and well-being of City employees and the general public, the City declared a State of Local Emergency, activated the Emergency Operations Centre and implemented a series of measures including the closure of recreational, cultural and sports facilities, cancellation of public events with over 15 attendees, temporary suspension of parking fees and transit fare collection, deferral of utility payments and delay of property tax penalties.

This situation presents uncertainty over the City's future cash flows, and may have a significant impact on the City's future operations. Potential impacts on the City's business could include future

decreases in revenue, future increases in expenses, impairment of investments or reduction in investment income, and delays in completing capital project work.

On April 27, 2020, City Council approved one-time 2020 operating budget adjustments to mitigate the reduced revenue and increased costs resulting from the pandemic. The 2020 operating budget was adjusted to reflect a decrease of \$143,245 in revenues, an \$85,479 decrease in expenses, \$46,520 reduction in transfers to the Pay-As-You-Go reserve and an \$11,246 increase in transfers from reserves, including the planning and development and vehicle for hire reserves. As the situation is dynamic and the ultimate duration and magnitude of the impact on the economy are not known, an estimate of the total financial effect on the City is not determinable at this time.

The City continues to closely monitor the COVID-19 developments and follow the guidelines issued by Alberta Health Services to ensure it can quickly and effectively respond to this evolving situation.

29 SEGMENT DISCLOSURES

The Consolidated Schedule of Segment Disclosures – Schedule 2 has been prepared in accordance with PS2700 *Segment Disclosures*. Segment disclosures are intended to enable users to better understand the government reporting entity as well as the major expense and revenue activities of the City. For each reported segment, revenues and expenses represent amounts directly or reasonably attributable to the segment.

The segments have been selected based on a presentation similar to that adopted for the municipal financial planning and budget processes.

Segments include:

A. TAX-SUPPORTED PROGRAMS

Tax-supported programs directly supported by property taxes, including the tax allocation provided directly to other operations, as follows:

i. Transportation Services

Transportation Services includes bus, LRT, roadway and parking services.

ii. Protective Services

Protective Services comprises police, traffic safety, bylaw enforcement and fire rescue.

iii. Community Services

Community Services includes parks and recreation, community and family services, planning and corporate properties and public housing. Also included are the City of Edmonton Library Board, Edmonton Economic Development Corporation, Fort Edmonton Management Company, the Non-Profit Housing Corporation, the Vehicle for Hire Commission and the Edmonton Combative Sports Commission, which are managed by separate boards or commissions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (in thousands of dollars)

iv. Fleet Services

Fleet Services provides vehicle and equipment procurement, maintenance, fleet engineering, fabrication services, fuel management and fleet administration to other City departments, and external customers, including EPCOR. The area operates under a full cost recovery model by directly charging other City departments for the provision of fleet services.

v. Other Tax-Supported

Other Tax-Supported consists of corporate administration, general municipal services, tax appeals and allowances and excess (deficiency) in Sinking Fund earnings. Revenues and expenses that are not directly attributed to another tax-supported segment are also recorded within this other tax-supported segment.

B. WASTE SERVICES

Waste Services delivers customer-focused services consisting of collection, processing and disposal of residential and non-residential waste and recyclables, as well as community relations services in support of waste management programs. Also included is Waste RE-solutions Edmonton.

C. LAND ENTERPRISE

Land Enterprise comprises land development and municipal use property activities. Land development includes the City's role as a land developer in the areas of acquisition, development and land sales activities, including the Blatchford Redevelopment Project. Municipal use property involves the acquisition of land for municipal purposes and the disposal of land deemed surplus to municipal needs. Land Enterprise is intended to be operated on a self-sustaining basis.

D. BLATCHFORD RENEWABLE ENERGY

Blatchford Renewable Energy Utility owns and operates a District Energy Sharing System that will provide environmentally friendly heating, cooling and hot water to the buildings and homes of the Blatchford community. The Blatchford Renewable Energy Utility was established with the passing of Bylaw 17943 by City Council on December 4, 2018, and began operations in 2019. There is no comparative information to report for 2018.

E. EPCOR

EPCOR is a wholly-owned subsidiary of the City of Edmonton, accounted for on a modified equity basis as a government business enterprise. Note 20 to these financial statements provides condensed financial information for EPCOR.

F. ED TEL ENDOWMENT FUND

Ed Tel Endowment Fund is an investment fund created in 1995 with the proceeds from the sale of the municipal telephone company. The proceeds from the sale were invested and provide an annual dividend to support tax-supported programs based on conditions set out in Bylaw 11713.

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

THE CITY OF EDMONTON SCORED 98.8 PER CENT IN PUBLIC SECTOR DIGEST'S OPEN CITIES INDEX REPORT – FAR ABOVE THE AVERAGE OF 29.4 PER CENT.

30 COMPARATIVE INFORMATION

Certain comparative information has been reclassified to conform with the financial statement presentation adopted for the current year.





4 STATISTICAL REVIEW



STATISTICAL REVIEW FOR THE YEARS 2015 TO 2019

GENERAL MUNICIPAL DATA

Unaudited

	2019	2018	2017	2016	2015
Population (Note 1)	972,223	932,546	932,546	932,546	877,926
Population age distribution (%) (Note 1)					
0-4	5.56	6.44	6.44	6.44	6.13
5-19	17.72	16.65	16.65	16.65	16.74
20-29	14.33	16.57	16.57	16.57	16.18
30-39	17.35	16.90	16.90	16.90	15.94
40-49	13.71	13.05	13.05	13.05	13.45
50-59	12.38	13.02	13.02	13.02	13.82
60-64	5.87	5.31	5.31	5.31	5.29
65+	13.08	12.06	12.06	12.06	12.45
Area¹					
in hectares	78,247	69,980	69,980	69,980	69,980
in square kilometres (rounded)	782	700	700	700	700
Number of housing starts²	8,605	8,002	8,506	7,263	13,311
Value of building permits³ (\$000) (Note 2)	\$3,863,990	\$4,927,058	\$5,162,555	\$5,411,122	\$5,993,183
Household median total income³ (Note 3)					
Metro Edmonton	\$101,190	\$101,190	\$101,190	\$98,890	\$101,870
Alberta	\$99,430	\$99,430	\$99,430	\$96,470	\$100,300
Canada	\$84,950	\$84,950	\$84,950	\$82,110	\$80,940
Consumer price index³ – 2002 base year					
Metro Edmonton	143.2	140.8	137.1	134.9	133.4
Alberta	143.1	140.6	137.3	135.2	133.7
Canada	136.0	133.4	130.4	128.4	126.6
Unemployment rate³ (%) – annual average					
Metro Edmonton	7.3	6.4	8.1	7.4	6.0
Alberta	6.9	6.6	7.8	8.1	6.0
Canada	5.7	5.8	6.3	7.0	6.9
City of Edmonton employees (Note 4)	15,265	15,115	14,700	15,180	14,866

Sources: ¹City of Edmonton Urban Form and Corporate Strategic Development Department ² Canada Mortgage and Housing Corporation ³ Statistics Canada

Notes

- The population and population age distribution for 2019 reflect 2019 City Census information, 2016, 2017 and 2018 reflects 2016 Statistics Canada Census information, and 2015 reflects 2014 City Census information.
- Values reflect the metropolitan area of Edmonton.
- Updated figures for 2018 and 2019 household median total income are not yet available. The amounts shown reflect the latest 2017 data. The household median income reflects the "median total income, all families" per Statistics Canada.
- Positions are stated in full-time equivalents, as budgeted, and exclude EPCOR.

STATISTICAL REVIEW FOR THE YEARS 2015 TO 2019

ASSESSMENT AND TAX LEVY

Unaudited (in thousands of dollars, except per capita)

	2019	2018	2017	2016	2015
Assessment:					
Total taxable assessment	\$ 173,916,445	\$ 171,095,395	\$ 167,195,780	\$ 169,956,730	\$ 161,846,047
Percentage of total assessment represented by:					
Residential properties (%)	75.7	75.7	75.5	75.0	74.5
Commercial properties (%)	24.3	24.3	24.5	25.0	25.5
Taxable assessment per capita	\$ 178,885	\$ 183,471	\$ 179,290	\$ 182,250	\$ 184,350
Assessment for principal taxpayers (%) (Note 1)	4.6	4.6	4.6	4.7	4.7
Rates of taxation (mills):					
Single family residences	9.08	8.69	8.51	8.00	7.75
Other residential property	10.05	9.62	9.41	8.85	8.58
Commercial and industrial	21.85	21.22	20.76	19.13	18.85
Property tax levy, collections, and arrears:					
Arrears at January 1 (net)	\$ 64,437	\$ 58,205	\$ 60,691	\$ 54,714	\$ 46,481
Tax Levy	2,186,319	2,055,541	1,962,110	1,864,069	1,742,986
Appeals and adjustments	(12,946)	(11,425)	(10,819)	(10,436)	(12,036)
Collections:					
Regular	(2,112,474)	(1,991,843)	(1,906,354)	(1,812,704)	(1,695,180)
Community Revitalization Levy	(30,119)	(22,589)	(16,882)	(11,979)	(7,934)
Arrears	(43,856)	(37,669)	(44,236)	(36,011)	(30,878)
Penalties on prior year arrears	15,756	14,217	13,695	13,038	11,275
Arrears at December 31 (net)	\$ 67,117	\$ 64,437	\$ 58,205	\$ 60,691	\$ 54,714
Percentage of current property taxes collected (%)	98.6	98.5	98.6	98.4	98.4
Percentage of net property tax arrears collected (%)	68.1	64.7	72.9	67.6	66.4
Property tax arrears per capita (gross)	\$ 80.34	\$ 72.67	\$ 69.74	\$ 66.55	\$ 64.06
Property tax arrears per capita (net)	69.03	68.94	62.42	65.08	62.32
Property tax levy per capita	2,248.78	2,204.22	2,104.04	1,999.98	1,985.35
Business Improvement Area tax levy	\$ 3,778	\$ 3,742	\$ 3,686	\$ 3,475	\$ 3,595
Education requisitions	\$ 488,266	\$ 480,479	\$ 474,754	\$ 448,086	\$ 427,019

Source: City of Edmonton Financial and Corporate Services

Note

- Includes the ten highest taxpayers by assessment value.

STATISTICAL REVIEW FOR THE YEARS 2015 TO 2019

INVESTMENT FUNDS (NOTE 1)

Unaudited (in thousands of dollars)

	2019	2018	2017	2016	2015
Balanced Fund					
Net assets – market value	\$ 764,331	\$ 687,330	\$ 696,559	\$ 654,169	\$ 625,543
Net assets – cost	746,173	713,331	693,425	658,057	617,299
Net earnings	32,286	19,492	35,015	39,962	41,462
Fund rate (%)	4.5	2.8	5.3	6.5	7.2
Market (%)	11.5	(1.0)	6.8	4.8	5.8
Ed Tel Endowment Fund					
Net assets – market value	\$ 861,580	\$ 787,562	\$ 862,229	\$ 813,397	\$ 793,285
Net assets – cost	823,406	825,035	842,478	815,471	788,961
Net earnings	46,900	28,571	61,439	66,736	71,765
Fund rate (%)	5.7	3.4	7.5	8.5	9.6
Market (%)	16.2	(3.0)	10.8	8.1	7.8
Sinking Fund (Note 2)					
Net assets – market value	\$	\$	\$	\$	\$
Net assets – cost			89,594	85,931	82,016
Net earnings:			89,962	84,721	79,215
Required		3,239	4,363	4,014	3,674
Deficiency		(2,626)	(2,146)	(1,532)	(1,188)
Total	\$	\$ 613	\$ 2,217	\$ 2,482	\$ 2,486
Fund rate (%)	N/A	0.7	2.6	3.1	3.4
Market (%)	N/A	N/A	1.0	1.3	3.4

Source: City of Edmonton Financial and Corporate Services

Notes

1. This schedule summarizes significant investment funds maintained by the City of Edmonton.
 - a. Net earnings are realized earnings of the fund as calculated in accordance with Canadian Public Sector Accounting Standards.
 - b. Fund rate is the rate expressed as the net earnings over the prior year net assets at cost.
 - c. Market return is based on the time-weighted method, in accordance with industry standards.
2. Sinking fund assets were sold in 2018 to repay the remaining outstanding debentures that matured during that year.

STATISTICAL REVIEW FOR THE YEARS 2015 TO 2019

LONG-TERM DEBT

Unaudited (in thousands of dollars, except per capita)

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	2019	2018	2017	2016	2015
Debenture borrowing					
Self-liquidating	\$ 38,140	\$ 47,988	\$ 102,782	\$ 156,268	\$ 107,061
Tax-supported	151,692	228,048	263,492	285,850	211,810
	\$ 189,832	\$ 276,036	\$ 366,274	\$ 442,118	\$ 318,871
Debt limit per regulation	\$ 5,840,630	\$ 5,587,398	\$ 5,649,404	\$ 5,627,370	\$ 5,556,132
Total debt limit used	3,202,765	3,046,194	2,912,130	3,338,950	3,033,233
Percentage used (%)	54.84	54.52	51.55	59.33	54.59
Debt service limit per regulation	1,022,110	977,795	988,646	984,790	972,323
Total debt service limit used	301,097	284,343	264,616	341,022	285,745
Percentage used (%)	29.46	29.08	26.77	34.63	29.39
General government debt service (Note 1)	246,988	230,246	278,619	186,503	231,799
General government debt service as a percentage of general government operating expenses (%) (Note 1)	8.5	8.2	10.7	7.5	9.8
Long-term debt (gross)					
Self-liquidating	\$ 1,053,357	\$ 1,069,025	\$ 1,186,586	\$ 1,147,510	\$ 1,099,361
Tax-supported	2,736,683	2,595,110	2,381,306	2,282,778	2,039,820
Long-term debt (net of EPCOR)					
Self-liquidating	\$ 466,082	\$ 451,084	\$ 530,824	\$ 1,056,172	\$ 993,403
Tax-supported	2,736,683	2,595,110	2,381,306	2,282,778	2,039,820
Net debt per capita					
Self-liquidating	\$ 479	\$ 484	\$ 569	\$ 1,133	\$ 1,132
Tax-supported	2,815	2,783	2,554	2,448	2,323
	\$ 3,294	\$ 3,267	\$ 3,123	\$ 3,581	\$ 3,455
Percentage of net debt to be retired					
Within 5 years	32.2	31.9	34.3	29.9	28.2
Within 10 years	63.0	64.3	66.7	56.3	53.1

Source: City of Edmonton Financial and Corporate Services

Note

1. Debt service includes principal and net interest.

STATISTICAL REVIEW FOR THE YEARS 2015 TO 2019

CONSOLIDATED EXPENSES

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Unaudited (in thousands of dollars)

Operating Expenses by Function	2019	2018	2017	2016	2015
Transportation services	\$ 983,682	\$ 904,641	\$ 867,996	\$ 814,330	\$ 819,086
Protective services	734,665	702,245	673,588	659,181	605,174
Community services	701,848	684,153	611,059	571,205	543,882
Utility and enterprise services	266,231	231,248	340,745	373,213	384,224
Corporate administration, general municipal and other	467,008	466,205	432,334	391,329	355,775
Fleet services	36,249	40,881	30,379	27,306	55,877
	\$ 3,189,683	\$ 3,029,373	\$ 2,956,101	\$ 2,836,564	\$ 2,764,018

Operating Expenses by Object	2019	2018	2017	2016	2015
Salaries, wages and benefits	\$ 1,636,498	\$ 1,614,137	\$ 1,577,025	\$ 1,538,465	\$ 1,447,873
Materials, goods and utilities	300,780	303,465	282,069	267,614	332,393
Contracted and general services	347,781	309,754	283,396	282,086	281,781
Interest and bank charges	142,108	131,229	145,497	128,505	128,871
Grants and other	118,292	117,272	93,020	79,970	71,767
Amortization of tangible capital assets	558,462	533,649	556,215	526,622	491,104
Loss on disposal, impairment and transfer of tangible capital assets	85,762	19,867	18,879	13,302	10,229
	\$ 3,189,683	\$ 3,029,373	\$ 2,956,101	\$ 2,836,564	\$ 2,764,018

Source: City of Edmonton Financial and Corporate Services

STATISTICAL REVIEW FOR THE YEARS 2015 TO 2019

CONSOLIDATED REVENUE AND CAPITAL FINANCING

Unaudited (in thousands of dollars)

PAGE 107

Revenues	2019	2018	2017	2016	2015
Net taxes available for municipal purposes	\$ 1,671,800	\$ 1,591,960	\$ 1,505,833	\$ 1,433,782	\$ 1,338,107
User fees and sale of goods and services	623,326	633,091	696,400	743,314	758,538
Subsidiary operations – EPCOR	231,054	295,173	256,317	309,053	259,680
Franchise fees	171,840	158,437	159,719	144,720	138,012
Government transfers – operating	121,950	113,081	107,488	112,767	120,562
Investment earnings	102,246	66,511	116,876	126,782	133,880
Fines and penalties	97,898	87,668	90,130	91,164	85,679
Licenses and permits	74,311	74,756	75,688	74,498	81,220
Developer and customer contributions – operating	25,558	29,598	15,396	7,091	10,750
Revenues before capital	\$ 3,119,983	\$ 3,050,275	\$ 3,023,847	\$ 3,043,171	\$ 2,926,428
Government transfers – capital	571,432	699,347	412,606	330,813	181,216
Contributed tangible capital assets	146,932	203,883	217,249	348,298	344,317
Developer and customer contributions – capital	18,418	26,688	40,866	68,510	97,924
Local improvements	12,968	11,909	16,306	11,057	13,394
	\$ 3,869,733	\$ 3,992,102	\$ 3,710,874	\$ 3,801,849	\$ 3,563,279
Capital Additions by Financing Source	2019	2018	2017	2016	2015
Capital additions	\$ 1,406,174	\$ 1,541,762	\$ 1,355,540	\$ 1,461,901	\$ 1,332,191
Financing Sources Applied:					
Pay-As-You-Go	109,623	119,159	105,502	193,745	232,145
Debt	332,571	229,178	204,194	511,577	351,099
Government transfers – Provincial	413,328	520,933	472,831	211,860	179,216
Government transfers – Federal	158,104	178,414	42,826	15,505	2,000
Developer/partnership	178,239	241,143	281,432	428,296	419,772
Reserves/user fees/other	214,309	252,935	248,755	100,918	147,959
	\$ 1,406,174	\$ 1,541,762	\$ 1,355,540	\$ 1,461,901	\$ 1,332,191

Source: City of Edmonton Financial and Corporate Services

STATISTICAL REVIEW FOR THE YEARS 2015 TO 2019

FINANCIAL POSITION, ANNUAL SURPLUS AND RESERVES

Unaudited (in thousands of dollars)

Financial Position and Annual Surplus

Changes to Accumulated Surplus	2019	2018	2017	2016	2015
Financial assets	\$ 7,284,013	\$ 7,237,730	\$ 6,791,485	\$ 5,715,772	\$ 5,325,233
Liabilities	4,796,537	4,699,506	4,334,406	4,652,657	4,244,110
Net financial assets	2,487,476	2,538,224	2,457,079	1,063,115	1,081,123
Non-financial assets	12,440,995	11,758,262	10,842,207	13,638,889	12,666,631
Accumulated surplus – ending	\$ 14,928,471	\$ 14,296,486	\$ 13,299,286	\$ 14,702,004	\$ 13,747,754
Annual excess of revenues over expenses	\$ 680,050	\$ 962,729	\$ 754,773	\$ 965,285	\$ 799,261
Other changes to Accumulated Surplus	\$ (48,065)	\$ 34,471	\$ (2,157,491)	\$ (11,035)	\$ 56,171
Reserves	2019	2018	2017	2016	2015
General Government:					
Pay-As-You-Go capital	\$ 185,874	\$ 159,316	\$	\$	\$
Financial stabilization	123,886	130,271	125,110	92,852	93,286
Local improvement	123,003	119,653	116,786	108,795	105,418
Sanitary servicing strategy fund	66,320	68,661			
Financial stabilization – appropriated	51,291	68,118	85,049	30,255	18,627
Affordable housing	44,956	37,050	31,354	27,761	25,244
LRT	40,486	32,759	31,186	31,056	14,467
Fleet services – vehicle replacement	28,418	25,203	19,158	14,798	6,797
Funds in lieu – residential	26,582	23,182	18,461	23,780	21,577
Parkland	20,647	19,734	19,239	21,533	25,054
Traffic safety and automated enforcement	16,903	15,424	29,186	29,650	29,394
Planning and development	16,156	16,372	6,355	13,988	22,727
Pay-As-You-Go capital – Edmonton Police Service	13,734	11,629			
Developer recoveries	12,078	17,804			
Natural areas	8,722	8,585	9,421	9,368	9,328
Tree management	8,161	7,091	5,630	3,535	3,269
Rogers Place Arena capital	5,439	3,792	2,262	751	
Tax-supported debt	5,380	6,458	5,144	4,318	3,592
Enterprise portfolio/Commonwealth Stadium	4,012	4,723	8,492	10,638	12,029
Perpetual care	3,719	2,912	3,990	6,950	6,542
Motor vehicle insurance	2,500	2,500	2,500	2,500	2,500
Vehicle for hire	2,353	1,907	1,398	1,188	910
Heritage resources	2,324	2,792	2,269	2,703	3,787
Edmonton Police Service	2,245	1,162			
Neighbourhood Renewal	2,042	(15,061)	(38,606)	589	252
St. Francis Xavier	1,934	1,610	1,380	1,138	887
Development incentive	1,699	1,716	966	1,016	1,671
Other	1,033	845	611	1,095	2,273
Revolving industrial servicing fund	923	3,200	1,378	539	(166)
Aggregate site development & land reclamation			1,820	1,803	754
Brownfield redevelopment	(2,900)	(2,900)	(1,900)		
Community Revitalization Levy – Quarters	(8,650)	(8,202)	(7,827)	(9,156)	(8,845)
Community Revitalization Levy – Belvedere	(10,093)	(9,098)	(7,003)	(5,938)	(4,721)
Community Revitalization Levy – Capital City Downtown	(19,872)	(23,586)	(22,791)	(14,913)	(8,637)
Interim financing	(40,556)	(32,657)	(29,650)	(26,588)	(18,653)
	740,749	702,965	421,368	386,004	369,363
City of Edmonton Library Board	8,680	11,549	8,983	4,696	4,245
Non-Profit Housing Corporation	5,918	3,033	1,596	1,020	1,308
Edmonton Economic Development Corporation	2,853	4,211	1,805	800	488
Fort Edmonton Management Company	30	30	262	300	230
	\$ 758,230	\$ 721,788	\$ 434,014	\$ 392,820	\$ 375,634

Source: City of Edmonton Financial and Corporate Services

RELATED BOARDS AND AUTHORITIES

Further information regarding the Related Boards and Authorities can be obtained from the following sources:

THE CITY OF EDMONTON NON-PROFIT HOUSING CORPORATION

11604 145 Street NW
Edmonton, Alberta T5M 1V9
Phone: 780-474-5706
E-mail: info@myhomeed.ca
Web: www.myhomeed.ca
Chair: Carol Engelking
Executive Director: Jim Fowler

EDMONTON ECONOMIC DEVELOPMENT CORPORATION

3rd Floor, World Trade Centre Edmonton
9990 Jasper Avenue NW
Edmonton, Alberta T5J 1P7
Phone: 780-424-9191
E-mail: info@edmonton.com
Web: www.eecd.ca
Chair: Chantell Ghosh
Interim CEO: Maggie Davison

EDMONTON POLICE COMMISSION

Suite 1803 Scotia Place, Tower 2
10060 Jasper Avenue NW
Edmonton, Alberta T5J 3R8
Phone: 780-414-7510
E-mail: info@edmontonpolicecommission.ca
Web: www.edmontonpolicecommission.com
Chair: Micki Ruth
Chief of Police: Dale McFee

EDMONTON PUBLIC LIBRARY

7 Sir Winston Churchill Square NW
Edmonton, Alberta T5J 2V4
Phone: 780-496-7000
Web: www/epl.ca
Chair: Dr. Fern Snart
CEO: Pilar Martinez

EPCOR UTILITIES INC.

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