

EQUITY ACCOUNTS

General Government Operations

The balance represents the accumulated excess of operating revenues over operating expenses for general government (tax-supported) operations. The net balance as of December 31, 2020 was \$40.4 million as a result of the 2020 tax-supported net surplus position. The 2020 tax-supported surplus was transferred to the Financial Stabilization Reserve in the first quarter of 2021 with \$40.4 million appropriated for specific funding, as approved by City Council on March 15, 2021.

Ed Tel Endowment Fund

A review was completed in 2008 and City Council approved the revised Ed Tel Endowment Fund Bylaw 11713, as amended by Bylaws 13428, 14709, and 14922. The fund is further managed through City policy *C212D Investment Policy* that was updated and approved by City Council on September 16, 2009. The equity balance in the fund as of December 31, 2020 was \$813.1 million.

A report on the Fund is provided annually to Executive Committee including: fund status, market value, asset mix, investment performance, proxy voting, confirmation of policy and statutory compliance, and details on the past year's accomplishments and the next year's planned activities. The 2020 Investment Committee Annual Report was received for information at the April 26, 2021, meeting of Executive Committee.

At June 30, 2021, the Ed Tel Endowment fund market value was \$953.6 million, 27.3 per cent above the inflation adjusted principal. As the market value of the fund at June 2021 was more than 15 per cent above the inflation adjusted principal, as per section 5.2 of the Ed Tel Endowment Fund Bylaw 11713, the fund is in a position to pay a special dividend in 2022 in the amount of \$10.8 million (25 per cent x regular 2022 dividend). A recommendation for the fund to pay a special dividend will be submitted to City Council for approval on November 22, as part of FCS00817 - Fall 2021 Supplemental Operating Budget Adjustment - 2019-2022 Operating Budget.

Land Enterprise

City Council approved revised City Policy *C516B Land Enterprise Dividend* on November 19, 2008. The Land Enterprise equity balance at December 31, 2020, was \$93.2 million and is related to both the unrestricted retained land development, Blatchford Redevelopment, and municipal use activities. The

balance has been fully leveraged to provide interim financing to purchase land for future municipal purchases.

Pension and Benefits

This balance was established in 2001 and represents the City's surplus accounting position in City administered pension plans, mainly the Fire Fighters' Supplementary Pension Plan, and City sponsored major medical, dental and other employee benefit plans. The balance reported as of December 31, 2020 was \$36.0 million, with \$20.1 million mainly attributable to the Fire Fighters' Supplementary Pension Plan and \$15.9 million related to City sponsored employee benefit plans. The assets represent a benefit that will be drawn down over future years by plan participants. The City engages an actuarial firm to conduct actuarial reviews of all City administered pension plans. A full actuarial valuation is conducted every three years for the Fire Fighters' Supplementary Pension Plan and annually for all other pension plans. Financial statements are prepared annually for City administered pension plans and City sponsored employee benefit plans and distributed internally. The Fire Fighters' Supplementary Pension Plan is also provided to the Fire Fighters' Pension Committee and the Alberta Superintendent of Pensions.

Waste Services

City Policy *C558B Waste Management Utility Fiscal Policy* governs the financial management of Waste Services and reflects the Utility Committee and City Council directions on the financial objectives and management for the utility. It promotes a consistent approach year-over-year for financial planning, budgeting and rate setting to ensure the utility is financially sustainable over the long term. The Waste Management fiscal policy includes financial indicators to measure and manage the overall financial health of the utility, including the usage of cash. Financial results are reported annually to the Utility Committee. The Waste Services equity balance at December 31, 2020, as reported in the 2020 Waste Services Annual Report was \$(0.2) million.

In 2015, to address non-regulated program losses and achieve target cash balances, the Waste Services Utility was given authorization through the Waste Services Utility 2015 Operating Budget to draw on a notional short-term loan from the City of Edmonton. As of December 31, 2020, the outstanding notional short-term loan balance was \$7.6 million which has provided financing for the cumulative losses generated by the non-regulated lines of business, and no further losses are forecast at this time. On July 5, 2021 administration submitted report CO_00582 - Non-Regulated Loan Repayment Recommendation. Based on Administration recommendations,

Council approved \$7.6 million from the Financial Stabilization Reserve to write-off the full amount of the notional short-term loan. This write-off will increase Waste Services' 2021 equity balance by an equal amount as the loan is no longer repayable to the City of Edmonton.

Blatchford Renewable Energy Utility

City Policy C597A *Blatchford Renewable Energy Utility Fiscal Policy*, was updated and approved by City Council on December 09, 2020. It governs the financial management of Blatchford Renewable Energy Utility and reflects the Utility Committee and City Council directions on the financial objectives and management of the utility. The equity balance at December 31, 2020 was (\$3.7) million, which represents an accumulation of deficient operating revenue compared to related expenses of the utility.