

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023 (in thousands of dollars)

21 GOVERNMENT TRANSFERS

	Budget	2023	2022
Operating:			
Federal	\$ 47,300	\$ 53,534	\$ 55,567
Provincial	65,581	86,760	142,503
	112,881	140,294	198,070
Capital:			
Federal	879,318	212,648	222,471
Provincial	1,100,956	431,255	310,344
	1,980,274	643,903	532,815
Total Government Transfers	\$ 2,093,155	\$ 784,197	\$ 730,885

Operating - Provincial

In 2023, the City received a grant of \$23,078 (2022 - \$16,744) from the Province for Family and Community Support Services funding. In 2023, \$23,078 (2022 - \$22,325) was recognized as operating government transfers, while \$0 was recorded as deferred revenue in 2022 and 2023.

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 2023, the City recognized operating government transfers of \$1,497 (2022 - \$6,201). In 2023, \$900 (2022 - \$2,285) was recorded as deferred revenue and \$112 (2022 - \$109) of interest was earned.

Capital - Federal

Under the Canada Community Building Fund, the City received \$60,863 (2022 - \$58,261) and earned interest of \$5,683 (2022 - \$0). In 2023, the City recognized \$29,791 (2022 - \$69,653) as capital government transfers and \$43,605 (2022 - \$43,605) as operating government transfers, to fund debt servicing costs related to the South LRT. In 2023, \$44,237 (2022 - \$51,087) 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 2023, the City received \$42,482 (2022 - \$17,279) and recognized \$35,171 (2022 - \$40,720) as capital government transfers. A receivable was recorded for \$25,380 (2022 - \$32,691).

In 2016, through the P3 Canada Fund, an agreement was signed to provide funding for the construction of Valley Line LRT. In 2023, the City recognized \$0 (2022 - \$6,715) as capital government transfers and recorded \$239,495 (2022 - \$239,495) as receivable.

In 2019, through the National Trade Corridors Fund, the government of Canada signed an agreement to fund the CP Railway grade separation at 50 Street. In 2023, the City received \$12,280 (2022 - \$1,835) and recognized \$18,645 (2022 - \$9,964) as capital government transfers. A receivable of \$19,252 (2022 - \$12,887) was recorded.

The City and Canada Mortgage and Housing Corporation signed agreements to acquire affordable housing for those experiencing homelessness, support the renovation of affordable housing for vulnerable Canadians, and

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For the year ended December 31, 2023 (in thousands of dollars)

address the housing shortage which is reducing the availability of affordable housing. In 2023, the City received \$78,720 (2022 - \$10,981) and recognized \$11,476 (2022 - \$0) of capital government transfers and \$2,478 (2022-\$9,010) of operating government transfers. Deferred revenue of \$67,244 (2022 - \$2,478) was recorded.

Capital - Provincial

With the commencement of the Terwillegar Drive Expressway Upgrade, the City signed an agreement with the Ministry of Transportation. Subsequently, the Ministry awarded another agreement for the 50th Street CP Railway Grade Separation and Yellowhead Trail Freeway Conversion. In 2023, the City received \$50,478 (2022 - \$27,640) and earned interest of \$519 (2022 - \$430). The City recognized \$122,758 (2022 - \$16,325) as capital government revenue and recorded a receivable of \$62,035 (2022 - \$9,726 deferred revenue).

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 2023, the City received \$6,818 (2022 - \$19,750), net of \$328 (2022 - \$599) received on behalf of regional transit partners and earned interest of \$213 (2022 - \$195). In 2023, the City transferred Green TRIP funding from Metro Line to the Stadium LRT Station project resulting in a net recognition of \$4,037 (2022 - \$17,133) as capital government transfers and deferred revenue of \$1,819 (2022 - receivable of \$248) was recorded.

In 2007, the Province introduced the Municipal Sustainability Initiative (MSI) program to provide municipalities with sustainable funding. In 2023, the City received \$190,636 (2022 - \$0) from the Province, earned interest of \$34 (2022 - \$1,741) and recognized \$188,621 (2022 - \$167,516) as capital government transfers and \$0 (2022 - \$606) as operating government transfers. In 2023, the City recorded \$0 (2022 - net receivable of \$2,049) as a receivable.

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 2023, the City received \$339,968 (2022 - \$33,904). The City recognized \$225,309 (2022 - \$179,308) as capital government transfers and \$133,026 (2022 - \$247,685) was recorded as a receivable.

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For the year ended December 31, 2023 (in thousands of dollars)

22 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	2023	2022
Mayor:				
Sohi	\$ 211	\$ 39	\$ 250	\$ 250
Iveson				87
	211	39	250	337
Councillors:				
Principe	119	35	154	145
Stevenson	119	32	151	147
Janz	119	32	151	148
Hamilton	119	31	150	146
Knack	119	31	150	145
Rutherford	119	31	150	147
Rice	119	31	150	146
Tang	119	31	150	146
Salvador	119	31	150	146
Paquette	119	30	149	145
Wright	119	30	149	146
Cartmell	119	28	147	143
Caterina				80
Dziadyk				22
Esslinger				39
Henderson				63
McKeen				44
Walters				15
	1,428	373	1,801	2,013
Chief Administrative Officer (City Manager)	351	41	392	380
Designated Officers	1,129	116	1,245	1,143
	\$ 3,119	\$ 569	\$ 3,688	\$ 3,873

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

Benefits include the City's share of all benefits and contributions made on behalf of executives, including retirement contributions, Canada Pension Plan, Employment Insurance, dental coverage, medical coverage, group life insurance, short-term disability insurance and transportation allowances. The City of Edmonton Members of Council are provided with a transition allowance, upon the conclusion of their service, equal to three weeks salary for each year served, to a maximum of 39 weeks.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023 (in thousands of dollars)

23 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.

	2023	2022
Financial position:		
Current assets	\$ 1,133,570	\$ 1,233,706
Capital assets	13,306,094	12,490,763
Other assets	980,049	881,101
Total assets	15,419,713	14,605,570
Current liabilities (including current portion of long-term debt of \$284,900 (2022 - \$517,512))	1,404,501	1,532,708
Non-current liabilities	5,064,387	4,710,845
Long-term debt	4,455,819	4,039,702
Total liabilities	10,924,707	10,283,255
Accumulated other comprehensive income	141,828	145,387
Share capital	797,528	797,528
Retained earnings	3,555,650	3,379,400
Shareholder's equity	\$ 4,495,006	\$ 4,322,315
Results of operations:		
Revenues	\$ 4,377,491	\$ 2,936,997
Expenses	(4,016,241)	(2,557,142)
Net income	\$ 361,250	\$ 379,855
Changes in shareholder's equity:		
Shareholder's equity - opening	\$ 4,322,315	\$ 4,006,626
Net income	361,250	379,855
Other comprehensive (loss) income	(3,559)	112,834
Dividend to shareholder (City of Edmonton)	(185,000)	(177,000)
Shareholder's equity - ending	\$ 4,495,006	\$ 4,322,315

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 2023, the City contributed \$60,480 (2022 - \$25,306) 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 \$308,886 (2022 - \$248,406), less related

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For the year ended December 31, 2023 (in thousands of dollars)

amortization of \$12,180 (2022 - \$8,982). This difference of \$296,706 (2022 - \$239,424) 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:

2024	\$ 139,527
2025	33,507
2026	33,990
2027	33,088
2028	32,884
Thereafter	4,330,863
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	\$ 4,603,859

EPCOR has issued letters of credit for \$109,983 (2022 - \$268,124) 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:

	2023	2022
Dividend paid to the City	\$ 185,000	\$ 177,000
Franchise fees paid to the City	119,071	112,402
Financing expenses paid or payable to the City	17,010	18,219
Sales of administrative and construction services from the City	6,019	7,440
Property taxes and other taxes paid to the City	28,036	26,572
Costs of capital construction paid or payable to the City	82,381	47,369
Power and water purchased by the City	4,724	3,665
Other services purchased by the City	14,745	34,824

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.

	2023	2022
Trade and other receivables	\$ 22,306	\$ 31,312
Property, plant and equipment	82,381	47,369
Trade and other payables	32,434	23,993
Loans and borrowings issued in the name of the City	459,162	490,128
Deferred revenue and other liabilities	60,938	45,328

The City's financial statements include the net balance payable to EPCOR within Accounts payable and accrued liabilities - Trade (Note 10). The City's consolidated Long-term Debt (Note 14) is presented on a PSAS basis, net of offsetting receivables from EPCOR of \$459,162 (2022 - \$490,128).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023 (in thousands of dollars)

24 UTILITY FRANCHISE AGREEMENT FEES

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

	Budget	2023	2022
ATCO Gas and Pipelines Ltd. - Gas	\$ 100,005	\$ 88,759	\$ 98,530
EPCOR Distribution Inc. - Power	76,418	76,418	71,325
EPCOR Water Services Inc. - Water	16,795	19,237	17,639
EPCOR Water Services Inc. - Drainage	10,545	11,682	11,074
EPCOR Water Services Inc. - Wastewater	9,938	10,748	9,897
	\$ 213,701	\$ 206,844	\$ 208,465

25 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 (2022 - 8.45 per cent) of pensionable payroll up to the yearly maximum pensionable earnings (YMPE) and 12.23 per cent (2022 - 12.8 per cent) thereafter. Employees of the City are required to make current service contributions of 7.45 per cent (2022 - 7.45 per cent) of pensionable salary up to YMPE and 11.23 per cent (2022 - 11.8 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 2023 were \$91,660 (2022 - \$88,414) and by the employees to the LAPP in 2023 were \$81,990 (2022 - \$79,501).

B. SPECIAL FORCES PENSION PLAN

Police officers employed by the City are participants in the multiemployer 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 2023 were \$37,041 (2022 - \$32,579) and by the employees to the SFPP in 2023 were \$34,240 (2022 - \$30,118).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023 (in thousands of dollars)

As at December 31, 2022, the SFPP reported the value of its assets at \$3,868,234 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, 2023 was not available at the time of preparing these financial statements.

C. CITY-SPONSORED PENSION PLANS

The City, in conjunction with the City of Edmonton Investment Committee, administers Pension Fund 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 Longterm Disability Plan include global infrastructure assets. The City's share of the Fire Fighters' Supplementary Pension Plan (FFSPP) asset balance and the Fire Chief Plan net fund liability has been recognized in the financial statements.

The following summarizes plans sponsored by the City.

i. Annuity Plan

The multi-employer Annuity Fund provided lifetime benefits to retired members and beneficiaries only. As of December 4, 2014 there are no longer any beneficiaries of this plan and the fund is closed to new members. In 2021, the plan was in the final stage of being wound up and surplus funds to recipients was determined. All assets were distributed in 2022 and the fund was formally closed effective January 1, 2023. The total surplus funds of \$15,025 were distributed in 2022.

ii. Police Supplementary Pension Plan

The Police Supplementary Pension Plan (PSPP) provides benefits supplementary to the LAPP for 5 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 \$18 (2022 - \$24).

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 \$9,319 (2022 - \$10,003). Employer contributions for the year were \$6,090 (2022 - \$4,921) and employee contributions for the year were \$5,033 (2022 - \$4,085).

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 \$257 (2022 - \$247). Employer contributions were \$78 (2022 - \$68) and employee contributions for the year were \$40 (2022 - \$24).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023 (in thousands of dollars)

Actuarial valuations for 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, 2023. Each 2023 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 (2022 - 2.0 per cent). The discount rate used to determine the accrued benefit obligation is 5.9 per cent (2022 - 5.8 per cent). The expected rate of return on plan assets is 5.9 per cent (2022 - 5.8 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 (2022 - 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 five years of service.

Each pension fund's assets are valued at fair value. The fair value actual rate of return is 11.0% per cent (2022 - negative 4.1 per cent).

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

	PSPP	FFSPP	Fire Chief	2023	2022
Fair value of assets	\$ 18,189	\$ 327,780	\$ 4,812	\$ 350,781	\$ 317,412
Accrued benefit obligation	107	238,872	4,436	243,415	231,350
Funded status – surplus	18,082	88,908	376	107,366	86,062
Unamortized net actuarial (gain)		(35,842)	(22)	(35,864)	(24,052)
Accrued benefit asset	18,082	53,066	354	71,502	62,010
Valuation allowance	18,082			18,082	16,410
Employee portion of accrued benefit asset		23,880		23,880	20,386
Net fund asset	\$	\$ 29,186	\$ 354	\$ 29,540	\$ 25,214

The net actuarial gain is amortized on a straight line basis over the expected average remaining service life (EARSL) of the Fire Fighters' plan of 16.0 years (2022 - 16 years) and of the Fire Chief plan of 3.0 years (2022 - 3.0 years). The accrued benefit asset for the FFSP is shared 55.0 per cent by the City as the employer and 45.0 per cent by employees. Included in Receivables (Note 3) is the net employer share of the fund asset balance for the FFSP and the net fund asset for the Fire Chief Plan.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

	PSPP	FFSPP	Fire Chief	2023	2022
Current service cost		\$ 8,927	\$ 63	\$ 8,990	\$ 8,960
Amortization of actuarial (gain) loss	(728)	(1,510)	36	(2,202)	156
Increase (decrease) increase in valuation allowance	1,672			1,672	(1,107)
Less: employee contributions		(50)	(40)	(90)	(83)
Benefit plan expense for the year	944	7,367	59	8,370	7,926
Interest cost on accrued benefit obligation	6	13,035	244	13,285	12,467
Expected return on plan assets	(950)	(17,093)	(257)	(18,300)	(16,770)
Benefit plan interest (income)	(944)	(4,058)	(13)	(5,015)	(4,303)
Total benefit plan related expense		3,309	46	3,355	3,623
Less: employee portion of expense		1,489		1,489	1,662
Net benefit plan related expense		1,820	46	1,866	1,961
Less: employer contributions/net assets to be distributed		6,090	102	6,192	5,005
Net change	\$	\$ (4,270)	\$ (56)	\$ (4,326)	\$ (3,044)

D. LONG-TERM DISABILITY PLAN

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

An actuarial valuation of the Plan was completed as at December 31, 2023. The Plan's assets are valued at fair value.

	2023	2022
Fair value of assets	\$ 159,190	\$ 148,046
Less: Accrued benefit obligation	150,030	145,080
Net assets	\$ 9,160	\$ 2,966

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26 COMMITMENTS

A. CONTRACTUAL OBLIGATIONS

The City entered into a contract with ENMAX Commercial Services Inc. expiring December 31, 2028, to purchase electricity at a fixed price and volume per hour in order to meet its estimated annual consumption requirements.

The City entered into a P3 agreement with TransEd Partners General Partnership (TransEd) for the design, construction, operation, and maintenance of the Valley Line Southeast LRT. The construction period ran from 2016 to 2023 and the operating period will run from 2023 to 2050. As at December 31, 2023, the City completed paying the total commitment of \$1,456,495 for the construction period. The total commitment for the service level payments and maintenance payments to be made during the operating period is based on current estimated ridership levels and inflation. The total service level payments and maintenance payments are estimated to be \$905,702 and \$280,866, respectively. Additional details are provided in Note 14e.

The City entered into an agreement with Marigold Infrastructure Partners Limited Partnership for the design, build and finance of the Valley Line West LRT. The construction period is anticipated to run from 2021 to 2027. The total commitment for construction over the life of the contract is \$1,601,469. As at December 31, 2023, \$235,416 of construction costs have been recognized by the City.

The City entered into an agreement with Hyundai Rotem Company for the supply of light rail vehicles. The total commitment for this contract is \$271,334. As at December 31, 2023, \$54,761 of contract costs have been recognized by the City.

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:

2024	\$ 28,602
2025	25,470
2026	24,234
2027	23,729
2028	20,673
Thereafter	142,519
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	\$ 265,227

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For the year ended December 31, 2023 (in thousands of dollars)

27 LIABILITY FOR CONTAMINATED SITES

As of December 31, 2023, 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 \$694 over the prior year, representing a total liability for the remediation of contaminated sites of \$21,505 (2022 - \$20,811). The liability is reported in Accounts payable and accrued liabilities (Note 10) in the Consolidated Statement of Financial Position.

28 CONTINGENT LIABILITIES

The City is the defendant in various lawsuits as at December 31, 2023. 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.

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.

29 CONTINGENT ASSETS

The City has outstanding legal claims against third parties as at December 31, 2023 for which the probability of settlement in favour of the City is likely, resulting in \$22,655 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.

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30 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 \$209,322.

	Government transfer	Future lease revenue	Total
2024	\$ 1,638,848	\$ 18,131	\$ 1,656,979
2025	1,148,579	14,802	1,163,381
2026	1,053,672	14,242	1,067,914
2027	188,984	13,733	202,717
2028	55,271	13,742	69,013
Thereafter		229,572	229,572
	\$ 4,085,354	\$ 304,222	\$ 4,389,576

31 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, 2023, 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.

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32 SEGMENT DISCLOSURES

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

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

Segments include:

A. TAX-SUPPORTED PROGRAMS

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

i. Transportation Services

Transportation Services includes bus, 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.

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For the year ended December 31, 2023 (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.

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 23 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, 2023 (in thousands of dollars)

33 2023 BUDGET

The City prepared a multi-year 2023-2026 operating budget, which was presented and approved by Council in December 2022. The operating budget reflected in these financial statements is consistent with amounts approved by Council with passing Bylaw 20443 - 2023 Property Tax and Supplementary Property Tax on April 25, 2023, which incorporates the operating budget and related adjustments made in December 2022 and ratifies the 2023 operating budget.

The capital budget reflected in these financial statements is based on the capital budget originally approved by Council in December 2022, as part of the overall 2023-2026 capital budget, plus carry forward of unspent capital budget from previous years. Capital budget adjustments made as part of the spring and fall supplemental 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 2022	\$ 3,735,123	\$ 3,752,987	\$ 1,166,214
Supplemental budget adjustments	5,534	5,534	
Carry forward of prior year unspent budget	57,949	57,949	1,015,879
Amortization		703,193	
EPCOR net income	340,990		
Other controlled entities	12,771	8,440	
Consolidation adjustments	(739)	(335)	
Transfers from/to reserves	(285,837)	(505,867)	
Debt principal repayment		(386,416)	
Dividends from subsidiaries	(230,100)		
Reclassification for presentation purposes	(78,384)	(13,074)	12,317
Budget for financial statement purposes	\$ 3,557,307	\$ 3,622,411	\$ 2,194,410

34 COMPARATIVE INFORMATION

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