

## CITY OF EDMONTON 2022 CONSOLIDATED FINANCIAL STATEMENTS

### RECOMMENDATION

That Audit Committee recommend to City Council:

That the 2022 City of Edmonton audited consolidated financial statements, as set out in Attachment 1 of the April 21, 2023, Financial and Corporate Services report FCS01774, be approved.

Requested Council Action		Decision required	
ConnectEdmonton's Guiding Principle		ConnectEdmonton Strategic Goals	
CONNECTED This unifies our work to achieve our strategic goals.		N/A	
City Plan Values	N/A		
City Plan Big City Move(s)	N/A	Relationship to Council's Strategic Priorities	Conditions for service success
Corporate Business Plan	Managing the corporation		
Council Policy, Program or Project Relationships	<ul style="list-style-type: none"><li>Bylaw 16097 Audit Committee Bylaw</li><li>C629 Financial Stabilization Reserve (FSR)</li><li>C203D Debt Management Fiscal Policy</li></ul>		
Related Council Discussions	<ul style="list-style-type: none"><li>FCS01656 Operating Financial Update - December 31, 2022, City Council, March 14, 2023</li></ul>		

### Executive Summary

- This report presents the City of Edmonton 2022 audited consolidated financial statements for review and recommendation by the Audit Committee and subsequent review and approval by City Council.

## CITY OF EDMONTON 2022 CONSOLIDATED FINANCIAL STATEMENTS

- Pending discussions with Audit Committee, the approval of the financial statements by City Council and obtaining a signed management representation letter, KPMG LLP is prepared to issue an audit opinion for the City of Edmonton 2022 consolidated financial statements.
- The audit opinion would state that the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City of Edmonton as at December 31, 2022, and its consolidated results of operations, its consolidated changes in its net financial assets, and its consolidated cash flows for the year ended December 31, 2022, in accordance with Canadian public sector accounting standards.
- Audit Committee recommendation and subsequent approval by City Council of the 2022 audited consolidated financial statements for the City of Edmonton meets the legislative requirements for annual financial reporting set out in the *Municipal Government Act* and Bylaw 16097 - Audit Committee Bylaw.

## REPORT

Section 276(3) of the *Municipal Government Act* (MGA) requires:

Each municipality must make its financial statements, or a summary of them, and the auditor's report of the financial statements available to the public in the manner the council considers appropriate by May 1 of the year following the year for which the financial statements have been prepared.

Further to this, MGA Section 276(1)(a) and (b) specify that the financial statements be prepared in accordance with:

- (a) Canadian generally accepted accounting principles for municipal governments, which are the standards approved by the Public Sector Accounting Board included in the CPA Canada Public Sector Accounting Handbook, and
- (b) any modification of the principles or any supplementary accounting standards or principles established by the Minister by regulation.

Bylaw 16097 Audit Committee Bylaw sets out the authority of Audit Committee as it relates to the financial statements, as outlined in sections 22 and 23 of the bylaw:

22. The Committee will annually review the following matters:

- a. the completeness and clarity of financial statement reporting;
- b. estimates and assumptions underlying financial statement reporting;
- c. financial statement reporting practices;
- d. compliance with generally accepted accounting standards for the public sector or changes to those standards;

- e. impact of any change in the City's reporting practices on the City's financial statements; and
- f. issues affecting approval of the City's audited financial statements.

23. The Committee will recommend to Council:

- a. that the annual audited financial statements be approved; and
- b. further actions or information that Council may desire in relation to the City's financial reporting.

Management (City Administration) has prepared and takes responsibility for the consolidated financial statements. Attachment 1 includes:

- Management's Responsibility for Financial Reporting;
- Independent Auditors' Report provided by KPMG LLP, to be signed subsequent to obtaining a signed management representation letter and approval of consolidated financial statements by City Council on April 25, 2023; and
- 2022 consolidated financial statements for the City of Edmonton.

Attachment 2 includes the Financial Statement Discussion and Analysis for December 31, 2022, which complements the consolidated financial statements.

Subject to the approval of the consolidated financial statements, the content of Attachment 1 (Consolidated Financial Statements) and Attachment 2 (Financial Statement Discussion and Analysis) will be included within the City of Edmonton 2022 Annual Report, which will be made available on the City's website prior to May 1, 2023, as required by the MGA. The City of Edmonton 2022 Annual Report will be submitted to the Government of Alberta's Minister of Municipal Affairs and provided to other statement users, including other governments, financial institutions, credit rating agencies, insurers, universities and libraries. Summary financial reporting will also be made public.

For the 29th consecutive year, the quality of the City of Edmonton's financial reporting was recognized with the Government Finance Officers Association Canadian Award for Financial Reporting for Edmonton's 2021 Annual Report.

### 2022 Consolidated Financial Statements

#### Accounting Policies, Standards and Assumptions

Significant accounting policies applied in the preparation of the 2022 consolidated financial statements are outlined in Note 1 to the consolidated financial statements, and cover concepts such as:

- what comprises the City's reporting entity;

## CITY OF EDMONTON 2022 CONSOLIDATED FINANCIAL STATEMENTS

- the use of accrual accounting as the basis of accounting;
- the use of estimates and assumptions accounting policies related to foreign currency, tax revenue, government transfers, local improvements, cash and cash equivalents, investments, debt recoverable, land for resale, liabilities for contaminated sites, deposits, deferred revenues, employee benefit obligations, landfill closure and liabilities, public-private partnerships, non-financial assets (including tangible capital assets), reserves for future expenditures and equity in tangible capital assets; and
- future accounting standard pronouncements that may impact future reporting.

No new accounting standards were required to be adopted during the year ended December 31, 2022. The preparation of consolidated financial statements requires management (City Administration) to make a number of estimates and assumptions that impact the reported amounts of assets, liabilities, accumulated surplus, revenues and expenses. To assist Audit Committee and City Council in their review, a summary of the significant assumptions has been included in Attachment 3.

## COMMUNITY INSIGHT

The City of Edmonton's financial statements are the instruments that allow Council to achieve the goals of ConnectEdmonton and the Big City Moves of The City Plan. Through various channels (including formal public engagement, community conversations/tables, 311, social media and speakers at Committees of Council), the City of Edmonton listens to the needs, desires and financial realities of Edmontonians as it delivers programs and services on behalf of the community. The City of Edmonton's programs and services should enable a better life for all Edmontonians; Administration is committed to providing financial reporting back to Council and residents that demonstrates how the City has delivered on the goals and objectives set out in the budget.

## GBA+

As the financial statements reflect the reporting of actual results that provide the quantitative results of the operations of the City, GBA+ is not completed for these reports.

## ATTACHMENTS

1. 2022 Consolidated Financial Statements
2. 2022 Financial Statement Discussion and Analysis
3. 2022 Management Assumptions and Estimates