



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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
April 21, 2023 - Audit Committee | FCS01774

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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;
- + 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)

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)

	2022	2021
Financial Assets		
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
	8,511,069	8,093,766
Liabilities		
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
	5,657,687	5,370,784
Net Financial Assets	2,853,382	2,722,982
Non-financial Assets		
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
	14,441,618	13,839,086
Accumulated Surplus (Note 15)	\$ 17,295,000	\$ 16,562,068

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 Andrew Knack

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

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

	Budget (Note 30)	2022	2021
Revenues			
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
Expenses			
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
Other			
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
Excess of Revenues over Expenses	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)
Accumulated Surplus, end of year	\$ 17,577,677	\$ 17,295,000	\$ 16,562,068

See accompanying notes to consolidated financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

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

	Budget (Note 30)	2022	2021
Excess of Revenues over Expenses	\$ 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)
(Decrease) increase in net financial assets	(1,039,676)	130,400	222,995
Net Financial Assets, beginning of year	2,722,982	2,722,982	2,499,987
Net Financial Assets, end of year	\$ 1,683,306	\$ 2,853,382	\$ 2,722,982

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:		
Operating Activities		
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
	594,735	1,121,912
Capital Activities		
Acquisition of tangible capital assets	(1,315,095)	(1,136,470)
Proceeds on disposal of tangible capital assets	9,808	5,892
	(1,305,287)	(1,130,578)
Investing Activities		
Dividend from subsidiary (Note 20)	177,000	171,000
Net decrease (increase) in investments	108,734	(359,540)
	285,734	(188,540)
Financing Activities		
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
	393,759	139,425
Decrease in cash and cash equivalents	(31,059)	(57,781)
Cash and cash equivalents, beginning of year	473,259	531,040
Cash and cash equivalents, end of year	\$ 442,200	\$ 473,259

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)

	Opening Balance	Additions and Transfers	Disposals, Impairments and Transfers	Closing Balance
Cost				
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
Accumulated Amortization				
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
Net Book Value	\$ 13,754,952	\$ 744,145	\$ (148,427)	\$ 14,350,670

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 11 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
Cost				
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)	(430,717)	1,121,387
	21,160,948	1,231,918	(140,060)	22,252,806
Accumulated Amortization				
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
Net Book Value	\$ 13,195,576	\$ 611,581	\$ (52,205)	\$ 13,754,952

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 DISCLOSURE

Attachment 1

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

	Tax-Supported								Blatchford Renewable Energy	EPCOR	Ed Tel Endowment Fund	2022
	Transportation Services	Protective Services	Community Services	Fleet Services	Other Tax- Supported	Total Tax- Supported	Waste Services	Land Enterprise				
Revenues												
Net taxes available for municipal purposes	\$ 465,495	\$ 661,108	\$ 376,556	\$	\$ 303,965	\$ 1,807,124						\$ 1,807,124
User fees and sale of goods and services	100,718	35,073	149,498	8,532	35,812	329,633	217,343	41,796	120			588,892
Subsidiary operations – EPCOR										379,855		379,855
Franchise fees					208,465	208,465						208,465
Government transfers – operating	4,657	33,324	48,510		110,699	197,190	880					198,070
Licenses and permits	3,378	2,935	66,549	1	7,423	80,286						80,286
Investment earnings			2,255		32,203	34,458	1,972				33,618	70,048
Fines and penalties		37,685	37		31,806	69,528						69,528
Developer and customer contributions – operating	219	73	31,252	28	7	31,579						31,579
Appropriation of earnings					54,000	54,000					(54,000)	
	574,467	770,198	674,657	8,561	784,380	2,812,263	220,195	41,796	120	379,855	(20,382)	3,433,847
Expenses												
Salaries, wages and benefits	345,445	636,916	262,715	73,702	301,512	1,620,290	47,549	1,660	2			1,669,501
Materials, goods and utilities	128,163	41,224	72,063	66,216	37,108	344,774	11,274	19,349	55			375,452
Contracted and general services	138,519	84,016	168,262	(142,182)	(23,538)	225,077	106,870	5,429	973		4,198	342,547
Interest and bank charges	51,139	3,133	39,939	(10,442)	37,406	121,175	8,347	1,789	602			131,913
Grants and other	741	580	124,702		33,215	159,238	49					159,287
Amortization of tangible capital assets	329,291	27,575	58,967	55,571	154,289	625,693	26,542		278			652,513
Loss (gain) on disposal, impairment and transfer of tangible capital assets	29,791	639	70,646	(1,002)	11,484	111,558	1,755					113,313
	1,023,089	794,083	797,294	41,863	551,476	3,207,805	202,386	28,227	1,910		4,198	3,444,526
(Shortfall) Excess of Revenues over Expenses before Other	(448,622)	(23,885)	(122,637)	(33,302)	232,904	(395,542)	17,809	13,569	(1,790)	379,855	(24,580)	(10,679)
Other												
Government transfers – capital	398,907	23,057	64,136		46,685	532,785	30					532,815
Contributed tangible capital assets	17,506		33,469		30,588	81,563						81,563
Local improvements					12,384	12,384						12,384
Developer and customer contributions – capital	3,349	378	2,962			6,689						6,689
	419,762	23,435	100,567		89,657	633,421	30					633,451
(Shortfall) Excess of Revenues over Expenses	\$ (28,860)	\$ (450)	\$ (22,070)	\$ (33,302)	\$ 322,561	\$ 237,879	\$ 17,839	\$ 13,569	\$ (1,790)	\$ 379,855	\$ (24,580)	\$ 622,772

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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	EPCOR	Ed Tel Endowment Fund	2021
Revenues												
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			506,676
Subsidiary operations – EPCOR										387,730		387,730
Franchise fees					183,021	183,021						183,021
Government transfers – operating	4,414	30,366	62,041		47,547	144,368	455		56			144,879
Licenses and permits	3,294	3,070	64,217		7,037	77,618						77,618
Investment earnings			1,061		83,104	84,165	161				123,763	208,089
Fines and penalties		38,449	97		28,677	67,223						67,223
Developer and customer contributions – operating		124	29,795			29,919	7,612					37,531
Appropriation of earnings					40,687	40,687					(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
Expenses												
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	272,099	10,554	15,314	58			298,025
Contracted and general services	107,618	89,638	129,930	(139,096)	(7,669)	180,557	106,627	4,899	850		4,221	297,154
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	122,065		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
	908,266	789,587	623,868	38,809	500,913	2,861,443	202,808	23,425	1,606		4,221	3,093,503
(Shortfall) Excess of Revenues over Expenses before Other	(383,142)	(29,403)	(56,162)	(23,858)	252,613	(239,952)	19,087	20,814	(1,496)	387,730	78,855	265,038
Other												
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	11,468						11,468
Developer and customer contributions – capital	1,979	11	4,019		16	6,025	745					6,770
	290,609	6,328	167,049		60,756	524,742	2,349					527,091
Excess (Shortfall) of Revenues over Expenses	\$ (92,533)	\$ (23,075)	\$ 110,887	\$ (23,858)	\$313,369	\$ 284,790	\$ 21,436	\$ 20,814	\$ (1,496)	\$ 387,730	\$ 78,855	\$ 792,129

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
Financial Position						
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
Net Financial Assets (Debt)	16,296	557	(52,880)	1,606	217	905
Non-Financial Assets	36,973	6,589	75,550	483		1,545
Accumulated Surplus	\$ 53,269	\$ 7,146	\$ 22,670	\$ 2,089	\$ 217	\$ 2,450
Operations						
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			
Excess (Shortfall) of Revenues over Expenses	233	1,638	(1,274)	(436)	(20)	684
Accumulated Surplus, beginning of year	53,036	5,508	23,944	2,525	237	1,766
Accumulated Surplus, end of year	\$ 53,269	\$ 7,146	\$ 22,670	\$ 2,089	\$ 217	\$ 2,450

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
Financial Position						
Financial Assets	\$ 24,939	\$ 21,310	\$ 8,945	\$ 4,387	\$ 237	\$ 7,917
Liabilities	9,125	23,302	54,937	2,291		6,212
Net Financial Assets (Debt)	15,814	(1,992)	(45,992)	2,096	237	1,705
Non-Financial Assets	37,222	7,500	69,936	429		61
Accumulated Surplus	\$ 53,036	\$ 5,508	\$ 23,944	\$ 2,525	\$ 237	\$ 1,766
Operations						
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			
Excess (Shortfall) of Revenues over Expenses	3,379	4,719	524	87	(12)	1,758
Accumulated Surplus, beginning of year	49,657	789	23,420	2,438	249	8
Accumulated Surplus, end of year	\$ 53,036	\$ 5,508	\$ 23,944	\$ 2,525	\$ 237	\$ 1,766

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)

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)
	\$ 442,200	\$ 473,259

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
	\$ 1,011,472	\$ 789,169

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)

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)
Land for Resale, end of year	\$ 237,423	\$ 242,683

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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
	\$ 1,180,736	\$ 1,150,730

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
	\$ 378,791	\$ 356,261	\$ 494,601	\$ 240,451

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
	\$ 190,480	\$ 195,797

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 fourteen (2021 – fourteen) 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
	4,430,457	4,069,918
Less debt attributed to and secured by offsetting amounts receivable from:		
EPCOR Utilities Inc.	490,128	523,348
	\$ 3,940,329	\$ 3,546,570
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
	\$ 3,940,329	\$ 3,546,570

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)

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)

13 OTHER ASSETS

	2022	2021
Prepaid expenses – operational	\$ 36,115	\$ 30,846
Benefit plan assets	11,779	14,795
Other	3,740	4,715
	\$ 51,634	\$ 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
	\$ 10,509,173	\$ 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	(28,095)
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
	975,545	987,013
City of Edmonton Library Board	12,672	12,488
Non-Profit Housing Corporation	4,928	6,511
Fort Edmonton Management Company		30
	\$ 993,145	\$ 1,006,042

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)
	\$ 17,295,000	\$ 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)

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 Terwillergar 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
Mayor:							
Sohi	\$	206	\$	44	\$	250	\$ 39
Iveson				87		87	270
		206		131		337	309
Councillors:							
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.

April 21, 2023 - Audit Committee | FCS01774

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
Financial position:		
Current assets	\$ 1,233,706	\$ 629,862
Capital assets	12,490,763	11,724,948
Other assets	881,101	891,997
Total assets	14,605,570	13,246,807
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
Long-term debt	4,039,702	3,638,472
Total liabilities	10,283,255	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
Shareholder's equity	\$ 4,322,315	\$ 4,006,626
Results of operations:		
Revenues	\$ 2,936,997	\$ 2,233,290
Gain on expropriation of Bullhead City operations		89,391
Expenses	(2,557,142)	(1,934,951)
Net income	\$ 379,855	\$ 387,730
Changes in shareholder's equity:		
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)
Shareholder's equity – ending	\$ 4,322,315	\$ 4,006,626

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
	\$	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)

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 FFSP asset balance and the Fire Chief Plan net fund liability has been recognized in the financial statements.

The following summarizes plans sponsored by the City.

i. Annuity Plan

The multi-employer Annuity Fund provided lifetime benefits to retired members and beneficiaries only. As of December 4, 2014 there are no longer any beneficiaries of this plan and the fund is closed to new members. 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 FFSP (which varies by service). The Fire Chief Plan assumes a 0.5 per cent merit and promotion increase per annum for those with greater than 5 years of service.

Each pension fund's assets are valued at fair value. The fair value actual rate of return is 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	\$ 317,412	\$ 351,012
Accrued benefit obligation	120	226,897	4,333	231,350	250,002
Funded status – surplus	16,410	69,462	190	86,062	101,010
Unamortized net actuarial (gain) loss		(24,160)	108	(24,052)	(28,276)
Accrued benefit asset	16,410	45,302	298	62,010	72,734
Valuation allowance	16,410			16,410	17,517
Employee portion of accrued benefit asset		20,386		20,386	18,022
Net fund asset	\$	\$ 24,916	\$ 298	\$ 25,214	\$ 37,195

The net actuarial (gain) loss is amortized on a straight line basis over the expected average remaining service life (EARSLS) 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	\$ 8,960	\$ 7,831
Amortization of actuarial loss (gain)	1,983	(1,753)	(74)	156	(2,067)
(Decrease) increase in valuation allowance	(1,107)			(1,107)	2,328
Less: employee contributions		(59)	(24)	(83)	(32)
Benefit plan expense (income) for the year	876	7,102	(52)	7,926	8,060
Interest cost on accrued benefit obligation	6	12,237	224	12,467	11,956
Expected return on plan assets	(882)	(15,645)	(243)	(16,770)	(16,332)
Benefit plan interest income	(876)	(3,408)	(19)	(4,303)	(4,376)
Total benefit plan related expense (income)		3,694	(71)	3,623	3,684
Less: employee portion of expense		1,662		1,662	1,658
Net benefit plan related expense (income)		2,032	(71)	1,961	2,026
Less: employer contributions		4,921	84	5,005	19,159
Net Change	\$	\$ (2,889)	\$ (155)	\$ (3,044)	\$ (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.

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

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

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)

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.

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
Budget for financial statement purposes	\$ 3,357,528	\$ 3,414,265	\$ 1,102,346

31 COMPARATIVE INFORMATION

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