

# 2022 ANNUAL REPORT

Edmonton

CITY OF EDMONTON, ALBERTA, CANADA  
FOR THE YEAR ENDED DECEMBER 31, 2022

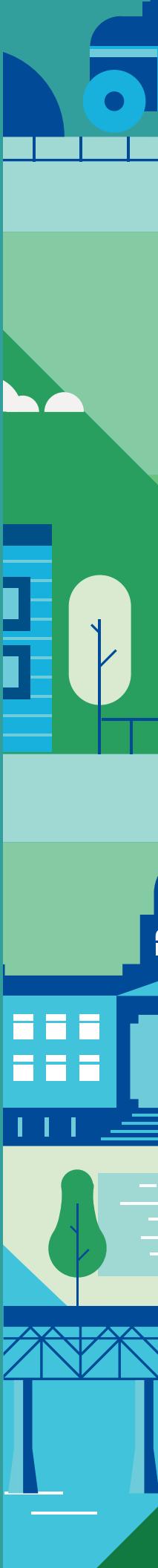


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Produced by the City of Edmonton, Financial and Corporate Services, with support from Communications and Engagement and other civic departments, offices and agencies.

# 2022 ANNUAL REPORT

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## OUR ORGANIZATION

The City of Edmonton works every day to make transformational impacts in the community, deliver excellent programs and services, and manage the corporation.

Edmontonians count on the City to deliver programs and services they rely on daily and to make Edmonton a great place to live, work and play. The City of Edmonton is continuously working with its regional partners to help the region thrive and prosper while also addressing the challenges of rapid growth.

An elected city council, including 12 ward councillors and a mayor, set policies, approve budgets, pass bylaws and provide direction for a city manager who leads the administration. The City Manager and City Auditor are Council's direct employees.

The City's administrative staff is led by the City Manager and serves the public by implementing City Council's vision and providing City services. Administration is made up of seven departments, which work together to manage interrelated activities and lines of business.

## 1 INTRODUCTION

# FINANCIAL HIGHLIGHTS

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## Statement of Operations (millions of \$)

	2022 Budget	2022 Actual	2021 Actual	2020 Actual	2019 Actual
Operating Revenues	\$ 3,357.5	\$ 3,433.8	\$ 3,358.5	\$ 3,170.6	\$ 3,120.0
Capital Revenues	1,102.4	633.5	527.1	717.4	749.7
Operating Expenses	3,414.3	3,444.5	3,093.5	3,023.5	3,189.6
<b>Excess of Revenues over Expenses</b>	<b>\$ 1,045.6</b>	<b>\$ 622.8</b>	<b>\$ 792.1</b>	<b>\$ 864.5</b>	<b>\$ 680.1</b>

## Operating Revenues: Where does the money come from? (millions of \$)

	2022 Budget	2022 Actual	2021 Actual
Taxation	\$ 1,807.9	\$ 1,807.0	\$ 1,745.8
User fees and sales of goods and services	583.4	588.9	506.7
Subsidiary operations - EPCOR	302.0	379.9	387.7
Franchise fees	207.8	208.5	183.0
Government transfers - operating	180.2	198.1	144.9
Licences and permits	72.5	80.3	77.6
Investment earnings	94.2	70.0	208.1
Fines and penalties	78.1	69.5	67.2
Developer/customer contributions - operating	31.4	31.6	37.5
<b>Operating Revenues</b>	<b>\$ 3,357.5</b>	<b>\$ 3,433.8</b>	<b>\$ 3,358.5</b>

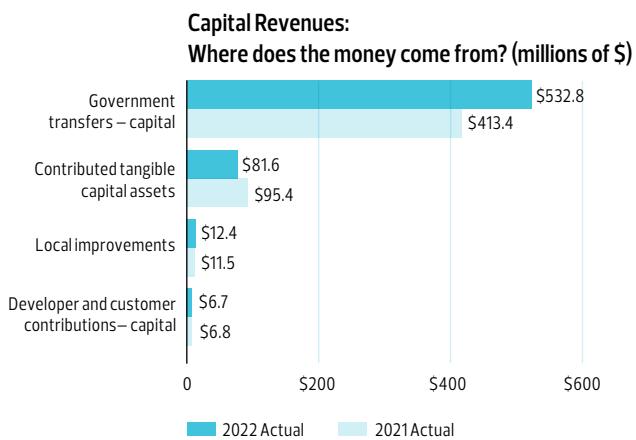
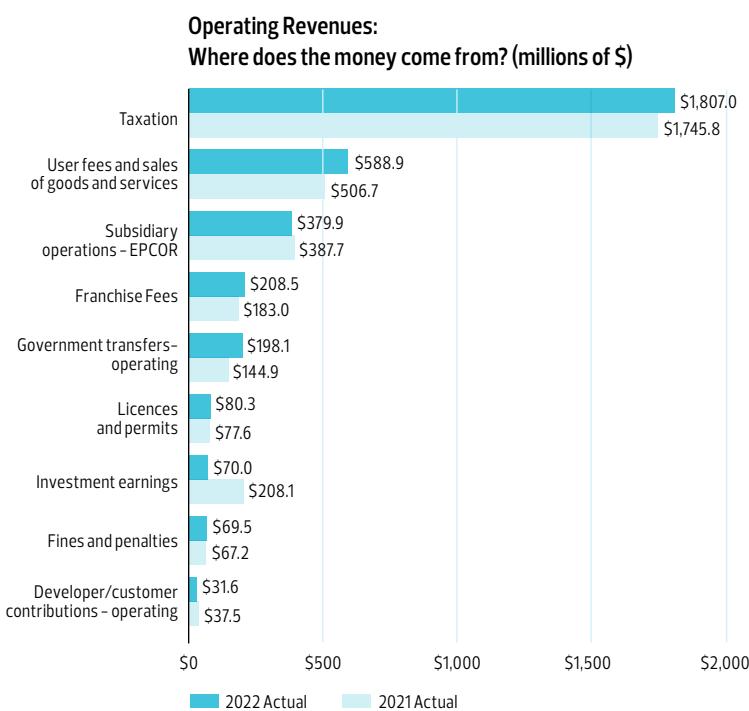
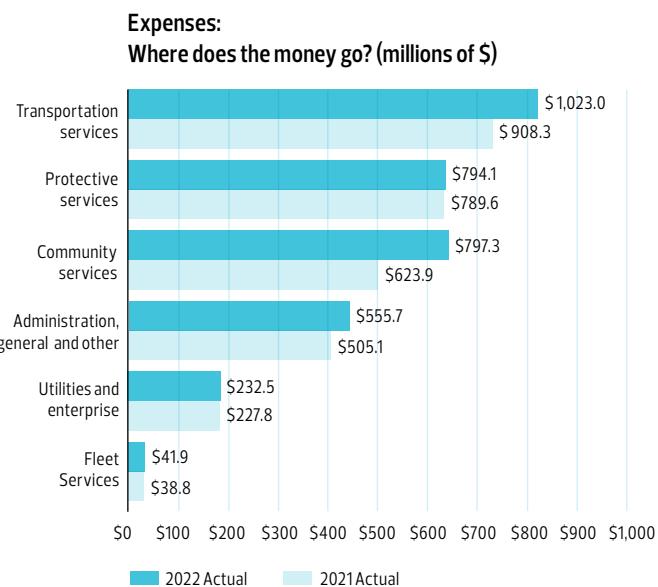
## Capital Revenues: Where does the money come from? (millions of \$)

	2022 Budget	2022 Actual	2021 Actual
Government transfers - capital	\$ 850.7	\$ 532.8	\$ 413.4
Contributed tangible capital assets	129.0	81.5	95.4
Local improvements	7.2	12.4	11.5
Developer and customer contributions - capital	115.5	6.7	6.8
<b>Capital Revenues</b>	<b>\$ 1,102.4</b>	<b>\$ 633.5</b>	<b>\$ 527.1</b>

## Expenses: Where does the money go? (millions of \$)

	2022 Budget	2022 Actual	2021 Actual
Transportation services	\$ 1,008.3	\$ 1,023.0	\$ 908.3
Protective services	803.3	794.1	789.6
Community services	717.9	797.3	623.9
Administration, general and other	592.4	555.7	505.1
Utilities and enterprise	261.3	232.5	227.8
Fleet Services	31.1	41.9	38.8
<b>Operating Expenses</b>	<b>\$ 3,414.3</b>	<b>\$ 3,444.5</b>	<b>\$ 3,093.5</b>

# THE CITY OF EDMONTON IS TAKING ACTIVE APPROACHES TO SUPPORT THE ORGANIZATION'S AND EDMONTONIANS' ECONOMIC RECOVERY.



## MESSAGE FROM CITY COUNCIL

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Reflecting on 2022, Edmonton households and businesses felt the pressures of the COVID-19 pandemic and inflation—and it was no different for the City. The City of Edmonton is taking active approaches to support the organization's and Edmontonians' economic recovery.



Back row (left to right): Keren Tang – Ward Karhlio , Michael Janz – Ward papastew , Karen Principe – Ward tastawiyiniwak , Mayor Amarjeet Sohi , Tim Cartmell – Ward pihésiwin , Ashley Salvador – Ward Métis , Sarah Hamilton – Ward sipiwyiniwak

Front row (left to right): Andrew Knack – Ward Nakota Isga , Jennifer Rice – Ward Ipiihkoohkanipiahtsi , Anne Stevenson – Ward O-day'min , Jo-Anne Wright – Ward Sspomitapi , Erin Rutherford – Ward Anirniq , Aaron Paquette – Ward Dene

In alignment with The City Plan, Council and Administration worked together in 2022 to make decisions that support making Edmonton a healthy, urban and climate resilient city. It was a busy year, with Council considering reports on public and transit safety, Downtown vibrancy, limiting the use of single-use items and temporary housing, as well as approving a four-year budget. Through finalizing and approving the 2022 budget, Council set numerous priorities in motion by investing in recreation centres, taking steps towards climate resiliency, keeping our transit system affordable and safe, and tackling social issues and downtown safety by providing more access to resources.

In March, the City celebrated the start of construction on the Coronation Park Sports and Recreation Centre, and began early work on the Lewis Farms Facility and Park. Both projects represent the City's commitment to building vibrant spaces, communities and social hubs for Edmontonians.

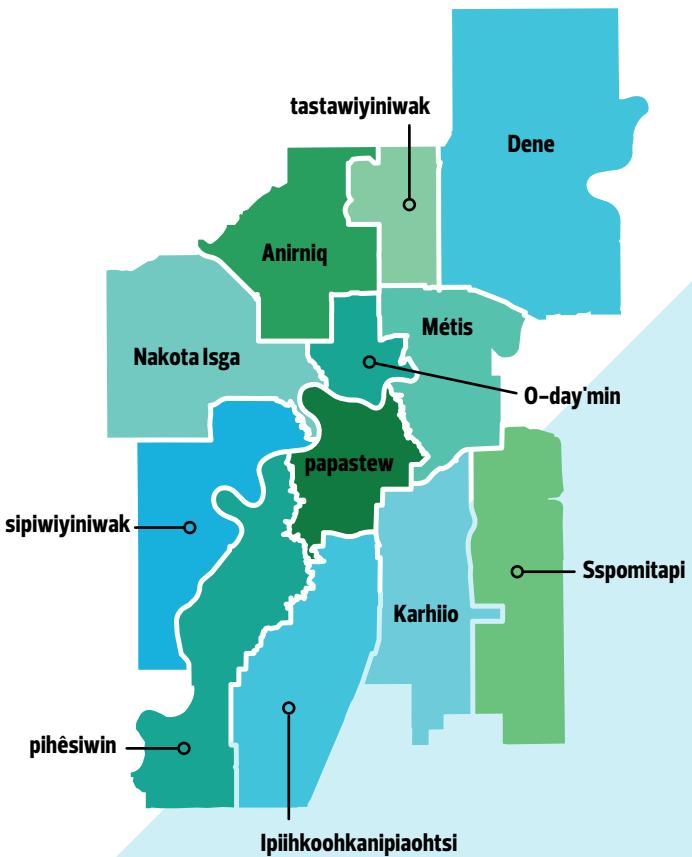
In 2022, we also took important steps towards addressing climate change. Through funding from Emissions Reductions Alberta, the City is in the process of testing hydrogen fuel cell electric bus technology as a part of a partnership under the Alberta Zero Emission Hydrogen Transit project. Council also approved adding recycling and food scraps collections to multi-unit residents and passed Edmonton's Single-use Item Reduction Bylaw. This bylaw will go into effect on July 1, 2023.

Council approved the Community Safety and Well-Being Strategy in May, which outlines the City's inclusive, connected and coordinated safety and well-being planning, in alignment with The City Plan. The strategy included one-time grant funding that supported 25 community organizations in the advancement of community safety and well-being. With a combined value of \$1.58 million awarded, these projects supported initiatives that improve equality, help end poverty, eliminate racism, make progress toward truth and reconciliation, and create an inclusive and compassionate community. In addition, Edmonton's Downtown Core and Transit Safety Plan was developed to outline the ways in which the City is responding to changing conditions and keeping Edmontonians safe in the transit system, in Chinatown and Downtown, and in the broader community. In May, Council created a \$1 million vibrancy fund to help Chinatown recover post-COVID.

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

Downtown is one of the key places where tourism, festivals and events, arts and culture thrive, and accessible, well-activated public spaces flourish and bring people together. The City continued to support safety and vibrancy in the heart of our city, including shared streets initiative, introducing free parking, launching the Temporary Patio and Retail Extension Program, creating economic recovery and downtown construction grants, increasing cleaning and graffiti removal, and creating temporary housing and support for people experiencing homelessness. In 2022, the Downtown Vibrancy Fund awarded \$6.5 million to 61 projects led by community stakeholders that focused on support of festivals, business support, placemaking, lighting and public safety.

As Edmonton's economy continues to recover, we will work to support local businesses, organizations and all Edmontonians. We look forward to continuing the work of The City Plan, providing Edmontonians with value for their tax dollars and highlighting our city as a place where everyone belongs.



## MESSAGE FROM THE CITY MANAGER

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Edmontonians saw their city come back to life this year with the return of a variety of events and annual festivals, workforces returning to downtown, in-person markets and much more. The City of Edmonton was focused on the long-term recovery of our economy, maintaining service levels and the future growth of our city.

With 70 different programs and services and a workforce of more than 10,000 dedicated professionals, we made exceptional progress in many areas. We planned for our climate resilient future by celebrating the grand opening of Blatchford and acquiring a hydrogen bus for our transit fleet. We delivered excellent services and developed programs to work towards building vibrant and active communities for everyone. We continued to support Edmontonians through business support programs and implementing strategies to improve safety, including the Community Safety and Well-Being Strategy. We planned and executed transformative projects and work was carried out to align decisions with The City Plan and advance Council priorities. Most importantly, we responded to the financial, economic and social changes across our city and organization.

I am pleased to highlight that the City ended the year within budget and is in a healthy financial position. This is a credit to the steps we took over the last three years to keep taxes manageable for Edmontonians while strategically supporting a return to pre-pandemic service levels across the City.

With the next four-year budget approved, we will continue to look at savings and efficiencies that will help keep taxes and fees manageable while also delivering excellent services and construction projects. We will also continue to show leadership in responding to climate change. Administration was also among the first in North America to present a carbon budget alongside our proposed financial plans, which allowed Council to weigh climate change impacts when making budget decisions. The budget will also allow the City to track our progress against our emissions goals.

We are consistently working on listening, learning and adapting to support Edmontonians. I want to thank all Edmontonians for supporting each other this year. Thank you for engaging with Administration and Council with your feedback on the 2023-2026 Budget. Thank you for being part of Edmonton's recovery and thank you for doing your part to build vibrant and safe communities that we all want to be a part of. We know the work we do everyday matters to all Edmontonians and we look forward to moving into the next budget cycle.

A handwritten signature in black ink, appearing to read "Andre Corbould".

**Andre Corbould**  
City Manager

# LEGISLATIVE AND ADMINISTRATIVE ORGANIZATIONAL STRUCTURE.

## CITY COUNCIL MAYOR AND 12 COUNCILLORS

As at December 31, 2022, the following structure was in place:

**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** Hoa Quach, City Auditor

**EPCOR** Janice Rennie, Chair

**Edmonton Police Commission** Erick Ambtman, Chair

**City of Edmonton Public Library Board**

Kenna HounCareen, Chair (ending April 30, 2023)

**Explore Edmonton Corporation**

Karen Oshry, Chair    Marcela Mandeville, Chair (ended April 2022)

**Other Commissions, Agencies, Boards and Authorities**

## CITY OF EDMONTON ADMINISTRATION

As at December 31, 2022, the following leadership structure was in place:

**City Manager** Andre Corbould

**Community Services** Jennifer Flaman, 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**

Stacey Padbury, Deputy City Manager and Chief Financial Officer

**Integrated Infrastructure Services**

Adam Laughlin, Deputy City Manager

**Urban Planning and Economy**

Stephanie McCabe, Deputy City Manager

WE ARE  
CONSISTENTLY  
WORKING ON  
LISTENING,  
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ADAPTING  
TO SUPPORT  
EDMONTONIANS.

“ ”

Andre Corbould,  
City Manager.

# POLITICAL AND ADMINISTRATIVE STRUCTURE

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## CITY COUNCIL

Edmonton's City Council consists of a mayor and 12 councillors. The mayor is chosen by all electors and Councillors are elected in the wards they represent.

City Council typically meets two or three times a month, though the number of meetings increase during budget deliberations and may decrease over the summer. In order to make the best use of Councillors' time while giving important topics the consideration they require, Council also has standing committees. The committees that met most frequently include:

**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.

**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, the City has more than 20 agencies, boards, commissions and task forces that provide diverse perspectives and input from Edmontonians. These include quasi-judicial or governing agencies as well as advisory and decision-making panels.

## OFFICE OF THE CITY AUDITOR

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.

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:

**Community Services**

**City Operations**

**Communications and Engagement**

**Employee Services**

**Financial and Corporate Services**

**Integrated Infrastructure Services**

**Urban Planning and Economy**

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

# IN 2022, EPL WELCOMED OVER 10.2 MILLION IN-PERSON VISITS ACROSS ALL 21 LOCATIONS AND ONLINE AT EPL.CA

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## EXPLORE EDMONTON CORPORATION

Explore Edmonton Corporation is an agency of the City of Edmonton with an independent board of directors appointed by City Council.

Explore Edmonton is the City's visitor economy and venue management organization.

Through collaboration with numerous partners and stakeholders such as hotels, attractions and businesses, the organization promotes Edmonton as a four-season destination of choice, delivering year-round transformational visitor and guest experiences. This work positively impacts the economic prosperity and quality of life for Edmonton residents.

## EDMONTON POLICE COMMISSION

The Edmonton Police Commission consists of nine residents and two City Councillors, and 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 the police service, with the goal of maximizing EPS' ability to reduce crime and increase public safety.

## EDMONTON PUBLIC LIBRARY

The Edmonton Public Library (EPL) is the gathering place for people and ideas, enabling a lifetime of learning, engagement and possibility for every Edmontonian. In 2022, EPL welcomed over 10.2 million in-person visits across all 21 locations and online at epl.ca.

EPL supports literacy, learning and growth through expert staff and technology while sharing information, resources and ideas. A free library card provides over 260,000 Edmontonians access to a large collection of 7.2 million digital and physical items, as well as almost 9,000 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 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. The organization operates as a commercial entity and is governed by an independent board of directors, appointed by the City. Headquartered in Edmonton, EPCOR employs about 3,600 employees across its operations.

## OTHER BOARDS

From the Accessibility Advisory Committee to the Women's Advocacy Voice of Edmonton Committee, the City of Edmonton has over 20 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.

EXPLORE EDMONTON SECURED SEVERAL MAJOR EVENTS IN 2022 INCLUDING THE STYLE EXPERIENCE FIS SNOWBOARD BIG AIR WORLD CUP AND THE CANADIAN HYDROGEN CONVENTION.

## AN ADAPTABLE CITY: 2022 IN EDMONTON

2022 was a year of recovery and resiliency. Like many Edmontonians, the City continued to recover from the profound economic and social impacts of the COVID-19 pandemic. These impacts were compounded by the Russian invasion of Ukraine and other world events. Collectively, these events helped to create the highest inflation rates in nearly four decades, as well as high energy costs, rising interest rates and supply-chain issues. Residents were faced with another year of increasing costs, and looked to the City to find a balance between keeping property taxes, user fees and utility rates manageable while still delivering the services and construction projects that matter to them. Edmontonians counted on us to support their recovery and show leadership on important issues like community safety and well-being, and climate change. The City also continued to be challenged with increased costs to run its services and build its construction projects, as well as decreased revenues from services like recreation centres and ridership for transit was still recovering to pre-pandemic levels. Administration and Council adapted to these uncertain times, using sound financial management and The City Plan to respond to the needs of today and advance our goals for the future.

### ADAPTING TO CHANGE

The City adapted its financial strategies in response to the economic and social uncertainty caused by the pandemic and other world events. In recognition of the financial challenges faced by many Edmontonians, Council approved a 1.9 per cent tax increase. This increase was lower than originally planned and one of the lowest among major Canadian cities in 2022. The City's ongoing efforts to manage expenses helped to ensure that the low tax increase did not result in unintended decreases to existing programs and services. Action was taken to freeze transit fares, tickets and passes in recognition of how important it was to provide affordable transportation options to Edmontonians and encourage transit use. To support pandemic recovery in the community, the City covered half the fees for Business Improvement Area associations and added support for arts organizations. Council redirected a planned increase to the police by \$10.9 million, with funds being allocated towards community safety and well-being initiatives. Continued increased costs and decreased revenues faced by the City during the recovery were offset with one-time financial strategies to avoid any impact on taxpayers.

The City ended the year with a surplus of \$81.5 million, which represents 2.6 per cent of the overall \$3 billion tax-supported budget. While variances are to be expected, finishing this close to budget showed sound financial management. This surplus puts the City in a strong position to weather the continued financial uncertainties and pressures expected in the next budget cycle.

The City also made strides in its efforts to adapt its mobility networks and respond to climate change, in alignment with its plans for being a healthy, urban and climate resilient city of a million more people. In November, the City launched Arc, an electronic fare system for the region's transit system, to Standard Adult fare riders. Progress was also made on expanding the LRT network, with work continuing on building the Capital Line South extension, the Metro Line extension into Blatchford, the Valley Line Southeast and the Valley Line West. While the opening of the Valley Line Southeast LRT was further delayed in 2022, Edmontonians' investment is protected through a fixed-price contract and the contractor is responsible for the financial consequences of the delay. These efforts will make it easier for Edmontonians to use the sustainable option of transit to get around. The City also expanded active transportation corridors in the downtown core, and advanced construction on key pedestrian bridges, streetscapes and trails to support walking and biking.

Significant action was taken in 2022 to support homeowners and businesses to reduce emissions through energy retrofit rebates and home solar rebates. The Clean Energy Improvement Program (CEIP), kicked off 2022 to provide residents with access to low-cost financing to make energy efficient updates or add renewable energy installations to their properties. The demand for this two-year pilot project was quickly met, showing just how motivated many Edmontonians are to do their part to move closer to the goal of having net zero greenhouse gas emissions by 2050.

## SUPPORTING EDMONTONIANS

Edmontonians continued to count on the City for support in 2022, including for businesses, communities and our most vulnerable residents. In 2022, as a result of capital and operating budget allocations, the City surpassed its 2019–2022 targets of supporting the creation or renovation of 2,500 affordable housing units, 600 of which would be dedicated to supportive housing. These housing units will stimulate new growth in Edmonton communities, add critical social infrastructure to increase stability, while attracting an average of four dollars for every City dollar invested. In 2022, the City transferred five new supportive housing sites to Homeward Trust, the first of three hotel conversions to supportive housing was completed and an investment of \$34.4 million in capital grants were approved for ten other affordable housing projects through the City's Affordable Housing Investment Plan. These projects pushed the City past its four-year targets, with supported projects adding 2,728 affordable housing units with 644 dedicated to supportive housing throughout Edmonton.

The City continued its work to address public safety. At the beginning of the year, Council approved a \$3.9 million investment in the Transit Safety and Security Plan. Led by a tripartite leadership committee consisting of the City of Edmonton, the

Edmonton Police Service and the Bent Arrow Traditional Healing Society, the plan focuses on coordinated strategies and responses to prevent crime, avoid the use of the transit system for shelter by connecting people experiencing homelessness to housing options, mental health and addictions support. In June, Edmonton's Downtown Core and Transit System Safety Plan was launched. This plan focuses on improving public safety and addressing the underlying causes of crime and social disorder in the Downtown core, Chinatown and transit spaces through actions like establishing a Healthy Streets Operations Centre, installing temporary public washrooms, improving social services supports and stimulating economic development.

Through the Permits and Licensing Initiative, service improvements and timeline reductions were implemented, which are estimated to save applicants \$5.3 million and 67,600 days collectively each year in 2022 and 2023. The savings are in addition to the 261,000 days and \$4.6 million customers already saved in delay costs annually based on demonstrated reductions in permit timelines from the red tape reduction efforts implemented between 2018 and 2021. Edmonton is home to over 30,000 businesses, and each of them contribute to vibrant and thriving communities.

**IN 2022, THE CITY SUPPORTED PROJECTS THAT ADDED 2,728 AFFORDABLE HOUSING UNITS WITH 644 DEDICATED TO SUPPORTIVE HOUSING.**

# WEST TEXAS INTERMEDIATE (WTI), THE NORTH AMERICAN BENCHMARK OIL PRICE, WAS MORE THAN 60 PER CENT HIGHER THAN 2021 OVER THE FIRST HALF OF THE YEAR, AND AVERAGED 37 PER CENT GROWTH FOR 2022.



## PREPARING FOR THE FUTURE

As the City's 2019–2022 budget cycle was drawing to a close, the organization focused on planning for the next four-year budget cycle. This work involved analysis of the economy and the City's financial position, as well as careful prioritization of services and engagement with Council and Edmontonians. Council and Administration worked together to balance what was possible given economic realities, rising costs and the gradual recovery of revenues. In December 2022, Council approved the 2023–2026 budget, with a focus on maintaining the services that Edmontonians need and expect, as well as delivering the transformational projects and investing in key priorities that will help to achieve the City's long-term goals.

The City of Edmonton is recognized as one of the first cities in Canada to implement a carbon budget, as part of The City Plan, and was honoured at the American Planning Association Sustainable Communities Division Awards in May for its innovative work. In the fall, the City presented a carbon budget alongside its proposed financial plans for 2023–2026; this was the first time presenting a carbon budget alongside financial budgets. The budget showed the greenhouse gas impacts of budget requests, which allowed Council to weigh climate change impacts when making budget decisions. It also allows the City to track its progress towards the emissions targets outlined in the Community Energy Transition Strategy and Action Plan.

The City also continued to build Edmonton, and invested \$1.4 billion in capital projects. The construction season was one of the most ambitious in the City's history, with work underway on more than 300 projects. The City completed three neighbourhood renewal projects—renewing more than 100 kilometres of roadways—as well as four new and renewed park projects and seven trail renewals. In addition to renewal, the City also finished the Edmonton South Soccer Centre Expansion providing additional space for community sports, and kihcikaw aski (Sacred Land), the first permanent urban Indigenous cultural and ceremonial grounds in Canada. The City also made exciting progress on major transformational projects, including Yellowhead Trail freeway conversation, the Terwillegar Drive expansion, city bridges and LRT construction. Construction also began on two new recreation centres in Coronation and Lewis Farms. The community of Blatchford celebrated its grand opening in June.

As we look towards the future, the 2023–2026 budget strikes a strong balance between maintaining, rehabilitating and improving critical infrastructure in the city and core public services that Edmontonians rely on. The City will continue to advance new transformational projects that will support an adaptable and resilient city. Over the next four years and beyond, the City will focus on being a safe, well-run city with a big vision for growth. Council will stay focused on what's needed right now, have a strong plan for how to get things done in alignment with The City Plan and a commitment to achieving results that makes life better for all Edmontonians. Being proactive is not just advisable, it's essential, as we welcome our second million residents.

# ECONOMIC PERFORMANCE

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Edmonton and the region saw 2021's COVID-19 recovery momentum carry into 2022, with real gross domestic product (GDP) for both jurisdictions estimated to have surpassed pre-pandemic levels. This was despite inflation pressures that were amplified by Russia's invasion of Ukraine and much higher borrowing costs from the Bank of Canada's interest rate increases, which weighed on consumers and businesses.

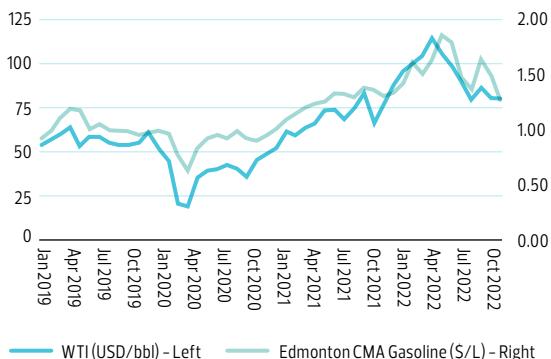
Demographic trends in Edmonton also saw a return to more normal conditions in 2022. Immigration backlogs from the pandemic continued to dissipate and Alberta attracted more people from other provinces. Edmonton's population was estimated to have reached 1,087,803<sup>1</sup> as of July 1, 2022, marking an increase of 2.9 per cent over 2021. This is the fastest growth since 2013 to 2014, with the city welcoming more than triple the number of new residents it did between 2020 and 2021.

## INFLATION

In 2022, consumers in the Edmonton census metropolitan area (CMA) faced the strongest rate of inflation since 1982. Consumer price growth in the region climbed steadily in the first half of 2022, peaking at 8.5 per cent year-over-year in June before easing towards the end of the year. Lingering supply chain issues and Russia's invasion of Ukraine, which upended commodity markets and consumer and business confidence, were the primary sources for soaring consumer prices and further accelerated food and energy inflation.

### Select Energy Commodity Prices

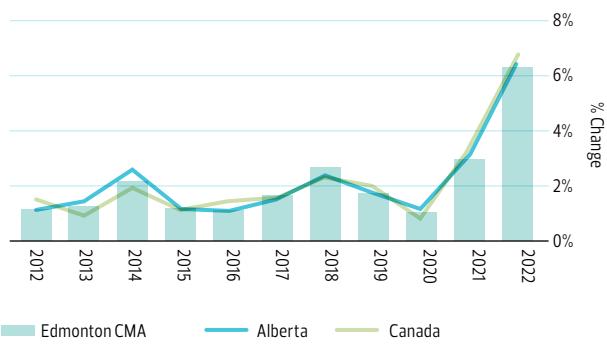
Sources: Bloomberg and Statistics Canada



West Texas Intermediate (WTI), the North American benchmark oil price, was more than 60 per cent higher than 2021 over the first half of the year, and averaged 37 per cent growth for 2022. Similar trends across a number of commodities fed through to higher prices for consumer goods and services, including gasoline (+23 per cent in the Edmonton region in 2022). This supported the persistent strength in inflation that pushed the Bank of Canada to tighten monetary policy throughout 2022. The Bank's policy interest rate was lifted seven times in 2022, from 0.25 per cent to 4.25 per cent. These rising interest rates affected housing, large purchases and business investment as the year progressed.

### Annual Consumer Price Index

Source: Statistics Canada



Annual inflation in the Edmonton CMA was 6.3 per cent in 2022. Consumer inflation in December closed the year at 5.5 per cent. Prior to 2022, this rate had not been seen in almost 15 years.

<sup>1</sup>Alberta Office of Statistics and Information, Demography and Social Statistics; January 2023 version.

## LABOUR MARKET

The Edmonton CMA labour market continued to strengthen in 2022, despite growth softening towards the end of the year. The annual employment level grew 3.9 per cent in 2022 and surpassed 800,000 individuals for the first time. With the participation of the region's older population (55 years and older) continuing to fall, the labour force saw almost no growth, leading to significant improvement in the unemployment rate. The number of unemployed in the Edmonton CMA fell to roughly 50,000 individuals in 2022, translating to an unemployment rate below six per cent. Employment gains were driven by a five per cent increase in full-time employment, with gains across all broad age groups for both men and women. This pushed full-time employment beyond 2019 levels for the first time on an annual basis. Part-time employment was virtually unchanged from 2021.

### 2022 Edmonton CMA Labour Market – Annual Change by Age Group

Source: Statistics Canada



Edmonton's employment growth was broad-based, with the goods sector seeing an 11.7 per cent surge and services growing two per cent. Goods sector employment growth was a welcome development, after declining in 2021. Manufacturing was the biggest driver of growth, accounting for over 13,000 of the 18,000 increase in goods sector employment. A strong housing market provided a 3.7 per cent lift to construction employment. Services sector growth was driven by continued recovery in accommodation and food services and other private-sector services, which were all hit hard during the pandemic. Declines of 8.6 per cent in education and 11.1 per cent in public administration, though, dampened services sector growth.

Despite labour market tightness and rising costs for consumers, regional employment is expected to continue growing in 2023. This is expected to rise at a slower pace than the past couple years as the economy continues to normalize.

National and provincial labour market conditions improved in 2022, with a recovery in employment levels that also outpaced additions to the labour force. This resulted in downward pressure on the national and provincial unemployment rates. In 2022, the national unemployment rate averaged 5.3 per cent, down over two percentage points from an average of 7.5 per cent in 2021. In Alberta, the unemployment rate averaged 5.8 per cent in 2022, down from 8.6 per cent in 2021, as employment grew 5.2 per cent versus labour force growth of just over two per cent.

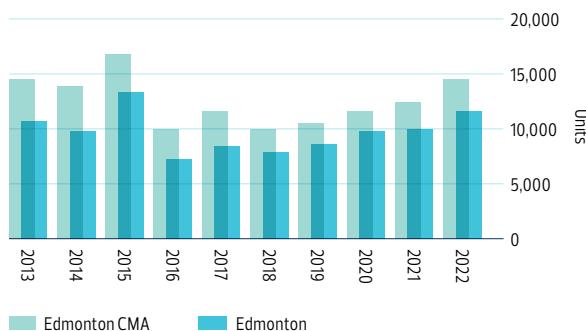
## RESIDENTIAL CONSTRUCTION

The Edmonton region's rebound in population growth and strengthening labour market continued to spur housing demand in 2022. The demand for new housing in particular was reflected in Edmonton CMA building permits. In 2022, the value of residential building permits reached \$3.6 billion, an almost 15 per cent increase over 2021. This was driven by multi-unit permit values, which grew 19 per cent, while the value of single-detached permits grew 11 per cent. Including the non-residential sector, the total value of building permits in the Edmonton CMA rose 14 per cent in 2022, reaching \$5.1 billion. Some of the increase in the value of building permits was driven by rising construction prices, which contributed to an increase in the value per building permit and total value of building permits even as the number of residential permits issued fell four per cent.

Driven by strength early in the year and a surge in apartment construction, total housing starts in Edmonton hit a seven-year high in 2022, reaching 11,401 units. This is largely reflective of stronger single detached and apartment housing starts. The strong performance of apartment starts, in particular, was highlighted by a surge in October 2022 that saw 1,160 units start construction. In recent years, the intended market for new apartment units in Edmonton has shifted away from condominiums towards purpose-built rentals. As of December 2022, there were 6,127 apartment units under construction in Edmonton. This is the highest year-end number since 2015. The share of apartment units under construction intended for the rental market was 83.9 per cent in December, which is more than double its 10-year historical average.

## Annual Housing Starts

Source: Canada Mortgage and Housing Corporation



The market for existing homes in the Greater Edmonton area was also relatively strong over the first half of 2022 but weakened towards the end of the year. Multiple Listing Service (MLS)® residential sales for 2022 in the Greater Edmonton area decreased 1.8 per cent year over year in 2022, while the number of new listings increased 2.2 per cent. The MLS® Home Price Index composite benchmark price in the region climbed 8.3 per cent year-over-year by June 2022, reaching nearly \$420,000. By December, the benchmark price had fallen to around \$373,000, a decline of nearly one per cent relative to the end of 2021. This development reflected the modest decline in sales in 2022 versus a slight rise in listings.

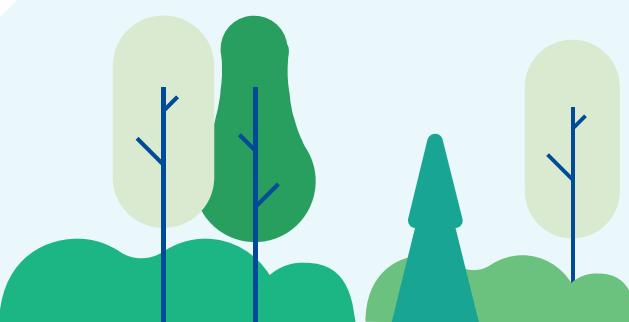
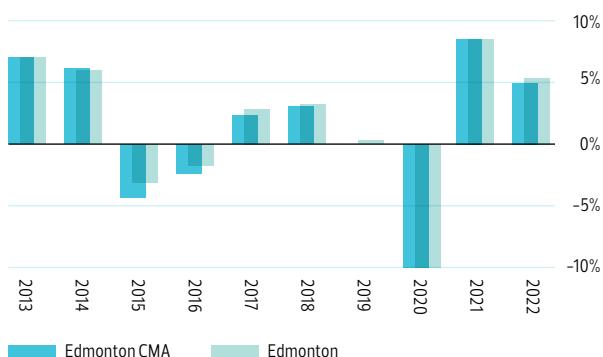
According to the Canada Mortgage and Housing Corporation, rental market conditions in Edmonton tightened in October 2022. Net migration, rising ownership costs and students returning to in-person learning were factors that lifted rental demand in Edmonton between 2021 and 2022. Greater rental demand more than offset an increase in purpose-built rental apartment supply, which brought the vacancy rate down in Edmonton. The vacancy rate across all bedroom types for purpose-built rental apartments declined from 7.6 per cent in October 2021 to 4.5 per cent in October 2022. The average rental rate for a two bedroom purpose-built rental apartment in Edmonton was \$1,304 per month in October 2022, compared to \$1,272 monthly in 2021.

## SUMMARY

Despite surging prices weighing on the economy, Edmonton's economy continued to expand and surpass pre-pandemic levels in 2022. Edmonton's real gross domestic product (GDP) is estimated to have grown 5.3 per cent in 2022, pushing the economy almost three per cent above 2019 levels. While price pressures eased towards the end of the year, rising interest rates, persistent supply chain pressures and geopolitical uncertainty remain.

## Real Gross Domestic Product Growth

Source: City of Edmonton and Stokes Economics; (e) denotes an estimate





## 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 2022 financial performance and position, this report describes significant fiscal policies, strategies and plans related to financial control, accountability, long-term sustainability and risk management.

Included in the 2022 Annual Report are the City's consolidated financial statements and notes, 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, dated April 25, 2023, should be read in conjunction with the financial statements. Both have been prepared by and are the responsibility of the Management of the City of Edmonton. A section for the Task Force on Climate-related Financial Disclosures has been included as well as the five-year statistical review of key information.

# 2022 FINANCIAL HIGHLIGHTS

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The City has approved a multi-year budget policy in which operating budgets are developed and approved for a four-year period.

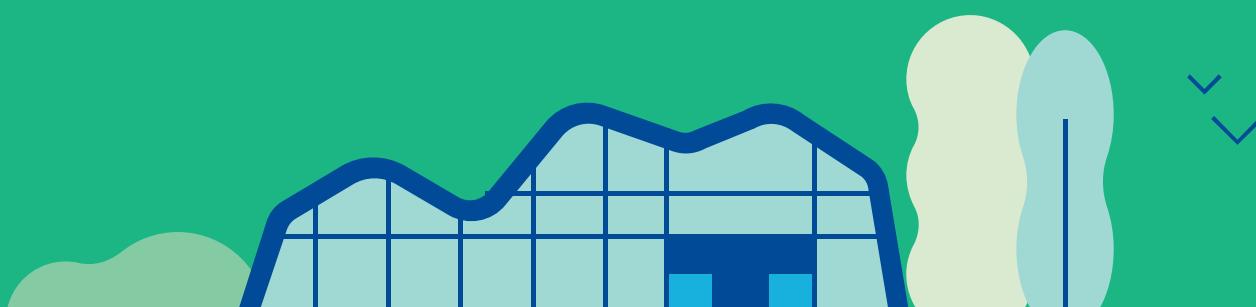
The 2019–2022 Operating Budget was originally passed in December of 2018. The multi-year budget process provides for adjustments to the four-year budget on a semi-annual basis, in the spring and in the fall. Operating budget information for 2022 is consistent with the amounts approved by City Council (Council) in April 2022 with the passing of Bylaw 20013 – 2022 Property Tax and Supplementary Property Tax Bylaw.

For tax-supported operations, the 2022 budget was adjusted by Council on November 22, 2021 through the fall supplemental budget adjustment process for estimated impacts of the COVID-19 pandemic, the total estimated budget impact was \$96.7 million. These impacts were offset by various funding strategies in the same amount, including use of COVID-19 funds within the appropriated Financial Stabilization Reserve (FSR), expense management strategies and additional revenue strategies.

The City ended the year with an \$81.6 million surplus (2.5 per cent of budgeted tax-supported expenses) for general government (tax-supported) operations relative to the operating budget. The surplus is primarily the result of lower than budgeted costs for financial strategies and lower than budgeted personnel costs due to unfilled vacancies across various City departments. The budget for financial strategies is used to manage risk and provide flexibility for unknown amounts over the four-year budget cycle. Risks are managed centrally through this budget. The budget surplus in financial strategies is largely due to lower than expected fuel and utility costs as well as other corporate wide costs. The overall favourable variance was partially offset by higher snow and ice program costs due to heavier snowfall and additional freezing rain from January to April.

2022 was the fourth and final year of the 2019–2022 operating and capital budgets. The pandemic had a significant impact on the economy and the residents and businesses that have chosen Edmonton as their home. With this in mind, City Council limited tax increases starting in 2020 and throughout 2021 and 2022 to lessen the financial impact on Edmontonians. The 2022 budget held transit fares at 2021 levels, provided support for businesses and the community to recover from the pandemic, and reduced the planned increase to the police budget, redirecting the funding to Community Safety and Well-being. The 2022 tax increase of 1.9 per cent was lower than inflation and was one of the lowest tax increases amongst major Canadian municipalities. This increase put the City in a strong position to respond to the continued financial uncertainty caused by the pandemic, while maintaining existing programs and services, and allowing the City to be able to manage its capital plan for 2022. The 2019–2022 capital budget balanced the infrastructure investment required to keep existing City assets in good repair while supporting ongoing growth needs. Approximately 30 per cent of 2019–2022 capital investment was earmarked for renewing roads, neighbourhoods, parks, City-owned buildings and transit vehicles, with the remaining 70 per cent used to support planning and delivery of new infrastructure.

With an overall accumulated surplus of \$17,295.0 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

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**Consolidated Statement of Financial Position**  
(millions of \$)

	2022	2021	2020	2019	2018
Financial Assets	\$ 8,511.1	\$ 8,093.8	\$ 7,527.5	\$ 7,284.0	\$ 7,237.7
Liabilities	5,657.7	5,370.8	5,027.5	4,796.5	4,699.5
Net Financial Assets	\$ 2,853.4	\$ 2,723.0	\$ 2,500.0	\$ 2,487.5	\$ 2,538.2
Non-Financial Assets	14,441.6	13,839.1	13,272.9	12,441.0	11,758.3
Accumulated Surplus	\$ 17,295.0	\$ 16,562.1	\$ 15,772.9	\$ 14,928.5	\$ 14,296.5

The City ended the year with **net financial assets** of \$2,853.4 million, an increase of \$130.4 million, or 4.8 per cent, compared to 2021. The primary components of the net financial asset balance are the City's investment of \$4,561.7 million in the EPCOR subsidiary, investments of \$2,234.0 million, net of long-term debt of \$3,940.3 million, and accounts payable and accrued liabilities of \$1,180.7 million.

The City's **non-financial assets** at the end of 2022 were \$14,441.6 million, an overall increase of \$602.5 million, compared to 2021. Non-financial assets consist primarily of tangible capital assets such as roadways, buildings, land and light rail transit that are valued at \$14,350.7 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 the City of Edmonton is able to deliver services and programs that Edmontonians rely on everyday, while also attracting new residents to live and do business here.

**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 2022 with a total accumulated surplus of \$17,295.0 million, an increase of 4.4 per cent compared to the prior year. This surplus includes the City's equity in tangible capital assets, the City's investments including its investment 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 robust reserve management.

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.

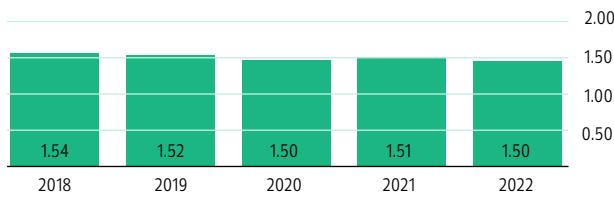
**THE CITY'S NON-FINANCIAL ASSETS HAVE GROWN OVER THE LAST FIVE YEARS DUE TO CONTINUED INVESTMENTS IN INFRASTRUCTURE.**

## FINANCIAL ASSETS

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

A result higher than one indicates the City currently holds sufficient financial resources to meet its financial obligations. The City's financial assets to liabilities ratio over the past five years has remained stable, ranging from 1.50 to 1.54.

### Financial Assets to Liabilities



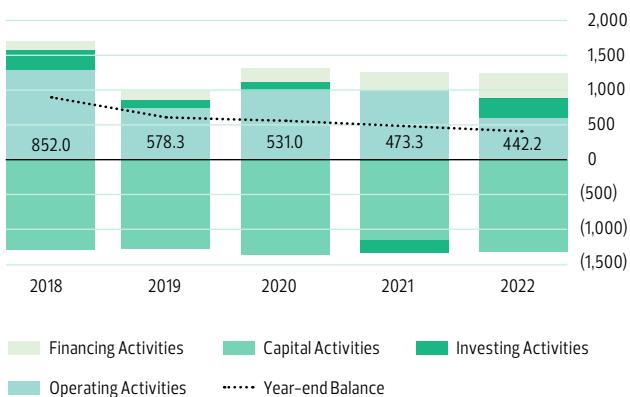
## CASH

The City's cash position includes both cash and cash equivalents such as bankers' acceptances, treasury bills and commercial paper, which is used to ensure that sufficient cash and liquid assets are available to manage the timing of payments for the City's operating and capital expenditures. In 2022, the City's cash position decreased to \$442.2 million from \$473.3 million in 2021, an overall decrease of \$31.1 million, or 6.6 per cent.

The Consolidated Statement of Cash Flows summarizes the sources and uses of cash by the City in 2022. During the year, the City raised \$594.7 million from operations, \$393.8 million from net financing activities, \$108.7 million from investing activities and \$177.0 million from an EPCOR dividend. These sources of cash were partially offset by capital acquisitions of \$1,305.3 million (net of proceeds on disposal).

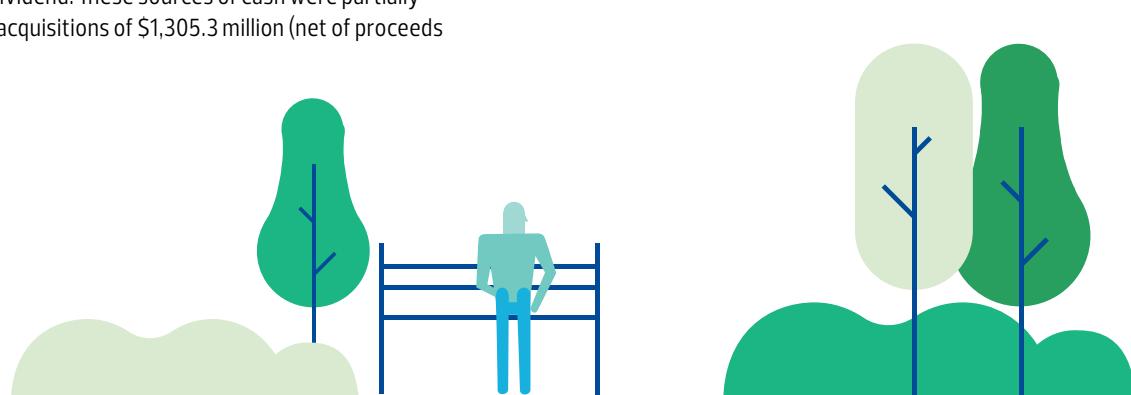
### Cash Flows

(millions of \$)



## RECEIVABLES

The 2022 receivables balance of \$1,011.5 million increased by \$222.3 million, or 28.2 per cent, from the prior year balance of 789.2 million. The majority of the increase for receivables is due to federal funding from the Investing in Canada Infrastructure Program, due to higher eligible capital funding for LRT construction, and Provincial Municipal Sustainability Initiative funding, which the City has yet to receive. This is partially offset by a net decrease in trade and other, local improvement and taxes receivables of \$28.5 million.



# SINCE 1995, THE ED TEL ENDOWMENT FUND HAS CONTRIBUTED \$969.0 MILLION TO THE CITY.

## INVESTMENTS

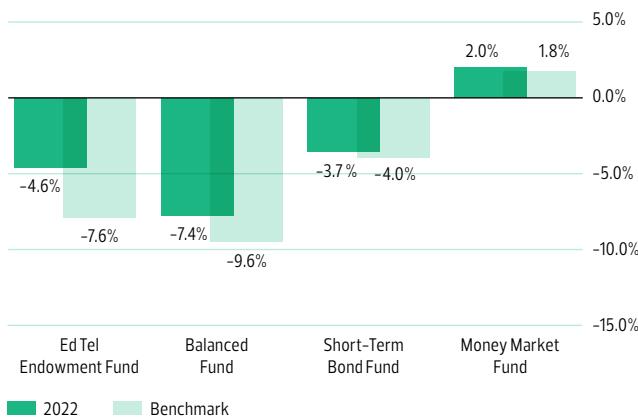
All investments held by the City must comply with the *Municipal Government Act* (MGA), the Municipal Investment Regulation, and the City's internal investment policy. The objective of the Council-approved investment policy, as overseen by the Investment Committee, is to preserve the principal investment 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.

Included in investments of \$2,234.0 million are amounts held as cash, amounts receivable, fixed income, equities, pooled infrastructure, and real estate funds and other investments. The majority of these investments are held within the Money Market Fund, 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.

### 2022 Performance vs Benchmark



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, the risk tolerance of this fund permits owning some equities.

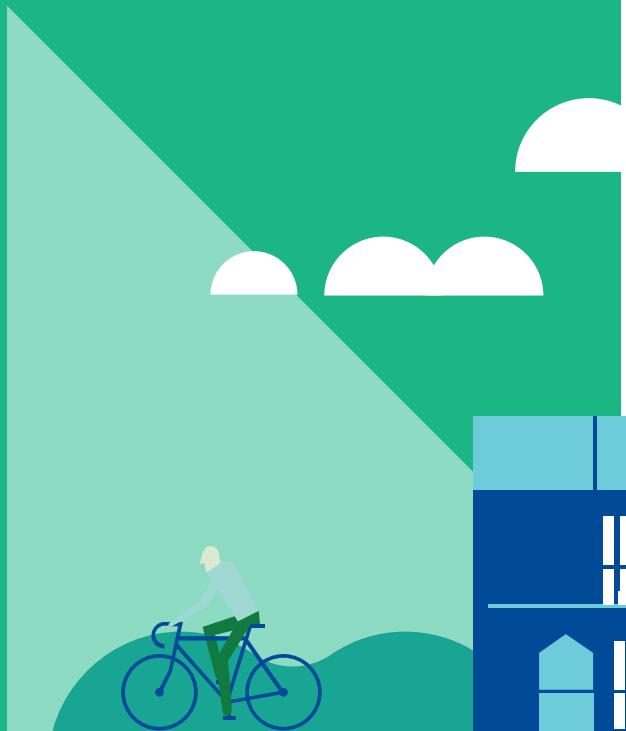
The largest of the City investment funds is the Ed Tel Endowment Fund. It was established in 1995 with the sale of the City's municipally owned telephone company, Edmonton Telephones, to the TELUS Corporation for \$465.0 million. Council directed Administration to establish the Ed Tel Endowment Fund 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.

Since 1995, the Ed Tel Endowment fund has contributed \$969.0 million to the City in the form of annual dividends. In 2022, the fund contributed \$54.0 million in dividends to the City, including a \$10.8 million special dividend that was approved by City Council on November 30, 2021. This was the largest annual dividend paid in the fund's history. The fund ended the year with an investment book value of \$867.4 million compared to a market value of \$891.7 million.

Performance of the City's investment funds ranged from 2.0 per cent (Money Market Fund) to negative 7.4 per cent (Balanced Fund), reflecting each fund's asset mix.

High inflation, aggressive policy tightening and escalating geopolitical risks resulted in dramatic declines in both equities and bonds in 2022.

# THE ED TEL ENDOWMENT FUND PROVIDED \$54.0 MILLION IN DIVIDENDS TO THE CITY IN 2022 - THE LARGEST EVER IN THE FUND'S HISTORY.



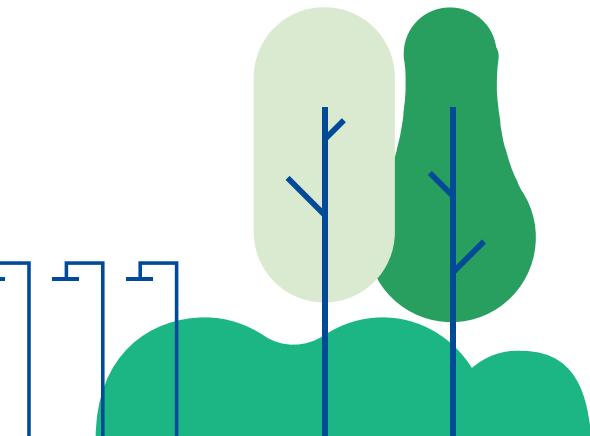
Global equities fell 16.4 per cent for the year, and U.S. equities lost 18.1 per cent. Canadian equities performed relatively well as they were down 5.8 per cent, compared to a gain of 25.1 per cent realized the year before. Oil prices spiked in the middle of the year and closed 4.0 per cent higher amid the Ukraine conflict and with economies beginning to reopen. The Canadian dollar depreciated 7.0 per cent against the U.S. dollar.

Finally, Canadian fixed income securities fell 11.7 per cent for the year, which was the worst year in several decades.

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 negative 4.6 per cent and negative 7.4 per cent, respectively. Conversely, the Money Market Fund and Short-Term Bond Fund, which are invested solely in less volatile fixed income securities, had returns of 2.0 per cent and negative 3.7 per cent, respectively. Overall, the market value of the City's investment portfolio at year-end was \$2,203.9 million, 1.35 per cent below the investment cost.

More detailed information about the investment performance and benchmarks is available in the 2022 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 22 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 related infrastructure. 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 their 2022 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 2022, the City's investment in EPCOR increased to \$4,561.7 million from \$4,223.4 million in 2021, a net increase of \$338.3 million, or 8.0 per cent. The net increase is due to EPCOR's reported net income of \$379.9 million for 2022, \$25.3 million of tangible capital assets contributed to EPCOR by the City, and other comprehensive income of \$112.8 million. This is offset by \$2.7 million in amortization of contributed assets and a dividend of \$177.0 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 2022 are discussed in EPCOR's annual reporting for 2022, which is available on the company's website.

**IN 2022, THE CITY'S INVESTMENT IN EPCOR  
INCREASED TO \$4,561.7 MILLION FROM  
\$4,223.4 MILLION IN 2021, A NET INCREASE  
OF \$338.3 MILLION, OR 8.0 PER CENT.**



# 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 \$1,180.7 million at year-end increased over the prior year balance of \$1,150.7 million by \$30.0 million, or 2.6 per cent.

Trade and other payables reflect a net decrease of \$13.4 million over prior year largely due to lower value of outstanding land acquisitions compared to prior year related to large infrastructure projects such as Yellowhead Trail Freeway Conversion and the Valley Line West LRT, partially offset by fluctuations in various trade and other payables.

Developer obligations increased by \$25.4 million over the prior year mainly due to an increase in development construction in 2022.

Payroll and remittance liabilities increased by \$14.4 million over the prior year mainly due to the timing of the payroll period for 2022.

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 they are used for the purposes intended. The deferred revenue balance of \$240.5 million decreased by \$138.3 million, or 36.5 per cent, from the prior year balance of \$378.8 million. The decrease is mainly due to one-time additional funding received in 2021 under the Canada Community Building Fund and the Municipal Sustainability Initiative grant program, where funds were received in advance of project expenditures. As a result amounts were deferred in 2021 and recognized in 2022 to match capital expenditures as they were incurred. Additional details about balances and changes in deferred revenue are included in Note 8 to the financial statements.

## LONG-TERM DEBT

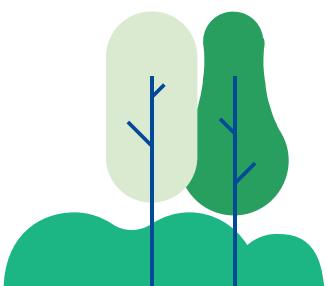
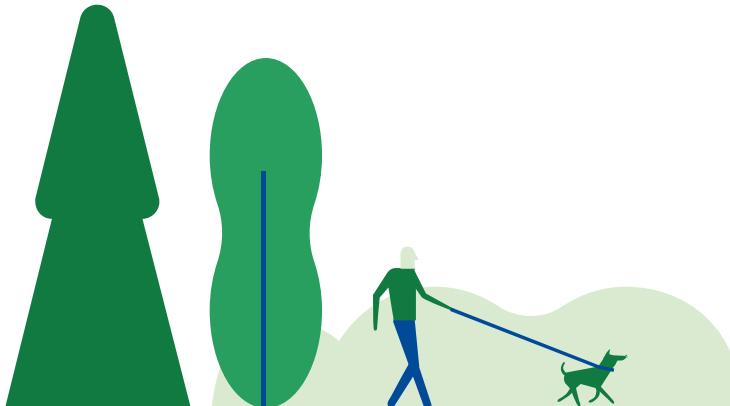
The City of Edmonton Charter Regulation AR 39/2018 allows the City to establish its own debt limits provided the City obtain an external credit rating and develop a Council-approved debt policy. The City obtains a credit rating annually from Standard and Poor's. On November 14, 2022, City Council approved revised Debt Management Fiscal Policy (DMFP) (City Policy C203D). With the approval of the policy the debt and debt servicing limits in the MGA regulation AR 255/2000 are no longer applicable for the City of Edmonton. The City limits tax-supported debt servicing to 18.0 per cent of tax-supported net expenditures and total debt servicing to 21.0 per cent of City revenue. Total debt servicing is permitted up to 26.0 per cent of City revenue for emergency purposes. The City's debt is limited to the level of debt that would result in total debt servicing equal to 26.0 per cent of City revenue using the City's average long-term borrowing rate.

The City uses debt to finance capital expenditures under the principles and limits established by the policy. The DMFP supports the City's long-term capital plans and strategies while maintaining long-term financial affordability, flexibility and sustainability.

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 Utility 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 discussion paper that is available on the City of Edmonton's website. The discussion paper comments on the City's use of debt financing to optimize resources dedicated to the acquisition, creation and rehabilitation of infrastructure.

The City borrows through the Government of Alberta's department of Treasury Board and Finance, using rates available to large municipalities in the bond market to determine the City's cost of borrowing.



# DURING THE YEAR, THE CITY ADDED \$604.3 MILLION IN NEW DEBENTURE BORROWINGS TO ADVANCE KEY TRANSFORMATIVE PROJECTS.

**Debt Schedule**  
(millions of \$)

	Tax-Supported	Self-Liquidating	Total Debt (net)
Opening	\$ 3,032.2	\$ 514.4	\$ 3,546.6
Borrowings	504.4	51.7	556.1
Increase in P3 term debt	56.9		56.9
Principal Payments	(162.6)	(56.7)	(219.3)
<b>Ending</b>	<b>\$ 3,430.9</b>	<b>\$ 509.4</b>	<b>\$ 3,940.3</b>

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 following rates were applicable for new borrowing during the year:

## Borrowing Terms and Interest Rates

Term	Interest Rates
5 years	2.71%
10 years	3.07% to 4.70%
15 years	3.40% to 4.88%
20 years	3.62% to 4.99%
25 years	3.76% to 5.08%
30 years	3.84%

The City's net long-term debt was \$3,940.3 million at December 31, 2022, an increase of \$393.7 million, or 11.1 per cent, compared to the 2021 balance. Long-term debt consists of debentures, mortgages and P3 term debt.

The gross amount of debentures, mortgages payable and P3 term debt of \$4,430.4 million is offset by \$490.1 million in amounts receivable from EPCOR. The amounts receivable from EPCOR are 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 \$3,940.3 million, \$3,430.9 million is tax-supported and \$509.4 million is self-liquidating. Tax-supported debt includes \$539.3 million of P3 term debt related to the portion of deferred capital costs owing to TransEd from 2023 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, 2022.

During the year, the City added a total of \$556.1 million through new debenture borrowings and mortgages; \$504.4 million is considered tax-supported and \$51.7 million is considered self-liquidating. Tax-supported debt was borrowed to finance various capital projects, including the Valley Line and Metro Line LRT construction, Yellowhead Trail Freeway Conversion and continued progression of Downtown and Quarters Community Revitalization Levy funded projects. Self-liquidating borrowings during the year include \$26.5 million in Non-Profit Housing mortgages, \$10.4 million related to local improvement projects, \$6.7 million for the Waste Services Utility, \$3.1 million for the Blatchford Renewable Energy Utility and \$2.0 million for the Clean Energy Improvement Program (CEIP).

Debt principal repayments of \$219.3 million were made during the year, comprising \$162.6 million for tax-supported debt and \$56.7 million for self-liquidating debt.

The City's DMFP sets limits more restrictive than those legislated in the MGA, limiting the City's total debt servicing to 21.0 per cent of City revenues and up to a maximum of 26.0 per cent of City revenues for emergency purposes, compared to the MGA limit of 35.0 per cent. The DMFP further restricts the use of debt for tax-supported debt servicing to 18.0 per cent of tax-supported net expenditures.

**Debt Service Limits – DMFP\***

(millions of \$)

	2022	2021	2020	2019	2018
Total debt servicing limit (26%)	\$ 799.0	\$ 777.2	\$ 761.4	\$ 759.3	\$ 726.4
Total debt servicing	\$ 341.9	\$ 289.1	\$ 291.8	\$ 283.2	\$ 269.7
Percentage used (%)	42.8	37.2	38.3	37.3	37.1
Total debt servicing limit (21%)	\$ 645.3	\$ 627.7	\$ 615.0	\$ 613.3	\$ 586.7
Total debt servicing	\$ 341.9	\$ 289.1	\$ 291.8	\$ 283.2	\$ 269.7
Percentage used (%)	53.0	46.1	47.5	46.2	46.0
Tax-supported debt servicing limit (18%)	\$ 461.3	\$ 406.5	\$ 397.3	\$ 414.9	\$ 408.2
Tax-supported debt servicing	\$ 267.6	\$ 237.4	\$ 241.2	\$ 232.4	\$ 219.0
Percentage used (%)	58.0	58.4	60.7	56.0	53.6

\*The limits outlined in the table above for 2018 to 2021 comparatives have been restated from previous years reporting to reflect the revised City Policy C203D Debt Management Fiscal Policy.

## NON-FINANCIAL ASSETS

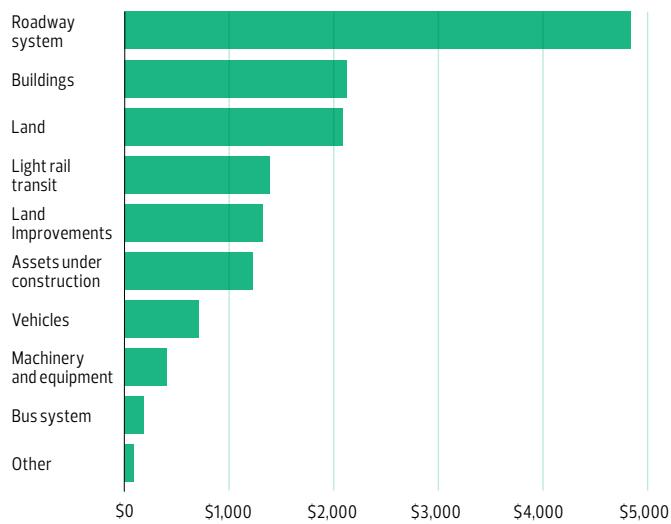
### TANGIBLE CAPITAL ASSETS

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 \$14,350.7 million have increased by 4.3 per cent compared to the 2021 balance of \$13,754.9 million. The net increase of \$595.8 million is a result of acquisitions of tangible capital assets of \$1,315.1 million and contributed tangible capital assets of \$81.6 million. This increase was partially offset by annual amortization of \$652.5 million, and disposals and transfers of assets with a net book value of \$148.4 million.

Tangible capital assets placed in service were primarily in the asset categories of roadways, light rail transit, 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.

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



During 2022, the fourth and final year of the 2019–2022 capital budget, spending focused on key growth projects and infrastructure maintenance. The capital additions and contributions of \$1,396.7 million in 2022, compared to \$1,231.9 million in 2021, reflects the City's continued commitment to investing in infrastructure to accommodate both growth and renewal. Capital additions are higher due to the expansion of Terwillegar Drive, Valley Line Southeast and West LRT construction, the purchase of zero emission electric buses, upgrades to the Coronation Community Recreation Centre and numerous neighbourhood renewal projects. The City also made progress on significant capital projects such as Yellowhead Trail Freeway Conversion, Fort Edmonton Park as well as investments in the City's park spaces. Roadways continue to be the largest asset category with a net book value of \$4,838.6 million. These are followed by buildings and land with net book values of \$2,119.7 million and \$2,073.4 million, respectively.

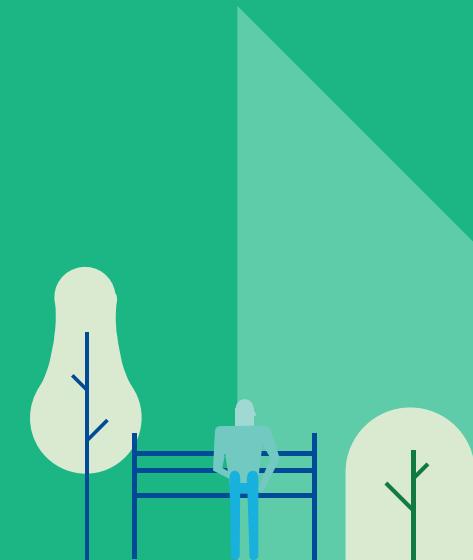
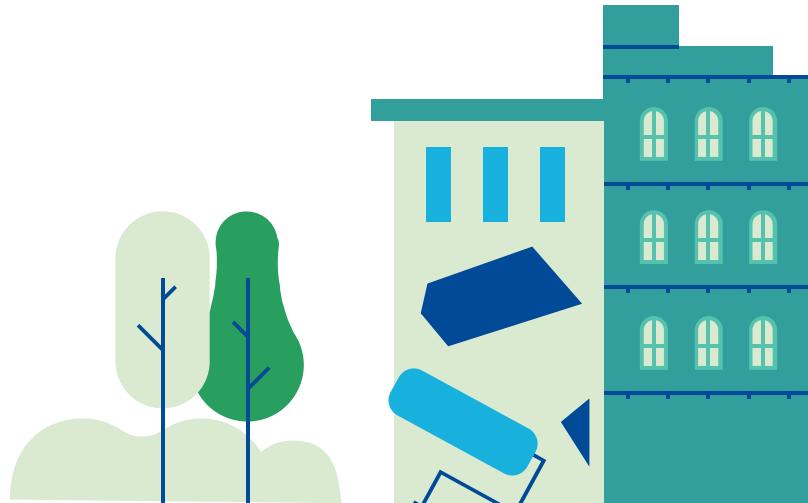
## RESERVES

The City's reserve policy, C217E, 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 City Policy C217E, the City completed a review of reserves in 2021. 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 2024.

A schedule of reserves has been provided in Note 15 to the financial statements. The reserve balance of \$993.1 million at the end of 2022, decreased by \$12.9 million over the prior year balance of \$1,006.0 million.

**TANGIBLE  
CAPITAL ASSETS  
OF \$14,350.7  
MILLION HAVE  
INCREASED BY  
4.3 PER CENT  
IN 2022.**



## Financial Stabilization Reserve (millions of \$)



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 residents. The appropriated balance of the reserve represents funds that have been set aside by City Council to fund future commitments. The unappropriated balance of the FSR is uncommitted and provides the City with 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 5.0 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 C629, Financial Stabilization Reserve, requires that a risk-based review of the unappropriated FSR be completed every three years to ensure the sufficiency of the minimum and target percentages. Administration conducted a risk-based review of the unappropriated FSR balance in 2021 and confirmed that the respective minimum and target balances of 5.0 per cent and 8.3 per cent of current general government expenses (excluding non-cash amortization) were appropriate.

As of December 31, 2022, the unappropriated FSR balance is \$68.4 million. During the year, the general government surplus from 2021 of \$52.3 million was transferred to the reserve, of which \$19.4 million was appropriated within the FSR to provide funding in 2022 for projects and initiatives not completed in 2021. During November and December 2022, as a part of the 2023–2026 budget deliberations, City Council approved the use of close to \$67.0 million from the unappropriated FSR to fund priority initiatives over 2023 to 2026

on a one-time basis. This resulted in a reserve balance of \$68.4 million on December 31, 2022, which was temporarily below the minimum balance of \$123.5 million required by policy. Council made these decisions knowing that the 2022 year-end tax-supported surplus would be sufficient to bring the reserve above its minimum balance. The 2022 general government surplus of \$81.6 million will be transferred to the FSR in the first quarter 2023 with \$21.8 million then appropriated for funding within the 2023 operating budget. After reflecting the approved transactions, the balance of the reserve will be \$128.2 million, exceeding the minimum level as set within the policy of \$123.5 million but below the target level of \$205.1 million.

As of December 31, 2022, the appropriated FSR balance is \$192.4 million, which is an increase of \$11.4 million from the 2021 balance of \$181.0 million. During 2022, \$184.8 million was transferred into the appropriated FSR and \$161.2 million was used to fund approved items. Amounts within the appropriated FSR of \$12.2 million were released back to the unappropriated FSR as the funding was no longer required.

The LRT reserve ended the year with a balance of \$114.8 million, an increase of 32.6 per cent from 2021. The balance increased as funding from the reserve was not required during the year for the Valley Line Southeast operations as the project has experienced delays.

The Traffic Safety and Automated Enforcement Reserve ended 2022 with a balance of \$0.9 million, a decrease from the balance at the end of 2021 of \$7.4 million. Established on November 26, 2014 and governed by City Policy C579B Traffic Safety and Automated Enforcement Reserve, this reserve is intended to accumulate surpluses (and fund shortfalls) that may arise from the variability of photo enforcement revenues, and transparently show budgeted allocations for programs funded from the reserve in accordance with the policy. The reserve is projected to be in a deficit position at the end of 2023. The decreasing reserve balance is in part a result of the increased share of photo enforcement revenue retained by the Government of Alberta, combined with declining revenue trends as a result of COVID-19 and a greater emphasis on education and awareness. Through the 2023–2026 budget, Council approved increased tax-levy funding to the reserve to fund traffic safety initiatives as well as maintaining a balance in the reserve above the minimum required by policy. Furthermore, the 2023–2026 budget no longer allocates funding to the Traffic Safety Section of Edmonton Police Services from the reserve, which is now funded through the tax-levy. With these changes, the reserve is projected to be above its minimum balance by the end of 2025.

The City maintains reserves that are used to accommodate differences between expenses and related funding sources. As of December 31, 2022, the City had five reserves that were in deficit balances. These include the Interim Financing, Community Revitalization Levy (Capital City Downtown, Belvedere and Quarters) and Brownfield Redevelopment Reserves. In accordance with City Policy C217E 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 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 Council's Executive Committee on March 22, 2023. The annual update noted that market conditions for land sales and development have not been favourable for the Belvedere and Quarters Downtown CRLs, leading to a reduction in the revenue projections for each CRL. Ongoing municipal tax revenues will be used to retire the remaining debt for the Belvedere CRL an additional five years after the CRL ends and for the Quarters Downtown CRL, an additional two years. The Capital City Downtown CRL continues to perform in line with expectations. Despite a decline in office property valuation, the pace and volume of development underway in the area will be sufficient to ensure that revenues will cover all debt costs by the end of the expiry of Capital City Downtown CRL.

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 2022, the reserve has a deficit balance of \$36.1 million, which will be replenished upon receipt of future revenues.

The Brownfield Redevelopment Reserve supports phase III Brownfield Redevelopment, granting payments to qualified developers under the program to help finance costs related to environmental testing, remediation and/or exposure control in preparation for redevelopment. At the end of 2022, the reserve has a deficit balance of \$3.1 million, which will be recovered through future municipal tax uplift relating to the developer agreements.

## THE UNAPPROPRIATED BALANCE OF THE FSR IS UNCOMMITTED AND PROVIDES THE CITY WITH FLEXIBILITY TO ADDRESS SIGNIFICANT EMERGENT FINANCIAL ISSUES.

## EQUITY IN TANGIBLE CAPITAL ASSETS

As summarized in Note 14 to the financial statements, equity in tangible capital assets represents the investment made in tangible capital assets, after deducting the portion financed by outstanding long-term debt, net of long-term debt for land redevelopment and debt recoverable. With an increase of \$202.2 million for 2022, as a result of the net acquisition of tangible capital assets partially offset by net additional debt, the ending balance of equity in tangible capital assets for the year is \$10,509.2 million.

## ADVANCES FOR CONSTRUCTION (CAPITAL TO BE FINANCED)

At the end of 2022, \$102.9 million of capital funding was in place in advance of incurring capital expenditures. This compares to the net use of \$100.7 million at the end of 2021 where expenditures had proceeded prior to receipt of funding – an overall shift of \$203.6 million. This is as a result of borrowing for capital projects such as LRT construction and a new transit garage where expenditures have not been incurred by the end of the year. This is partially offset by estimated land expropriations related to capital projects. The expropriations will be funded through the available capital project funding when the land is applied to the project.

## FINANCIAL OPERATIONS

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 \$)

	2022 Actual	2021 Actual	2020 Actual	2019 Actual	2018 Actual
Operating Revenues	\$ 3,433.8	\$ 3,358.5	\$ 3,170.6	\$ 3,120.0	\$ 3,050.3
Capital Revenues	633.5	527.1	717.4	749.8	941.8
Operating Expenses	3,444.5	3,093.5	3,023.5	3,189.7	3,029.4
<b>Excess of Revenues over Expenses</b>	<b>\$ 622.8</b>	<b>\$ 792.1</b>	<b>\$ 864.5</b>	<b>\$ 680.1</b>	<b>\$ 962.7</b>

Consolidated revenues exceeded expenses for the year by \$622.8 million after accounting for government transfers for capital, contributed tangible capital assets, developer and customer contributions for capital and local improvements. Operating revenues increased 2.2 per cent from the prior year, with increases in revenue from sales, service and user fees, property taxes and government transfers, this is partially offset by decreases in investment revenue. Capital revenues vary from year-to-year based on fluctuations in neighbourhood development activities and related contributed assets and 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. Facility closures and reduced services dictated by public health orders related to the pandemic resulted in slower growth in expenditures in the prior two years. 2022 expenditures significantly increased as a result of the elimination of virtually all COVID-19 restrictions.

Significant year-over-year variances and variances from budget are discussed in the following sections. The operating budget is based on the original 2022 operating budget approved by Council in December 2018, including the supplemental operating budget adjustment in fall 2021, 2021 year-end operating budget carry-forwards into 2022, and the 2022 spring supplemental budget adjustment approved by Council on April 19, 2022 prior to finalization of the 2022 tax rate. The capital budget line items are based on the capital budget originally approved in December 2018, as a part of the 2019–2022 capital budget, plus carry-forward of unspent capital budgets from previous years. The original budgets are adjusted to comply with the Canadian Public Sector Accounting Standards for inclusion in the Consolidated Statement of Operations and Accumulated Surplus. A reconciliation between the budget approved by Council and the budget for financial statement purposes is provided in Note 30.



# OPERATING REVENUES

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## Operating Revenues (millions of \$)

	2022 Budget (A)	2022 Actual (B)	Variance (B-A)	2021 Actual (C)	Variance (B-C)
Net taxes available for municipal purposes	\$ 1,807.9	\$ 1,807.0	\$ (0.9)	\$ 1,745.8	\$ 61.2
User fees and sales of goods and services	583.4	588.9	5.5	506.7	82.2
Subsidiary operations – EPCOR	302.0	379.9	77.9	387.7	(7.8)
Franchise fees	207.8	208.5	0.7	183.0	25.5
Government transfers – operating	180.2	198.1	17.9	144.9	53.2
Licences and permits	72.5	80.3	7.8	77.6	2.7
Investment earnings	94.2	70.0	(24.2)	208.1	(138.1)
Fines and penalties	78.1	69.5	(8.6)	67.2	2.3
Developer / customer contributions – operating	31.4	31.6	0.2	37.5	(5.9)
<b>Operating Revenues</b>	<b>\$ 3,357.5</b>	<b>\$ 3,433.8</b>	<b>\$ 76.3</b>	<b>\$ 3,358.5</b>	<b>\$ 75.3</b>

## COMPARISON TO BUDGET

Operating revenues were higher than budget by \$76.3 million, or 2.3 per cent of the revenue budget, mainly due to higher than budgeted income from subsidiary operations—EPCOR, and government transfers—operating. These were partially offset by lower than budgeted investment earnings.

**Subsidiary operations (EPCOR)** net income was greater than budget by \$77.9 million primarily due to higher electricity prices and more than expected US services revenue due to higher construction revenue, customer growth, water rates in Arizona and natural gas consumption due to cold weather.

**Government transfers – operating** were higher than budgeted due to additional government transfers, including the federal Rapid Housing Initiative and funding from the province for affordable housing.

**Investment earnings** were significantly lower than budget due to global market instability as a result of supply-chain disruptions, the Russian invasion of Ukraine, as well as sharp increases in interest rates, which created a volatile market environment for financial assets.

# OVERALL, OPERATING REVENUES WERE HIGHER WHEN COMPARED TO LAST YEAR BY \$75.3 MILLION.

## COMPARISON TO PRIOR YEAR

Overall, operating revenues were higher when compared to last year by \$75.3 million, due to increases in revenue from user fees and sales, property taxes, operating government transfers and franchise fees. The increases were partially offset by a decrease in investment revenue.

**User fees and sales** were higher than the previous year due to higher recreation facility and attractions revenue as COVID-19 restrictions were largely eliminated in 2022 allowing for the resumption of normal program and attendance at City run facilities. As well, there was higher conference and convention revenue as conferences and public events resumed after being placed on hold in 2021 due to COVID-19 restrictions. There was also higher transit and parking revenue due to increased transit ridership and parking in the City's downtown core.

**Net taxes available for municipal purposes** increased by \$61.2 million from the prior year mainly due a 1.9 per cent tax increase for 2022 approved by Council, as well as growth in property taxes due to assessment growth.

**Government transfers – operating** increased by \$53.2 million mainly as a result of a one-time injection of \$67.0 million provided through the Government of Canada's Transit COVID-19 Funding Support (RESTOR funds). These funds were provided to help offset the financial impacts of the pandemic relating specifically to reduced transit ridership and the associated loss of transit fare revenue. This increase was partially offset by decreases in other operating government transfers in 2022 compared to 2021. In 2021 the City recognized Municipal Stimulus Program funding and Rapid Housing Initiative funding to pay for affordable housing. The recognition of these grants can vary from year-to-year as revenue is recognized as expenses on these housing projects as incurred and construction progresses.

**Investment earnings** were \$138.1 million lower compared to 2021, as the prior year saw accelerated economic growth around the world due to economies reopening, vaccines rolling out and an extremely accommodative monetary and fiscal policy, which resulted in higher market returns (realized and unrealized). In contrast, 2022 saw global market instability as a result of supply-chain issues, and the conflict in Ukraine, as well as sharp increase in interest rates slowing growth in Canada.

**Franchise fees** increased by \$25.5 million from prior year mainly as a result of higher gas usage due to colder weather conditions.

# CAPITAL REVENUES

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Capital revenues are made up of 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 are recognized in the Statement of Operations to fund the related capital expenditures as they are incurred, and as a result the recognition of capital revenues often varies with timing of expenditures.

**Capital Revenues**  
(millions of \$)

	2022 Budget (A)	2022 Actual (B)	Variance (B-A)	2021 Actual (C)	Variance (B-C)
Government transfers - capital	\$ 850.7	\$ 532.8	\$ (317.9)	\$ 413.4	\$ 119.4
Contributed tangible capital assets	129.0	81.6	(47.4)	95.4	(13.8)
Local improvements	7.2	12.4	5.2	11.5	0.9
Developer and customer contributions - capital	115.5	6.7	(108.8)	6.8	(0.1)
<b>Capital Revenues</b>	<b>\$ 1,102.4</b>	<b>\$ 633.5</b>	<b>\$ (468.9)</b>	<b>\$ 527.1</b>	<b>\$ 106.4</b>

## COMPARISON TO BUDGET

Capital revenues of \$633.5 million were \$468.9 million lower than budget due to less than expected capital government transfers, developer and customer contributions, and contributed tangible capital assets.

**Government transfers - capital** were lower than budget by \$317.9 million due to timing of grant eligible expenditures primarily related to Investing Canada Infrastructure Program (ICIP) related to new LRT projects (NAIT to Blatchford, Century to Heritage Valley, Downtown to Lewis Farms) that are still in design phase or early stages of construction, provincial funding related to Terwillegar Drive Expressway, and federal and provincial grants for the 50th Street Grade Separation project.

**Developer and customer contributions** were \$108.8 million lower than budget largely due to the timing of capital expenditures that are partner or developer funded. More significant variances are related to dry pond land acquisition (funded by EPCOR) and slower than expected progress on capital improvements at the Telus World of Science.

**Contributed tangible capital assets** were lower than budgeted, as the amount of land and developer contributed assets related to roadway assets varies depending on the neighbourhood development.

## COMPARISON TO PRIOR YEAR

Capital revenues were higher than the prior year by \$106.4 million due to increases in government transfers - capital; partially offset by lower contributed tangible capital assets.

**Government transfers - capital** revenues increased due to an overall increase in capital activity in 2022 across numerous capital projects including LRT construction on Valley Line West, Valley Line Southeast and Capital Line South extension, and advancement on the Yellowhead Trail Upgrade project. Revenue is recognized as expenses are incurred on these projects with significant advancement made on these projects during 2022.

**Contributed tangible capital assets** were \$13.8 million lower than prior year due to fewer developer contributed infrastructure assets such as roads, sidewalks and streetlights for new neighbourhoods constructed.

# OPERATING EXPENSES

## Operating Expenses by Function (millions of \$)

	2022 Budget (A)	2022 Actual (B)	Variance (A-B)	2021 Actual (C)	Variance (B-C)
Transportation services	\$ 1,008.3	\$ 1,023.0	\$ (14.7)	\$ 908.3	\$ 114.7
Protective services	803.3	<b>794.1</b>	9.2	789.6	4.5
Community services	717.9	<b>797.3</b>	(79.4)	623.9	173.4
Waste Services Utility	207.4	<b>202.4</b>	5.0	202.8	(0.4)
Land Enterprise	51.6	<b>28.2</b>	23.4	23.4	4.8
Blatchford Renewable Energy Utility	2.3	<b>1.9</b>	0.4	1.6	0.3
Fleet services	31.1	<b>41.9</b>	(10.8)	38.8	3.1
Corporate administration, general municipal and other	592.4	<b>555.7</b>	36.7	505.1	50.6
<b>Operating Expenses</b>	<b>\$ 3,414.3</b>	<b>\$ 3,444.5</b>	<b>\$ (30.2)</b>	<b>\$ 3,093.5</b>	<b>\$ 351.0</b>

## COMPARISON TO BUDGET

Operating expenses of \$3,444.5 million were higher than budget by \$30.2 million, or 0.9 per cent of the consolidated expenses budget.

**Transportation services** expenses were higher than budgeted primarily due to higher snow and ice clearing costs in the beginning of the year related to heavier snowfall and additional freezing rain and costs related to the withdrawal from the Edmonton Metro Transit Services Commission. This is partially offset by lower LRT operating costs due to the delay of the Valley Line South East project.

**Community service** expenses were higher than budgeted due to transfer of land and assets related to permanent supportive housing of approximate value of \$70.0 million to Homeward Trust. The City used federal Rapid Housing Initiative funding to construct assets and subsequently transferred them to Homeward Trust at a nominal value. There was also higher amortization compared to budget as several projects were put into service, including Heritage Valley District Park, Hermitage and Rundle park, the repaved Kinsmen Sports Centre parking lot, the Ramsay Ravine Trail, and additional expenses incurred to maintain and support the urban tree canopy. This is partially offset with lower grant and rebate payments to local business and residents, related to application delays in part due to COVID-19, supply chain issues, construction delays and slower uptake than expected.

**Fleet services** saw an increase in fuel costs in 2022 compared to budget due to rising fuel costs, partially offset by gains made on fuel hedge contracts.

**Corporate administration, general municipal and other** expenses were lower than budget due to savings within financial strategies which is used to manage risk and provide flexibility for unknown amounts over the four-year budget cycle. The favourable variance is largely due to less than expected budget required for fuel and utility costs as well as other corporate-wide costs.

**Land Enterprise** costs were less than budget as a result of lower cost of land sold due to lower land sales in 2022, in part due to lower than expected market demand. The decrease in demand is partially due to higher interest rates.

## COMPARISON TO PRIOR YEAR

In 2022 operating expenses increased by \$351.0 million over the prior year mainly due to increases in Community Services of \$173.4 million, \$114.7 million in Transportation services, and \$50.6 million in Corporate administration, general municipal and other expenses.

**Community services** had increased expenses in 2022 mainly due to transfer of land and assets related to permanent supportive housing of approximate value of \$70.0 million to Homeward Trust. There were also increased expenditures related to the Rapid Housing Initiative federal grants funds transferred to external organizations and increased grants provided through the City's Affordable Housing Investment Plan (AHIP) for housing needs. Additionally, Community services experienced increases in salary, material and general service costs as recreation facilities and attractions fully re-opened in 2022, compared to 2021 when the facilities were operating under health restrictions (including facility closures) due to enhanced COVID-19 safety measures.

**Transportation services** expenses increased from the prior year as a result of higher salary, material and contractor costs for snow and ice clearing, due higher snowfall in the first quarter of 2022, as well as higher costs associated with residential blading/cul de sac work as a part of the bare pavement pilot project. There were also higher amortization costs as numerous capital projects were completed including LRT assets, zero emission electric buses and

road improvements. Transportation services also experienced higher salary costs to backfill transit operators who were on sick leave due to COVID-19, increased DATS contractor costs due to higher demand, and increased repair work due to increased ridership in 2022.

#### Operating Expenses by Object (millions of \$)

	2022 Actual (A)	2021 Actual (B)	Variance (A-B)
Salaries, wages and benefits	\$ 1,669.5	\$ 1,590.9	\$ 78.6
Materials, goods and utilities	375.5	298.2	77.3
Contracted and general services	342.5	297.0	45.5
Interest and bank charges	131.9	116.7	15.2
Grants and other	159.3	158.8	0.5
Amortization of tangible capital assets	652.5	620.3	32.2
Loss on disposal, impairment and transfer of tangible capital assets	113.3	11.6	101.7
<b>Operating Expenses</b>	<b>\$ 3,444.5</b>	<b>\$ 3,093.5</b>	<b>\$ 351.0</b>

The operating expense increase of \$351.0 million compared to prior year was largely due to higher loss on tangible capital asset transfers, and increased costs in salaries and wages, materials goods and utilities, contracted and general services and amortization.

**Loss on disposal, impairment and transfer of tangible capital assets** increased by \$101.7 million from the prior year mainly due to transfer of land and assets related to permanent supportive housing of approximate value of \$70.0 million to Homeward Trust. The City used federal Rapid Housing Initiative funding to construct assets and subsequently transferred them to Homeward Trust at a nominal cost. Additional losses were due to higher levels of roadway asset retirements due to increase in neighborhood and arterial road construction.

**Materials, goods and utilities** increased by \$77.3 million due to higher materials costs incurred for snow and ice clearing as a result of higher snowfall in the first quarter of 2022 and increased residential blading/cul de sac work as a part of the bare pavement pilot project. Fuel costs were also higher than prior year due to increased fuel prices. Generally, the City experienced higher materials usage due to the lifting of COVID-19 restrictions and the resumption of normal operations and programs.

**Salaries, wages and benefits** increased by \$78.6 million due the elimination of nearly all COVID-19 restrictions in 2022 allowing for the resumption of City programs, and the associated return of full time staffing levels in the current year. Additional wages were incurred for

**Corporate administration, general municipal and other** costs increased over the prior year mainly due to higher debt servicing costs and increased expenses for financial strategies. Debt servicing costs increased as a result of increased cost for new borrowing.

snow and ice clearing as a result of higher snowfall in the first quarter of 2022 and increased residential blading/cul de sac work as a part of the bare pavement pilot project. Increased costs are partly offset by personnel savings as a result of continued vacancy management in order to manage corporate-wide expenditures.

**Contracted and general services** were higher than the previous year due additional services required for the snow and ice control program, as well higher contract costs due to the ending of COVID-19 restrictions allowing for the re-opening and resumption of City run facilities and programs.

**Amortization of tangible capital assets** increased as expected in 2022 as a result of additional assets put into services in 2022, including LRT assets, zero emission electric buses and numerous neighborhood renewal projects.

**Interest and bank charges** increased due additional debt incurred in 2022 to finance various capital projects, including the Valley Line and Metro Line LRT construction and Yellowhead Trail Freeway Conversion.

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.



# 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 discussion 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.

**City Policy, C217E, Reserve and Equity Accounts.** This policy outlines the governance, accountability, administration, monitoring and reporting of all City reserves and equity accounts. The City has policies in place for various reserves, including the Financial Stabilization Reserve, Traffic Safety and Automated Enforcement Reserve, Edmonton Police Services Reserve and Planning and Development Reserve, that ensure sufficient funds are in place to satisfy the financial needs of the operations being supported by the reserve.

**City Policy, C624, Fiscal Policy For Revenue Generation.** The City of Edmonton provides various services and infrastructure for the community. Some provide broad benefits to the community at large. Others provide greater or more direct benefits to consumers of a service, or to certain stakeholders or properties. The City recognizes that service and infrastructure costs must be shared in some way amongst the tax base and benefiting parties, and equitably distributes these costs according to the accrual of benefits throughout the community. The purpose of this policy is to provide a clear and consistent governing framework for allocating service and infrastructure costs throughout the community, and to guide fiscal decisions on the fundamental question of "who pays for what, in what amount, and why?"

**City Policy, C451H, Edmonton Transit Service Fare Policy.** This 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.

**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, the objective of preservation of capital, liquidity, a prudent level of risk given the investment time horizon, while ensuring that the City of Edmonton's investments comply with statutory requirements.

### **City Policy, C604A, Edmonton Police Services (EPS) Funding**

**Formula.** The EPS Funding Formula was created to provide a predictable level of funding for each year within the four-year budget cycle. The goal of the funding formula was to provide funding certainty to allow for long-term budgeting and workforce planning. At the July 6, 2020 City Council meeting, Council requested that Administration suspend the Edmonton Police Service Funding Formula Policy C604. At the October 7, 2022 City Council meeting, Council approved the revised Edmonton Police Service Funding Formula Policy C604A for the 2023 fiscal year only, with a revised funding formula to be brought back for consideration during 2023.

### **City Policy, C610, Fiscal Policy for the Planning and Development**

**Business.** This policy 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 FINANCIAL GOVERNANCE POLICIES AND PRACTICES ENSURE EDMONTON'S CONTINUED SOUND FISCAL MANAGEMENT AND LONG-TERM FINANCIAL SUSTAINABILITY.

**City Policy C203D, Debt Management Fiscal Policy.** This policy 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, C558B** 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.

**City Policy C578, Multi-year Budgeting Policy.** This policy enshrines the use of a four-year budget cycle for budgeting for operating and capital programs, unless otherwise directed by Council, with the end of the term of this four-year budget to be coincidental with the calendar year-end of the year after the year in which a new Council is elected. The purpose of this policy is to establish guidelines and the approach for the planning and approval of multi-year budgets to ensure greater certainty for future expenditures and revenue increases, and the related impact on future tax increases.

**City Policy C597A, The Blatchford District Energy Utility Fiscal Policy.** This policy is for the Blatchford Renewable Energy Utility and 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.

## REGULATORY

EPCOR water and wastewater treatment 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. In 2021, City Council approved PBR plans to set rates for drainage services and wastewater treatment for the three year period April 1, 2022 to March 31, 2025, and rates for water services for the five-year period April 1, 2022 to March 31, 2027. The PBR framework and annual PBR progress reports allow City Council to have oversight and governance over water, wastewater treatment and drainage rates over a longer term and provides incentives to ensure that EPCOR operates more efficiently while providing appropriate service levels.

## STRATEGIC PLANNING

The Strategic Planning Framework is composed of six interconnected plans and processes that direct the growth and evolution of Edmonton. Broadly, the framework answers three main questions: Where are we now? Where are we going? How will we get there?

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### CONNECTEDMONTON AND THE CITY PLAN

The City's long-term goals are outlined in two documents: **ConnectEdmonton** sets the direction for the future and identifies where changes are required. ConnectEdmonton is based on an aspirational vision for Edmonton in 2050 and focuses on four strategic goals for 2019–2028 that require transformational change: Healthy City, Urban Places, Regional Prosperity and Climate Resilience.

**The City Plan** combines a Municipal Development Plan and Transportation Master Plan and includes direction for environmental planning, social planning and economic development to prepare for a city of two million Edmontonians.



### THE CORPORATE BUSINESS PLAN AND BUDGETS

The Corporate Business Plan outlines the actions the City will take during a four-year planning and budget cycle. It presents an integrated overview of the City's improvement initiatives and capital infrastructure projects across three corporate objectives that focus on transforming the community for the future, serving Edmontonians and managing the corporation.

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.

### ENTERPRISE PERFORMANCE AND ENTERPRISE RISK MANAGEMENT

Enterprise Performance Management (EPM) is an approach that helps the City manage its work and continuously improve performance to achieve the results that Edmontonians care about. When Council approved the Enterprise Performance Policy on May 8, 2018, it set the foundation for managing performance for 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 STRATEGIC PLANNING FRAMEWORK IS COMPOSED OF SIX INTERCONNECTED PLANS AND PROCESSES THAT DIRECT THE GROWTH AND EVOLUTION OF EDMONTON.**

## SERVICE REVIEW AND IMPROVEMENT (SRI)

The City is committed to continual improvement and has implemented several initiatives to drive service excellence and financial stewardship through self-assessment. The Program and Service Review (PSR) project was the first initiative which was completed in the summer of 2021. Between 2017 and 2021 the projects identified approximately \$30.0 million of net savings (cost avoidance and reduction) from over 180 recommendations. The realized savings were reallocated or identified as harvestable and incorporated into the supplemental operating budget deliberations. Building on the success of PSR, the City's new Service Review and Improvement (SRI) program aims to ensure that the services we deliver to Edmontonians are increasingly community-focused, efficient, open, progressive and collaborative. SRI projects gather insights from extensive internal analysis, diverse customer and stakeholder engagements, municipal and private sector environmental scans and integrates these together to deliver an evidence-based set of actionable recommendations to advance the service and customer experience for Edmontonians.

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.

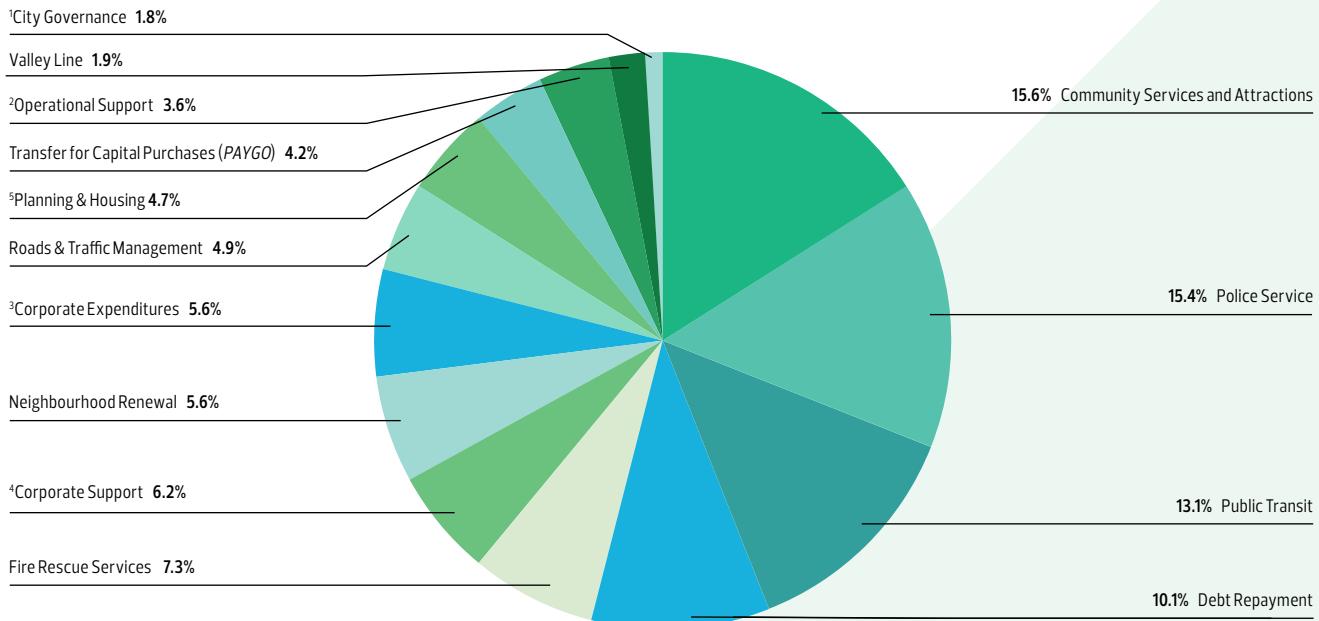
The multi-year process includes opportunities to adjust the budget twice a year through the supplemental budget adjustment process approved by City Council. During the supplemental budget adjustment process, Council can adjust the capital and operating budgets in response to changing project needs, new 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 original 2019–2022 Operating and Capital budgets. In December 2021, City Council made amendments to the approved 2022 operating budget.

## 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, governed by City Policy C578 – Multi-year Budgeting Policy, 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 Council's election terms, providing the foundation for more informed and strategic financial decision-making.

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 budget resulted in a 1.9 per cent general property tax increase in 2022. The 1.9 per cent increase includes a 1.4 per cent increase for all civic operations, a 0.1 per cent increase for Valley Line LRT, a 0.3 per cent increase for Alley Renewal and a 0.06 per cent increase for the Edmonton Police Service. The chart below shows the City's total tax supported expenditure budget that is spent on each major expense category:

### 2022 Budget by Major Expense Category



<sup>1</sup>City Governance includes Offices of the City Auditor, City Manager, City Clerk & Mayor & Council.

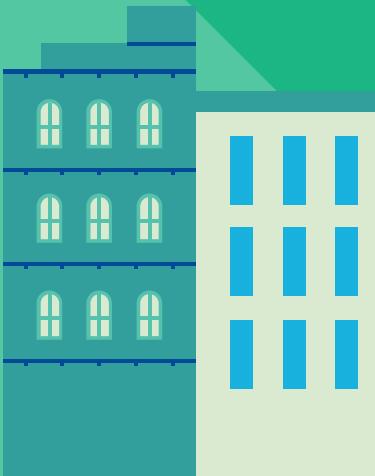
<sup>2</sup>Operational Support includes Integrated Infrastructure Services, Fleet & Facility Services and Real Estate Services.

<sup>3</sup>Corporate Expenditures includes Automated Enforcement, Capital Project Financing and corporate-wide expenditures.

<sup>4</sup>Corporate Support includes Communications & Engagement, Legal Services, Employee Services and Financial & Corporate Services (excluding Real Estate Services).

<sup>5</sup>Planning & Housing includes Development Services, Planning & Environment Services and Affordable Housing & Homelessness.

# GUIDED BY EDMONTON'S STRATEGIC PLAN, OPERATING AND CAPITAL BUDGETS ASSIST COUNCIL IN MAKING STRATEGIC DECISIONS ABOUT HOW TO ALLOCATE CITY RESOURCES.

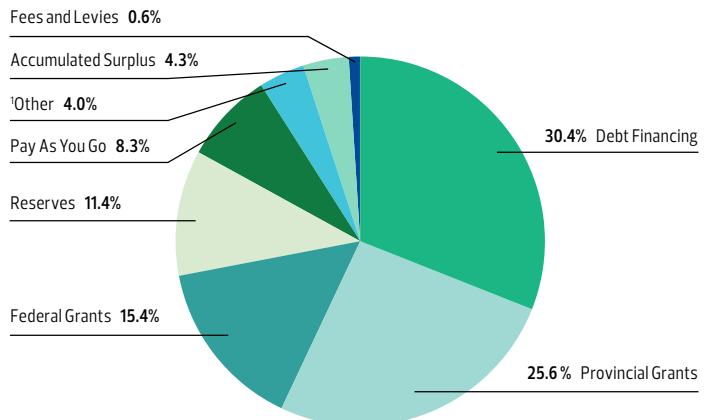


The bylaw to establish the 2023 municipal tax for all property types will be set by City Council in May 2023. Changes to the operating budget that will impact the tax levy may be completed prior to the taxation bylaw approval.

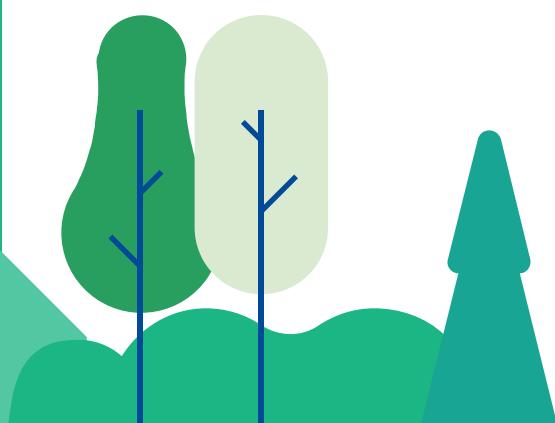
The capital budget strikes a balance between investments in infrastructure growth and the requirement to maintain and renew existing City assets. It determines the investment in Edmonton's hard infrastructure, including the construction of buildings such as recreation centers and libraries, and transportation 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 saw investments of \$7.4 billion on 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**



<sup>1</sup>Other includes partnership funding, Waste Services retained earnings, Edmonton Police Service Pay-As-You-Go and Edmonton Public Library Pay-As-You-Go.



## 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 and Edmonton Combative Sports Commission use the same accounting system as the City but report through their own boards or commissions. EPCOR, Explore Edmonton Corporation, Non-Profit Housing Corporation, Edmonton Unlimited 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. City Council reviews operating and capital reporting for second, third and fourth quarters.

Capital reporting 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 include an economic update and are reviewed by Administration and provided to City Council along with recommendations to address opportunities and challenges, as necessary. The financial reports are key in guiding 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 with 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 continue to recognize the City of Edmonton for a high standard of achievement.

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Canadian Award for Financial Reporting to the City of Edmonton for its annual financial report for the fiscal year-ended December 31, 2021. 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 2021, Edmonton received this award for the 29th 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 2021 Financial Report to Residents for the eighth consecutive year.

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.



# THE CITY OF EDMONTON RECEIVED THE CANADIAN AWARD FOR FINANCIAL REPORTING FOR ITS DECEMBER 31, 2021 ANNUAL FINANCIAL REPORT FROM THE GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA.



Government Finance Officers Association

## Canadian Award for Financial Reporting

Presented to

**City of Edmonton**

**Alberta**

For its Annual  
Financial Report  
for the Year Ended

**December 31, 2021**

*Christopher P. Morrell*

Executive Director/CEO

## AUDITING PROCESS

The MGA requires municipal councils to appoint an independent auditor. In 2020, 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 external audits.

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

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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.

A refreshed and improved Enterprise Risk Management Framework was launched in 2021 to advance the organization's understanding and reporting of risks in a rapidly changing environment. Consistent with the Policy requirements, risks are updated annually. The City's top risks to achieving the City's strategic goals currently are focused on economic prosperity and financial constraints, challenging political landscapes and employee retention, satisfaction and health.

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 to ensure the City is able to provide services and infrastructure to its growing population in a sustainable manner.

## ECONOMIC RISKS

Edmonton's economy continued to recover from the COVID-19 pandemic's impacts in 2022. Real gross domestic product is estimated to have grown 5.3 per cent in 2022 and surpassed pre-pandemic levels. Pandemic-related factors like supply chain disruptions and energy market imbalances continued to impact economies in 2022. The persistence of these issues and the Russian invasion of Ukraine drove consumer inflation higher through the first half of 2022 and triggered a policy response from the Bank of Canada, lifting their policy interest rate from 0.25 per cent to 4.25 per cent by year end. This has helped calm inflationary pressures but raised borrowing costs for households and businesses. This represents a downside risk to the City of Edmonton's economic outlook for 2023 should inflationary pressures take longer to dissipate and households and businesses are forced to make additional trade-offs in their spending.

Despite risks on the horizon, the progress made in 2021 and 2022 has put Edmonton's economy on more solid footing for 2023; real gross domestic product is expected to grow two per cent in 2023. After growing 2.9 per cent in 2022, Edmonton's population is expected to see growth of 2.4 per cent in 2023. This growth will add support to demand, including for housing and City-provided services, and could be pushed higher if commodity demand and a stronger than anticipated Alberta economy draw more people to the region. The City of Edmonton will continue to monitor economic developments in order to balance Edmonton's economic realities with the City's need to provide quality services and infrastructure to all Edmontonians.

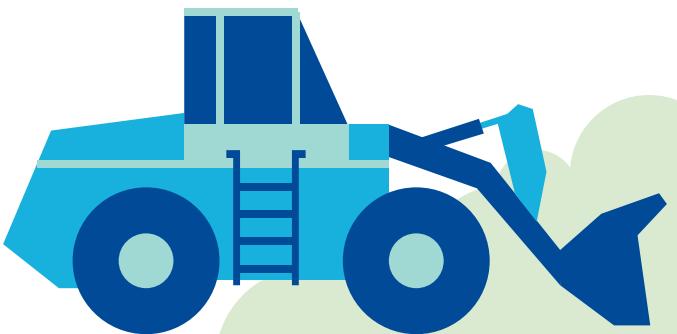
## ENTERPRISE PERFORMANCE MANAGEMENT IS AN APPROACH THAT HELPS THE CITY MANAGE ITS WORK AND CONTINUOUSLY IMPROVE PERFORMANCE TO ACHIEVE THE RESULTS THAT EDMONTONIANS CARE ABOUT.



# THE CITY WORKED TO KEEP PROPERTY TAXES MANAGEABLE IN 2022 BY OFFSETTING INCREASED COSTS THROUGH ONE-TIME STRATEGIES, WHICH HELPED TO KEEP THE TAX INCREASE AT 1.9 PER CENT.

The pandemic and other world events continued to drive economic instability and inflation. In 2022, the City faced increased costs to run services and to deliver numerous in progress and pre-approved construction projects. The City also continued to manage reduced revenues from transit, recreation centres and other services, which were still gradually returning closer to pre-pandemic levels. Edmontonians were also faced with increasing costs. The City worked to keep property taxes manageable in 2022 by offsetting increased costs through one-time strategies, which helped to keep the tax increase at 1.9 per cent. The City expects that economic instability will continue in the 2023–2026 budget cycle, and will continue to carefully manage finances to keep the City in a strong financial position. The City will also continue to work hard to balance delivering excellent services and construction projects with keeping property taxes manageable for Edmontonians.

The 2023–2026 Capital and Operating Budgets, and 2023–2032 Capital and Operating Investment Outlooks outline the City's capital and operating spending, taking into consideration these economic challenges. The long-term sustainability of City infrastructure is impacted by the City's capital renewal plan. The concept of 'renewal' refers to investment in existing infrastructure to restore it to an efficient operational 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.



## ASSET CONDITION

The City has built up its infrastructure significantly in recent years alongside population growth in Edmonton. This has created a much larger inventory of infrastructure that the City will be challenged to maintain. The City's current inventory includes over 13.1 million individual assets like parks, bridges, paths, roads, buildings and LRT lines. For the 2022 reporting period, 51.5 per cent of City assets are in very good/good condition, 38.3 per cent are in fair condition, and 10.2 per cent are in poor or very poor condition. The City of Edmonton measures performance on asset condition by the percentage of assets in poor and very poor condition. The current value of 10.2 per cent represents a net increase of 1.0 per cent over 2021, however a net overall decrease of 7.5 per cent since 2011 where the percentage of assets in poor and very poor condition was 17.7 per cent. The City uses a customized prioritization 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. The City will continue to leverage RIMS to support strategic spending on renewal.

## INTERGOVERNMENTAL

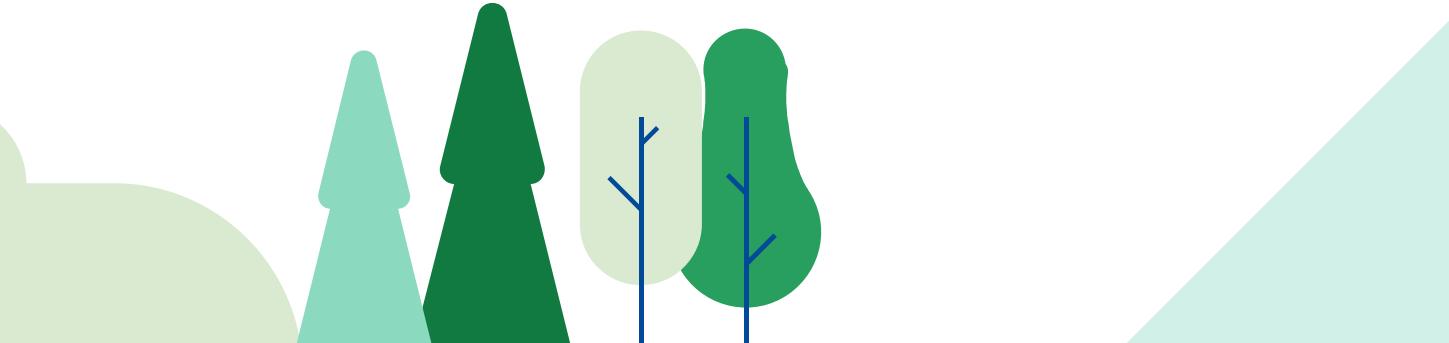
The City of Edmonton has focused on partnerships with the federal and provincial governments to address shared priorities of economic recovery and strong, resilient communities. The City remains committed to collaborating with other orders of government to ensure a safe, healthy, and prosperous community for residents.

While progress has been made on addressing priorities such as homelessness, climate action, reconciliation and building a more inclusive economy, further federal and provincial partnership and funding support will be critical in positioning the City to overcome

the impacts of the recent pandemic and put Edmonton firmly on the path to full economic recovery and sustainable growth. As a service hub for the capital region, Northern Alberta and the Territories, the City of Edmonton continues to rely on funding from other orders of government in addressing complex public policy issues facing the City and the region, which also have profound impact on the City's future fiscal reality.

While the role of municipalities has evolved significantly over the last few decades, the fiscal and legislative framework in which municipalities operate does not fully reflect the modern role of communities and cities in Canada. There is an opportunity to modernize municipal finances and authorities over the long term through new fiscal arrangements and stronger partnerships with other orders of government. City governments across the country are continuing to advocate for fiscal reforms to reflect the 21st century role of local governments in Canadians' daily lives and the economy.

**THE CITY OF EDMONTON HAS  
FOCUSSED ON PARTNERSHIPS  
WITH THE FEDERAL AND  
PROVINCIAL GOVERNMENTS TO  
ADDRESS SHARED PRIORITIES  
OF ECONOMIC RECOVERY  
AND STRONG, RESILIENT  
COMMUNITIES.**

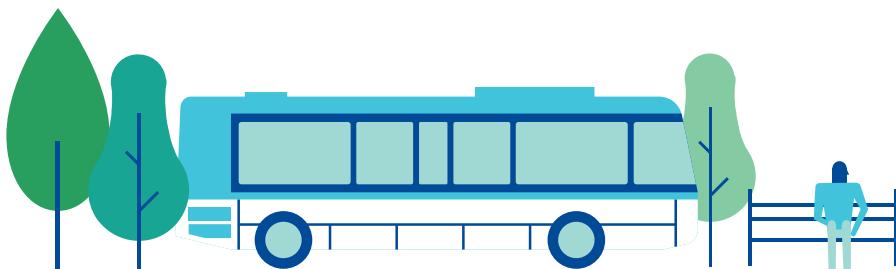


## MANAGING OTHER RISKS

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 C505 as well as an Environmental Policy C512. 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. The intention of City Policy C591, Capital Project Governance Policy, is to ensure that an appropriate level of development is completed on projects prior to them moving onto the delivery phase. This risk management process helps to ensure that key projects are completed safely, on time, on budget, on quality and in scope.
- + Hedges are purchased for future fuel purchases 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 capital purchases.
- + The City borrows through the Government of Alberta's department of Treasury Board and Finance. The interest rates for borrowing reflect the market cost of borrowing for local authorities, and are set for the term of the borrowing, therefore reducing risk associated with interest rate fluctuations.
- + 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 2021, 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 next review will take place in 2024.
- + The City's Debt Management Fiscal Policy, C203D, 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 MANAGES RISK TO HELP ENSURE ITS LONG-TERM SUSTAINABILITY AND ACHIEVEMENT OF COUNCIL'S STRATEGIC GOALS.



## CONCLUSION

Throughout 2022, the City of Edmonton has maintained its financial health and the City's economic performance remains one of the best in the province.

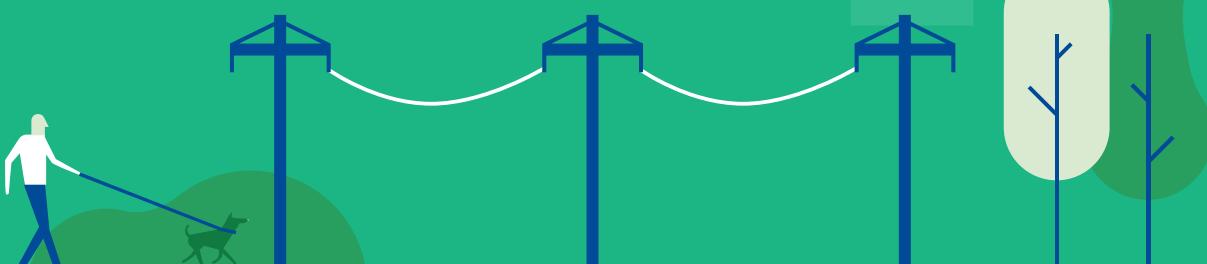
In 2022, Standard & Poor's held the City to a credit rating of AA with a stable outlook. The stable outlook reflects their opinion that Edmonton will maintain sound financial results over the next two years. Edmonton has performed well financially during the pandemic with support from senior levels of government. However, continued reliance on debt in Edmonton's capital program will lead to a rising tax-supported debt burden, potentially putting pressure on the City's credit rating.

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 approved 2023–2026 Capital and Operating budgets and business plans have helped the City position itself well for the future.

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.



**Stacey Padbury, CPA, CA**  
Deputy City Manager and Chief Financial Officer  
**Financial and Corporate Services**





## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

### 3 CONSOLIDATED FINANCIAL STATEMENTS



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.



**Andre Corbould**  
City Manager

April 25, 2023  
Edmonton, Canada



**Stacey Padbury**  
Deputy City Manager  
and Chief Financial Officer,  
Financial and Corporate Services

April 25, 2023  
Edmonton, Canada

# INDEPENDENT AUDITOR'S 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, 2022;
  - + 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, 2022, 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 "Auditor's Responsibilities for the Audit of the Financial Statements" section of our auditor's 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 AUDITOR'S 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 auditor's report thereon, included in a document likely to be entitled the "2022 Annual Report"; and
- + the information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled the "2022 Financial Report to Residents."

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 auditor's 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 auditor's report thereon, included in the documents likely to be entitled "2022 Annual Report" and "2022 Financial Report to Residents" is expected to be made available to us after the date of this auditor's 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 AUDITOR'S REPORT (CONT)

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## 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 auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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

April 25, 2023  
Edmonton, Canada

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31 (in thousands of dollars)

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	2022	2021
<b>Financial Assets</b>		
Cash and cash equivalents (Note 2)	\$ 442,200	\$ 473,259
Receivables (Note 3)	1,011,472	789,169
Investments (Note 4)	2,234,048	2,342,782
Debt recoverable (Note 5)	24,187	22,455
Land for resale (Note 6)	237,423	242,683
Investment in EPCOR (Note 20)	4,561,739	4,223,418
	<b>8,511,069</b>	<b>8,093,766</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 7 and Note 24)	1,180,736	1,150,730
Deposits	54,367	53,336
Deferred revenue (Note 8)	240,451	378,791
Employee benefit obligations (Note 9)	190,480	195,797
Landfill closure and post-closure care (Note 10)	51,324	45,560
Long-term debt (Note 11)	3,940,329	3,546,570
	<b>5,657,687</b>	<b>5,370,784</b>
<b>Net Financial Assets</b>	<b>2,853,382</b>	<b>2,722,982</b>
<b>Non-financial Assets</b>		
Tangible capital assets (Note 12 and Schedule 1)	14,350,670	13,754,952
Inventory of materials and supplies	39,314	33,778
Other assets (Note 13)	51,634	50,356
	<b>14,441,618</b>	<b>13,839,086</b>
<b>Accumulated Surplus (Note 15)</b>	<b>\$ 17,295,000</b>	<b>\$ 16,562,068</b>

Commitments, contingent liabilities, contingent assets and contractual rights (Notes 23, 25, 26 and 27)

See accompanying notes to consolidated financial statements.

Approved on behalf of City Council:

Mayor Amarjeet Sohi

Councillor Jo-Anne Wright

# CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

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

	Budget (Note 30)	2022	2021
<b>Revenues</b>			
Net taxes available for municipal purposes (Note 17)	\$ 1,807,854	\$ 1,807,124	\$ 1,745,774
User fees and sale of goods and services	583,420	588,892	506,676
Subsidiary operations - EPCOR (Note 20)	302,030	379,855	387,730
Franchise fees (Note 21)	207,831	208,465	183,021
Government transfers - operating (Note 18)	180,185	198,070	144,879
Licences and permits	72,534	80,286	77,618
Investment earnings	94,164	70,048	208,089
Fines and penalties	78,128	69,528	67,223
Developer and customer contributions - operating	31,382	31,579	37,531
	3,357,528	3,433,847	3,358,541
<b>Expenses</b>			
Transportation services:			
Bus and light rail transit	539,133	531,064	473,540
Roadway and parking	469,108	492,025	434,726
	1,008,241	1,023,089	908,266
Protective services:			
Police	512,889	506,507	499,947
Fire rescue	227,151	223,461	229,504
Bylaw enforcement	63,283	64,115	60,136
	803,323	794,083	789,587
Community services:			
Parks and recreation	235,263	263,215	213,398
Planning and corporate properties	212,936	172,412	175,390
Public housing	68,999	153,805	87,481
Convention and tourism	67,041	78,954	36,893
Public library	65,616	65,365	57,769
Community and family	68,079	63,543	52,937
	717,934	797,294	623,868
Utility and enterprise services:			
Waste Services Utility	207,426	202,386	202,808
Land Enterprise	51,573	28,227	23,425
Blatchford Renewable Energy Utility	2,305	1,910	1,606
	261,304	232,523	227,839
General municipal	336,585	300,099	246,888
Corporate administration	251,243	251,377	254,025
Fleet Services	31,089	41,863	38,809
Ed Tel Endowment Fund	4,546	4,198	4,221
	3,414,265	3,444,526	3,093,503
(Shortfall) Excess of Revenues over Expenses before Other	(56,737)	(10,679)	265,038
<b>Other</b>			
Government transfers - capital (Note 18)	850,660	532,815	413,405
Contributed tangible capital assets (Schedule 1)	128,975	81,563	95,448
Local improvements	7,246	12,384	11,468
Developer and customer contributions - capital	115,465	6,689	6,770
<b>Excess of Revenues over Expenses</b>	1,045,609	622,772	792,129
Accumulated Surplus, beginning of year	16,532,068	16,562,068	15,772,923
Subsidiary operations - EPCOR - other comprehensive income (loss) (Note 20)		112,834	(732)
Amortization of contributed capital asset transfer to EPCOR (Note 20)		(2,674)	(2,252)
<b>Accumulated Surplus, end of year</b>	\$ 17,577,677	\$ 17,295,000	\$ 16,562,068

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)

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	Budget (Note 30)	2022	2021
<b>Excess of Revenues over Expenses</b>	\$ 1,045,609	\$ 622,772	\$ 792,129
Acquisition of tangible capital assets	(2,634,454)	(1,315,095)	(1,136,470)
Contributed tangible capital assets (Schedule 1)	(128,975)	(81,563)	(95,448)
Proceeds on disposal of tangible capital assets		9,808	5,892
Amortization of tangible capital assets (Schedule 1)	678,144	652,513	620,337
Loss on disposal, impairment and transfer of tangible capital assets		113,313	11,604
Tangible capital assets contributed to EPCOR (Note 20)		25,306	34,709
	(2,085,285)	(595,718)	(559,376)
Net (acquisition) use of inventory of materials and supplies		(5,536)	3,542
Net change in other assets		(1,278)	(10,316)
		(6,814)	(6,774)
Subsidiary operations - EPCOR - other comprehensive income (loss) (Note 20)		112,834	(732)
Amortization of contributed capital assets transferred to EPCOR (Note 20)		(2,674)	(2,252)
		110,160	(2,984)
<b>(Decrease) increase in net financial assets</b>	<b>(1,039,676)</b>	<b>130,400</b>	<b>222,995</b>
Net Financial Assets, beginning of year	2,722,982	2,722,982	2,499,987
<b>Net Financial Assets, end of year</b>	<b>\$ 1,683,306</b>	<b>\$ 2,853,382</b>	<b>\$ 2,722,982</b>

See accompanying notes to consolidated financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

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

	2022	2021
Net inflow (outflow) of cash and cash equivalents:		
<b>Operating Activities</b>		
Excess of revenues over expenses	\$ 622,772	\$ 792,129
Add (deduct) items not affecting cash and cash equivalents:		
Subsidiary operations – EPCOR (Note 20)	(379,855)	(387,730)
Amortization of tangible capital assets	652,513	620,337
Loss on disposal, impairment and transfer of tangible capital assets	113,313	11,604
Contributed tangible capital assets	(81,563)	(95,448)
Change in non-cash items:		
Receivables	(222,303)	(1,957)
Debt recoverable	(1,732)	(12,642)
Land for resale	5,260	(1,470)
Inventory of materials and supplies	(5,536)	3,542
Other assets	(1,278)	(10,316)
Accounts payable and accrued liabilities	30,006	89,682
Deposits	1,031	8,564
Deferred revenue	(138,340)	98,639
Employee benefit obligations	(5,317)	1,736
Landfill closure and post-closure care	5,764	5,152
	<b>594,735</b>	<b>1,121,912</b>
<b>Capital Activities</b>		
Acquisition of tangible capital assets	(1,315,095)	(1,136,470)
Proceeds on disposal of tangible capital assets	9,808	5,892
	<b>(1,305,287)</b>	<b>(1,130,578)</b>
<b>Investing Activities</b>		
Dividend from subsidiary (Note 20)	177,000	171,000
Net decrease (increase) in investments	108,734	(359,540)
	<b>285,734</b>	<b>(188,540)</b>
<b>Financing Activities</b>		
Promissory notes issued	49,902	59,975
Repayment of promissory notes	(49,902)	(59,975)
Debenture borrowings	556,235	260,370
Repayment of long-term debt	(210,644)	(179,970)
Increase in public-private partnership (P3) term debt	48,168	59,025
	<b>393,759</b>	<b>139,425</b>
<b>Decrease in cash and cash equivalents</b>	<b>(31,059)</b>	<b>(57,781)</b>
Cash and cash equivalents, beginning of year	473,259	531,040
<b>Cash and cash equivalents, end of year</b>	<b>\$ 442,200</b>	<b>\$ 473,259</b>

Operating activities for 2022 include \$52,340 (2021 - \$33,656) of interest received and \$112,614 (2021 - \$111,005) of interest paid.

See accompanying notes to consolidated financial statements.

# SCHEDULE 1 – CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2022 (in thousands of dollars)

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	Opening Balance	Additions and Transfers	Disposals, Impairments and Transfers	Closing Balance
<b>Cost</b>				
Land	\$ 2,003,392	\$ 148,378	\$ (78,352)	\$ 2,073,418
Land improvements	1,774,836	129,829	(7,181)	1,897,484
Buildings	3,560,040	114,061	(5,866)	3,668,235
Vehicles	1,301,150	201,873	(17,086)	1,485,937
Machinery and equipment	1,093,069	54,456	(113,701)	1,033,824
Engineered structures:				
Roadway system	9,067,289	334,691	(97,354)	9,304,626
Light rail transit	1,821,504	74,880	(29,704)	1,866,680
Waste	156,127	756	(181)	156,702
Bus system	267,236	25,388	(3,301)	289,323
Other	86,776	3,352		90,128
	21,131,419	1,087,664	(352,726)	21,866,357
Assets under construction	1,121,387	308,994	(40,955)	1,389,426
	22,252,806	1,396,658	(393,681)	23,255,783
<b>Accumulated Amortization</b>				
Land improvements	619,073	63,767	(6,645)	676,195
Buildings	1,422,997	130,914	(5,351)	1,548,560
Vehicles	711,357	73,445	(16,069)	768,733
Machinery and equipment	671,932	78,425	(112,670)	637,687
Engineered structures:				
Roadway system	4,302,665	242,131	(78,749)	4,466,047
Light rail transit	536,221	46,130	(23,464)	558,887
Waste	108,960	3,594	(23)	112,531
Bus system	109,416	11,984	(2,283)	119,117
Other	15,233	2,123		17,356
	8,497,854	652,513	(245,254)	8,905,113
<b>Net Book Value</b>	<b>\$ 13,754,952</b>	<b>\$ 744,145</b>	<b>\$ (148,427)</b>	<b>\$ 14,350,670</b>

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. In 2022, a total of \$81,563 in land, land improvements and engineered structures were contributed to the City and were recorded at their fair value at the time received.

Included in disposals, impairments and transfers in 2022, is \$25,306 of tangible capital assets contributed to EPCOR (Note 20) and a loss of \$70,000 from the transfer of land and assets related to permanent supported housing to Homeward Trust. See Note 12 for the net book value of each tangible capital asset category.

# SCHEDULE 1 – CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2021 (in thousands of dollars)

	Opening Balance	Additions and Transfers	Disposals, Impairments and Transfers	Closing Balance
<b>Cost</b>				
Land	\$ 1,834,792	\$ 174,826	\$ (6,226)	\$ 2,003,392
Land improvements	1,517,825	258,446	(1,435)	1,774,836
Buildings	3,388,637	172,816	(1,413)	3,560,040
Vehicles	1,187,718	157,353	(43,921)	1,301,150
Machinery and equipment	1,001,850	111,447	(20,228)	1,093,069
Engineered structures:				
Roadway system	8,532,630	570,779	(36,120)	9,067,289
Light rail transit	1,347,406	474,098		1,821,504
Waste	150,454	5,673		156,127
Bus system	233,817	33,419		267,236
Other	83,562	3,214		86,776
	19,278,691	1,962,071	(109,343)	21,131,419
Assets under construction	1,882,257	(730,153)	(30,717)	1,121,387
	21,160,948	1,231,918	(140,060)	22,252,806
<b>Accumulated Amortization</b>				
Land improvements	565,926	54,582	(1,435)	619,073
Buildings	1,299,532	123,871	(406)	1,422,997
Vehicles	685,487	68,896	(43,026)	711,357
Machinery and equipment	612,753	78,684	(19,505)	671,932
Engineered structures:				
Roadway system	4,089,362	236,786	(23,483)	4,302,665
Light rail transit	493,278	42,943		536,221
Waste	106,320	2,640		108,960
Bus system	99,480	9,936		109,416
Other	13,234	1,999		15,233
	7,965,372	620,337	(87,855)	8,497,854
<b>Net Book Value</b>	<b>\$ 13,195,576</b>	<b>\$ 611,581</b>	<b>\$ (52,205)</b>	<b>\$ 13,754,952</b>

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. In 2021, a total of \$95,448 in land, land improvements and engineered structures were contributed to the City and were recorded at their fair value at the time received.

Included in disposals, impairment and transfers in 2021, is \$34,709 of tangible capital assets contributed to EPCOR (Note 20).

## SCHEDULE 2 – CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSUREE

For the year ended December 31, 2022 (in thousands of dollars)

## **SCHEDULE 2 – CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE**

For the year ended December 31, 2021 (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 EPCOR	Endowment Fund	Ed Tel 2021
<b>Revenues</b>												
Net taxes available for municipal purposes	\$ 446,983	\$ 656,237	\$ 324,002	\$ 318,552	\$1,745,774						\$ 1,745,774	
User fees and sale of goods and services	70,433	31,938	86,493	14,951	44,901	248,716	213,667	44,239	54	387,730	506,676	
Subsidiary operations - EPCCOR											183,021	
Franchise fees											144,879	
Government transfers - operating	4,414	30,366	62,041	183,021	183,021						77,618	
Licences and permits	3,294	3,070	64,217	47,547	144,368	455					208,089	
Investment earnings											123,763	
Fines and penalties											67,223	
Developer and customer contributions - operating	38,449	97	28,677	84,165	161						37,531	
Appropriation of earnings											(40,687)	
	525,124	760,184	567,706	14,951	753,526	2,621,491	221,895	44,239	110	387,730	83,076	3,358,541
<b>Expenses</b>												
Salaries, wages and benefits	333,370	628,988	223,193	76,329	279,308	1,541,188	48,384	1,338			1,590,910	
Materials, goods and utilities	90,116	38,864	56,318	51,293	35,644	272,235	10,554	15,314	58		298,161	
Contracted and general services	107,618	89,638	129,930	(139,096)	(7,669)	180,421	106,627	4,899	850	4,221	297,018	
Interest and bank charges	52,841	3,168	37,957	(2,961)	14,919	105,924	8,301	1,874	556		116,655	
Grants and other	89	440	12,2065			36,224	158,818				158,818	
Amortization of tangible capital assets	311,549	27,640	54,224	55,227	147,023	595,663	24,532		142		620,337	
Loss (gain) on disposal, impairment and transfer of tangible capital assets	12,683	849	181	(1,983)	(4,536)	7,194	4,410				11,604	
(Shortfall) Excess of Revenues over Expenses before Other	908,266	789,587	623,868	38,809	500,913	2,861,443	202,808	23,425	1,606		4,221	
	(383,142)	(29,403)	(56,162)	(23,858)	252,613	(239,952)	19,087	20,814	(1,496)	387,730	78,855	265,038
<b>Other</b>												
Government transfers - capital	245,883	6,317	129,298	30,303	411,801	1,604					413,405	
Contributed tangible capital assets	42,747		33,732	18,969	95,448						95,448	
Local improvements											11,468	
Developer and customer contributions - capital	1,979	11	4,019	16	6,025	745					6,770	
<b>Excess (Shortfall) of Revenues over Expenses</b>	<b>\$ (92,533)</b>	<b>\$ (23,075)</b>	<b>\$ 110,887</b>	<b>\$ (23,858)</b>	<b>\$ 313,369</b>	<b>\$ 284,790</b>	<b>\$ 21,436</b>	<b>\$ 20,814</b>	<b>\$ (1,496)</b>	<b>\$ 387,730</b>	<b>\$ 78,855</b>	<b>\$ 792,129</b>

# 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, 2022 (in thousands of dollars)

	City of Edmonton Library Board	Explore Edmonton Corporation	Non-Profit Housing Corporation	Fort Edmonton Management Company	Edmonton Combative Sports Commission	Edmonton Unlimited Corporation
<b>Financial Position</b>						
Financial Assets	\$ 28,626	\$ 24,887	\$ 6,734	\$ 5,194	\$ 235	\$ 11,595
Liabilities	12,330	24,330	59,614	3,588	18	10,690
<b>Net Financial Assets (Debt)</b>	<b>16,296</b>	<b>557</b>	<b>(52,880)</b>	<b>1,606</b>	<b>217</b>	<b>905</b>
Non-Financial Assets	36,973	6,589	75,550	483		1,545
<b>Accumulated Surplus</b>	<b>\$ 53,269</b>	<b>\$ 7,146</b>	<b>\$ 22,670</b>	<b>\$ 2,089</b>	<b>\$ 217</b>	<b>\$ 2,450</b>
<b>Operations</b>						
Revenues	55,322	72,599	11,546	6,720		9,632
Expenses	65,709	70,961	14,018	7,156	20	8,948
Other	10,620		1,198			
<b>Excess (Shortfall) of Revenues over Expenses</b>	<b>233</b>	<b>1,638</b>	<b>(1,274)</b>	<b>(436)</b>	<b>(20)</b>	<b>684</b>
Accumulated Surplus, beginning of year	53,036	5,508	23,944	2,525	237	1,766
<b>Accumulated Surplus, end of year</b>	<b>\$ 53,269</b>	<b>\$ 7,146</b>	<b>\$ 22,670</b>	<b>\$ 2,089</b>	<b>\$ 217</b>	<b>\$ 2,450</b>

For the year ended December 31, 2021 (in thousands of dollars)

	City of Edmonton Library Board	Explore Edmonton Corporation	Non-Profit Housing Corporation	Fort Edmonton Management Company	Edmonton Combative Sports Commission	Edmonton Unlimited Corporation
<b>Financial Position</b>						
Financial Assets	\$ 24,939	\$ 21,310	\$ 8,945	\$ 4,387	\$ 237	\$ 7,917
Liabilities	9,125	23,302	54,937	2,291		6,212
<b>Net Financial Assets (Debt)</b>	<b>15,814</b>	<b>(1,992)</b>	<b>(45,992)</b>	<b>2,096</b>	<b>237</b>	<b>1,705</b>
Non-Financial Assets	37,222	7,500	69,936	429		61
<b>Accumulated Surplus</b>	<b>\$ 53,036</b>	<b>\$ 5,508</b>	<b>\$ 23,944</b>	<b>\$ 2,525</b>	<b>\$ 237</b>	<b>\$ 1,766</b>
<b>Operations</b>						
Revenues	53,366	43,441	11,813	3,841	(1)	6,097
Expenses	58,220	38,757	12,405	3,754	11	4,339
Other	8,233	35	1,116			
<b>Excess (Shortfall) of Revenues over Expenses</b>	<b>3,379</b>	<b>4,719</b>	<b>524</b>	<b>87</b>	<b>(12)</b>	<b>1,758</b>
Accumulated Surplus, beginning of year	49,657	789	23,420	2,438	249	8
<b>Accumulated Surplus, end of year</b>	<b>\$ 53,036</b>	<b>\$ 5,508</b>	<b>\$ 23,944</b>	<b>\$ 2,525</b>	<b>\$ 237</b>	<b>\$ 1,766</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (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 are controlled by the City. In addition to general government tax-supported departments, these organizations, enterprises and utilities are consolidated and include the following:

**The City of Edmonton Library Board**  
(Edmonton Public Library)

**Explore Edmonton Corporation**  
(formerly Edmonton Economic Development Corporation)

**Fort Edmonton Management Company**

**Edmonton Combative Sports Commission**

**The City of Edmonton Non-Profit Housing Corporation**  
(Non-Profit Housing Corporation, operating as "HomeED")

**Edmonton Unlimited**  
(formerly Innovate Edmonton)

**Waste Services Utility**

**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 Utilities Inc. (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. EPCOR's other comprehensive income (loss) is recognized in the City's Consolidated Statement of Operations and Accumulated Surplus as an adjustment to accumulated surplus with a corresponding increase (decrease) in the investment in EPCOR. EPCOR's net income and contributions of tangible capital assets to EPCOR from the City are recorded as an increase to the investment in EPCOR. Any dividends that the City receives from EPCOR are recorded as a decrease to the investment in EPCOR.

The City, through its wholly-owned subsidiary Explore Edmonton Corporation (EEC), held a 50.0 per cent interest in TEC Edmonton, a partnership with the University of Alberta. TEC Edmonton was wound down and ceased operations on June 30, 2021 and therefore only impacted the comparative figures in these financial statements.

The City administers Pension Funds, a Long-term Disability Plan and other assets on behalf of third parties which are disclosed in Note 22. 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, 2022 (in thousands of dollars)

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## 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

The City's functional currency is the Canadian dollar. 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, 2022 (in thousands of dollars)

## 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.

Investment earnings are recorded as revenue in the period earned.

## 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, 2022 (in thousands of dollars)

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## 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.

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include 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.

## 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 with TransEd Partners General Partnership 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 was 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

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

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (in thousands of dollars)

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**

Within tangible capital assets is land under roads that is acquired other than by a purchase agreement and is valued at a nominal amount, as the fair value is not determinable.

## **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. COVID -19**

Although COVID-19 had an adverse impact on Edmontonians and the City's finances and operations, this impact lessened in 2022 and the Alberta health orders were lifted mid-year. Management continues to monitor for any potential impacts on the operations and financial position of the City and implement mitigating strategies as appropriate.

## **T. FUTURE ACCOUNTING STANDARD PRONOUNCEMENTS**

The City continues 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* are required to be implemented at the same time.

### **i. STANDARDS EFFECTIVE FOR THE CITY'S FISCAL YEAR ENDING DECEMBER 31, 2023**

#### **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.

#### **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.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (in thousands of dollars)

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.

## 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.

## 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.

## 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.

## *ii. STANDARDS EFFECTIVE FOR THE CITY'S FISCAL YEAR ENDING DECEMBER 31, 2024*

### 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.

### Purchased Intangibles

*PSG-8, Purchased Intangibles*, allows for purchased intangible assets to be recognized as assets in a public sector entity's financial statements.

### Public Private Partnerships

*PS3160, Public Private Partnerships*, establishes standards on accounting for partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (in thousands of dollars)

## 02 CASH AND CASH EQUIVALENTS

	2022	2021
Cash	\$ 56,063	\$ 35,067
Cash equivalents	386,137	444,828
Cheques outstanding in excess of deposits	(6,636)	
	<b>\$ 442,200</b>	<b>\$ 473,259</b>

Cash equivalents have effective interest rates of 4.2 to 4.8 per cent (2021 - 0.2 to 0.6 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 \$250,000 CAD and \$10,000 USD (2021 - \$250,000 CAD and \$10,000 USD) to cover any bank overdrafts arising from day to day cash transactions. As of December 31, 2022, \$0 (2021 - \$0) was outstanding on the line of credit.

## 03 RECEIVABLES

	2022	2021
Trade and other	\$ 170,032	\$ 207,696
Local improvements	121,640	119,986
Taxes	88,735	81,260
Government transfers:		
Investing in Canada Infrastructure Program	247,685	102,281
P3 Canada Fund	239,495	232,780
Municipal Sustainability Initiative	95,318	
Building Canada Fund	32,691	9,250
National Trade Corridor	12,887	4,758
Green Transit Incentives Program	847	2,461
Public Transit Infrastructure Fund		24,874
Other	2,142	3,823
	<b>\$ 1,011,472</b>	<b>\$ 789,169</b>

Trade and other is net of allowance for doubtful accounts of \$4,236 (2021 - \$3,835). Taxes is net of allowance for doubtful accounts of \$5,421 (2021 - \$6,076).

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (in thousands of dollars)

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## 04 INVESTMENTS

	2022		2021	
	Cost	Market Value	Cost	Market Value
Cash	\$ 766	\$ 766	\$ 491	\$ 491
Amounts receivable - net	435	435	813	813
Fixed income:				
Short-term notes and deposits	167,380	167,231	267,622	267,515
Government and government guaranteed bonds	574,606	511,907	627,377	627,966
Corporate bonds and debentures	526,170	480,483	466,823	463,206
Pooled fund	103,263	107,275	108,076	110,026
	1,371,419	1,266,896	1,469,898	1,468,713
Common and preferred shares:				
Canadian	225,656	215,736	260,611	307,530
International	421,831	479,011	458,629	543,993
Global	43,478	50,358	47,897	56,958
	690,965	745,105	767,137	908,481
Private pooled funds	170,446	190,672	104,426	113,497
Other investments	17	17	17	17
	\$ 2,234,048	\$ 2,203,891	\$ 2,342,782	\$ 2,492,012

All investments held by the City must comply with the MGA, the Municipal Investment Regulation, and the City's internal investment policy (C212E).

Short-term notes and deposits have effective interest rates of 0.4 to 4.9 per cent (2021 - 0.1 to 0.9 per cent) and mature in less than one year. Government and government guaranteed bonds and corporate bonds and debentures have effective interest rates of 3.3 to 6.3 per cent (2021 - 0.9 to 4.1 per cent) with maturity dates from 2023 to 2062 (2021 - 2022 to 2062).

The pooled fixed income fund represents an interest in a fund consisting of corporate bonds, government bonds and inflation-linked bonds.

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

Investments with a cost of \$867,378 (2021 - \$891,958) and market value of \$891,660 (2021 - \$996,922) are managed within the Ed Tel Endowment Fund, in accordance with City Bylaw 11713. An annual appropriation from the earnings of the fund of \$54,000 (2021 - \$40,687), including a special dividend of \$10,800 (2021 - \$0), 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 15.0 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, 2022 (in thousands of dollars)

## 05 DEBT RECOVERABLE

Debt recoverable of \$24,187 (2021 – \$22,455) consists of amounts borrowed by the City and provided to the Edmonton Catholic Separate School District and the Francis Winspear Centre for Music, to be recovered through agreements. The financial arrangements are in accordance with section 264 of the Municipal Government Act and are authorized by City bylaws. The arrangements have the same general repayments terms as the respective debt with interest accrued on outstanding amounts. As of December 31, 2022, the Edmonton Catholic Separate School District and Francis Winspear Centre for Music are in compliance with the terms of the financial arrangement.

The receivables bear an implicit annual interest rate ranging between 2.5 to 4.3 per cent (2021 – 2.5 to 4.3 per cent) and will be fully recovered between the years 2041 and 2044, respectively.

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

	Principal	Interest	Total
2023	\$ 2,561	\$ 704	\$ 3,265
2024	863	682	1,545
2025	889	656	1,545
2026	916	629	1,545
2027	944	601	1,545
Thereafter	18,014	4,985	22,999
	\$ 24,187	\$ 8,257	\$ 32,444

## 06 LAND FOR RESALE

	2022	2021
Land for Resale, beginning of year	\$ 242,683	\$ 241,214
Additions	16,230	19,522
Sales	(21,490)	(18,053)
<b>Land for Resale, end of year</b>	<b>\$ 237,423</b>	<b>\$ 242,683</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (in thousands of dollars)

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## 07 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2022	2021
Trade and other	\$ 840,449	\$ 853,897
Developer obligations	208,321	182,879
Payroll and remittances	107,426	93,027
Accrued interest	24,540	20,927
	<b>\$ 1,180,736</b>	<b>\$ 1,150,730</b>

## 08 DEFERRED REVENUE

	2021	Externally Restricted Contributions Received	Revenue Recognized	2022
Operating:				
Revenue in advance of service performed and other	\$ 39,244	\$ 142,818	\$ 138,949	\$ 43,113
Development permits	17,372	16,776	13,678	20,470
Deferred lease incentives	12,253	1,545	859	12,939
Affordable Housing Municipal Block Funding	8,377	152	6,244	2,285
	77,246	161,291	159,730	78,807
Capital:				
Municipal Sustainability Initiative	164,332	97,059	168,122	93,269
Canada Community Building Fund	106,084	58,261	113,258	51,087
Alberta Ministry of Transportation agreements		26,051	16,325	9,726
Municipal Stimulus Program	12,718	115	12,833	
Rapid Housing Initiative	8,277		8,277	
Other	10,134	13,484	16,056	7,562
	301,545	194,970	334,871	161,644
	<b>\$ 378,791</b>	<b>\$ 356,261</b>	<b>\$ 494,601</b>	<b>\$ 240,451</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (in thousands of dollars)

## 09 EMPLOYEE BENEFIT OBLIGATIONS

	2022	2021
Accrued vacation	\$ 94,865	\$ 93,961
Post-employment benefits	49,764	50,160
Banked overtime	14,889	15,024
Group life insurance plan	11,470	11,155
Major medical and dental plans	8,876	13,407
Supplementary management retirement plan	6,533	7,089
Health care spending	3,213	3,122
Income replacement plan	44	1,163
Other	826	716
	<b>\$ 190,480</b>	<b>\$ 195,797</b>

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 as at December 31, 2022 regarding the continuation of benefit coverage while eligible employees are on long-term disability. The discount rate used in the valuation is 3.0 per cent (2021 – 1.5 per cent). The accrued benefit obligation as at December 31, 2022 is \$47,459 (2021 – \$46,642). The change is comprised of current service cost of \$12,823 (2021 – \$8,858), interest cost of \$844 (2021 – \$772), actuarial gain of \$6,454 (2021 loss – \$796) and benefits paid during the year of \$6,396 (2021 – \$6,031).

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 2022 were \$1,011 (2021 – \$1,004). Eligible dental obligations for 2022 were \$370 (2021 – \$331). Other post-employment benefits were \$924 (2021 – \$2,183).

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. This 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 \$6,665 (2021 – \$7,089) has been based upon an actuarial valuation completed as at December 31, 2022. Unamortized net gain of \$380 (2021 loss – \$416) will be amortized over the 14 (2021 – 14) year 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 2022 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, 2022.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (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 in 2024, after which time 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 3.4 per cent (2021 – 3.5 per cent) and inflation rate of 2.1 per cent (2021 – 2.1 per cent). An amount of \$49,268 (2021 – \$45,560) has been accrued and Waste Services currently maintains restricted cash of \$22,200 for the Clover Bar landfill liability. The remaining required funds for this liability will be funded through the collection of utility rates.

The Rundle Park landfill site was closed in 1973 and the post-closure care period ended in 1998. Although the former landfill is no longer regulated under an Alberta Environmental Protection and Enhancement Act approval, the City is obligated to ensure the site is safe for the environment and public use. The liability associated with this landfill includes the development of long-term landfill gas emission and mitigation strategies, a planned retrofit to the landfill flare facility and the annual cost of maintaining the landfill gas management system. An amount of \$2,056 (2021 – \$0) has been accrued.

## 11 LONG-TERM DEBT

### A. DEBT PAYABLE

Debt payable includes the following amounts:

	2022	2021
Debentures	\$ 3,861,649	\$ 3,554,705
Mortgages	29,475	24,048
Public-private partnership (P3) term debt	539,333	491,165
	<b>4,430,457</b>	4,069,918
Less debt attributed to and secured by offsetting amounts receivable from:		
EPCOR Utilities Inc.	490,128	523,348
	<b>\$ 3,940,329</b>	<b>\$ 3,546,570</b>
Long-term debt comprises:		
Self-liquidating debt	509,434	514,408
Tax-supported debt:		
Debenture debt	2,891,562	2,540,997
Public-private partnership (P3) term debt	539,333	491,165
	<b>\$ 3,940,329</b>	<b>\$ 3,546,570</b>

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.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (in thousands of dollars)

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
2023	\$ 69,093	\$ 246,489	\$ 315,582	\$ 30,966	\$ 284,616
2024	69,876	180,027	249,903	31,613	218,290
2025	70,299	183,006	253,305	32,437	220,868
2026	70,387	187,448	257,835	33,155	224,680
2027	62,336	187,656	249,992	32,396	217,596
Thereafter	657,570	2,446,270	3,103,840	329,561	2,774,279
	\$ 999,561	\$ 3,430,896	\$ 4,430,457	\$ 490,128	\$ 3,940,329

**Interest:**

	Self-Liquidating	Tax-Supported	Gross Payment	Less: EPCOR Receivable	Net Payment
2023	\$ 35,098	\$ 113,030	\$ 148,128	\$ 18,195	\$ 129,933
2024	32,283	116,786	149,069	16,885	132,184
2025	29,477	110,021	139,498	15,553	123,945
2026	26,680	103,127	129,807	14,194	115,613
2027	24,020	96,075	120,095	12,815	107,280
Thereafter	151,971	862,042	1,014,013	65,342	948,671
	\$ 299,529	\$ 1,401,081	\$ 1,700,610	\$ 142,984	\$ 1,557,626

**Total Payments:**

	Self-Liquidating	Tax-Supported	Gross Payment	Less: EPCOR Receivable	Net Payment
2023	\$ 104,191	\$ 359,519	\$ 463,710	\$ 49,161	\$ 414,549
2024	102,159	296,813	398,972	48,498	350,474
2025	99,776	293,027	392,803	47,990	344,813
2026	97,067	290,575	387,642	47,349	340,293
2027	86,356	283,731	370,087	45,211	324,876
Thereafter	809,541	3,308,312	4,117,853	394,903	3,722,950
	\$ 1,299,090	\$ 4,831,977	\$ 6,131,067	\$ 633,112	\$ 5,497,955

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

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (in thousands of dollars)

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## B. DEBT AND DEBT SERVICE LIMITS

The City of Edmonton Charter Regulation AR 39/2018 allows the City to establish its own debt limits on condition the City obtain an external credit rating and develop a Council-approved debt policy. The City obtains a credit rating annually, and on November 14, 2022, City Council approved City Policy C203D - Debt Management Fiscal Policy. The limits in the policy supersede the limits specified in the MGA regulation AR 255/2000.

The City limits tax-supporting debt servicing to 18.0 per cent of tax-supported net expenditures and total debt servicing to 21.0 per cent of City revenue. Total debt servicing is permitted up to 26.0 per cent of City revenue for emergency purposes. The City's debt is limited to the level of debt that would result in total debt servicing equal to 26.0 per cent of City revenue using the City's average long-term borrowing rate.

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

	2022	2021
Total debt servicing limit (26% of City revenue)	\$ 798,997	\$ 777,153
Total debt servicing	341,907	289,066
Percentage used (%)	42.8	37.2
 Total debt servicing limit (21% of City revenue)	 \$ 645,344	 627,700
Total debt servicing	341,907	289,066
Percentage used (%)	53.0	46.1
 Tax-supported debt servicing limit (18% of tax-supported net operating expenditures)	 \$ 461,338	 406,545
Tax-supported debt servicing	267,618	237,411
Percentage used (%)	58.0	58.4

## C. MATURITIES AND INTEREST RATES

Existing long-term debt matures in annual amounts in years 2023 through 2052 and debenture interest is payable at rates ranging from

1.0 to 8.5 per cent (2021 - 1.3 to 8.5 per cent). The average annual interest rate is 3.4 per cent for 2022 (2021 - 3.5 per cent).

## D. INTEREST ON LONG-TERM DEBT

	2022	2021
Self-liquidating debt	\$ 36,821	\$ 37,353
Tax-supported debt	92,982	86,440
Public private partnership (P3) term debt	1,828	7,493
	131,631	131,286
 Less payments on offsetting amounts receivable	 19,390	 20,861
 Long-term debt interest included in interest and bank charges	 \$ 112,241	 \$ 110,425

## E. PUBLIC PRIVATE PARTNERSHIP (P3) OBLIGATION

	2022	2021
Valley Line LRT:		
P3 service commencement liability	\$ 162,481	\$ 204,804
P3 term debt	539,333	491,165
 Total P3 Obligation	 \$ 701,814	 \$ 695,969

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (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 LRT from Mill Woods to Downtown. The construction period runs from 2016–2023 and the operating period from 2023–2050. 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 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 construction completion of the project. The remaining 33.3 per cent, which represents P3 term debt, is to be repaid by monthly interest and principal payments starting in the operating period at an interest rate of 4.4 per cent. The City's liability for the P3 long-term debt is uncertain at present due to the ongoing construction period and the contractual mechanisms by which disputes arising during the construction period are resolved.

As of December 31, 2022, the total P3 obligation is \$701,814 based on 97.8 per cent of construction completion. The P3 service commencement liability related to the payment TransEd will receive upon service commencement, reported in Accounts payable and accrued liabilities, has a balance of \$162,481.

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

	Principal	Interest	Total
2023	\$ 79,457	\$ 10,250	\$ 89,707
2024	8,383	20,226	28,609
2025	8,762	19,846	28,608
2026	9,158	19,450	28,608
2027	9,573	19,036	28,609
Thereafter	424,000	268,219	692,219
	\$ 539,333	\$ 357,027	\$ 896,360

## 12 TANGIBLE CAPITAL ASSETS

	Net Book Value	
	2022	2021
Land	\$ 2,073,418	\$ 2,003,392
Land improvements	1,221,289	1,155,763
Buildings	2,119,675	2,137,043
Vehicles	717,204	589,793
Machinery and equipment	396,137	421,137
Engineered structures:		
Roadway system	4,838,579	4,764,624
Light rail transit	1,307,793	1,285,283
Waste	44,171	47,167
Bus system	170,206	157,820
Other	72,772	71,543
	12,961,244	12,633,565
Assets under construction	1,389,426	1,121,387
	\$ 14,350,670	\$ 13,754,952

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

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (in thousands of dollars)

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## 13 OTHER ASSETS

	2022	2021
Prepaid expenses – operational	\$ 36,115	\$ 30,846
Benefit plan assets	11,779	14,795
Other	3,740	4,715
	<hr/> \$ 51,634	<hr/> \$ 50,356

## 14 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.

	2022	2021
Tangible capital assets (Schedule 1)	\$ 23,255,783	\$ 22,252,806
Accumulated amortization (Schedule 1)	(8,905,113)	(8,497,854)
Long-term debt (Note 11)	(3,940,329)	(3,546,570)
Long-term debt for land redevelopment	74,645	76,118
Debt recoverable (Note 5)	24,187	22,455
	<hr/> \$ 10,509,173	<hr/> \$ 10,306,955

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (in thousands of dollars)

## 15 RESERVES FOR FUTURE EXPENDITURES

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

	2022	2021
General Government:		
Financial stabilization – appropriated	\$ 192,360	\$ 180,952
Pay-As-You-Go capital	140,956	180,143
Local improvement	140,564	138,880
Light rail transit	114,759	86,567
Sanitary servicing strategy fund	70,614	56,009
Financial stabilization – unappropriated	68,402	121,746
Affordable housing	59,513	55,834
Planning and development	41,177	29,512
Fleet services – vehicle replacement	38,972	36,411
Funds in lieu – residential	35,581	29,447
Neighbourhood renewal	24,174	19,579
Parkland	18,949	19,572
Tax-supported debt	14,513	16,707
Pay-As-You-Go capital – Edmonton Police Services	13,569	17,422
Revolving industrial servicing fund	11,002	8,631
Developer recoveries	10,525	10,959
Rogers Place Arena capital	9,880	8,665
Natural areas	8,842	8,710
Tree management	8,533	9,793
Commercial revitalization	6,088	4,830
Heritage resources	6,036	5,032
Perpetual care	5,465	4,650
Public art	4,252	3,420
St. Francis Xavier	2,774	2,488
Vehicle for hire	2,690	1,966
Motor vehicle insurance	2,500	2,500
Commonwealth Stadium	2,135	1,991
Traffic safety and automated enforcement	901	7,375
Edmonton Police Service	312	(2,895)
Brownfield Redevelopment	(3,131)	(2,850)
Community Revitalization Levy – Capital City Downtown	(10,247)	(11,770)
Community Revitalization Levy – Belvedere	(15,209)	(14,205)
Community Revitalization Levy – Quarters	(16,401)	(14,211)
Interim financing	(36,137)	(37,749)
Other	632	902
	<b>975,545</b>	<b>987,013</b>
City of Edmonton Library Board	12,672	12,488
Non-Profit Housing Corporation	4,928	6,511
Fort Edmonton Management Company	30	
	<b>\$ 993,145</b>	<b>\$ 1,006,042</b>

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, 2022 (in thousands of dollars)

## 16 ACCUMULATED SURPLUS

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

	2022	2021
General government operations	\$ 81,613	\$ 52,254
Restricted surplus (deficit):		
EPCOR	4,561,739	4,223,418
Reserves for future expenditures (Note 15)	993,145	1,006,042
Ed Tel Endowment Fund	867,378	891,958
Land Enterprise	110,545	107,001
Pension and benefits	36,993	36,965
Waste Services Utility	17,038	17,804
Explore Edmonton Corporation	13,807	16,136
City of Edmonton Library Board	5,482	5,172
Fort Edmonton Management Company	2,842	3,662
Non-Profit Housing Corporation	(166)	704
Edmonton Combative Sports Commission	218	237
Blatchford Renewable Energy Utility	(7,712)	(5,585)
Equity in tangible capital assets (Note 14)	10,509,173	10,306,955
Advances for construction (capital to be financed)	102,905	(100,655)
	<hr/> \$ 17,295,000	<hr/> \$ 16,562,068

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (in thousands of dollars)

## 17 NET TAXES AVAILABLE FOR MUNICIPAL PURPOSES

	Budget	2022	2021
Taxes:			
Property taxes	\$ 2,246,270	\$ 2,247,177	\$ 2,183,866
Community revitalization levy (CRL)	36,238	36,129	34,614
Revenue in lieu of taxes	26,523	26,267	22,971
Special tax – alley lighting	1,890	1,905	1,362
Tax appeals and allowances	(12,300)	(12,236)	(8,593)
Other	5,000	8,853	8,494
	2,303,621	2,308,095	2,242,714
Less taxes on behalf of:			
Education	495,767	497,033	493,416
Business Improvement Areas and other		3,938	3,524
	495,767	500,971	496,940
Net taxes available for municipal purposes	\$ 1,807,854	\$ 1,807,124	\$ 1,745,774

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 Other in the Consolidated Statement of Operations and Accumulated Surplus.

Provincial education taxes collected on incremental tax revenue within the CRL are retained to offset development costs in the related area.

As at December 31, 2022, 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 2022, \$5,052 (2021 - \$4,429) incremental tax levy was collected in the Quarters CRL, including \$1,065 (2021 - \$983) in education taxes. The Belvedere CRL collected \$1,623 (2021 - \$1,174) in incremental tax levy during the year, including \$254 (2021 - \$240) in education taxes. The Capital City Downtown CRL collected \$29,453 (2021 - \$29,011) in incremental tax levy during the year, including \$7,163 (2021 - \$7,163) in education taxes.

## 18 GOVERNMENT TRANSFERS

	Budget	2022	2021
Operating:			
Federal	\$ 45,094	\$ 55,567	\$ 61,449
Provincial	135,091	142,503	83,430
	180,185	198,070	144,879
Capital:			
Federal	296,787	222,471	110,654
Provincial	553,873	310,344	302,751
	850,660	532,815	413,405
Total Government Transfers	\$ 1,030,845	\$ 730,885	\$ 558,284

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (in thousands of dollars)

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## Operating – Provincial

In 2022, the City received a grant of \$16,744 (2021 – \$26,046) from the Province for Family and Community Support Services funding. In 2022, \$22,325 (2021 – \$22,325) was recognized as operating government transfers, while \$0 (2021 – \$5,581) was recorded as deferred revenue.

In 2008, the Province introduced a grant for Affordable Housing Program Municipal Block Funding. The grant is administered through the City's Cornerstone 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 2022, the City recognized operating government transfers of \$6,201 (2021 – \$2,084). In 2022, \$2,285 (2021 – \$8,377) was recorded as deferred revenue and \$109 (2021 – \$22) of interest was earned.

## Capital – Federal

Under the Canada Community Building Fund, the City received \$58,261 (2021 – \$113,836), and recognized \$69,653 (2021 – \$16,115) as capital government transfers and \$43,605 (2021 – \$43,605) as operating government transfers, to fund debt servicing costs related to the South LRT. In 2022, \$51,087 (2021 – \$106,084) was recorded as deferred revenue.

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 2022, the City received \$17,279 (2021 – \$35,396) and recognized \$40,720 (2021 – \$16,474) as capital government transfers. A receivable was recorded for \$32,691 (2021 – \$9,250).

In 2016, through the P3 Canada Fund, an agreement was signed to provide funding for the construction of Valley Line LRT. In 2022, the City recognized \$6,715 (2021 – \$13,383) as capital government transfers and recorded \$239,495 (2021 – \$232,780) as receivable.

## Capital – Provincial

With the commencement of the Terwillegar Drive Expressway Upgrade, the City signed an agreement with the Ministry of Transportation. Subsequently, the Ministry awarded another agreement for the 50th Street CP Railway Grade Separation. In 2022, the City received \$27,640 (2021 – \$4,209) and earned interest of \$430 (2021 – \$0). The City recognized \$16,325 (2021 – \$5,800) as capital government revenue and recorded a deferred revenue of \$9,726 (2021 – \$2,019 receivable).

In 2020, the Province commenced the Municipal Stimulus Program to sustain and create local jobs and position communities to participate in future economic growth. In 2022, the City received \$0 (2021 – \$109,450) from the Province and earned interest of \$115 (2021 – \$77). The City recognized \$12,833 (2021 – \$93,008) as capital government transfers, \$0 (2021 – \$9,600) as operating government transfers and recorded \$0 (2021 – \$12,718) as deferred revenue. As at December 31, 2022 this grant is complete.

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 2022, the City received \$19,750 (2021 – \$10,199), net of \$599 (2021 – \$462) received on behalf of regional transit partners and earned interest of \$195 (2021 – \$34). In 2022, the City transferred Green TRIP funding from Metro Line to the Stadium LRT Station project resulting in a net recognition of \$17,133 (2021 – recognition of \$9,563) as capital government transfers and a receivable of \$248 (2021 – \$2,461) was recorded.

In 2007, the Province introduced the Municipal Sustainability Initiative (MSI) program to provide municipalities with sustainable funding. In 2022, the City received \$0 (2021 – \$235,053) from the Province, earned interest of \$1,741 (2021 – \$310) and recognized \$167,516 (2021 – \$170,664) as capital government transfers and \$606 (2021 – \$0) as operating government transfers. In 2022, the City recorded \$2,049 (2021 – \$164,332 as deferred revenue) as a net receivable.

Under the Public Transit Infrastructure Fund, the Province agrees to provide on behalf of itself and the Federal Government a cost-sharing grant which is comprised of the Province's contribution of 25.0 per cent and the Federal Government's contribution of 50.0 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 2022, the City received \$25,032 (2021 – \$25,854), and \$0 (2021 – \$1,347) was recognized as capital government transfers and \$158 (2021 – \$0) as operating government transfers. A receivable was recorded of \$0 (2021 – \$24,874). As at December 31, 2022 this grant is complete.

Through the Investing In Canada Infrastructure Program, the governments of Canada and Alberta signed an agreement to provide funds to build inclusive and prosperous communities while supporting a low carbon, green economy. In 2022, the City received \$33,904 (2021 – \$26,491). The City recognized \$179,308 (2021 – \$71,916) as capital government transfers and \$247,685 (2021 – \$102,281) was recorded as receivable.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (in thousands of dollars)

## 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	2022	2021
<b>Mayor:</b>				
Sohi	\$ 206	\$ 44	\$ 250	\$ 39
Iveson		87	87	270
	206	131	337	309
<b>Councillors:</b>				
Cartmell	116	27	143	143
Hamilton	116	30	146	144
Janz	116	32	148	22
Knack	116	29	145	145
Paquette	116	29	145	147
Principe	116	29	145	23
Rice	116	30	146	25
Rutherford	116	31	147	23
Salvador	116	30	146	24
Stevenson	116	31	147	26
Tang	116	30	146	22
Wright	116	30	146	24
Banga				156
Caterina		80	80	122
Dziadyk		22	22	125
Esslinger		39	39	138
Henderson		63	63	124
McKeen		44	44	131
Nickel				176
Walters		15	15	162
	1,392	621	2,013	1,902
Chief Administrative Officer (City Manager)	339	41	380	366
Designated Officers	1,034	109	1,143	1,825
	\$ 2,971	\$ 902	\$ 3,873	\$ 4,402

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 39 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, 2022 (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.

	2022	2021
<b>Financial position:</b>		
Current assets	\$ 1,233,706	\$ 629,862
Capital assets	12,490,763	11,724,948
Other assets	881,101	891,997
<b>Total assets</b>	<b>14,605,570</b>	<b>13,246,807</b>
Current liabilities (including current portion of long-term debt of \$517,512 (2021 – \$391,172))	1,532,708	1,064,957
Non-current liabilities	4,710,845	4,536,752
<b>Long-term debt</b>	<b>4,039,702</b>	3,638,472
<b>Total liabilities</b>	<b>10,283,255</b>	9,240,181
Accumulated other comprehensive income	145,387	32,553
Share capital	797,528	797,528
Retained earnings	3,379,400	3,176,545
<b>Shareholder's equity</b>	<b>\$ 4,322,315</b>	<b>\$ 4,006,626</b>
<b>Results of operations:</b>		
Revenues	\$ 2,936,997	\$ 2,233,290
Gain on expropriation of Bullhead City operations	89,391	89,391
Expenses	(2,557,142)	(1,934,951)
<b>Net income</b>	<b>\$ 379,855</b>	<b>\$ 387,730</b>
<b>Changes in shareholder's equity:</b>		
Shareholder's equity – opening	\$ 4,006,626	\$ 3,790,628
Net Income	379,855	387,730
Other comprehensive income (loss)	112,834	(732)
Dividend to shareholder (City of Edmonton)	(177,000)	(171,000)
<b>Shareholder's equity – ending</b>	<b>\$ 4,322,315</b>	<b>\$ 4,006,626</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (in thousands of dollars)

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 2022, the City contributed \$25,306 (2021 - \$34,709) 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 \$248,406 (2021 - \$223,100), less related amortization of \$8,982 (2021 - \$6,308). This difference of \$239,424 (2021 - \$216,792) 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:

2023	\$ 132,397
2024	139,688
2025	33,509
2026	33,991
2027	33,090
Thereafter	3,821,764
	<hr/>
	\$ 4,194,439

EPCOR has issued letters of credit for \$268,124 (2021 - \$134,443) 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.

	2022	2021
Dividend paid to the City	\$ 177,000	\$ 171,000
Franchise fees paid to the City	112,402	105,890
Financing expenses paid or payable to the City	18,219	19,583
Sales of administrative and construction services from the City	7,440	14,156
Property taxes and other taxes paid to the City	26,572	23,728
Costs of capital construction paid or payable to the City	47,369	54,092
Power and water purchased by the City	3,665	2,370
Other services purchased by the City	34,824	43,714

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.

	2022	2021
Trade and other receivables	\$ 31,312	\$ 40,420
Property, plant and equipment	47,369	54,092
Trade and other payables	23,993	16,683
Loans and borrowings issued in the name of the City	490,128	523,348
Deferred revenue and other liabilities	45,328	74,393

The City's financial statements include the net balance payable to EPCOR within Accounts payable and accrued liabilities - Trade and other (Note 7). The City's consolidated Long-term Debt (Note 11) is presented on a PSAS basis, net of offsetting receivables from EPCOR of \$490,128 (2021 - \$523,348).

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (in thousands of dollars)

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## 21 UTILITY FRANCHISE AGREEMENT FEES

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

	Budget	2022	2021
ATCO Gas and Pipelines Ltd. – Gas	\$ 99,746	\$ 98,530	\$ 80,075
EPCOR Distribution Inc. – Power	71,325	71,325	67,375
EPCOR Water Services Inc. – Water	17,205	17,639	16,590
EPCOR Water Services Inc. – Drainage	9,995	11,074	10,351
EPCOR Water Services Inc. – Wastewater	9,560	9,897	8,630
	\$ 207,831	\$ 208,465	\$ 183,021

## 22 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 a public sector pension plan in Alberta registered under the Alberta Employment Pension Plans Act (EPPA).

The City is required to make current service contributions to the Plan of 8.45 per cent (2021 – 9.39 per cent) of pensionable payroll up to the yearly maximum pensionable earnings (YMPE) and 12.80 per cent (2021 – 13.84 per cent) thereafter. Employees of the City are required to make current service contributions of 7.45 per cent (2021 – 8.39 per cent) of pensionable salary up to YMPE and 11.80 per cent (2021 – 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 2022 were \$88,414 (2021 – \$97,276) and by the employees to the LAPP in 2022 were \$79,501 (2021 – \$88,250).

As of December 31, 2021, the LAPP reported the value of its asset of \$61,715,000 and a surplus for the overall plan as at of \$11,922,000. The asset value and surplus/deficit information as at December 31, 2022 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 13.39 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 0.41 per cent of pensionable payroll are required 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 12.29 per cent of pensionable salary. As well, past service contributions of 0.75 per cent 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 2022 were \$32,579 (2021 – \$32,460) and by the employees to the SFPP in 2022 were \$30,118 (2021 – \$30,008).

As at December 31, 2021, the SFPP reported the value of its assets at \$4,166,050 and a surplus for the overall plan of \$424,164 comprised of a deficit of \$112,876 for pre-1992 and a surplus of \$537,040 relating to post-1991. The asset value and surplus/deficit information as at December 31, 2022 was not available at the time of preparing these financial statements.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (in thousands of dollars)

## C. CITY-SPONSORED PENSION PLANS

The City, in conjunction with the City of Edmonton Investment Committee, administers Pension Fund 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 Fire Fighters' Supplementary Pension Plan (FFSPP) 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. In 2021, the plan was in the final stage of being wound up and surplus funds to recipients was determined. All assets were distributed in 2022 and the fund was formally closed effective January 1, 2023. The total surplus funds of \$15,025 were distributed in 2022.

### ii. Police Supplementary Pension Plan

The Police Supplementary Pension Plan (PSPP) provides benefits supplementary to the LAPP for 7 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 \$24 (2021 - \$29).

### 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 fire fighters and surviving spouses of deceased fire fighters. This pension is reduced by the pension payable to the member under the LAPP.

Total benefits paid during the year were \$10,003 (2021 - \$9,919). Employer contributions for the year were \$4,921 (2021 - \$4,041) and employee contributions for the year were \$4,085 (2021 - \$3,310).

### 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 chiefs. 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 \$247 (2021 - \$231). Employer contributions were \$68 (2021 - \$71) and employee contributions for the year were \$24 (2021 - \$28).

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 as at December 31, 2022. Each 2022 actuarial valuation and extrapolation were based upon a number of assumptions about future events, which reflect management's best estimates. The expected inflation rate is 2.0 per cent (2021 - 2.0 per cent). The discount rate used to determine the accrued benefit obligation is 5.8 per cent (2021 - 5.0 per cent). The expected rate of return on plan assets is 5.8 per cent (2021 - 5.0 per cent). The expected salary increase is 1.0 per cent for year one, 2.0 per cent for year two, and 2.8 per cent thereafter (2021 - 2.0 per cent for 2 years, and 2.8 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 five years of service.

Each pension fund's assets are valued at fair value. The fair value actual rate of return is negative 4.1 per cent (2021 - 15.0 per cent).

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (in thousands of dollars)

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

	PSPP	FFSPP	Fire Chief	2022	2021
Fair value of assets	\$ 16,530	\$ 296,359	\$ 4,523	<b>\$ 317,412</b>	\$ 351,012
Accrued benefit obligation	120	226,897	4,333	<b>231,350</b>	250,002
Funded status – surplus	16,410	69,462	190	<b>86,062</b>	101,010
Unamortized net actuarial (gain) loss		(24,160)	108	<b>(24,052)</b>	(28,276)
Accrued benefit asset	16,410	45,302	298	<b>62,010</b>	72,734
Valuation allowance	16,410			<b>16,410</b>	17,517
Employee portion of accrued benefit asset		20,386		<b>20,386</b>	18,022
Net fund asset	\$	\$ 24,916	\$ 298	<b>\$ 25,214</b>	\$ 37,195

The net actuarial (gain) loss is amortized on a straight line basis over the expected average remaining service life (EARSL) of the Fire Fighters' plan of 16.0 years (2021 – 15.7 years) and of the Fire Chief plan of 3.0 years (2021 – 3.0 years).

The accrued benefit asset for the FFSPP is shared 55.0 per cent by the City as the employer and 45.0 per cent by employees. Included in Receivables – Trade and other (Note 3) is the net employer share of the fund asset balance for the FFSPP and the net fund asset for the Fire Chief Plan.

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

	PSPP	FFSPP	Fire Chief	2022	2021
Current service cost	\$	\$ 8,914	\$ 46	<b>\$ 8,960</b>	\$ 7,831
Amortization of actuarial loss (gain)	1,983	(1,753)	(74)	<b>156</b>	(2,067)
(Decrease) increase in valuation allowance	(1,107)			<b>(1,107)</b>	2,328
Less: employee contributions		(59)	(24)	<b>(83)</b>	(32)
Benefit plan expense (income) for the year	876	7,102	(52)	<b>7,926</b>	8,060
Interest cost on accrued benefit obligation	6	12,237	224	<b>12,467</b>	11,956
Expected return on plan assets	(882)	(15,645)	(243)	<b>(16,770)</b>	(16,332)
Benefit plan interest income	(876)	(3,408)	(19)	<b>(4,303)</b>	(4,376)
Total benefit plan related expense (income)		3,694	(71)	<b>3,623</b>	3,684
Less: employee portion of expense		1,662		<b>1,662</b>	1,658
Net benefit plan related expense (income)		2,032	(71)	<b>1,961</b>	2,026
Less: employer contributions		4,921	84	<b>5,005</b>	19,159
Net Change	\$	\$ (2,889)	\$ (155)	<b>\$ (3,044)</b>	\$ (17,133)

## D. LONG-TERM DISABILITY PLAN

The City, in conjunction with the City of Edmonton Investment Committee, administers the Long-term Disability Plan (the Plan) assets on behalf of third parties, made available to permanent City employees to provide protection against loss of income. The employee pays 100.0 per cent of the premium for the Plan. Related trust assets not owned by the City have been excluded from the reporting entity.

An actuarial valuation of the Plan was completed as at December 31, 2022. The Plan's assets are valued at fair value.

	2022	2021
Fair value of assets	<b>\$ 148,046</b>	\$ 171,676
Less: Accrued benefit obligation	<b>145,080</b>	127,701
Net assets	<b>\$ 2,966</b>	\$ 43,975

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (in thousands of dollars)

## 23 COMMITMENTS

### A. CONTRACTUAL OBLIGATIONS

To mitigate the risk of fluctuation in fuel prices, the City has entered into swap transactions to purchase 20.95 million litres of heating oil for monthly periods from January 2023 through December 2023. The contracts have settlement dates ranging from February 7, 2023 through January 8, 2024 at prices from \$0.85 to \$1.14 per litre, for a total commitment of \$21,794.

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 2016–2023 and the operating period from 2023–2050. The total commitment for construction over the life of the contract is \$1,456,495. As of December 31, 2022, \$1,424,452 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 of the monthly service level payments and maintenance payments upon service commencement are estimated to be \$924,567 and \$274,117 respectively. Additional details are provided in Note 11e.

### 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:

2023	\$ 29,453
2024	27,534
2025	25,744
2026	24,433
2027	23,805
Thereafter	161,259
	\$ 292,228

## 24 LIABILITY FOR CONTAMINATED SITES

As of December 31, 2022, the liability for contaminated sites includes sites associated with former and current City operations, sites acquired through tax forfeiture and purchase, and former unofficial waste disposal sites from early in the City's history. The nature of contamination includes heavy metals, salts, 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 as well as fill of unknown origin 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 \$369 over the prior year, representing a total liability for the remediation of contaminated sites of \$20,811 (2021 – \$20,442). The liability is reported in Accounts payable and accrued liabilities (Note 7, Trade and other) in the Consolidated Statement of Financial Position.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (in thousands of dollars)

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## 25 CONTINGENT LIABILITIES

- A. The City is the defendant in various lawsuits as at December 31, 2022. 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.
- C. The City has certain agreements in place to guarantee financing for other organizations. While a liability has not been recorded in relation to these guarantees, as it has been assessed as unlikely that the City will be required to pay out any amounts, funds have been restricted in accumulated surplus in the event of default.

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## 26 CONTINGENT ASSETS

The City has outstanding legal claims against third parties as at December 31, 2022 for which the probability of settlement in favour of the City is likely, resulting in \$18,780 in future assets. The eventual recovery of legal claims is subject to risk and uncertainties that may arise from the settlement process. Contingent assets are not recorded in the financial statements but are recognized once a settlement is reached.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (in thousands of dollars)

## 27 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 that historically averaged annual revenues of \$220,974.

	Government transfers	Future lease revenue	Total
2023	\$ 877,282	\$ 18,218	\$ 895,500
2024	702,790	17,037	719,827
2025	496,848	15,185	512,033
2026	243,542	14,679	258,221
2027	46,528	14,135	60,663
Thereafter		248,154	248,154
	\$ 2,366,990	\$ 327,408	\$ 2,694,398

## 28 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, 2022, 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, 2022 (in thousands of dollars)

## 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

a. 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, light rail transit, roadway and parking services.

#### ii. Protective Services

Protective Services is comprised of 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, Explore Edmonton Corporation, Fort Edmonton Management Company, Edmonton Unlimited, the Non-Profit Housing Corporation, the Vehicle for Hire Commission and Edmonton Combative Sports Commission, which are managed by separate boards or commissions.

#### 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, and tax appeals and allowances. Revenues and expenses that are not directly attributed to another tax-supported segment are also recorded within this other tax-supported segment.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (in thousands of dollars)

## 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 relation services in support of waste management programs.

## C. LAND ENTERPRISE

Land Enterprise is comprised of 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 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.

## 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).

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022 (in thousands of dollars)

## 30 2022 BUDGET

The City prepared a multi-year 2019–2022 budget, which was presented and approved by Council in December 2018.

In December 2021, Council approved certain adjustments to the 2022 operating budget to update it for emergent items. In addition, further budget adjustments were approved by Council through the year-end budget carry forward process in March 2022 and the Spring Supplemental Operating Budget Adjustment process in April of 2022, when the tax increase for the year was authorized. The operating budget reflected in these financial statements is consistent with amounts approved by Council with the passing of Bylaw 20013 – 2022 Property Tax and Supplementary Property Tax on April 28, 2022, which incorporated the operating budget and related adjustments and ratified the 2022 operating budget.

The capital budget reflected in these financial statements is based on the capital budget originally approved by Council in December 2018, as part of the overall 2019–2022 capital budget, plus carry forward of unspent capital budget from previous years. Capital budget adjustments made as part of the spring and fall supplementary capital budget adjustment process are not reflected.

The budget is reported on an accrual basis, consistent with principles applied in the consolidated financial statements. Included in the table below are presentation and elimination adjustments required to comply with Canadian public sector accounting standards for inclusion in the Consolidated Statement of Operations and Accumulated Surplus.

	Operating Revenues	Operating Expenses	Capital Revenues
Budget approved by Council in December 2021	\$ 3,464,868	\$ 3,397,829	\$ 510,139
Supplementary budget adjustments	98,149	98,149	
Carry forward of prior year unspent budget	44,241	44,241	584,961
Amortization		628,691	
EPCOR	302,030		
Other controlled entities	12,224	7,706	
Consolidation adjustments	(776)	(776)	
Transfers from/to reserves	(256,985)	(519,538)	
Debt principal repayment		(230,986)	
Dividends from subsidiaries	(231,000)		
Reclassification for presentation purposes	(75,223)	(11,051)	7,246
<b>Budget for financial statement purposes</b>	<b>\$ 3,357,528</b>	<b>\$ 3,414,265</b>	<b>\$ 1,102,346</b>

## 31 COMPARATIVE INFORMATION

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



## 4 TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

### ABOUT TCFD

We know that the rising greenhouse gas (GHG) emissions on the planet are causing changes in the climate. The world is already experiencing increased severity and frequency of floods, fires and all types of extreme weather events, and these events are continuing to increase.

The Financial Stability Board created the Task Force on Climate-related Financial Disclosures (TCFD) in 2015. The task force was responsible for developing a framework to guide how organizations disclose climate-related financial impacts to investors, lenders, insurers and other key stakeholders. In 2017, the TCFD released recommendations on best practices for disclosure of the risks and opportunities associated with climate change. The recommendations are centred around four pillars: governance, strategy, risk management and metrics and targets. The TCFD's framework and recommendations are aimed at promoting transparency and consistency in disclosing climate-related risks and opportunities in financial reporting. The TCFD recognizes that climate change is a material risk to many organizations, and that disclosing this information is essential for investors, lenders and other stakeholders to make informed decisions.

Since the release of the 2017 TCFD recommendations, there has been an increased uptake globally by countries and organizations to integrate the TCFD disclosure framework within financial reporting. An assessment done in 2022 revealed that TCFD supporters grew to over 3,800 – a growth of more than forty per cent since the last report<sup>1</sup>. In April 2022, the Canadian government announced mandatory reporting of climate-related financial risks for all federally regulated financial institutions starting in 2024 following the TCFD framework. This is just a start and a more comprehensive impact is expected throughout the entire Canadian economy as the financial institutions will be required to collect and assess climate-related risks and emissions from their clients to meet the requirements. There is an increasing need and calls to action to accelerate the transition to a clean energy economy and the TCFD framework is an effective tool to help move forward with this shared purpose in a measured and meaningful way.

<sup>1</sup>"Task Force on Climate-related Financial Disclosures – 2022 Status Report," TCFD, accessed March 13, 2023, <https://assets.bbhub.io/company/sites/60/2022/10/2022-TCFD-Status-Report.pdf>

# INTRODUCTION

Climate change is a global issue and its impacts are felt locally in cities like Edmonton. Climate change can affect Edmonton's weather patterns, leading to more frequent and intense heat waves, droughts and extreme weather events like flooding and storms. These weather impacts can have significant economic and social consequences, including damage to infrastructure, disruption of transportation systems, and loss of life and property. In addition to weather impacts, climate change can also affect Edmonton's environment, including changes in biodiversity, water quality and air pollution. These environmental impacts can have significant impacts on human health and well-being, particularly for vulnerable populations. As such, we believe cities must be at the forefront of further developing climate policy and strategy focused on planning and implementing climate mitigation and adaptation measures.

As part of our commitment to resilience and adaptation, the City of Edmonton produced its first TCFD based reporting in its 2020 annual financial report. The City of Edmonton continues its work with the Canadian Municipal Network for TCFD that focuses on enhancing climate-related financial disclosures within the annual financial reports of cities in the Canadian context.

The following report represents the City's progress with moving forward on implementing the recommended TCFD framework, and moving the city and community towards a low carbon and climate resilient future.

## OUR COMMITMENT

The City is committed to change for climate before climate changes everything. We are working judiciously to be resilient and adapt to a low-carbon environment to protect our residents and our community. When City Council signed onto the Global Covenant of Mayors for Climate and Energy in 2015, they committed the City of Edmonton to take action on climate change and disclose environmental activities through the Carbon Disclosure Project (CDP). The City discloses data and information related to climate change mitigation and adaptation (including climate risks) through this open data platform. Annually, the City of Edmonton reports to the CDP on the greenhouse gas (GHG) emissions inventory, climate risk and vulnerability assessments, energy transition target, and information on climate adaptation and mitigation. For 2022 CDP reporting, Edmonton earned a score of A, which demonstrates a "Leadership" level for progress on climate adaptation and mitigation.

In 2018, Edmonton's City Council confirmed their commitment to act on climate change by signing on to the Edmonton Declaration, developed by a group of mayors and global organizations. This is a bold call to action for mayors to take the lead on climate change with over 3,400 municipalities endorsing it.

Additionally, City Council embedded their commitment to climate change in their Strategic Plan, ConnectEdmonton (2019–2028). This plan has four goals, one of which is Climate Resilience, stating that Edmonton is transitioning to a low-carbon future, has clean air and water and is adapting to a changing climate. At the highest level, this sets the direction for Council's approach to climate risk management.

In 2019, Council declared a Climate Emergency, further reaffirming the City's commitment to becoming a climate resilient city. This declaration included bolstering the City's Energy Transition Strategy, which aligned Edmonton's emission reduction targets to the Edmonton Declaration in recognition of the urgent need for action that will limit average global warming to 1.5 degrees Celsius.

*"We commit to and call upon all national, state and local governments to undertake climate risk and vulnerability assessments to guide their planning and investment decisions, increase climate resilience and minimize the exposure of people and assets to the impacts of climate change."*

-Excerpt from the Edmonton Declaration, 2018

*"Climate resilience is about Edmonton's capacity to respond to the impacts of climate change and protect people, businesses and infrastructure from those impacts. On our path to becoming a resilient city, we will work together to address climate challenges and risks, and pursue the opportunities that arise from a changing climate. Action is required by all Edmontonians, businesses and industries to reduce greenhouse gas emissions and preserve and protect a clean environment. Generating and expanding renewable energy and reducing and mitigating climate change is imperative to improve Edmonton's environment now, and for future generations."*

-ConnectEdmonton: Edmonton's Strategic Plan 2019-2028.

## OUR APPROACH

The adoption of the TCFD recommendations is a process that organizations evolve through over time in order to reach full maturity. As such, the City has taken a phased approach to implement the recommendations. It is early in the evolution of TCFD reporting and while many organizations have been working on adaptation and mitigation of climate-related issues for many years, there is less maturity in reporting on the financial implications. The City hopes to add more robust financial implications in future reports.

The table below summarizes the City's progress to date on climate-related disclosures using guidelines from CPA Canada's, *Enhancing Climate-related disclosure by Cities: A Guide to Adopting the Recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD)*. Additional details are provided by pillar in the remainder of this document, including highlights of key accomplishments and upcoming priorities that will move the City forward in our journey to fully adopt TCFD.

### TCFD RECOMMENDED FRAMEWORK

TCFD Recommended Disclosures	City of Edmonton Disclosure
<b>Governance</b>	<p>Describe mayor and city council's oversight of climate-related risks and opportunities.</p> <p>City Council has made commitments on climate change action in Edmonton as evidenced in a variety of City strategies including:</p> <ul style="list-style-type: none"> <li>• Edmonton's Strategic Plan ConnectEdmonton</li> <li>• The City Plan</li> <li>• Climate Resilient Edmonton: Adaptation Strategy and Action Plan</li> <li>• Energy Transition Strategy and Action Plan</li> <li>• Establishment of the Energy Transition and Climate Resilience Committee (ETCRC) to advise Council on the City of Edmonton's progress on energy transition and climate resilience</li> <li>• Council Policy Climate Resilience C627 embeds climate goals and targets from the two climate strategies into Council Policy direction</li> <li>• Four council reports from Environment and Climate Resilience section in 2022</li> </ul>
Describe management's role in assessing and managing climate-related risks and opportunities.	<p>Edmonton's Climate Resilient Edmonton: Adaptation Strategy and Action Plan, Energy Transition Strategy and Council Policy Climate Resilience C627 identify how climate actions are integrated into City business processes and decisions, and that the City of Edmonton, through its planning, services, decision-making processes and leadership promotes and supports a climate resilient community.</p>

## TCFD RECOMMENDED FRAMEWORK (CONT)

### Strategy

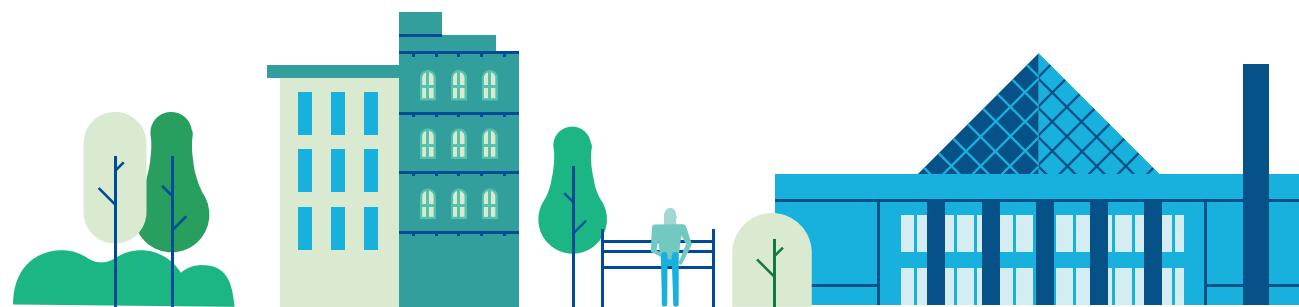
Describe the climate-related risks and opportunities the city has identified over the short-, medium- and long-term.	Edmonton's climate vulnerability and risk assessment identifies climate-related risks for both City of Edmonton owned assets and services, and for the community at large, from the 2050s to the 2080s.  The Energy Transition Strategy outlines opportunities for the City to invest in to achieve low carbon goals.
Describe the impact of climate-related risks and opportunities on the strategy and financial planning of the city's businesses.	Climate Resilient Edmonton: Adaptation Strategy and Action Plan and the Energy Transition Strategy identify climate considerations for the City's business decisions.  The City also incorporates climate related initiatives and spending related to capital and operating budgets.  In 2022, the City Administration implemented a Carbon Accounting Framework throughout the organization as part of the budget process.
Describe the resilience of the city's strategy, taking into consideration different climate-related scenarios, including a 2 degree Celsius or lower scenario.	Climate modelling to assess Edmonton's climate change vulnerability and risk was conducted on Representative Concentration Pathways 4.5 and 8.5, representing a lower and a higher global emissions scenario, respectively. This provides flexibility in assessing climate risks in order to accommodate multiple future-plausible scenarios. There is a commitment to update this every five years to stay relevant to the current science. The next strategy update is planned for 2025.

### TCFD recommended disclosures

### City of Edmonton Disclosure

#### Risk Management

Describe the city's processes for identifying and assessing climate-related risks.	The Enterprise Risk Management (ERM) framework integrates climate and environmental related risks into the City's identified three levels of risk, strategic, operating and service. Edmonton's strategic climate risks are identified and assessed through a vulnerability and risk assessment. Additional evaluation of operating and service risks are identified and assessed through the ERM framework.
Describe the city's processes for managing climate-related risks.	The Climate Resilient Edmonton: Adaptation Strategy and Action Plan, and Community Energy Transition Strategy guides policy development and City departments. Department branches determine tactical business area actions to translate the strategic climate plans into tangible outcomes and integrate climate risks at the service level.
Describe how processes for identifying, assessing and managing climate-related risks are integrated into the city's overall risk management.	The ERM framework is evolving to address a consistent process for integrating climate-related risks. Currently this is done through the annual ERM process for evaluating strategic, operating and service risks, plus using a case-by-case basis evaluation driven by specific corporate policies, such as the Infrastructure Asset Management Policy. Specialized risk assessments for natural disasters and emergency management are conducted through the annual Hazard Identification and Risk Assessments (HIRA).



## TCFD RECOMMENDED FRAMEWORK (CONT)

### Metrics and Targets

Disclose the metrics used by the City to assess climate-related risks and opportunities in line with its strategy and risk-management process.	The City has developed a community indicator, Climate Risk Index, to monitor and report on neighborhood-level climate risk. This is a composite index of over 40 indicators related to the exposure, sensitivity and ability to respond to the impacts of a changing climate. This index is calculated on a neighborhood scale and represents an estimation of the level of risk a neighborhood is facing due to climate change.
Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 Greenhouse Gas (GHG) emissions and the related risks.	The City discloses and reports on Scope 1, Scope 2 and Scope 3 Community and Corporate GHG emissions inventories, to understand and manage these emissions.
Describe the metrics used by the City to manage climate-related risks and opportunities as well as performance against targets.	Enviro indicators are used to measure the City of Edmonton's environmental performance against key performance indicators.
	The City Plan targets and measures are used to help understand how Edmonton's planning and development actions achieve climate targets.
	In 2022, the City released the 2023–2026 Carbon Budget to inform how the City's financial investment decisions impact the achievement of emissions reductions targets. This first iteration of completing a carbon budget alongside financial budgets provided valuable learnings that will be incorporated into future processes as the organization matures.
	The Carbon Budget highlighted that Edmonton's overall carbon deficit continues to grow under the current state; additional municipal funding will have a limited impact to meet emissions targets. Climate change is a collective problem that requires collective action. Climate leadership through reduction of operational emissions must therefore balance with policy, other orders of government and private investment to achieve the targets outlined in the Community Energy Transition Strategy.

## MATURITY ASSESSMENT

A maturity assessment framework is included in the CPA Canada guidance document, Enhancing Climate Related Disclosures by Cities. This framework helps cities to assess their progress on governance, strategy, risk management, and metrics and targets. The City qualitatively self-assessed against this framework for 2022 reporting.

### Maturity Assessment of Edmonton's 2022 TCFD Disclosure:

#### Governance

Aligned	Progress	Future	
83%	17%	0%	PHASE 1
67%	20%	13%	PHASE 2
20%	27%	53%	PHASE 3

#### Strategy

Aligned	Progress	Future	
100%	0%	0%	PHASE 1
100%	0%	0%	PHASE 2
17%	67%	16%	PHASE 3

#### Risk Management

Aligned	Progress	Future	
100%	0%	0%	PHASE 1
86%	14%	0%	PHASE 2
17%	33%	50%	PHASE 3

#### Metrics and Targets

Aligned	Progress	Future	
100%	0%	0%	PHASE 1
67%	33%	0%	PHASE 2
13%	75%	12%	PHASE 3

In 2022, the City made significant progress on incorporating climate change into the governance, strategy and risk management process. Advancement in these areas, from in-progress to aligned, was primarily due to the City administration incorporating a Carbon Accounting Framework and carbon budget into the financial budget process for the 2023–2026 budget cycle.

# GOVERNANCE

A strong governance structure is a crucial element of the TCFD framework to ensure climate-related issues receive the appropriate oversight and attention from the most senior levels down, and that shared accountability is embedded throughout the organization. This oversight is essential to provide the necessary programs and services for our citizens in a fiscally-responsible manner while managing the risks and opportunities associated with climate change.

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## MANAGEMENT AND COUNCIL'S ROLE

At the top of the City's governance structure, City Council sets climate and environmental policy to manage climate risks and opportunities. Management implements actions to operationalize City Council's policy and direction through many mechanisms, such as strategic planning and development, budgeting, community development, external partnerships, risk management and business planning. City Management holds the primary responsibility for ensuring City Council's climate policy is followed. Updates on the progress of climate strategy, goals and targets are presented to City Council on an annual basis or periodically as plans, budgets and strategic documents are updated. An example of an annual progress update to City Council is the Climate Strategies Progress Report. This report provides an overview of Edmonton's annual Greenhouse Gas (GHG) emissions inventory, progress made by our civic operations in areas such as sustainable buildings, zero emissions fleet and vehicles, district energy developments, as well as progress made by community programs such as building programs, mobility programs and community grant programs. This report also includes a progress update on the implementation of Climate Resilient Edmonton: Adaptation Strategy and Action Plan.

Several business units and committees serve to support management's climate oversight throughout the organization as highlighted below.

## MANAGEMENT GOVERNANCE

Urban Planning and Economy	Financial and Corporate Services	External
<ul style="list-style-type: none"><li>+ Environment and Climate Resilience Team</li><li>+ Climate Resilient Building Team</li><li>+ Enviro (ISO 14001 Environmental Management System)</li><li>+ TCFD Working Group</li></ul>	<ul style="list-style-type: none"><li>+ TCFD reporting</li><li>+ TCFD Working Group</li><li>+ Enterprise Risk Management</li><li>+ Carbon Accounting and Budget</li></ul>	<ul style="list-style-type: none"><li>+ Energy Transition Climate Resilience Committee</li></ul>

## KEY ACCOMPLISHMENTS

- + Edmonton's senior leaders recognize that climate change action is necessary and urgent. In November 2022, Administration presented a report to Council on the current work and potential work required to address climate mitigation and resiliency and priority projects for the 2023 to 2026 budget from a risk mitigation perspective.

Strategy	2023–2026 Priority Projects
Goal #2: Edmonton is planned, designed, developed and built to be climate resilient today and for future Edmontonians	<ul style="list-style-type: none"><li>• Climate Resilient Infrastructure and Facilities Renewal and Upgrade Program<ul style="list-style-type: none"><li>• This includes ongoing projects such as the Landslide and Erosion Management Program</li></ul></li><li>• Climate change Planning and Development Framework</li></ul>
Goal #3: Edmonton's communities, businesses and institutions are aware, connected and prepared for climate change	<ul style="list-style-type: none"><li>• Community Climate Social Resilience Program</li><li>• Climate Change Resilience Hubs Action Plan and Program</li></ul>
Goal #6: Edmonton's water supply is secure and safe for current and future Edmontonians	<ul style="list-style-type: none"><li>• Climate Change Water Security Assessment</li></ul>
Goal #7: Edmonton is a flood resilient community	<ul style="list-style-type: none"><li>• River and Ravine Flood Protection Program</li></ul>
Goal #10: Edmonton's natural ecosystems continue to provide essential ecosystem goods and services such as clean air, clean water and biodiversity	<ul style="list-style-type: none"><li>• Ecosystem Conservation, Protection and Restoration Program</li></ul>

- + In 2022 the Environment and Climate Resilience team began attending the Executive Leadership Team subcommittee: Transformational Impacts Committee, to begin discussing with senior leadership how to build stronger climate change communications, culture and governance throughout the corporation.
- + In August 2022, City Council moved that Administration provide a report outlining options and any corresponding resource requirements, including the reallocation of existing resources, to coordinate environmental and climate reviews of City plans and projects, and identify environmental risks and opportunities. This motion has resulted in undertaking work to develop a process of applying an environment and climate review of Council reports, in order to provide Council with more environment and climate information for decision-making.

## CARBON BUDGET AND ACCOUNTING FRAMEWORK

To remain informed and assess progress towards a low carbon future, the City is implementing a Carbon Accounting Framework to integrate GHG reductions into budgeting and prioritization processes in 2022. The following is a summary of the City's progress towards implementation of a carbon budget and accounting framework.

To understand what the transition to a low-carbon future looks like, a local fair share carbon budget was calculated. The carbon budget shows how far and how fast we have to move in terms of emission reductions, and the magnitude of change required. Meeting Edmonton's local carbon budget requires rapid reduction of GHG emissions and carbon neutrality by 2050.

Similar to a financial budget, a carbon budget includes revenues (annual emissions limit), expenses (emissions) and deficits/surpluses (annual emission limit minus emissions) to align with decision-making frameworks for capital and operating budgets. When combined with effective monitoring of emissions, the carbon budget also provides a framework for reporting progress on a consistent basis from year-to-year.

Central to the success of carbon budgeting is a Carbon Accounting Framework to support both the qualitative and the quantitative tracking and management of GHG emissions throughout the community. The City began implementing a Carbon Accounting Framework in 2022 to guide forward looking decisions and further integrate financial decision-making with GHG impacts.

## EDMONTON'S CARBON BUDGET

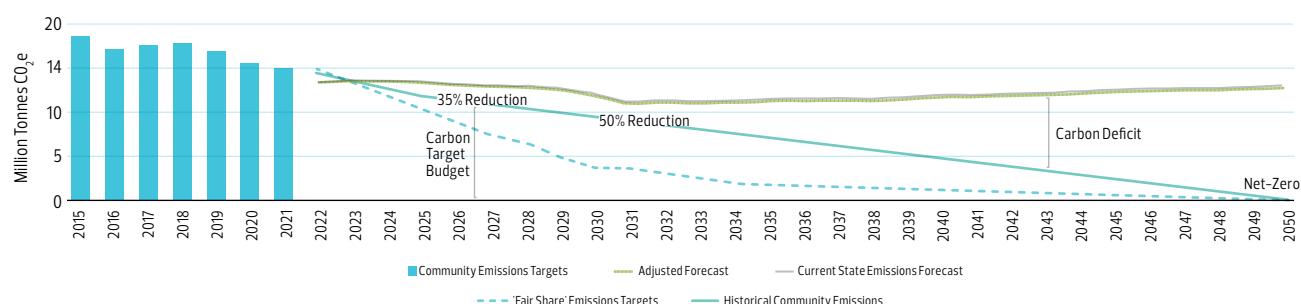
Edmonton has set community greenhouse emission reduction targets of 35 per cent by 2025, 50 per cent by 2030 and being emissions neutral by the year 2050 as defined in the Community Energy Transition Strategy. The City of Edmonton has set a corporate target to be emissions neutral by the year 2040. Corporate emissions represent two per cent of citywide emissions.

In 2019, utilizing a convergence and contraction model derived from C40 cities, the global fair share carbon budget was localized to Edmonton. The result was 155 megatonnes (Mt) apportioned to Edmonton.

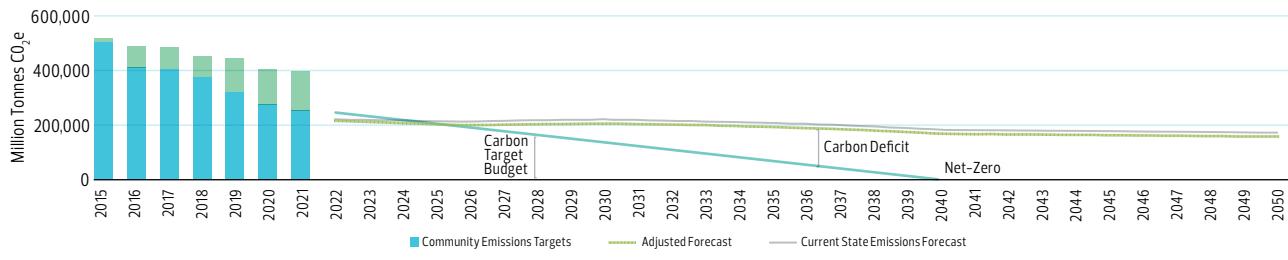
This means that between 2019 and 2050, Edmonton must emit no more than 155 Mt of GHG emissions in order to reduce Edmonton's contribution to global warming in alignment with the 1.5 degrees Celsius global average temperature goal.

In 2022, the City of Edmonton released the 2023–2026 Carbon Budget to inform how the City's financial investment decisions impact the achievement of emissions reductions targets. This first iteration of completing a carbon budget alongside financial budgets provided valuable learnings that will be incorporated into future processes as the organization matures.

### Community Carbon Budgeting 2023–2026 (based on approved budgets)



## Corporate Carbon Budgeting 2023–2026 (based on approved budgets)



## UPCOMING PRIORITIES

The Carbon Accounting Framework will continue implementation throughout 2023 and will allow for the integration of climate-focused decision-making into the financial and organizational planning process, including budget development and prioritization, asset management analysis and operational business decisions that incorporate climate-related impacts with financial implications.

## STRATEGY

A key component of our resilience during the move to a low-carbon economy is a proactive focus on managing the risks and opportunities in the short, medium and long-term emerging outlooks as a result of climate change.

The City incorporates the assessment of climate risk and opportunities within its major strategic planning documents, such as The City Plan and ConnectEdmonton, as well as within specific climate action strategic documents that incorporate the use of scenario analysis, including a two degree or lower scenario, to provide feasible data to inform strategy and action setting.

### OUR CLIMATE STRATEGY WORK

#### THE CITY PLAN

City Council approved The City Plan in 2020. The document combines the City's Municipal Development Plan and Transportation Master Plan, and builds on the climate resilience direction outlined in ConnectEdmonton. The City Plan includes goals related to being a low carbon and climate adapted community. Additionally, The City Plan has several climate-related policy directions and intentions embedded throughout this statutory document, providing further direction that climate change needs to be considered in the growth and development of Edmonton.

#### EDMONTON'S COMMUNITY ENERGY TRANSITION STRATEGY

In 2021, Edmonton updated the Community Energy Transition Strategy to align Edmonton's climate change mitigation efforts to the Paris Agreement goal of limiting global average warming to 1.5 degrees Celsius. The strategy is made up of goals, strategies and actions around four climate

pathways: a renewable and resilient energy transition, emissions neutral buildings, low carbon city and transportation, and carbon capture and nature-based solutions. Underlying the entire approach is a foundation of climate solutions leadership. This updated strategy builds off Edmonton's previous and ongoing work in energy transition and climate mitigation, accelerating actions to reduce community based GHG emissions by 50 per cent (compared to 2005 levels) by 2030, and ultimately achieving net zero per person emissions by 2050.

#### CLIMATE RESILIENT EDMONTON: ADAPTATION STRATEGY AND ACTION PLAN

The Climate Resilient Edmonton: Adaptation Strategy and Action Plan developed in 2018 outlines the approach to adapting Edmonton to be resilient to impacts from climate change. The strategy was formally adopted unanimously by City Council in November 2020. The strategy is a four-year action plan, aligned with City Council budget cycles, which will be updated every four to five years. The strategy has specific goals around adapting Edmonton to four main climate change impact themes: changing temperatures, changing precipitation, changing weather extremes and changing ecosystems, with an additional underlying foundational pathway around making science and evidence-based decisions. To date, implementation has been focused on infrastructure resilience, community preparedness and proactive risk management.

## SCENARIO ANALYSIS

Climate-related scenario analysis helps City Council and management to assess plausible future climate conditions and issues when making decisions and setting strategy. The outputs from scenario analysis helps to identify climate-related risks and opportunities. As part of determining the climate change projections and impacts, the City used climate projections from Global Climate Models (GCMs). The GCMs used two of the Intergovernmental Panel on Climate Change Representative Concentration Pathways, where one represented a higher GHG emissions scenario and the other assumes that global action has been taken to limit GHG emissions. Both scenarios show similar climate projections up until the 2050s, at which point they start to diverge. Applying climate modeling to different emissions scenarios enables the City to plan for multiple plausible climate futures. General trends from this assessment indicate that Edmonton can expect:

- + Continued warming trends, including more extreme heat events.
- + Changing precipitation patterns, including warmer wetter winters, hotter drier summers and more extreme rainfall events.
- + An increase in frequency and severity of extreme weather events.
- + An overall warming and drying trend in our region, which could lead to changes in Edmonton's ecosystems.

## CLIMATE RELATED RISKS AND OPPORTUNITIES

### CLIMATE-RELATED RISKS

The TCFD framework identifies climate risks as transitional or physical; these risks can result in financial loss, reputational damage and the reduction of programs and services to residents. The majority of the City's identified risks are for the impacts on the physical assets and City services as a result of extreme weather events or slow onset climate shifts. The City continues to assess the transitional risks for future reporting.

Historical climate trends, taken from observed recorded data, show that Edmonton's climate has already changed over the past 100 years. Edmonton is warming at a faster rate than the global average and this is particularly evident during the winter months. The City worked with stakeholders and subject matter experts to quantify the consequence of modeled climate change impacts on a comprehensive suite of assets and services that included:

- |  |  |
|--|--|
| + health and safety                      | + transportation systems                   |
| + community and culture                  | + information and communication technology |
| + emergency management                   | + electricity                              |
| + food and agriculture                   | + fuel supply                              |
| + stormwater; drinking water; wastewater | + natural environment and economy          |
| + buildings and property                 |  |
| + waste management                       |  |

The quantification of risk impacts, combined with the frequency of climate risk impacts derived from the climate change modeling, was the basis of the City's risk and vulnerability assessment which informed the City's climate risk profile. Generally, Edmonton is expecting changes to our temperature, precipitation, ecosystems and the frequency and intensity of extreme weather events resulting from climate change. These risks have potential to impact infrastructure, socioeconomic human systems and our natural environment.

### CLIMATE OPPORTUNITIES

While the City's climate change assessment to date has been largely focused on preparing for the risks related to climate change, it is important to consider any opportunities that arise as we adapt in response to a transitioning climate. The City is exploring grants that support municipalities to take action on climate change, including funding for adaptive transportation methods such as hydrogen buses, public transit expansion, and active transportation expansion; and for installation of nature-based solutions such as tree planting. Emerging business opportunities and technologies include the areas of emissions neutral buildings and alternative energy markets. The City is also actively considering strategic investments in new energy sources, finding opportunities for cost reduction from efficiencies and increasing our economic resilience by reducing economic dependence on the carbon economy. Additional information related to the strategic investments identified in the Energy Transition Strategy is highlighted further in the report.

# EDMONTON WAS AMONGST THE FIRST IN NORTH AMERICA TO PRESENT A CARBON BUDGET ALONGSIDE ITS FINANCIAL PLAN.

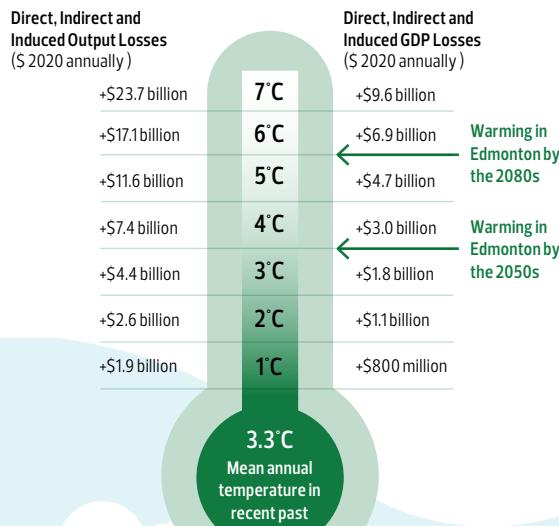
## CLIMATE AND FINANCIAL STRATEGIES

The City is in the first phase of understanding the financial implications of climate change on our infrastructure, programs, economy and our community. The following is a summary of work that has been completed to date, including some of the steps the City is taking to advance investment, organizational understanding and reporting of future financial costs and savings related to our changing climate.

### EDMONTON'S ECONOMIC ASSESSMENT OF CLIMATE CHANGE IMPACTS

To better understand what climate change costs mean for Edmonton, a study specific to the City was conducted to model and project the economic consequences of climate change. This study found that climate change could cause direct annual costs of approximately \$1.0 billion by the 2050s and \$4.1 billion by the 2080s. These costs arise from the physical impacts of climate change, such as damage or disruption to tangible goods and services that can be monetized. This can include costs incurred to repair damaged infrastructure, as well as costs to intangible goods and services, such as travel delays due to damaged infrastructure. Annual GDP losses due to climate related impacts on Edmonton, by the 2050s is estimated at \$2.1 billion annually, and \$6.0 billion annually by the 2080s. This economic analysis illustrates that climate change will have real economic consequences for Edmonton, and that there will be a cost incurred on future Edmontonians if climate change action is not taken. Social and GDP costs for Edmonton increase with each degree of additional warming.

### Edmonton's Assessment of Climate Change Impacts



## INVESTMENT IN ENERGY TRANSITION AND ADAPTATION

In December 2022, Council approved the 2023–2026 Budget including directing additional funding to climate action in both the capital and operating budgets.

For the capital budget, Council approved four new capital profiles for a total of \$198.7 million over 2023–2026 to support climate action through funding of planning, design and delivery for:

- Climate resilient facility upgrades
- Emissions neutral city fleet and equipment
- District energy network strategy and district energy nodes
- Active Transportation Implementation

For the operating budget, Council approved \$79.6 million in funding over 2023–2026, which includes three service packages on top of the existing base funding:

- Energy Transition Strategy Implementation Composite, to advance at least one “Big Win” action from each of the strategy’s four energy transition pathways.
- Supplemental Community Energy Transition Implementation service package, to further support accelerating energy transition in the community.
- And lastly, the Climate Adaptation Strategy Implementation composite, to focus on preparing the community for a changing climate through proactive risk management, as well as supporting critical operational changes to reduce the corporation from the vulnerabilities to most significant climate changes.

## CLIMATE ACTION – APPROVED 2023-2026 BUDGET

\$000s	2023	2024	2025	2026	Total
Base Budget	13,106	13,135	13,152	13,162	52,555
<i>Approved Service Packages:</i>					
Energy Transition Strategy Implementation Composite	1000	5,000	5,000	5,000	16,000
Supplemental Community Energy Transition Implementation	1000	1,500	1,500	1,500	5,500
Climate Adaptation Strategy Implementation Composite	500	1000	2000	2000	5,500
<b>Total Approved Operating Budget</b>	<b>15,606</b>	<b>20,635</b>	<b>21,652</b>	<b>21,662</b>	<b>79,555</b>
\$000s	2023	2024	2025	2026	Total
Client Resilient City Facility Upgrades	5,000	16,000	22,000	10,000	53,000
Emissions Neutral City Fleet and Equipment	1,200	2,000	3,000	5,000	11,200
District Energy Network Strategy and District Energy Nodes	1,725	8,625	10,350	13,800	34,500
Bike Plan Implementation Acceleration (Approach 3)	5,950	26,750	33,650	33,650	100,000
<b>Total Approved Capital Budget</b>	<b>13,875</b>	<b>53,375</b>	<b>69,000</b>	<b>62,450</b>	<b>198,700</b>

The City of Edmonton is also investing in projects to catalyze climate change action in the community. Funds have been committed from the City's operating budget to focus on new or increased rebates and incentives to local homeowners and businesses to increase their uptake towards solar installations and building retrofits. This includes the Clean Energy Improvement Pilot Program (CEIP) with \$9.69 million from the Federation of Canadian Municipalities (FCM) Green Municipal Fund for the financing of retrofit upgrades on participating privately owned buildings within Edmonton.

### INTEGRATION INTO FINANCIAL PLANNING AND ASSET MANAGEMENT

As climate change and the corresponding climate strategies have financial implications, City Council's energy and climate goals are advanced, in part, through integrated corporate financial planning processes. The City's capital planning process for new assets includes a system of scoring against strategic goals that helps prioritize capital investment. Scoring criteria includes building sustainable infrastructure that ensures the continuity of critical services by being more resilient to crises, disaster and severe weather impacts; sourcing of sustainable energy and responsible energy consumption; and managing operations and engaging Edmontonians to reduce the production of GHG emissions.

In addition to new capital infrastructure planning, the City has integrated climate resilience into its renewal asset management planning to address the risk to infrastructure from climate change. Policy C598 Infrastructure Asset Management, requires that the City consider proactive resilience when making infrastructure asset investment decisions, including capital renewal and operational maintenance. The initiation of the Open Spaces Asset Management Plan in 2022 provided the opportunity to conduct a climate risk assessment at an asset class level. This climate risk assessment was completed using a high-level, Public Infrastructure Engineering Vulnerability Committee (PIEVC) protocol. The recommendations from the PIEVC assessment will be used to inform life cycle management of the assets through the development of the asset management plan.

Beyond capital asset management, the City's financial operational plans are also evolving to include the assessment of climate impacts. Operational programs and services are scored during the budget process on their ability to sustain and conserve the environment. The City is continuing to integrate climate resiliency and sustainability into the City's financial planning as demonstrated in the recently approved 2023-2026 Budget.

With homes and buildings accounting for approximately 40 per cent of the greenhouse gas emissions in Edmonton, it was critical for the Blatchford project team to find a solution to address this major emissions source as part of the neighbourhood's development. The City created Blatchford Renewable Energy as a new municipal utility to design, build and operate a district energy sharing system to leverage onsite renewable resources to provide heating, cooling and hot water to the homes in the community.

The first phase of this energy sharing system uses a geoexchange field to harness the shallow geothermal energy below the earth's surface. Future stages of the system will incorporate solar PV and a sewer heat exchange system as additional onsite renewable energy sources.

Current modeling is showing the homes and buildings in Blatchford will emit about 75 per cent fewer greenhouse gas emissions than buildings in a typical neighbourhood.

The City is currently working on expanding the district energy sharing system to ensure additional capacity exists to service future stages of the community with renewable energy. While the Blatchford land development is self-funded through land sales the utility is funded through a combination of customer rates and infrastructure fees charged to developers.



*"Blatchford will be home to up to 30,000 Edmontonians living, working and learning in a sustainable community that uses 100 per cent renewable energy, is carbon neutral, significantly reduces its ecological footprint and empowers residents to pursue a range of sustainable lifestyle choices."*

- City Council vision (2010)

## BLATCHFORD RENEWABLE ENERGY

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## KEY ACCOMPLISHMENTS

- + Investment in Alberta Hydrogen Roadmap:
  - Alberta Zero Emission Hydrogen Transit (AZEHT) Project Fuel Cell Electric Bus (FCEB) technology
  - Investment in electrification of the transit fleet garage
  - Expanding electric charging infrastructure
- + Beginning to integrate climate science and evidence into City policy and decision-making processes.
- + Beginning to integrate climate resilience into planning and development processes.
- + Preparing infrastructure by adapting climate risk assessment into lifecycle management of assets.
- + Supporting residents, businesses and communities to advance climate resilience action.
- + The water and drainage utility EPCOR's work on flood resilience, through implementation of the Stormwater Integrated Resources Plan (SIRP).
- + Implementation of the CEIP pilot program. This program was designed to be a two-year pilot and is currently operating both a residential and commercial stream within the pilot. Funding for this pilot program (totalling \$12,263,900 from the FCM Green Municipal Fund and the City of Edmonton) will support an estimated 80 residential and 20 commercial projects. The residential stream launched March 29, 2022 and was quickly fully subscribed. A waiting list was initiated (to establish a queue should any applicant withdraw) and application submission was closed on April 1, 2022. The total potential residential project value is up to \$4 million. The commercial stream launched June 7, 2022. The commercial stream, with more complex ownership and decision-making, has two files to date.
- + Edmonton's Single-Use Item Reduction Bylaw (20117) was approved by City Council on October 4, 2022 and will go into effect on July 1, 2023.

## UPCOMING PRIORITIES

### CORPORATE CLIMATE MANAGEMENT:

The City of Edmonton has a target of becoming an emissions-neutral corporation by 2040, as identified in the updated Energy Transition Strategy approved in 2021. As a result, the City is working on identifying and developing guidelines, tools and frameworks under Council Policy C627 Climate Resilience, to activate progress towards this goal in the corporation.

# HYDROGEN INVESTMENT

Hydrogen presents a significant economic opportunity for the Edmonton Region, Alberta and Canada. Canadian hydrogen could have a wholesale market of up to \$100 billion a year, factoring in both domestic use and international export opportunities.

From an economic growth perspective, the province's natural gas vision and strategy has already acknowledged hydrogen will diversify Alberta's economy, helping the Edmonton Region, Alberta and Canada sustain their roles as energy leaders. Hydrogen will transform the economies of the Edmonton Region and Alberta from traditional oil and gas activities to something leading edge—while at the same time familiar. This transformation could usher in a wave of permanent clean energy jobs and help attract equipment manufacturers and hydrogen production and tech companies to the region. The Alberta Hydrogen Roadmap has suggested that if this province experiences wide-scale adoption of a clean hydrogen economy by 2030, "tens of thousands of jobs could be sustained and billions of dollars of economic activity could be attracted during the construction phase. Following the construction stage, thousands of jobs and hundreds of millions of dollars of economic activity could be sustained during the operations stage". In addition to using hydrogen as a fuel here in Alberta and Canada, there is a great potential future opportunity to share our expertise and export our fuel internationally.

From an energy transition standpoint, there is growing awareness of how hydrogen can play a major role as a zero-emission energy carrier in combination with electricity made with minimal or no greenhouse gas emissions. Centralized green or blue hydrogen production (the latter, a competitive advantage of the Edmonton region) tends to be the lowest cost. However, once produced, the hydrogen must then be moved to where it will be used as a fuel for heavy, long distance transport or as a source for building or industrial heating.

The achievement of these things demands a timely development of pipeline and supply infrastructure beyond a local scale. This would require a well-developed hydrogen transport infrastructure connecting a growing supply to meet an emerging demand. While truck transport of compressed gaseous hydrogen (or of cryogenic liquid H<sub>2</sub>) can move smaller amounts of gas in the interim, the costs per km-kg H<sub>2</sub> are significant and would eliminate most applications for H<sub>2</sub> as a heating fuel. Similarly, temporary local solutions to production of the fuel may allow early adoption in the short term but will ultimately dilute the scale economies required to achieve a permanent and meaningful transition to zero emissions energy.

To this end, the City of Edmonton has been actively pursuing opportunities to grow a permanent demand for this emerging energy carrier, which will support growing demand that will drive significant investment in systems that will reduce the City's carbon footprint.

These opportunities include:



## 1 THE ALBERTA ZERO EMISSION HYDROGEN TRANSIT (AZEHT) PROJECT:

To increase familiarity and confidence in hydrogen Fuel Cell Electric Bus (FCEB) technology, in December of 2021 the City of Edmonton partnered with the City of Calgary, Strathcona County and Banff/Bow Valley Transit in a successful joint application to Energy Reduction Alberta (ERA). \$3.5 million was received in funding for the AZEHT project (total budget of \$7.3 million shared by ERA, the Government of Canada and in kind contributions by the participants). The AZEHT project will give a cross-section of Alberta municipalities practical, hands-on experience with FCEB technology and position them to prepare strong proposals to the transit electrification program of the Canadian Infrastructure Bank or similar funding agencies. This initiative, combined with an emerging demand in transport fleets, will increase demand for hydrogen as a transportation fuel and support the deployment of economically viable fueling stations and distribution systems in the province. This is necessary in a transition to a hydrogen economy that will achieve the emission reduction, economic growth and job creation objectives.

To date, the City has been responsible for equipment procurement, bus demonstration, data collection and reporting. The City of Edmonton and Strathcona County buses are expected to go into full revenue service in the first quarter of 2023.

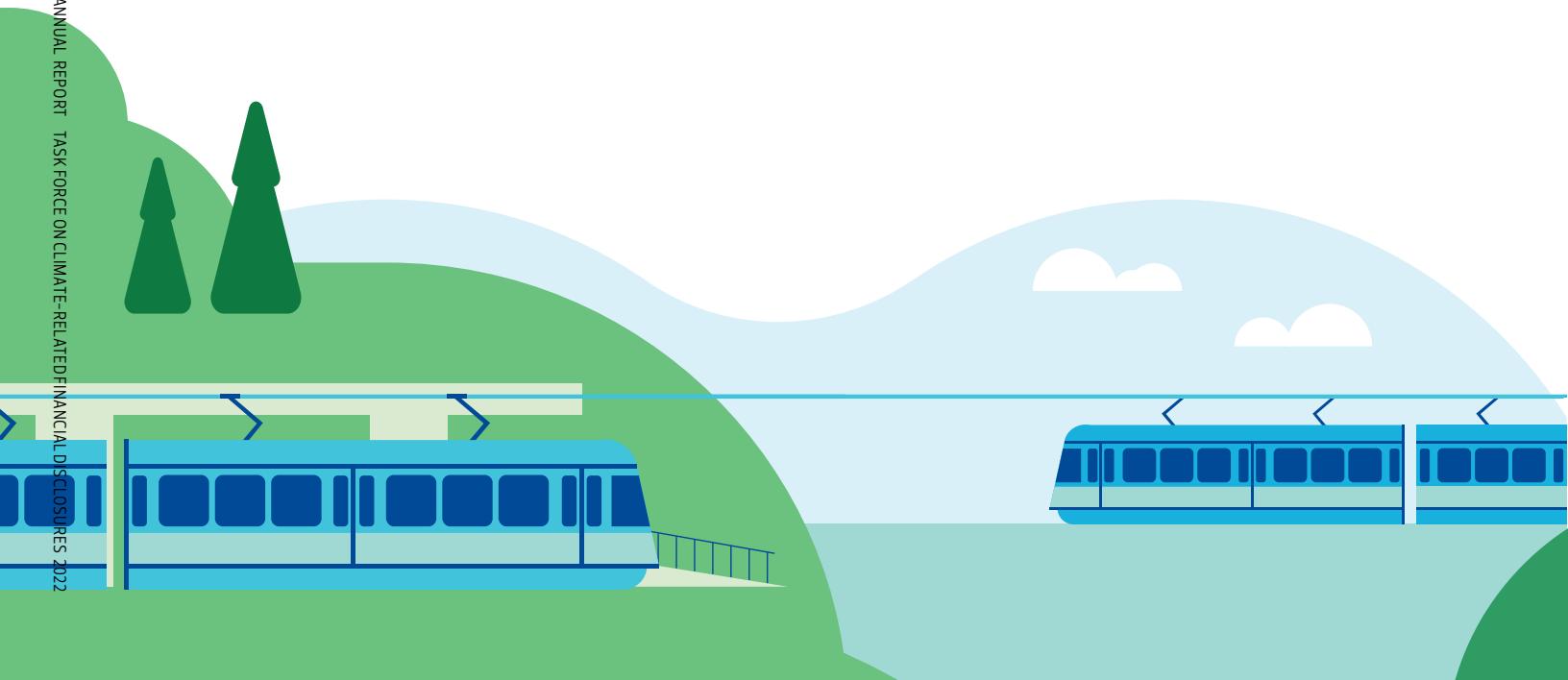
## 2 TRANSIT FLEET AND FACILITY TRANSITION:

Building off of the recently announced hydrogen projects funded by PrairiesCan, there is an opportunity to seek their support for the City's other hydrogen and climate priorities, including \$1.5 billion to support the electrification of the transit fleet and associated charging infrastructure. Phase 1 of this project includes the design and construction of one new garage and expansion of two existing garages estimated at \$725 million.

## 3 HYDROGEN / ELECTRIC CHARGING NETWORKS:

The Edmonton Region Hydrogen HUB (The HUB), Edmonton Global and Alberta Motor Transport Association (AMTA) are working towards forming a demand consortium that can help inform an optimal network of stations, including how to tackle the economic challenges most effectively.

The City is currently finalizing a process to secure a private sector partner to commission a permanent hydrogen fueling station to be located at Edmonton's South West Centennial Transit facility. The new fueling station will address a longer term need to fuel a single Hydrogen Fuel Cell Electric bus that is being pilot-tested with a temporary station. This new station will have the potential to serve the City's transit fleet as it evolves to an optimal combination of Hydrogen Fuel Cell Electric buses and Battery Electric buses. As the preferred site has direct access to Anthony Henday Drive and is in close proximity to both the QEII and what will become a major logistics area between the Edmonton International Airport and the City of Edmonton, the permanent fueling station could also serve heavy-duty freight from the Edmonton-Calgary corridor and/or the return base freight market in the Edmonton Region. This would further grow the aggregate hydrogen demand necessary to realize this high-potential and emerging industry for Alberta.



# RISK MANAGEMENT

The climate change landscape is complex, fluid and poses risks to our community and way of life. It is crucial the City not only understands these risks, but proactively manages them through a robust risk management program.

## ENTERPRISE RISK MANAGEMENT

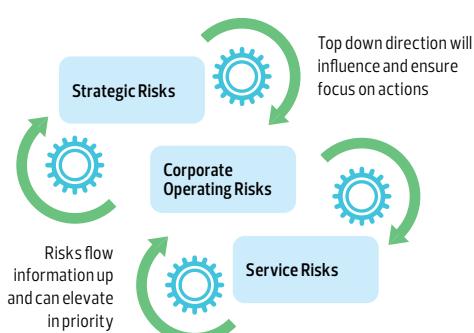
The City of Edmonton conducts three levels of risk assessment in the Enterprise Risk Management (ERM) program to determine the holistic impacts on the organization: strategic risks, operating risks and service risks. The ERM framework integrates climate and environmental related risks into the City's identified three levels of risk. The City's strategic climate risks were identified and assessed through the Vulnerability and Risk Assessment (VRA). The VRA prioritizes climate-related risks and opportunities and determines levels of concern and priorities for specific natural and man-made assets, public and private services, populations segments, as well as the pathways through which they are impacted. The VRA will be reviewed and updated by 2025. Further operational and service

based risks of climate change are identified and assessed through the ERM framework to translate strategic goals and challenges into actionable responses at a business unit level.

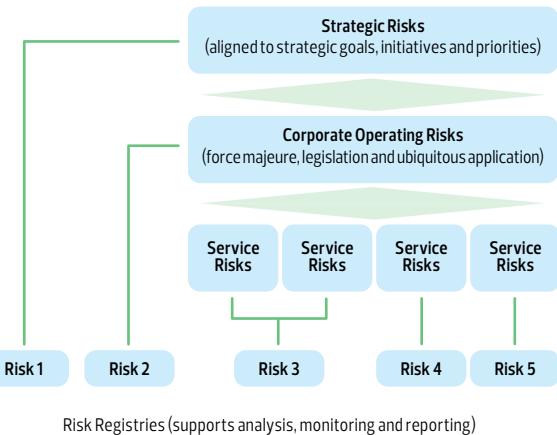
The ERM program gathers information and data impacting each layer of the organization with the intention of aligning actions to respond effectively in a coordinated manner to climate related risks and to support our climate change strategies. This integration aligns business planning, budget planning, emergency management plans, climate change impacts and insurance risks to create a more robust approach for proactive action and prepared responses.

Specialized risk assessments for potential natural disasters (floods, extreme wind, etc.) resulting from climate change impacts are assessed by the Office of Emergency Management with the Hazard Identification and Risk Assessment (HIRA). The Office of Emergency Management continues to collaborate with the Alberta Emergency Management Agency (AEMA) on leveraging risk assessments, data and aligning response planning.

### ERM levels of organizational risk



### ERM inter-relationship of risks across three levels of organizational risks



## TRANSITIONAL RISKS

The assessment and impact of transitional risks—those risks associated with transitioning to a low-carbon economy—are being evaluated and developed through the maturation of the ERM framework. Public policy, technology, market and reputational risks are considered across all service programs through the lens of strategies, operations and service level performance. In 2022, risk assessments were integral to the integrated business planning process for the four-year capital and operating budget. This process supports the leveraging of risk management into strategic and financial decision-making for direction setting and resource allocation.

## KEY ACCOMPLISHMENTS

- Renewed Audit Committee risk reporting which prominently features climate risks in the top ten of strategic risk to the organization.
- Launched an ERM internal dashboard with data analytics and visualizations to support improved risk awareness, transparency and decision-making.

## UPCOMING PRIORITIES

- Support development of climate risks from strategic to tactical impacts on operations, services and financials.
- Research potential development of risk tolerance and appetite statements to support improved decision-making and opportunities to leverage innovation and investment.

## METRICS AND TARGETS

In order to successfully implement the robust climate adaptation and mitigation strategies that the City has set out, mechanisms to monitor and measure climate-related risks and opportunities must be established. The City relies on a variety of metrics and targets to identify progress being made towards climate risk goals, as indicated below.

### ENVISO

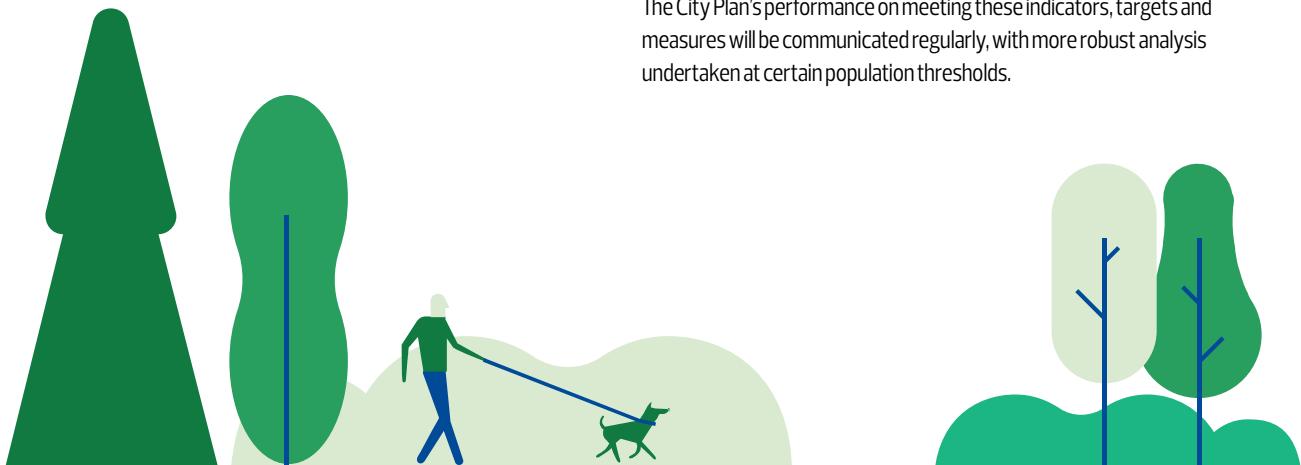
The City of Edmonton corporation is ISO 14001:2015 certified. The City's corporate ISO environmental management system is termed "Enviso" and this system provides the corporation with a formal "Plan, Do, Check, Act" approach to manage environmental risks and continually improve environmental performance. This system is also critical for integrating environmental aspects into processes throughout the corporation, as well as operationalizing environmental strategies and policies. Through the Enviso system, a set of key performance indicators (KPIs) have been determined across different environmental aspects, including energy and climate change. These KPIs are also in the process of being integrated into the City's Enterprise Performance Management system. Climate resilience metrics and targets are included in this system.

### THE CITY PLAN TARGETS

Embedded within The City Plan are long-term targets and metrics related to climate change including:

- Achieve total community-wide fair share carbon budget of 135 megatonnes of total GHGs from 2019 to 2050, including net zero per-person GHG emissions by 2050.
- Plant two million new urban trees.
- 50 per cent of trips are made by transit and active transportation.
- 15-minute communities that allow people to easily complete their daily needs.

The City Plan's performance on meeting these indicators, targets and measures will be communicated regularly, with more robust analysis undertaken at certain population thresholds.



## CLIMATE CHANGE ADAPTATION COMMUNITY INDICATOR

Edmonton has developed a Climate Risk Index to monitor, measure and report on the progress towards making the community of Edmonton climate resilient. This index is a scientifically robust, evidence-based measurement process to evaluate Edmonton's resilience to climate change. This composite index is a compilation of individual indicators and indicator sets that produce sub-indices to represent the main dimensions of Edmonton's climate resilience. Each indicator is measured on a performance-based (quantitative) assessment. Currently the index consists of 17 indicators related to exposure to different climate change events, 17 indicators related to sensitivity and 12 indicators related to response capacity. The indicator presents the percentage of neighborhoods that are in different risk categories. This enables Edmonton to establish a baseline from which we can subsequently measure the impact of planned adaptation actions on climate resilience over time at a sub-city level (i.e. a neighborhood scale).

## GREENHOUSE GAS EMISSIONS

In 2021, the City of Edmonton updated emissions reductions targets in Edmonton's Energy Transition Strategy to align with global efforts to decarbonize established by the Intergovernmental Panel on Climate Change. These targets include interim targets in 2025 and 2030 to reduce community-based greenhouse gas emissions by 35 per cent and 50 per cent respectively from 2005 levels, and reaching net zero greenhouse gas emissions by 2040 for corporate emissions and 2050 for community emissions. This puts Edmonton among pioneering municipalities worldwide in combating climate change.

## GREENHOUSE GAS EMISSIONS - INVENTORIES

The City has prepared both community and corporate GHG emissions inventories since the 1990s, and relies on these emissions inventories for energy transition and emissions reduction planning and tracking. Edmonton follows the latest international greenhouse gas emissions accounting protocols for preparing greenhouse gas inventories. These inventories report on Scope 1, Scope 2 and select Scope 3 Community and Corporate Greenhouse Gas Emissions sources, to understand and manage their emissions. Scope 1 emissions result from the combustion of fuel within the City Limits, generally referred to as Direct Emissions. Scope 2 emissions are indirect emissions sources from the generation of electricity outside of the City Limits. Scope 3 includes emissions that are induced due to activities taken by the City or Community. Edmonton's community inventory currently includes emissions from line losses from electricity transmission, transboundary traffic, and emissions from waste disposal and treatment outside of the City as Scope 3 emissions. Investigation of additional Scope 3 emissions sources for inclusion in the GHG inventory is underway to improve the City's tracking and management of these sources.

EDMONTON  
IS AMONG  
PIONEERING  
MUNICIPALITIES  
WORLDWIDE  
IN COMBATING  
CLIMATE  
CHANGE.



Edmonton reports the results of the Community and Corporate emissions inventories on Edmonton's Citizens Dashboard under the Climate Resilience goal of The City Plan. Edmonton has also been awarded the "Full Compliance" badge from the Global Covenant of Mayors for Climate and Energy for the City's climate planning. The City also participates in the Carbon Disclosure Project (CDP), a not-for-profit charity that runs the global climate disclosure system for investors, companies, cities, states and regions. Edmonton's 2021 CDP reporting resulted in Edmonton receiving an A-grade, demonstrating Edmonton's leadership and transparency in climate planning and action.

#### + Community Greenhouse Gas Emissions

- In 2021, Edmonton's community GHG emissions were estimated to be 15.0 million tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e) equating to 14.2 tonnes per capita. This is a 45 per cent decrease from 2005 per capita emissions of 25.6 tonnes per person. While this demonstrates that progress has been made on reducing Edmonton's emissions, accelerated emissions reduction actions are still needed to meet Edmonton's net zero per person target.

#### + Corporate Greenhouse Gas Emissions

- The City's corporate GHG emissions inventory represents approximately 3 per cent of the community GHG emissions. In 2021, the City's net corporate GHG emissions totaled 257,000 tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e); this total includes sequestration from the City's urban forest and the purchase of Renewable Energy Certificates (RECs) to offset electricity use emissions. Without including the urban forest and RECs, corporate emissions would have been 403,000 tonnes.
- Total energy use for corporate operations in 2021 increased by 3 per cent from 2020, and has increased from 2005 levels by 39 per cent.
- The changes in the corporate GHG emissions by reporting sector are summarized below:

#### Change in Corporate GHG Emissions by Reporting Category

Reporting Category	2005 GHG Emissions (tCO <sub>2</sub> e)	2019 GHG Emissions (tCO <sub>2</sub> e)	2020 GHG Emissions (tCO <sub>2</sub> e)	2021 GHG Emissions (tCO <sub>2</sub> e)
Buildings and Other Facilities	172,607	195,891	186,003	187,912
Streetlights and Traffic Signals	74,216	46,689	41,826	38,046
Vehicle Fleet	25,036	35,537	32,712	32,388
Transit Fleet	62,428	90,279	73,454	75,689
Waste Management Facilities and Landfills	88,851	80,241	72,780	69,305
Urban Forest Sink		-7,647	-3,475	-3,502
Renewable Energy Credit (REC) Purchases		-115,600	-123,600	-146,128
Total without Urban Forest Sink and RECs	423,138	448,638	406,775	403,336
Total with RECs and Urban Forest Sink	423,138	325,391	279,701	253,706



# EDMONTON'S 2021 CDP REPORTING RESULTED IN EDMONTON RECEIVING AN A-GRADE, DEMONSTRATING EDMONTON'S LEADERSHIP AND TRANSPARENCY IN CLIMATE PLANNING AND ACTION.

## KEY ACCOMPLISHMENTS

- + Completing the first four-year carbon budgeting process in conjunction with standard budgeting processes.
- + Receiving an A-grade from the Carbon Disclosure Project for annual reporting of climate plans and actions.

## UPCOMING PRIORITIES

- + Updating and refining carbon budgeting to enable greater quantification of budget profiles.



## 5 STATISTICAL REVIEW



# STATISTICAL REVIEW FOR THE YEARS 2018 TO 2022

## GENERAL MUNICIPAL DATA

Unaudited

	2022	2021	2020	2019	2018
<b>Population<sup>1</sup> (Note 1)</b>	<b>1,087,803</b>	1,057,574	1,047,988	1,027,326	1,003,307
<b>Population age distribution<sup>1</sup> (%) (Note 1)</b>					
0-4	<b>5.95</b>	6.14	6.31	6.42	6.44
5-19	<b>17.10</b>	16.78	16.62	16.55	16.50
20-29	<b>14.84</b>	15.04	15.65	16.05	16.45
30-39	<b>17.98</b>	18.02	17.96	17.82	17.67
40-49	<b>13.83</b>	13.62	13.37	13.20	13.10
50-59	<b>11.13</b>	11.38	11.56	11.83	12.13
60-64	<b>5.46</b>	5.53	5.49	5.48	5.45
65+	<b>13.71</b>	13.48	13.04	12.65	12.26
<b>Area<sup>2</sup></b>					
in hectares	<b>78,247</b>	78,247	78,247	78,247	69,980
in square kilometres (rounded)	<b>782</b>	782	782	782	700
<b>Number of housing starts<sup>3</sup></b>	<b>11,401</b>	9,947	9,865	8,605	8,003
<b>Value of building permits<sup>4</sup> (\$000) (Note 2)</b>	<b>\$ 5,139,140</b>	\$ 4,493,392	\$ 4,196,236	\$ 3,866,035	\$ 4,921,293
<b>Household median total income<sup>4</sup> (Note 3)</b>					
Metro Edmonton	<b>\$ 107,450</b>	\$ 107,450	\$ 107,450	\$ 105,080	\$ 103,190
Alberta	<b>\$ 105,960</b>	\$ 105,960	\$ 105,960	\$ 103,720	\$ 101,780
Canada	<b>\$ 96,220</b>	\$ 96,220	\$ 96,220	\$ 90,390	\$ 87,930
<b>Consumer price index<sup>4</sup> – 2002 base year</b>					
Metro Edmonton	<b>158.4</b>	149.0	144.7	143.2	140.8
Alberta	<b>158.9</b>	149.3	144.7	143.1	140.6
Canada	<b>151.2</b>	141.6	137.0	136.0	133.4
<b>Unemployment rate<sup>4</sup> (%) – annual average</b>					
Metro Edmonton	<b>5.9</b>	8.7	11.8	7.3	6.5
Alberta	<b>5.8</b>	8.6	11.3	6.8	6.5
Canada	<b>5.3</b>	7.5	9.7	5.7	5.8
<b>City of Edmonton employees (Note 4)</b>	<b>15,166</b>	14,741	14,719	15,265	15,115

Sources: <sup>1</sup>Alberta Treasury Board <sup>2</sup>City of Edmonton Urban Planning and Economy <sup>3</sup>Canada Mortgage and Housing Corporation <sup>4</sup>Statistics Canada

### Notes

1. The population and population age distribution is per Alberta Treasury Board and Finance's January 2023 version of July 1, 2022 municipal population estimates.
2. Value reflects the metropolitan area of Edmonton.
3. The household median income reflects the "median total income, all families" per Statistics Canada.
4. Positions are stated in full time equivalents, as budgeted, and exclude EPCOR.

# STATISTICAL REVIEW FOR THE YEARS 2018 TO 2022

## ASSESSMENT AND TAX LEVY

Unaudited (in thousands of dollars, except per capita)

	2022	2021	2020	2019	2018
<b>Assessment:</b>					
Total taxable assessment	\$ 175,116,508	\$ 168,434,321	\$ 172,472,851	\$ 173,916,445	\$ 171,095,395
Percentage of total assessment represented by:					
Residential properties (%)	78.8	77.3	76.0	75.7	75.7
Commercial properties (%)	21.2	22.7	24.0	24.3	24.3
Taxable assessment per capita	\$ 163,658	\$ 173,247	\$ 177,401	\$ 178,885	\$ 183,471
Assessment for principal taxpayers (%) (Note 1)	4.4	4.4	4.7	4.6	4.6
<b>Rates of taxation (mills):</b>					
Single family residences	9.39	9.59	9.33	9.08	8.69
Other residential property	10.42	10.64	10.35	10.05	9.62
Commercial and industrial	25.18	24.15	22.22	21.85	21.22
<b>Property tax levy, collections, and arrears:</b>					
Arrears at January 1 (net)	\$ 80,913	\$ 104,240	\$ 67,117	\$ 64,437	\$ 58,205
Tax Levy	2,327,762	2,259,343	2,242,982	2,186,319	2,055,541
Appeals and adjustments	(12,314)	(14,424)	(1,661)	(12,946)	(11,425)
Collections:					
Regular	(2,212,175)	(2,164,436)	(2,135,047)	(2,112,474)	(1,991,843)
Community Revitalization Levy	(36,129)	(34,614)	(36,474)	(30,119)	(22,589)
Arrears	(83,555)	(90,013)	(46,594)	(43,856)	(37,669)
Penalties on prior year arrears	23,626	20,817	13,917	15,756	14,217
Arrears at December 31 (net)	\$ 88,128	\$ 80,913	\$ 104,240	\$ 67,117	\$ 64,437
Percentage of current property taxes collected (%)	97.1	98.0	96.9	98.6	98.5
Percentage of net property tax arrears collected (%) (Note 2)	103.3	86.4	69.4	68.1	64.7
Property tax arrears per capita (gross)	\$ 87.61	\$ 89.48	\$ 112.10	\$ 80.34	\$ 72.67
Property tax arrears per capita (net)	82.54	83.22	107.22	69.03	68.94
Property tax levy per capita	2,175.44	2,323.89	2,307.07	2,248.78	2,204.22
<b>Business Improvement Area tax levy</b>	\$ 3,727	\$ 3,426	\$ 3,854	\$ 3,778	\$ 3,742
<b>Education requisitions</b>	\$ 497,033	\$ 493,416	\$ 495,499	\$ 488,266	\$ 480,479

Source: City of Edmonton Financial and Corporate Services

### Note

1. Includes the ten highest taxpayers by assessment value.
2. 2021 restated for consistency in calculation with other years.

# STATISTICAL REVIEW FOR THE YEARS 2018 TO 2022

## INVESTMENT FUNDS (NOTE 1)

Unaudited (in thousands of dollars)

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	2022	2021	2020	2019	2018
<b>Balanced Fund</b>					
Net assets – market value	\$ 819,440	\$ 888,741	\$ 838,853	\$ 764,331	\$ 687,330
Net assets – cost	857,979	840,732	772,507	746,173	713,331
Net earnings	17,247	67,595	25,771	32,286	19,492
Fund rate (%)	2.1	8.8	3.5	4.5	2.8
Market (%)	(7.4)	6.2	10.2	11.5	(1.0)
<b>Ed Tel Endowment Fund</b>					
Net assets – market value	\$ 891,660	\$ 996,922	\$ 912,823	\$ 861,580	\$ 787,562
Net assets – cost	867,378	891,958	813,103	823,406	825,035
Net earnings	29,420	119,542	29,790	46,900	28,571
Fund rate (%)	3.3	14.7	3.6	5.7	3.4
Market (%)	(4.6)	14.4	11.6	16.2	(3.0)
<b>Sinking Fund (Note 2)</b>					
Net assets – market value	\$	\$	\$	\$	\$
Net assets – cost					
Net earnings:					
Required					3,239
Deficiency					(2,626)
Total	\$	\$	\$	\$	\$ 613
Fund rate (%)	N/A	N/A	N/A	N/A	0.7
Market (%)	N/A	N/A	N/A	N/A	N/A

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 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 2018 TO 2022

## LONG-TERM DEBT

Unaudited (in thousands of dollars, except per capita)

	2022	2021	2020	2019	2018
<b>Borrowing</b>					
Self-liquidating	\$ 51,761	\$ 93,390	\$ 23,954	\$ 38,140	\$ 47,988
Tax-supported	561,362	226,006	345,046	274,632	327,872
	\$ 613,123	\$ 319,396	\$ 369,000	\$ 312,772	\$ 375,860
<b>Total debt servicing limit (26% of City revenue)</b>	\$ 798,997	\$ 777,153	\$ 761,396	\$ 759,282	\$ 726,362
<b>Total debt servicing</b>	341,907	289,066	291,842	283,240	269,719
<b>Percentage used (%)</b>	42.8	37.2	38.3	37.3	37.1
<b>Total debt servicing limit (21% of City revenue)</b>	\$ 645,344	\$ 627,700	\$ 614,974	\$ 613,266	\$ 586,677
<b>Total debt servicing</b>	341,907	289,066	291,842	283,240	269,719
<b>Percentage used (%)</b>	53.0	46.1	47.5	46.2	46.0
<b>Tax-supported debt servicing limit</b> (18% of tax-supported net operating expenditures)	\$ 461,338	\$ 406,545	\$ 397,314	\$ 414,930	\$ 408,212
<b>Tax-supported debt servicing</b>	267,618	237,411	241,159	232,378	218,990
<b>Percentage used (%)</b>	58.0	58.4	60.7	56.0	53.6
<b>General government debt service (Note 1)</b>	\$ 274,702	\$ 255,444	\$ 256,838	\$ 246,988	\$ 230,246
<b>General government debt service as a percentage of general government operating expenses (%) (Note 1)</b>	8.6	8.9	9.2	8.5	8.2
<b>Long-term debt (gross)</b>					
Self-liquidating	\$ 999,562	\$ 1,037,756	\$ 1,011,887	\$ 1,053,357	\$ 1,069,025
Tax-supported	3,430,895	3,032,162	2,950,875	2,736,683	2,595,110
<b>Long-term debt (net of EPCOR)</b>					
Self-liquidating	\$ 509,434	\$ 514,408	\$ 456,270	\$ 466,082	\$ 451,084
Tax-supported	3,430,895	3,032,162	2,950,875	2,736,683	2,595,110
<b>Net debt per capita</b>					
Self-liquidating	\$ 504	\$ 529	\$ 469	\$ 479	\$ 484
Tax-supported	3,394	3,119	3,035	2,815	2,783
	\$ 3,898	\$ 3,648	\$ 3,504	\$ 3,294	\$ 3,267
<b>Percentage of net debt to be retired (Note 2)</b>					
Within 5 years	29.6	29.3	27.8	27.2	26.4
Within 10 years	54.0	55.2	53.7	53.9	53.8

Source: City of Edmonton Financial and Corporate Services

### Note

1. Debt servicing includes principal and net interest.
2. 2018 and 2019 figures have been restated to exclude impacts of EPCOR recoverable debt.

# STATISTICAL REVIEW FOR THE YEARS 2018 TO 2022

## CONSOLIDATED EXPENSES

Unaudited (in thousands of dollars)

<b>Operating Expenses by Function</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Transportation services	\$ 1,023,089	\$ 908,266	\$ 910,510	\$ 983,682	\$ 904,641
Community services	797,294	623,868	592,064	701,848	684,153
Protective services	794,083	789,587	776,033	734,665	702,245
Utility and enterprise services	232,523	227,839	223,074	266,231	231,248
Corporate administration, general municipal and other	555,674	505,134	476,014	467,008	466,205
Fleet services	41,863	38,809	45,755	36,249	40,881
	<b>\$ 3,444,526</b>	<b>\$ 3,093,503</b>	<b>\$ 3,023,450</b>	<b>\$ 3,189,683</b>	<b>\$ 3,029,373</b>

<b>Operating Expenses by Object</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Salaries, wages and benefits	\$ 1,669,501	\$ 1,590,910	\$ 1,577,596	\$ 1,636,498	\$ 1,614,137
Materials, goods and utilities	375,452	298,161	284,160	300,780	303,465
Contracted and general services	342,547	297,018	275,852	347,781	309,754
Interest and bank charges	131,913	116,655	143,915	142,108	131,229
Grants and other	159,287	158,818	125,483	118,292	117,272
Amortization of tangible capital assets	652,513	620,337	591,167	558,462	533,649
Loss on disposal, impairment and transfer of tangible capital assets	113,313	11,604	25,277	85,762	19,867
	<b>\$ 3,444,526</b>	<b>\$ 3,093,503</b>	<b>\$ 3,023,450</b>	<b>\$ 3,189,683</b>	<b>\$ 3,029,373</b>

Source: City of Edmonton Financial and Corporate Services

# STATISTICAL REVIEW FOR THE YEARS 2018 TO 2022

## CONSOLIDATED REVENUE AND CAPITAL FINANCING

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Unaudited (in thousands of dollars)

<b>Revenues</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Net taxes available for municipal purposes	\$ 1,807,124	\$ 1,745,774	\$ 1,726,220	\$ 1,671,800	\$ 1,591,960
User fees and sale of goods and services	588,892	506,676	461,682	623,326	633,091
Subsidiary operations – EPCOR	379,855	387,730	275,699	231,054	295,173
Franchise fees	208,465	183,021	177,120	171,840	158,437
Government transfers – operating	198,070	144,879	277,454	121,950	113,081
Licenses and permits	80,286	77,618	69,072	74,311	74,756
Investment earnings	70,048	208,089	78,160	102,246	66,511
Fines and penalties	69,528	67,223	81,858	97,898	87,668
Developer and customer contributions – operating	31,579	37,531	23,284	25,558	29,598
Revenues before capital	\$ 3,433,847	\$ 3,358,541	\$ 3,170,549	\$ 3,119,983	\$ 3,050,275
Government transfers – capital	532,815	413,405	565,516	571,432	699,347
Contributed tangible capital assets	81,563	95,448	118,245	146,932	203,883
Local improvements	12,384	11,468	24,723	12,968	11,909
Developer and customer contributions – capital	6,689	6,770	8,873	18,418	26,688
	\$ 4,067,298	\$ 3,885,632	\$ 3,887,906	\$ 3,869,733	\$ 3,992,102
<b>Capital Additions by Financing Source</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Capital additions	\$ 1,396,658	\$ 1,231,918	\$ 1,497,579	\$ 1,406,174	\$ 1,541,762
Financing Sources Applied:					
Pay-As-You-Go	135,565	85,167	135,937	109,623	119,159
Debt	452,655	316,276	369,107	332,571	229,178
Government transfers – Provincial	310,344	302,751	354,231	413,328	520,933
Government transfers – Federal	222,471	110,654	211,285	158,104	178,414
Developer/partnership	87,424	113,934	148,410	178,239	241,143
Reserves/user fees/other	188,198	303,136	278,609	214,309	252,935
	\$ 1,396,657	\$ 1,231,918	\$ 1,497,579	\$ 1,406,174	\$ 1,541,762

Source: City of Edmonton Financial and Corporate Services

# STATISTICAL REVIEW FOR THE YEARS 2018 TO 2022

## FINANCIAL POSITION, ANNUAL SURPLUS AND RESERVES

Unaudited (in thousands of dollars)

Financial Position and Annual Surplus	2022	2021	2020	2019	2018
<b>Changes to Accumulated Surplus</b>					
Financial assets	\$ 8,511,069	\$ 8,093,766	\$ 7,527,483	\$ 7,284,013	\$ 7,237,730
Liabilities	5,657,687	5,370,784	5,027,496	4,796,537	4,699,506
Net financial assets	2,853,382	2,722,982	2,499,987	2,487,476	2,538,224
Non-financial assets	14,441,618	13,839,086	13,272,936	12,440,995	11,758,262
Accumulated surplus – ending	\$ 17,295,000	\$ 16,562,068	\$ 15,772,923	\$ 14,928,471	\$ 14,296,486
Annual excess of revenues over expenses	\$ 622,772	\$ 729,129	\$ 864,456	\$ 680,050	\$ 962,729
Other changes to Accumulated Surplus	\$ 110,160	\$ (2,984)	\$ (20,004)	\$ (48,065)	\$ 34,471
<b>Reserves</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
General Government:					
Financial stabilization - appropriated	\$192,360	\$180,952	\$213,320	\$51,291	\$68,118
Pay-As-You-Go capital	140,956	180,143	122,725	185,874	159,316
Local improvement	140,564	138,880	137,940	123,003	119,653
Light rail transit	114,759	86,567	56,110	40,486	32,759
Sanitary servicing strategy fund	70,614	56,009	56,584	66,320	68,661
Financial stabilization - unappropriated	68,402	121,746	129,015	123,886	130,271
Affordable housing	59,513	55,834	49,731	44,956	37,050
Planning and development	41,177	29,512	16,558	16,156	16,372
Fleet services - vehicle replacement	38,972	36,411	25,249	28,418	25,203
Funds in lieu - residential	35,581	29,447	21,936	26,582	23,182
Neighbourhood renewal	24,174	19,579	18,477	2,042	(15,061)
Parkland	18,949	19,572	18,613	20,647	19,734
Tax-supported debt	14,513	16,707	5,456	5,380	6,458
Pay-As-You-Go capital - Edmonton Police Services	13,569	17,422	7,009	13,734	11,629
Revolving industrial servicing fund	11,002	8,631	2,535	923	3,200
Developer recoveries	10,525	10,959	11,848	12,078	17,804
Rogers Place Arena capital	9,880	8,665	6,954	5,439	3,792
Natural areas	8,842	8,710	8,750	8,722	8,585
Tree management	8,533	9,793	9,463	8,161	7,091
Commercial revitalization	6,088	4,830	1,594	616	434
Heritage resources	6,036	5,032	3,724	2,324	2,792
Perpetual care	5,465	4,650	3,555	3,719	2,912
Public Art	4,252	3,420			
St. Francis Xavier	2,774	2,488	2,245	1,934	1,610
Vehicle for hire	2,690	1,966	2,465	2,353	1,907
Motor vehicle insurance	2,500	2,500	2,500	2,500	2,500
Commonwealth Stadium	2,135	1,991	2,911	4,012	4,723
Traffic safety and automated enforcement	901	7,375	20,347	16,903	15,424
Edmonton Police Service	312	(2,895)	7,034	2,245	1,162
Brownfield Redevelopment	(3,131)	(2,850)	(2,329)	(2,900)	(2,900)
Community Revitalization levy - Capital City Downtown	(10,247)	(11,770)	(13,839)	(19,872)	(23,586)
Community Revitalization levy - Belvedere	(15,209)	(14,205)	(11,025)	(10,093)	(9,098)
Community Revitalization levy - Quarters	(16,401)	(14,211)	(12,214)	(8,650)	(8,202)
Interim financing	(36,137)	(37,749)	(37,838)	(40,556)	(32,657)
Development incentive			1,999	1,699	1,716
Other	632	902	389	417	411
	975,545	987,013	889,791	740,749	702,965
City of Edmonton Library Board	12,672	12,488	6,968	8,680	11,549
Non-Profit Housing Corporation	4,928	6,511	6,680	5,918	3,033
Fort Edmonton Management Company		30	30	30	30
Edmonton Economic Development Corporation				2,853	4,211
	\$ 993,145	\$ 1,006,042	\$ 903,469	\$ 758,230	\$ 721,788

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:

## EXPLORE EDMONTON

3rd Floor, World Trade Centre Edmonton  
9990 Jasper Avenue  
Edmonton, Alberta T5J 1P7  
Phone: 780-401-7696  
E-mail: [info@exploreedmonton.com](mailto:info@exploreedmonton.com)  
Web: [www.exploreedmonton.com](http://www.exploreedmonton.com)  
Chair: Karen Oshry  
CEO: Traci Bednard

## EDMONTON POLICE COMMISSION

Suite 1803 Scotia Place, Tower 2  
10060 Jasper Avenue  
Edmonton, Alberta T5J 3R8  
Phone: 780-414-7510  
E-mail: [info@edmontonpolicecommission.ca](mailto:info@edmontonpolicecommission.ca)  
Web: [www.edmontonpolicecommission.com](http://www.edmontonpolicecommission.com)  
Chair: Erick Ambtman  
Chief of Police: Dale McFee

## THE CITY OF EDMONTON NON-PROFIT HOUSING CORPORATION

11604 – 145 Street NW  
Edmonton, Alberta T5M 1V8  
Phone: 780-474-5706  
E-mail: [info@myhomeed.ca](mailto:info@myhomeed.ca)  
Web: [www.myhomeed.ca](http://www.myhomeed.ca)  
Chair: Dave Rumbold  
Executive Director: Nick Lilley

## EDMONTON UNLIMITED

10107 Jasper Avenue  
Edmonton, Alberta T5J 1W8  
Email: [hello@edmontonunlimited.com](mailto:hello@edmontonunlimited.com)  
Web: [www.edmontonunlimited.com](http://www.edmontonunlimited.com)  
Chair: Naseem Bashir  
CEO: Catherine Warren

## EPCOR UTILITIES INC.

2000, 10423 – 101 Street NW  
Edmonton, Alberta T5H 0E8  
Phone: 780-412-3414  
Web: [www.epcor.com](http://www.epcor.com)  
Chair: Janice Rennie  
President and CEO: Stuart Lee

## EDMONTON PUBLIC LIBRARY

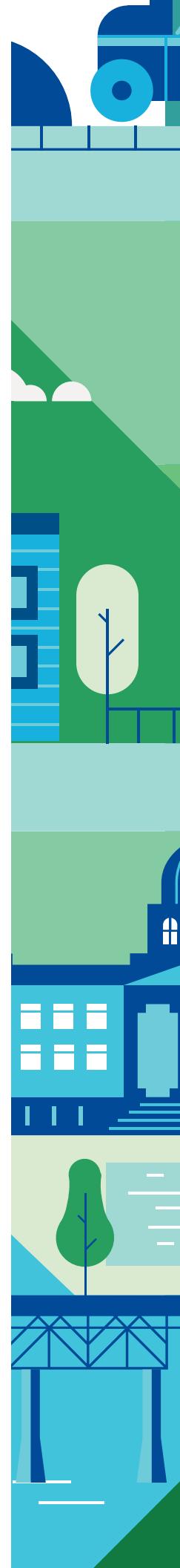
7 Sir Winston Churchill Square  
Edmonton, Alberta T5J 2V4  
Phone: 780-496-7000  
Web: [www.epl.ca](http://www.epl.ca)  
Chair: Kenna Hounaren  
CEO: Pilar Martinez

## FORT EDMONTON MANAGEMENT COMPANY

Fort Edmonton Park  
7000–143 Street NW  
P.O. Box 2359  
Edmonton, Alberta T5J 2R7  
E-mail: [hello@fortedmanagementco.ca](mailto:hello@fortedmanagementco.ca)  
Web: [www.fortedmanagementco.ca](http://www.fortedmanagementco.ca)  
Chair: Jim McKillop  
President and CEO: Darren Dalgleis

## EDMONTON COMBATIVE SPORTS COMMISSION

3 Sir Winston Churchill Square NW  
Edmonton, Alberta T5J 2C3  
Email: [ecsc@edmonton.ca](mailto:ecsc@edmonton.ca)  
Chair: Trevor Kelly  
Executive Director: Forrest Gavins





For more information visit: [www.edmonton.ca](http://www.edmonton.ca)

If you have inquiries about the 2022 Annual Report,  
direct them by mail or phone at:

The City of Edmonton, Financial and Corporate Services  
5<sup>th</sup> Floor, Chancery Hall, 3 Sir Winston Churchill Square NW,  
Edmonton, AB, Canada T5J 2C3 Phone: 311

