

Consolidated Financial Statements of

THE CITY OF EDMONTON

December 31, 2024

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 auditor’s responsibility for the audit of the financial statements, follows.

Eddie Robar
City Manager

April 22, 2025
Edmonton, Canada

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

April 22, 2025
Edmonton, Canada

INDEPENDENT AUDITOR'S REPORT

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, 2024;
- the consolidated statement of operations and accumulated surplus for the year then ended;
- the consolidated statement of remeasurement gains and losses for the year then ended;
- the consolidated statement of changes in net financial assets for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- and notes and schedules to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2024, and its consolidated results of operations, its consolidated remeasurement gains and losses, 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.

OTHER INFORMATION

Management is responsible for the other information. Other information comprises:

- the information included in Management’s Financial Statement Discussion and Analysis; and
- the information, other than the financial statements and the auditor’s report thereon, included in the “2024 Annual Report”.

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.

INDEPENDENT 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 auditor's report.

We have nothing to report in this regard.

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.

AUDITOR'S 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.

INDEPENDENT AUDITOR'S REPORT

- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and performance of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

Chartered Professional Accountants

Edmonton, Canada

April 22, 2025

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31 (in thousands of dollars)

	2024	2023
Financial Assets		
Cash and cash equivalents (Note 2)	\$ 227,144	\$ 402,007
Receivables (Note 3)	956,601	982,471
Portfolio investments (Note 4)	2,809,230	2,443,818
Debt recoverable (Note 7)	21,613	21,906
Land for resale (Note 8)	246,888	231,750
Investment in EPCOR (Note 23)	5,172,092	4,791,712
	9,433,568	8,873,664
Liabilities		
Promissory notes payable (Note 9)	59,311	49,375
Accounts payable and accrued liabilities (Notes 10 and Note 27)	1,178,751	1,147,848
Deposits	63,760	55,105
Deferred revenue (Note 11)	272,444	214,193
Employee benefit obligations (Note 12)	212,801	198,921
Asset retirement obligations (Note 13)	192,187	203,911
Derivative liabilities (Note 5)	593	4,837
Long-term debt (Note 14)	4,368,432	4,167,486
	6,348,279	6,041,676
Net Financial Assets	3,085,289	2,831,988
Non-financial Assets		
Tangible capital assets (Note 15 and Schedule 1)	15,956,039	15,068,851
Inventory of materials and supplies	45,001	44,546
Prepays	54,640	35,632
Other assets (Note 16)	13,763	12,711
	16,069,443	15,161,740
Accumulated Surplus	\$ 19,154,732	\$ 17,993,728
Accumulated Surplus is comprised of:		
Accumulated Operating Surplus (Note 19)	18,758,233	17,780,018
Accumulated Remeasurement Gains	396,499	213,710
	\$ 19,154,732	\$ 17,993,728

Commitments, contingent liabilities, contingent assets and contractual rights (Notes 26, 28, 29 and 30)

See accompanying notes to consolidated financial statements.

Approved on behalf of City Council:

Councillor Jo-Anne Wright

Councillor Andrew Knack

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

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

	Budget (Note 33)	2024	2023
Revenues			
Net taxes available for municipal purposes (Note 20)	\$ 2,141,890	\$ 2,136,888	\$ 1,927,510
User fees and sale of goods and services	631,023	652,311	713,048
Subsidiary operations - EPCOR (Note 23)	440,750	426,479	361,250
Franchise fees	216,827	222,436	206,844
Investment earnings	196,922	201,723	138,313
Government transfers - operating (Note 21)	140,793	165,793	140,294
Licences and permits	80,795	93,958	74,484
Fines and penalties	63,185	69,225	69,454
Developer and customer contributions - operating	34,870	32,787	42,880
	3,947,055	4,001,600	3,674,077
Expenses (Schedule 2)			
Transportation services:			
Bus and light rail transit	575,824	623,513	518,190
Roadway and parking	577,939	490,482	520,496
	1,153,763	1,113,995	1,038,686
Protective services:			
Police	580,527	587,580	531,467
Fire rescue	226,647	239,633	241,975
Bylaw enforcement	82,847	82,033	72,617
	890,021	909,246	846,059
Community services:			
Parks and recreation	276,477	342,819	304,184
Planning and corporate properties	241,211	171,579	181,780
Convention and tourism	96,410	98,381	100,030
Community and family	77,008	73,090	61,201
Public library	71,826	72,034	68,463
Public housing	119,099	81,889	88,230
	882,031	839,792	803,888
Utility and enterprise services:			
Waste services utility	228,282	236,861	213,570
Land enterprise	52,033	30,388	63,434
Blatchford renewable energy utility	3,520	3,236	2,133
	283,835	270,485	279,137
General municipal	371,969	372,114	395,491
Corporate administration	253,235	266,713	249,185
Fleet Services	31,927	43,227	41,897
Ed Tel Endowment Fund	4,703	4,250	4,398
	3,871,484	3,819,822	3,658,741
Excess of Revenues over Expenses before Other	75,571	181,778	15,336
Other			
Government transfers - capital (Note 21)	1,404,498	701,483	643,903
Contributed tangible capital assets (Schedule 1)	119,343	61,611	80,556
Developer and customer contributions - capital	83,100	30,235	24,903
Local improvements	11,603	6,993	13,160
Excess of Revenues over Expenses	1,694,115	982,100	777,858
Accumulated Operating Surplus, beginning of year	17,780,018	17,780,018	17,150,745
Less EPCOR accumulated other comprehensive income (adjusted for the adoption of PS3450)			(145,387)
Amortization of tangible capital assets contributed to EPCOR (Note 23)		(3,885)	(3,198)
Accumulated Operating Surplus, end of year	\$ 19,474,133	\$ 18,758,233	\$ 17,780,018

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES

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

	2024	2023
Accumulated remeasurement gains - beginning of year	\$ 213,710	\$ 207,672
Unrealized (losses) gains attributable to:		
Foreign exchange	(1,075)	(477)
Derivatives	15,230	(8,157)
Portfolio investments - quoted in an active market	146,217	77,552
Realized gains (losses) reclassified to Statement of Operations:		
Foreign exchange	2,159	241
Derivatives	(10,986)	(4,825)
Portfolio Investments - quoted in an active market	(85,070)	(54,737)
Net change for the year, before other comprehensive gain (loss) - Subsidiary operations - EPCOR	66,475	9,597
Other comprehensive gain (loss) - Subsidiary operations - EPCOR (Note 23)	116,314	(3,559)
Accumulated remeasurement gains - end of year	\$ 396,499	\$ 213,710
Accumulated remeasurement gains (losses), end of year is comprised of:		
Foreign exchange	848	(236)
Derivatives (Note 5)	(593)	(4,837)
Portfolio Investments - quoted in an active market (Note 4)	138,102	76,955
Accumulated other comprehensive income - EPCOR (Note 23)	258,142	141,828
	\$ 396,499	\$ 213,710

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

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

	Budget (Note 33)	2024	2023
Excess of Revenues over Expenses	\$ 1,694,115	\$ 982,100	\$ 777,858
Acquisition of tangible capital assets, less asset retirement additions	(3,472,290)	(1,586,324)	(1,432,105)
Contributed tangible capital assets (Schedule 1)	(119,343)	(61,611)	(80,556)
Proceeds on disposal of tangible capital assets		11,196	9,840
Amortization of tangible capital assets (Schedule 1)	778,245	686,572	661,037
Loss on disposal, impairment and transfer of tangible capital assets (Schedule 2)		28,662	64,639
Tangible capital assets contributed to EPCOR (Note 23)		34,472	60,480
Change in asset retirement obligations assets (Schedule 1)		24	36
(Loss) gain on asset retirement obligation revaluation		(179)	517
	(2,813,388)	(887,188)	(716,112)
Net acquisition of inventory of materials and supplies		(455)	(5,232)
(Increase) decrease in prepaid expenses		(19,008)	483
Net change in other assets		(1,052)	2,808
		(20,515)	(1,941)
Less EPCOR - accumulated other comprehensive income (adjusted for the adoption of PS3450)			(145,387)
Amortization of contributed capital assets transferred to EPCOR (Note 23)		(3,885)	(3,198)
Increase in accumulated remeasurement gains		182,789	213,710
		178,904	65,125
(Decrease) increase in net financial assets	(1,119,273)	253,301	124,930
Net Financial Assets, beginning of year	2,831,988	2,831,988	2,707,058
Net Financial Assets, end of year	\$ 1,712,715	\$ 3,085,289	\$ 2,831,988

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

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

	2024	2023
Net inflow (outflow) of cash and cash equivalents:		
Operating Activities		
Excess of revenues over expenses	\$ 982,100	\$ 777,858
(Deduct) add items not affecting cash and cash equivalents:		
Subsidiary operations - EPCOR (Note 23)	(426,479)	(361,250)
Amortization of tangible capital assets (Schedule 2)	686,572	661,037
Loss on disposal, impairment and transfer of tangible capital assets (Schedule 2)	28,662	64,639
Contributed tangible capital assets (Schedule 2)	(61,611)	(80,556)
Asset retirement obligations cost and accretion	21,157	19,625
(Gain) loss on sale of portfolio investments	(77,930)	37,886
Public-private partnership (P3) term debt modification (Note 14)	(13,071)	
Change in non-cash items:		
Receivables	25,870	29,001
Debt recoverable	293	2,281
Land for resale	(15,138)	5,673
Inventory of materials and supplies	(455)	(5,232)
Prepaid expenses	(19,008)	483
Other assets	(1,052)	2,808
Accounts payable and accrued liabilities	31,987	(33,125)
Deposits	8,655	738
Deferred revenue	58,251	(26,258)
Employee benefit obligations	13,880	8,441
	1,242,683	1,104,049
Capital Activities		
Acquisition of tangible capital assets, less asset retirement changes	(1,586,324)	(1,432,105)
Proceeds on disposal of tangible capital assets	11,196	9,840
Settlement of asset retirement obligations	(33,036)	(12,809)
	(1,608,164)	(1,435,074)
Investing Activities		
Dividend from subsidiary (Note 23)	193,000	185,000
Net increase in portfolio investments	(226,335)	(170,700)
	(33,335)	14,300
Financing Activities		
Promissory notes issued	98,810	128,476
Repayment of promissory notes	(88,874)	(79,101)
Debenture borrowings	446,186	502,241
Repayment of long-term debt	(223,109)	(208,503)
Decrease in P3 term debt	(9,060)	(66,581)
	223,953	276,532
Decrease in cash and cash equivalents	(174,863)	(40,193)
Cash and cash equivalents, beginning of year	402,007	442,200
Cash and cash equivalents, end of year	\$ 227,144	\$ 402,007

Operating activities for 2024 include \$79,851 (2023 - \$78,688) of interest received and \$161,660 (2023 - \$133,544) of interest paid.

See accompanying notes to consolidated financial statements.

SCHEDULE 1 - CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2024 (in thousands of dollars)

	Opening Balance	Additions and Transfers	Disposals, Impairments and Transfers	Closing Balance
Cost				
Land	\$ 2,139,406	\$ 58,266	\$ (2,378)	\$ 2,195,294
Land improvements	1,987,563	109,992		2,097,555
Buildings	3,969,045	224,983	(6,506)	4,187,522
Vehicles	1,626,337	54,079	(16,205)	1,664,211
Machinery and equipment	1,092,018	72,929	(46,194)	1,118,753
Engineering structures:				
Roadway system	9,732,383	461,545	(189,200)	10,004,728
Light rail transit system	2,091,320	83,206	(5,261)	2,169,265
Waste	156,839	487		157,326
Bus system	297,697	1,856		299,553
Other	92,240	4,846		97,086
	23,184,848	1,072,189	(265,744)	23,991,293
Assets under construction	1,305,809	575,722	(40,726)	1,840,805
	24,490,657	1,647,911	(306,470)	25,832,098
Accumulated Amortization				
Land Improvements	731,823	65,274		797,097
Buildings	1,708,857	146,551	(2,602)	1,852,806
Vehicles	830,182	80,964	(15,563)	895,583
Machinery and equipment	689,015	73,316	(40,033)	722,298
Engineering structures:				
Roadway system	4,606,417	243,692	(169,795)	4,680,314
Light rail transit system	591,687	61,311	(4,326)	648,672
Waste	115,223	2,600		117,823
Bus system	129,347	10,722		140,069
Other	19,255	2,142		21,397
	9,421,806	686,572	(232,319)	9,876,059
Net Book Value	\$ 15,068,851	\$ 961,339	\$ (74,151)	\$ 15,956,039

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 2024, a total of \$61,611 in land and land improvements were contributed to the City and were recorded at their fair value at the time received. In 2024, asset retirement obligation assets decreased by \$24 due to a reduction in estimates of \$95 offset by additions of \$71. As well, asset retirement obligation assets decreased by \$239 due to amortization and \$271 from disposals.

Included in disposals, impairments and transfers in 2024 are \$34,472 of tangible capital assets contributed to EPCOR (Note 23). See Note 15 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, 2023 (in thousands of dollars)

	Restated Opening Balance	Additions and Transfers	Disposals, Impairments and Transfers	Closing Balance
Cost				
Land	\$ 2,073,418	\$ 66,333	\$ (345)	\$ 2,139,406
Land improvements	1,897,484	96,832	(6,753)	1,987,563
Buildings	3,704,948	290,223	(26,126)	3,969,045
Vehicles	1,485,937	153,493	(13,093)	1,626,337
Machinery and equipment	1,037,305	81,740	(27,027)	1,092,018
Engineering structures:				
Roadway system	9,304,626	585,098	(157,341)	9,732,383
Light rail transit system	1,866,680	228,500	(3,860)	2,091,320
Waste	156,702	137		156,839
Bus system	289,323	8,374		297,697
Other	90,128	2,567	(455)	92,240
	21,906,551	1,513,297	(235,000)	23,184,848
Assets under construction	1,388,738	(672)	(82,257)	1,305,809
	23,295,289	1,512,625	(317,257)	24,490,657
Accumulated Amortization				
Land Improvements	676,195	62,379	(6,751)	731,823
Buildings	1,584,332	141,361	(16,836)	1,708,857
Vehicles	768,733	74,000	(12,551)	830,182
Machinery and equipment	639,352	75,923	(26,260)	689,015
Engineering structures:				
Roadway system	4,466,047	255,893	(115,523)	4,606,417
Light rail transit system	558,887	36,660	(3,860)	591,687
Waste	112,531	2,692		115,223
Bus system	119,117	10,230		129,347
Other	17,356	1,899		19,255
	8,942,550	661,037	(181,781)	9,421,806
Net Book Value	\$ 14,352,739	\$ 851,588	\$ (135,476)	\$ 15,068,851

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 2023, a total of \$80,556 in land and land improvements were contributed to the City and were recorded at their fair value at the time received. In 2023, asset retirement obligation assets decreased by \$36 due to a change in estimate and \$230 from amortization. The opening balance for 2023 was restated for the adoption of PS3450 on January 1, 2023.

Included in disposals, impairments and transfers in 2023 are \$60,480 of tangible capital assets contributed to EPCOR (Note 23) and \$12,095 of tangible capital assets contributed to the Province of Alberta. See Note 15 for the net book value of each tangible capital asset category.

SCHEDULE 2 - CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURES

For the year ended December 31, 2024 (in thousands of dollars)

	Tax-Supported						Waste Services	Land Enterprise	Blatchford Renewable Energy	EPCOR	Ed Tel Endowment Fund	2024
	Transportation Services	Protective Services	Community Services	Fleet Services	Other Tax-Supported	Total Tax-Supported						
Revenues												
Net taxes available for municipal purposes	\$ 504,785	\$ 755,594	\$ 465,312	\$ 3,919	\$ 407,278	\$ 2,136,888						\$ 2,136,888
User fees and sale of goods and services	123,841	52,315	177,920	8,989	20,886	383,951	241,782	26,095	483			652,311
Subsidiary operations - EPCOR										426,479		426,479
Franchise fees					222,436	222,436						222,436
Investment earnings			8,086		90,518	98,604	3,747				99,372	201,723
Government transfers - operating	10,698	52,367	58,436		44,292	165,793						165,793
Licences and permits	3,234	3,187	73,859		13,678	93,958						93,958
Fines and penalties		31,744	148		37,333	69,225						69,225
Developer and customer contributions - operating	484	319	31,012	972		32,787						32,787
Appropriation of earnings					46,439	46,439					(46,439)	
	643,042	895,526	814,773	13,880	882,860	3,250,081	245,529	26,095	483	426,479	52,933	4,001,600
Expenses												
Salaries, wages and benefits	387,904	717,210	317,017	78,085	326,263	1,826,479	56,549	2,004	2			1,885,034
Materials, goods and utilities	117,901	47,604	80,386	58,985	39,391	344,267	12,516	21,823	120			378,726
Contracted and general services	172,813	105,206	216,585	(152,945)	40,262	381,921	132,654	4,817	1,315		4,250	524,957
Interest and bank charges	70,374	3,359	51,570	1,785	27,508	154,596	6,891	1,730	1,174			164,391
Grants and other	129	820	112,429		38,065	151,443	37					151,480
Amortization of tangible capital assets	341,106	29,206	64,933	58,744	164,123	658,112	27,835		625			686,572
Loss(gain) on disposal/replacement of tangible capital assets	23,768	5,841	(3,128)	(1,427)	3,215	28,269	379	14				28,662
	1,113,995	909,246	839,792	43,227	638,827	3,545,087	236,861	30,388	3,236		4,250	3,819,822
(Shortfall) excess of Revenues over Expenses before Other	(470,953)	(13,720)	(25,019)	(29,347)	244,033	(295,006)	8,668	(4,293)	(2,753)	426,479	48,683	181,778
Other												
Government transfers - capital	580,154	8,407	61,542		51,399	701,502	(19)					701,483
Contributed tangible capital assets	(3,020)		31,817		32,814	61,611						61,611
Developer and customer contributions - capital	17,618	54	12,438		79	30,189			46			30,235
Local improvements					6,993	6,993						6,993
	594,752	8,461	105,797		91,285	800,295	(19)		46			800,322
Excess (shortfall) of Revenues over Expenses	\$ 123,799	\$ (5,259)	\$ 80,778	\$ (29,347)	\$ 335,318	\$ 505,289	\$ 8,649	\$ (4,293)	\$ (2,707)	\$ 426,479	\$ 48,683	\$ 982,100

SCHEDULE 2 - CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURES

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

	Tax-Supported						Waste Services	Land Enterprise	Blatchford Renewable Energy	EPCOR	Ed Tel Endowment Fund	2023
	Transportation Services	Protective Services	Community Services	Fleet Services	Other Tax-Supported	Total Tax-Supported						
Revenues												
Net taxes available for municipal purposes	\$ 462,170	\$ 702,093	\$ 439,631	\$ 5,049	\$ 318,567	\$ 1,927,510						\$ 1,927,510
User fees and sale of goods and services	115,826	54,107	181,901	7,847	22,940	382,621	230,277	99,947	203			713,048
Subsidiary operations - EPCOR										361,250		361,250
Franchise fees					206,844	206,844						206,844
Investment earnings	1		6,323		68,332	74,656	4,881				58,776	138,313
Government transfers - operating	5,608	40,600	48,479		43,605	138,292	2,058		(56)			140,294
Licences and permits	3,131	2,899	58,676		9,778	74,484						74,484
Fines and penalties		36,922	130		32,402	69,454						69,454
Developer and customer contributions - operating	354	240	42,268	18		42,880						42,880
Appropriation of earnings					44,669	44,669					(44,669)	
	587,090	836,861	777,408	12,914	747,137	2,961,410	237,216	99,947	147	361,250	14,107	3,674,077
Expenses												
Salaries, wages and benefits	364,695	703,500	292,381	76,258	301,151	1,737,985	50,619	2,066	2			1,790,672
Materials, goods and utilities	100,524	48,576	86,502	56,464	39,885	331,951	12,114	54,302	71			398,438
Contracted and general services	134,446	60,939	197,266	(147,000)	48,385	294,036	121,298	5,261	1,035		4,398	426,028
Interest and bank charges	70,252	3,315	46,570	1,843	39,775	161,755	7,649	1,821	709			171,934
Grants and other	581	777	112,505		36,730	150,593	(4,600)					145,993
Amortization of tangible capital assets	325,210	28,259	62,408	55,271	162,667	633,815	26,906		316			661,037
Loss(gain) on disposal/replacement of tangible capital assets	42,978	693	6,256	(939)	16,083	65,071	(416)	(16)				64,639
	1,038,686	846,059	803,888	41,897	644,676	3,375,206	213,570	63,434	2,133		4,398	3,658,741
(Shortfall) excess of Revenues over Expenses before Other	(451,596)	(9,198)	(26,480)	(28,983)	102,461	(413,796)	23,646	36,513	(1,986)	361,250	9,709	15,336
Other												
Government transfers - capital	497,990	19,703	60,903		65,288	643,884	19					643,903
Contributed tangible capital assets	48,646		25,746		6,164	80,556						80,556
Developer and customer contributions - capital	9,003	100	13,802		998	23,903	1,000					24,903
Local improvements					13,160	13,160						13,160
	555,639	19,803	100,451		85,610	761,503	1,019					762,522
Excess (shortfall) of Revenues over Expenses	\$ 104,043	\$ 10,605	\$ 73,971	\$ (28,983)	\$ 188,071	\$ 347,707	\$ 24,665	\$ 36,513	\$ (1,986)	\$ 361,250	\$ 9,709	\$ 777,858

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, 2024 (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	\$ 28,372	\$ 13,101	\$ 19,072	\$ 4,500	\$ 394	\$ 5,584
Liabilities	7,625	20,530	153,525	5,146	20	4,237
Net Financial Assets (Debt)	20,747	(7,429)	(134,453)	(646)	374	1,347
Non-financial Assets	31,831	9,410	157,437	997		3,024
Accumulated Surplus	\$ 52,578	\$ 1,981	\$ 22,984	\$ 351	\$ 374	\$ 4,371
Operations						
Revenues	64,529	89,898	20,520	14,159	191	9,806
Expenses	72,385	89,645	17,039	14,995	27	9,042
Other	7,279		1,176			630
(Shortfall) Excess of Revenues over Expenses	(577)	253	4,657	(836)	164	1,394
Accumulated Surplus, beginning of year	53,155	1,728	18,327	1,187	210	2,977
Accumulated Surplus, end of year	\$ 52,578	\$ 1,981	\$ 22,984	\$ 351	\$ 374	\$ 4,371

For the year ended December 31, 2023 (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	\$ 26,912	\$ 25,681	\$ 12,290	\$ 4,214	\$ 211	\$ 5,967
Liabilities	7,519	31,799	141,970	3,887	1	6,725
Net Financial Assets (Debt)	19,393	(6,118)	(129,680)	327	210	(758)
Non-financial Assets	33,762	7,846	148,007	860		3,735
Accumulated Surplus	\$ 53,155	\$ 1,728	\$ 18,327	\$ 1,187	\$ 210	\$ 2,977
Operations						
Revenues	63,208	84,346	16,064	14,994	1	10,085
Expenses	70,209	89,763	19,280	14,428	8	10,240
Other	6,983		1,328			526
(Shortfall) Excess of Revenues over Expenses	(18)	(5,417)	(1,888)	566	(7)	371
Accumulated Surplus, beginning of year	53,173	7,145	20,215	621	217	2,606
Accumulated Surplus, end of year	\$ 53,155	\$ 1,728	\$ 18,327	\$ 1,187	\$ 210	\$ 2,977

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (in thousands of dollars)

The City of Edmonton (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**
- 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**
- 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, 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 Remeasurement of Gains and Losses 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 administers Pension Funds, a Long-term Disability Plan and other assets on behalf of third parties which are disclosed in Note 25. Related trust assets under administration for the benefit of external parties have been excluded from the reporting entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (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, valuation of certain financial instruments and derivatives, asset retirement 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. Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates or at rates of exchange established by the terms of a forward exchange contract.

Carrying values of monetary assets and liabilities and non-monetary items included in the fair value category are translated into Canadian dollars at the exchange rates at December 31. Unrealized foreign exchange gains and losses are recognized in the Consolidated Statement of Remeasurement Gains and Losses. In the period of settlement, foreign exchange gains and losses are reclassified to the Consolidated Statement of Operations and the cumulative amount of remeasurement gains and losses is reversed in the Consolidated Statement of Remeasurement Gains and Losses.

E. REVENUE RECOGNITION

i. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (in thousands of dollars)

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.

ii. **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.

iii. **User Fees and Sale of Goods and Services**

User fees and sale of goods and services revenue relate to revenue earned from the public for access to, or purchase of, City owned assets and services including access to City owned recreational centres, waste pickup services and transportation services. These revenues are considered revenue arising from exchange transactions. Revenue from these transactions is recognized when, or as, the City fulfills its performance obligations and transfers control of the promised goods and service to the payor. For transactions in which the City's performance obligation is settled at a point in time, such as providing transportation services, revenue is recognized upon providing the service to the payor. If the performance obligation is not completed at December 31 the remaining revenue is deferred.

iv. **Franchise Fees**

Franchise fees include amounts earned from ATCO Gas and Pipelines Ltd., EPCOR Distribution Inc. and EPCOR Water Services Inc. for exclusive rights to provide utilities within Edmonton. These fees are considered revenue arising from exchange transactions and provide these entities with the exclusive rights to deliver utilities within the City. Franchise fee revenue is recognized when the performance obligation to which some, or all of the franchise fee has been allocated, has been satisfied or partially satisfied which occurs over the duration of the agreement.

v. **Licences and Permits**

Licences and permits revenue relates to revenues earned from the public for licences and permits sold as required by the City of Edmonton's bylaws, such as business licences and development permits. These revenues are considered revenues arising from exchange transactions. Depending on the nature of the licence or permits, revenue may be recognized at a point in time or over a period of time. Revenue is recognized at a point in time when one clear performance obligation exists and no additional access to City owned assets or services is required as part of the transaction.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (in thousands of dollars)

vi. **Fines and Penalties**

Fines and penalties are issued to the public for late payment on outstanding taxes and for violation of City bylaws. These are considered non-exchange transactions. Revenue is recognized when a past event has occurred, the City has a legally enforceable right to collect the amounts and there is an expectation of collectability.

F. 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 owner's share of the improvement is recognized as revenue, and established as a receivable, in the period that the project expenditures are completed.

G. FINANCIAL INSTRUMENTS

The City's financial assets and liabilities are categorized as follows:

- Cash and cash equivalents - cost and amortized cost
- Portfolio investments - fair value, cost and amortized cost
- Receivables - lower of cost and net recoverable value
- Debt recoverable - amortized cost
- Land for resale - lower of cost and net realizable value
- Promissory notes payable - amortized cost
- Derivatives - fair value
- Accounts payable and accrued liabilities - cost
- Long-term debt - amortized cost

Unrealized gains and losses from changes in the fair value of financial assets, liabilities and derivatives are recognized in the Consolidated Statement of Remeasurement Gains and Losses. Upon settlement, the cumulative gains or losses are reclassified from the Consolidated Statement of Remeasurement Gains and Losses and recognized in the Statement of Operations and Accumulated Surplus. Interest and dividends attributable to financial instruments are reported in the Consolidated Statement of Operations and Accumulated Surplus. When the restricted nature of a financial instrument and any related changes in fair value create a liability, unrealized gains and losses are recognized as deferred revenue.

All financial assets except derivatives are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the Consolidated Statement of Operations and Accumulated Surplus. A write-down of a portfolio investment to reflect a loss in value that is other than temporary is not reversed for a subsequent increase in value.

For financial assets and liabilities measured using amortized cost, the effective interest method is used to determine interest revenue or expense.

Transaction costs are a component of cost for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value. Investment management fees are expensed as incurred. The purchase and sale of portfolio investments are accounted for using trade-date accounting.

From time to time the City enters into derivative financial instruments including forward foreign currency contracts and forward fuel price contracts to reduce exposure to fluctuations such as foreign currency and fuel price

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (in thousands of dollars)

fluctuations. The City does not use derivatives for trading or speculative purposes. Derivatives are initially recognized at fair value on inception and subsequently measured at fair value.

Management evaluates contractual obligations for the existence of embedded derivatives and elects to either designate the entire contract for fair value measurement or separately measure the value of the derivative component when characteristics of the derivative are not closely related to the economic characteristics and risks of the contract itself. Contracts to buy or sell non-financial items for the City's normal purchase, sale or usage requirements are not recognized as financial assets or liabilities.

For financial instruments in the fair value measurement category, financial instruments are classified as level 1, 2 or 3 for the purposes of describing the basis of the inputs used to measure the fair value of the financial instrument, as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Market-based inputs other than quoted prices that are observable for the asset or liability either directly or indirectly

Level 3: Inputs for the asset or liability that are not based on observable market data; assumptions are based on the best internal and external information available and are most suitable and appropriate based on the type of financial instrument being valued in order to establish what the transaction price would have been on the measurement date in an arm's length transaction.

H. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on deposit, bankers' acceptances, treasury bills and commercial paper, at cost and amortized cost. 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. PORTFOLIO INVESTMENTS AND INVESTMENT EARNINGS

The City's equity investments are measured at fair value. Fixed income, private pooled funds and other investments are measured at cost or amortized 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. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (in thousands of dollars)

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. When cash flows are expected to occur over extended future periods the City will measure the liability using present value techniques. This liability is recorded in Accounts payable and accrued liabilities 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (in thousands of dollars)

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. ASSET RETIREMENT OBLIGATIONS

A liability for an asset retirement obligation is recognized when, as at the financial reporting date, all the following criteria are met:

- there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- the past transaction or event giving rise to the liability has occurred;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

Asset retirement obligations are initially measured as of the date of the legal obligation is incurred, based on management's best estimate of the amount required to retire tangible capital assets and subsequently remeasured taking into account any new information and the appropriateness of assumptions used. A present value technique is used to determine the amount of the obligation, the liability is adjusted for the passage of time and is recognized as accretion expense in the Consolidated Statement of Operations and Accumulated Surplus. When a liability of an asset retirement obligation is recognized, asset retirement costs related to recognized tangible capital assets in productive use are capitalized by increasing the carrying amount of the related asset by the same amount as the liability and are amortized over the estimated remaining useful life of the underlying tangible capital asset. Asset retirement costs related to unrecognized tangible capital assets and those not in productive use are expensed.

As at the financial reporting date, asset retirement obligations reflect the City's best estimate of the amount required to retire tangible capital assets. Estimates are made by management using professional judgment, similar contractor costs and third-party quotes, and are subsequently re-measured taking into account any new information and the appropriateness of assumptions used.

Included in asset retirement obligations are 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. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (in thousands of dollars)

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 is amortized over the estimated useful life once in service. The liability is reduced by progress payments and capital payments made to the P3 partner. The present value of future construction payments is recognized as long-term debt using the implicit interest rate at the time the agreement is signed. If the terms of the arrangement are renegotiated the effective interest method is used in accounting for the liability.

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, prepaids, GST receivable/payable 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.

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. **Prepaids**

Prepaids include prepaid software, insurance and rent and are charged to expense over the periods expected to benefit from it.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (in thousands of dollars)

iv. **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.

v. **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.

vi. **Inventory of Materials and Supplies**

Inventory of materials and supplies is valued at the lower of average cost and replacement cost.

vii. **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. RECENTLY ADOPTED ACCOUNTING STANDARDS

Effective January 1, 2024, the City adopted the new requirements in PS3400, *Revenue* and PSG-8, *Purchased Intangibles*. These requirements were adopted on a prospective basis and statements of prior periods, including comparative information, have not been restated.

PS3400 establishes recognition, measurement and disclosure requirements for specific types of revenue. Under the new standard, revenue is differentiated between revenue arising from transactions that include performance obligations, referred to as “exchange transactions” and transactions that do not have performance obligations, referred to as “non-exchange transactions”. Performance obligations are enforceable promises to provide specific goods or service to a specific payor. This standard applies to certain revenue streams of the City such as user fees, sales of goods and services, franchise fees, licences and permits, and fines and penalties. The adoption of this standard resulted in expanded accounting policy disclosures. In addition, to conform to the new standard, on January 1, 2024 deferred revenue increased by \$1,047 and revenue decreased by \$1,047.

PSG-8 allows for purchased intangible assets to be recognized as assets in a public sector entity’s financial statements. The adoption of this standard did not have an impact on the City’s consolidated financial statements.

Effective January 1, 2024, the City adopted the new requirements in PS 3160, *Public Private Partnerships*, using the retroactive approach without restatement of prior periods. PS 3160 establishes standards on accounting for partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner. The adoption of this standard resulted in expanded disclosures regarding public-private partnership arrangements (Note 14 e). In addition, to conform to the new standard, on January 1, 2024, the lifecycle rehabilitation expense increased by \$1,035 and accounts payable and accrued liabilities increased by \$1,035 resulting from the straight-lining of the lifecycle rehabilitation scheduled payments over the operating period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (in thousands of dollars)

T. FUTURE ACCOUNTING STANDARD PRONOUNCEMENTS

The City continues to assess the impact and prepare for the adoption of the following standards effective for the City's fiscal year ending December 31, 2027.

The Conceptual Frameworks for Financial Reporting

The conceptual framework is the foundation for principles-based standards. It is a coherent set of interrelated objectives and fundamentals leading to consistent standards or application of consistent concepts in the absence of specific standards.

Financial Statement Presentation

PS1202, *Financial Statement Presentation*, will replace PS1201 and sets out the general and specific requirements of the presentation of financial information and is based on the concepts in the conceptual framework.

02 CASH AND CASH EQUIVALENTS

	2024	2023
Cash	\$ 62,610	\$ 71,437
Cash equivalents	164,534	330,570
	\$ 227,144	\$ 402,007

Cash equivalents have effective interest rates of 3.4 to 4.1 per cent (2023 - 5.1 to 5.5 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 CDN and \$10,000 USD (2023 - \$250,000 CDN and \$10,000 USD) to cover any bank overdrafts arising from day-to-day cash transactions. As of December 31, 2024, the availability on the line of credit was reduced by \$388 CDN (2023 - \$388) due to letters of credit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (in thousands of dollars)

03 RECEIVABLES

	2024	2023
Trade	\$ 159,481	\$ 176,672
Local improvements	117,606	121,983
Taxes	116,370	101,059
Government transfers:		
Investing in Canada Infrastructure Program	329,728	133,026
Alberta Transportation Grant	52,602	62,035
Canada Mortgage and Housing Corporation Fund	43,933	
Canada Community-Building Fund	29,471	
Building Canada Fund	27,217	25,380
National Trade Corridors Fund	11,335	19,252
P3 Canada Fund		239,495
Other	4,986	5,314
GST receivable	28,788	68,715
Pension fund asset (Note 25)	35,084	29,540
	\$ 956,601	\$ 982,471

Trade is net of allowance for doubtful accounts of \$4,522 (2023 - \$4,694). Taxes is net of allowance for doubtful accounts of \$4,728 (2023 - \$5,125). The pension fund asset relates to the City's share of the Fire Fighters' Supplementary Pension Plan asset balance and the Fire Chief Plan net fund asset (Note 25).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (in thousands of dollars)

04 PORTFOLIO INVESTMENTS

	2024		2023	
	Market Value	Carrying Value	Market Value	Carrying Value
Portfolio investments carried at fair value:				
Equity:				
Canadian	\$ 248,002	\$ 248,002	\$ 205,025	\$ 205,025
International	612,275	612,275	523,563	523,563
Global	49,731	49,731	45,643	45,643
	910,008	910,008	774,231	774,231
Portfolio investments carried at cost/amortized cost:				
Cash	8,437	8,437	5,775	5,775
Fixed income funds:				
Short-term notes and deposits	352,526	352,622	257,304	257,390
Government guaranteed bonds	695,747	716,085	588,969	619,069
Corporate bonds and debentures	451,094	454,835	413,551	432,064
Pooled fund	121,958	108,074	113,410	108,071
Private pooled funds	308,601	259,052	277,124	247,101
Other investments	117	117	117	117
	1,938,480	1,899,222	1,656,250	1,669,587
	\$ 2,848,488	\$ 2,809,230	\$ 2,430,481	\$ 2,443,818

All portfolio investments carried at fair value are level 2. Refer to Note 1g for a description of levels 1, 2 and 3. During 2024 and 2023, there were no transfers between levels of hierarchy.

All investments held by the City must comply with the MGA, the Municipal Investment Regulation and the City's investment policy (E212E).

The cost of equity portfolio investments at December 31, 2024, is \$771,906 (2023 - \$697,276).

Short-term notes and deposits have effective interest rates of 0.3 to 5.0 per cent (2023 - 0.4 to 5.7 per cent) and mature in less than one year. Government, government guaranteed bonds and corporate bonds and debentures have effective interest rates of 2.9 to 5.5 per cent (2023 - 3.0 to 6.1 per cent) with maturity dates from 2024 to 2062 (2023 - 2023 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 funds represent an interest in a globally diversified portfolio of core-yielding infrastructure, real estate investments and commercial mortgages.

Investments with a cost of \$925,780 (2023 - \$877,087) and fair value of \$1,045,563 (2023 - \$936,456) are managed within the Ed Tel Endowment Fund, in accordance with City Bylaw 11713. An annual appropriation from the earnings of the Fund of \$46,439 (2023 - \$44,669) 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 per cent above the inflation-adjusted principal. There were no special dividends in 2023 and 2024. Any amendment to the Bylaw requires advertisement and a public hearing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (in thousands of dollars)

05 DERIVATIVES

The City enters into derivative forward foreign currency contracts to manage its portfolio investment exposure to foreign currencies. As at December 31, 2024, the City held forward foreign exchange contracts for a net purchase of \$10,795 (2023 - \$15,419) in various currencies and fixed rates that mature at dates that vary until September 16, 2026. The fair value of contracts outstanding at December 31, 2024, is a liability of \$632 (2023 - \$3,550) and they are fair valued using level 2 inputs (Note 1g).

The City enters into derivative forward fuel price contracts with various banking institutions to manage its exposure to fuel price fluctuations. As at December 31, 2024, the City held forward fuel price contracts for 22.0 million litres (2023 - 21.2 million litres) of heating oil at prices that range from \$0.79 to \$0.90 per liter (2023 - \$0.82 to \$1.0 per litre) and mature at various dates until December 31, 2025. The fair value of contracts outstanding at December 31, 2024, is an asset of \$39 (2023 - liability of \$1,287) and they are fair valued using level 2 inputs (Note 1g).

06 FINANCIAL RISK MANAGEMENT

The City is exposed to a variety of financial risks associated with its financial instruments. These financial risks include market risk, credit risk and liquidity risk. There have been no significant changes to risk exposures, objectives and policies compared to 2023.

A. MARKET RISK

All investments held by the City must comply with the MGA, the Municipal Investment Regulation and the City's internal investment policy (C212E). Established by the City Manager, an Investment Committee governs and provides oversight of the City's investments. The objective of the Council-approved investment policy is to preserve the principal investment amount and maximize investment returns within an acceptable and prudent level of risk. Asset mix targets are determined based on investment earnings objectives, investment time horizon and level of risk tolerance. As part of an annual review process, a formal risk assessment of the City's investment program ensures risk mitigation strategies and controls are in place and consistent with industry best practices.

Market risk consists of three types of risk: price risk, interest rate risk and foreign currency risk.

i. Price Risk

The City is exposed to market price risk, the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, its issuer or general market factors affecting all securities. To manage this risk, the City has established an investment policy with a target asset mix that is diversified by asset class with individual issuer limits and is designated to achieve a long-term rate of return with an acceptable level of risk. In addition, to manage fluctuations in fuel prices, the City hedges a portion of this risk by entering into fuel price derivative forward contracts (Note 5). To manage fluctuation in utility prices the City enters into fixed purchase agreements and Virtual Power Purchase Agreements (Note 26).

Common and preferred share funds have a fair value of \$910,008 (2023 - \$774,231) and comprise 32.4 per cent (2023 - 31.9 per cent) of the City's total portfolio investments. As at December 31, 2024, if equity prices increased or decreased by 10 per cent with all other factors remaining constant, the City's fair value of portfolio investments and accumulated remeasurement gains and losses would have increased or decreased by approximately \$91,000 (2023 - \$77,422).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (in thousands of dollars)

ii. Interest Rate Risk

Interest rate risk is the risk that future cash flows or fair values will fluctuate due to the volatility of market interest rates. The City is exposed to interest rate risk through its investments in fixed income securities. If interest rates increased (decreased) by 25 basis points (0.25 per cent) as at December 31, 2024, and all other variables are held constant, the fair value of portfolio investments would increase (decrease) by approximately 1.14 per cent or \$17,159 (2023 - 1.16 per cent or \$14,614). Interest rate risk on the City's long-term debt is managed through fixed-rate agreements, thereby mitigating interest rate risk from rate fluctuations over the term of the outstanding debt (Note 14).

iii. Foreign Currency Risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The City is exposed to foreign currency risk on equities, fixed income securities and general working capital accounts that are denominated in foreign currencies other than the Canadian dollar. To manage this risk, a portion of the currency exposure may be hedged by foreign currency forward contracts (Note 5). Foreign currency forwards are contractual obligations either to buy or sell a specified amount of foreign currencies at predetermined future dates and exchanges.

At December 31, 2024, the total foreign currency denominated equities and fixed income securities currency exposure represents approximately 23.9 per cent of the portfolio investment balance which include 20.1 per cent in US dollars, 2.1 per cent in Japanese yen, and 1.7 per cent in Chinese Yuan. A 10 per cent strengthening (weakening) of the Canadian dollar versus these currencies as at December 31, 2024, and all other variables are held constant, would have decreased (increased) the portfolio investment fair value and accumulated remeasurement losses (gains) by \$35,563 (2023 - \$33,033).

B. CREDIT RISK

Credit risk is the risk of loss arising from the failure of a counterparty to fully honor its contractual obligations. The credit quality of financial assets is generally assessed by reference to external credit ratings. Credit risk can also lead to losses when issuers and debtors are downgraded by credit rating agencies. The carrying amount of the City's cash and cash equivalents, receivables, derivatives, debt recoverable and portfolio investments represent the maximum exposure to credit risk.

Accounts receivable primarily consists of trade receivables, local improvements, taxes and government transfers. The City periodically reviews the collectability of its accounts receivable and establishes an allowance based on its best estimate of potentially uncollectible amounts. Cash and cash equivalents, when invested, are invested in investment grade securities. Debt recoverable are monitored and issued through City bylaws as described in Note 7. The City's policies restrict the types and proportions of eligible portfolio investments, as such mitigating the City's exposure to credit risk. The credit rating for Canadian government and corporate bonds held is as follows:

	2024	2023
AAA	36.2%	31.9%
AA	24.0%	25.6%
A	26.1%	28.3%
BBB	13.7%	14.2%
	<hr/>	<hr/>
	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (in thousands of dollars)

C. LIQUIDITY RISK

Liquidity risk is the risk that the City will encounter difficulty under both normal and stressed conditions in meeting obligations associated with financial liabilities that are settled by delivery of cash and cash equivalents or another financial asset. The City manages liquidity risk by regularly monitoring its working capital and reserve assets to determine the optimum mix of short-term and long-term investments and ensure it has sufficient liquidity while also maximizing returns on a prudent basis. The City has access to an undrawn \$250,000 CAD and \$10,000 US line of credit to meet current and forecasted financial requirements in a cost-effective manner. The ability also exists to issue promissory notes for a term of one year or less to a maximum of \$250,000.

07 DEBT RECOVERABLE

Debt recoverable of \$21,613 (2023 - \$21,906) consists of amounts borrowed by the City and provided to the Edmonton Catholic Separate School District and 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 repayment terms as the respective debt with interest accrued on outstanding amounts. As of December 31, 2024, 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 (2023 - 2.5 to 4.3 per cent) and will be fully recovered between the years 2041 and 2043, respectively.

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

	Principal	Interest	Total
2025	\$ 715	\$ 755	\$ 1,470
2026	995	653	1,648
2027	1,025	623	1,648
2028	1,055	592	1,647
2029	1,087	560	1,647
Thereafter	16,736	3,915	20,651
	\$ 21,613	\$ 7,098	\$ 28,711

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (in thousands of dollars)

08 LAND FOR RESALE

	2024	2023
Land for Resale, beginning of year	\$ 231,750	\$ 237,423
Additions and transfers	35,824	53,354
Sales	(20,686)	(59,027)
Land for Resale, end of year	\$ 246,888	\$ 231,750

09 PROMISSORY NOTES PAYABLE

As at December 31, 2024, The City has three (2023 - four) promissory notes payable with maturity dates ranging from January 14, 2025 to June 11, 2025 (2023 - March 8, 2024 to March 15, 2024) with an interest rates ranging from 3.2 per cent to 3.8 per cent (2023 - 5.0 per cent). The promissory notes are being accounted for at amortized cost, with the amount for the three notes at maturity totaling \$60,000 and (2023 - \$50,000) and a discounted value of \$59,311 (2023 - \$49,375).

10 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2024	2023
Trade	\$ 651,670	\$ 688,068
Developer obligations	237,368	223,092
Payroll and remittances	205,754	158,974
Provision for self-insured claims	33,316	28,135
Accrued interest	30,260	28,074
Contaminated sites (Note 27)	20,383	21,505
	\$ 1,178,751	\$ 1,147,848

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (in thousands of dollars)

11 DEFERRED REVENUE

	2023	Contributions Received / Transferred Between Operating and Capital	Revenue Recognized	2024
Operating:				
Revenue in advance of service performed and other	\$ 56,034	\$ 125,952	\$ 137,648	\$ 44,338
Development permits	22,041	27,246	16,196	33,091
Canada Mortgage and Housing Corporation Fund	12,593	(2,324)	3,518	6,751
Deferred lease incentive	12,350	1	1,368	10,983
Affordable Housing Municipal Block Funding	900	12	912	
	103,918	150,887	159,642	95,163
Capital:				
Canada Mortgage and Housing Corporation Fund	54,651	46,128	9,432	91,347
Canada Community Building Fund	44,237	59,721	57,919	46,039
Local Government Fiscal Framework		158,261	133,175	25,086
Other	11,387	97,433	94,011	14,809
	110,275	361,543	294,537	177,281
	\$ 214,193	\$ 512,430	\$ 454,179	\$ 272,444

12 EMPLOYEE BENEFIT OBLIGATIONS

	2024	2023
Accrued vacation	\$ 109,420	\$ 100,885
Post-employment benefits	55,146	53,850
Banked overtime	15,881	15,539
Group Life Insurance Plan	11,169	11,650
Major medical and dental plans	8,373	5,597
Supplementary Management Retirement Plan	8,116	6,698
Health care spending	3,729	3,830
Other	967	872
	\$ 212,801	\$ 198,921

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (in thousands of dollars)

In order to measure the post-employment obligation, an actuarial valuation was completed as at December 31, 2024, 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 (2023 - 3.0 per cent). The accrued benefit obligation as at December 31, 2024, is \$52,018 (2023 - \$50,977). The change is comprised of current service cost of \$11,232 (2023 - \$14,436), interest cost of \$1,758 (2023 - \$1,751), actuarial gain of \$4,726 (2023 - \$5,607) and benefits paid during the year of \$ 7,223 (2023 - \$7,062).

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 2024 were \$943 (2023 - \$1,003). Eligible dental obligations for 2024 were \$932 (2023 - \$887). Other post-employment benefits were \$1,253 (2023 - \$983).

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 Alberta Blue Cross.

A supplementary management retirement plan (SMRP) 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 \$8,116 (2023 - \$6,698) has been based upon an extrapolation of an actuarial valuation completed as at December 31, 2023. The extrapolation was based upon a number of assumptions about future events, which reflect management's best estimates. The expected inflation rate is 2.0 per cent (2023 - 2.0 per cent). The discount rate used to determine the accrued benefit obligation is 3.0 per cent (2023 - 3.0 per cent). The expected salary increase is 3.0 per cent (2023 - 2.5 per cent), plus a merit and promotion increase of 0.5 per cent. Unamortized net loss of \$1,585 (2023 - \$339) will be amortized over the fifteen (2023 fourteen) year average remaining service period of active plan participants. The next full valuation of the SMRP will be performed as of December 31, 2026. Unamortized net loss of \$1,585 (2023 - \$339) will be amortized over the fifteen (2023 - 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 2024 expenses of amounts not used in the current year that are eligible to be carried forward under the terms of the plan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (in thousands of dollars)

13 ASSET RETIREMENT OBLIGATIONS

	2024	2023
Balance, beginning of year	\$ 203,911	\$ 197,648
Net change for the year:		
Liability incurred	71	397
Liability settled	(33,036)	(12,809)
Accretion expense	2,969	3,485
Assets disposed	(369)	
Change in estimate	18,641	15,190
Net change for the year	(11,724)	6,263
Balance, end of year	\$ 192,187	\$ 203,911

The City has identified various tangible capital assets where asset retirement obligations exist and mainly relate to buildings and equipment. The City estimated the nature and extent of hazardous materials in its buildings based on the potential square footage and the average costs per square foot to remove and dispose of the hazardous materials. Similarly, cost estimates were obtained for legislated removal of equipment at the end of its life. The estimate of these obligations is based on assessments provided by third-party experts, internal experts and engineers. These obligations are discounted using a present value technique. The undiscounted amount of estimated future cash flows required to settle these obligations is \$185,888 (2023 - \$195,635). The discount rates used for the present value technique ranged from 3.2 per cent to 4.7 per cent (2023 - 3.9 per cent to 4.8 per cent), and these obligations are expected to be settled between 2025 and 2087.

Included in asset retirement obligations are liabilities for landfill closure and post-closure care of \$48,820 (2023 - \$55,067). Under Provincial legislation, the City has liability for closure and post-closure care costs for its landfill sites. The undiscounted amount of estimated future cash flows required to settle these obligations is \$62,289 (2023 - \$63,768).

The Clover Bar landfill site was closed to the public in August 2009. The City used the landfill internally until 2018 with final closure in 2025, 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 of 6.2 per cent (2023 - 6.3 per cent) and inflation rate of 2.0 per cent (2023 - 2.1 per cent). An amount of \$46,764 (2023 - \$53,011) 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 (2023 - \$2,056) has been accrued.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (in thousands of dollars)

14 LONG-TERM DEBT

A. DEBT PAYABLE

Debt payable includes the following amounts:

	2024	2023
Debtures	\$ 4,233,626	\$ 4,045,052
Mortgages	111,733	108,844
Public-private partnership (P3) term debt	450,621	472,752
	4,795,980	4,626,648
Less debt attributed to and secured by offsetting amounts receivable from:		
EPCOR Utilities Inc.	427,548	459,162
	\$ 4,368,432	\$ 4,167,486

Long-term debt comprises:

Self-liquidating debt	520,113	533,361
Tax-supported debt		
Debture debt	3,397,698	3,161,373
Public-private partnership (P3) term debt	450,621	472,752
	\$ 4,368,432	\$ 4,167,486

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 THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (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
2025	\$ 70,210	\$ 207,180	\$ 277,390	\$ 32,437	\$ 244,953
2026	70,913	212,725	283,638	33,155	250,483
2027	62,640	214,525	277,165	32,396	244,769
2028	61,198	210,443	271,641	32,321	239,320
2029	60,947	195,451	256,398	32,338	224,060
Thereafter	621,753	2,807,995	3,429,748	264,901	3,164,847
	\$ 947,661	\$ 3,848,319	\$ 4,795,980	\$ 427,548	\$ 4,368,432

Interest:	Self-Liquidating	Tax-Supported	Gross Payment	Less: EPCOR Receivable	Net Payment
2025	\$ 31,872	\$ 152,307	\$ 184,179	\$ 15,553	\$ 168,626
2026	29,181	144,207	173,388	14,194	159,194
2027	26,502	135,889	162,391	12,815	149,576
2028	24,102	127,586	151,688	11,498	140,190
2029	21,888	119,601	141,489	10,206	131,283
Thereafter	162,541	1,062,843	1,225,384	43,638	1,181,746
	\$ 296,086	\$ 1,742,433	\$ 2,038,519	\$ 107,904	\$ 1,930,615

Total Payments:	Self-Liquidating	Tax-Supported	Gross Payment	Less: EPCOR Receivable	Net Payment
2025	\$ 102,082	\$ 359,487	\$ 461,569	\$ 47,990	\$ 413,579
2026	100,094	356,932	457,026	47,349	409,677
2027	89,142	350,414	439,556	45,211	394,345
2028	85,300	338,029	423,329	43,819	379,510
2029	82,835	315,052	397,887	42,544	355,343
Thereafter	784,294	3,870,838	4,655,132	308,539	4,346,593
	\$ 1,243,747	\$ 5,590,752	\$ 6,834,499	\$ 535,452	\$ 6,299,047

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (in thousands of dollars)

B. DEBT SERVICING LIMITS

The City of Edmonton Charter Regulation AR 39/2018 allows the City to establish its own debt limits on condition the City obtains an external credit rating and develops 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 debt servicing limits is as follows:

	2024	2023
Total debt servicing limit (26% of City revenue)	\$ 939,211	\$ 871,231
Total debt servicing	391,900	420,745
Percentage used (%)	41.7	48.3
Total debt servicing limit (21% of City revenue)	\$ 758,593	\$ 703,687
Total debt servicing	391,900	420,745
Percentage used (%)	51.7	59.8
Tax Supported debt servicing limit (18% of tax-supported net operating expenditures)	\$ 514,567	\$ 481,738
Tax Supported debt servicing	337,068	366,798
Percentage used (%)	65.5	76.1

C. MATURITIES AND INTEREST RATES

Existing long-term debt matures in annual amounts in years 2025 through 2054 and debenture interest is payable at rates ranging from 1.0 to 7.9 per cent (2023 - 1.0 to 8.3 per cent). The average annual interest rate is 3.9 per cent for 2023 (2023 - 3.8 per cent).

D. INTEREST ON LONG-TERM DEBT

	2024	2023
Self-liquidating debt	\$ 33,744	\$ 34,854
Tax-supported debt	124,828	115,283
Public-private partnership (P3) term debt	20,193	6,295
	178,765	156,432
Less payments on offsetting amounts receivable	16,741	18,044
Long-term debt interest included in interest and bank charges	\$ 162,024	\$ 138,388

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (in thousands of dollars)

E. PUBLIC-PRIVATE PARTNERSHIP (P3) OBLIGATION

In February 2016, the City entered into a P3 agreement with TransEd Partners General Partnership (TransEd) to design, build, finance, operate and maintain stage 1 of the Valley Line LRT from Mill Woods to Downtown. The construction period ran from 2016-2023 and the operating period from 2023-2050.

Under the P3 agreement, the City has key rights that include control over the infrastructure, inspection rights, termination options and receiving the infrastructure asset back at the end of the operating period. Key obligations for the City under the agreement include granting land and infrastructure access to TransEd for the duration of the agreement and making monthly payments during the operating period for P3 term debt and operating costs. The City's operating payments to TransEd cover both service costs, based on the service levels provided, and lifecycle rehabilitation costs. These operating payments are expensed because they do not extend the useful life of the infrastructure assets.

During construction of the Valley Line LRT, the City recognized capital costs as assets under construction. The assets are being amortized over their useful life now that the assets are in service. During the construction period, the City made 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 were settled in November 2023 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. In 2024, due to a modification of the P3 term debt, the City recognized a \$13,071 modification gain in its Consolidated Statement of Operations and Accumulated Surplus in interest and banking charges. The effective interest rate of the P3 term debt is 4.4 per cent.

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

	Principal	Interest	Total
2025	\$ 9,469	\$ 19,783	\$ 29,252
2026	9,897	19,355	29,252
2027	10,345	18,907	29,252
2028	10,813	18,439	29,252
2029	11,302	17,950	29,252
Thereafter	398,795	214,159	612,954
	\$ 450,621	\$ 308,593	\$ 759,214

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (in thousands of dollars)

15 TANGIBLE CAPITAL ASSETS

	Net book value	
	2024	2023
Land	\$ 2,195,294	\$ 2,139,406
Land improvements	1,300,458	1,255,740
Buildings	2,334,716	2,260,188
Vehicles	768,628	796,155
Machinery and equipment	396,455	403,003
Engineering structures:		
Roadway system	5,324,414	5,125,966
Light rail transit	1,520,593	1,499,633
Waste	39,503	41,616
Bus system	159,484	168,350
Other	75,689	72,985
	14,115,234	13,763,042
Assets under construction	1,840,805	1,305,809
	\$ 15,956,039	\$ 15,068,851

For additional information, including information on asset retirement obligation assets, see the Consolidated Schedule of Tangible Capital Assets (Schedule 1).

16 OTHER ASSETS

	2024	2023
Benefit plan assets	\$ 11,226	\$ 9,627
Other	2,537	3,084
	\$ 13,763	\$ 12,711

17 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.

	2024	2023
Tangible capital assets (Schedule 1)	\$ 25,832,098	\$ 24,490,657
Accumulated amortization (Schedule 1)	(9,876,059)	(9,421,806)
Long-term debt (Note 14)	(4,368,432)	(4,167,486)
Debt recoverable (Note 7)	21,613	21,906
Long-term debt for land redevelopment	71,164	75,077
	\$ 11,680,384	\$ 10,998,348

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (in thousands of dollars)

18 RESERVES FOR FUTURE EXPENDITURES

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

	2024	2023
General Government:		
Pay-As-You-Go capital	\$ 151,423	\$ 133,074
Light rail transit	138,831	151,573
Local improvement	138,504	142,730
Sanitary servicing strategy fund	115,800	103,417
Financial stabilization - unappropriated	85,204	151,629
Affordable housing	80,757	69,121
Financial stabilization - appropriated	75,540	100,003
Planning and development	56,343	45,600
Funds in lieu - residential	46,799	37,608
Fleet services - vehicle replacement	42,910	35,739
Developer recoveries	23,097	12,788
Industrial Infrastructure Cost Sharing Program	14,942	12,254
Rogers Place Arena capital	12,930	11,435
Tree management	11,753	11,800
Traffic safety and automated enforcement	11,308	10,538
Parkland	10,428	16,844
Natural areas	9,670	9,257
Pay-As-You-Go capital - Edmonton Police Services	8,149	8,229
Perpetual care	7,279	6,365
Commercial Revitalization	7,016	7,095
Heritage resources	6,630	6,336
Vehicle for hire	5,806	4,248
Community Safety and Well Being	5,577	10,178
Tax-supported debt	5,217	1,000
St. Francis Xavier	3,003	3,036
Motor vehicle insurance	2,500	2,500
Neighbourhood renewal	2,356	16,084
Commonwealth Stadium	1,389	2,169
Public Art Reserve	1,336	2,901
Edmonton Elections Reserve	1,054	
Edmonton Police Service	(580)	(1,102)
Brownfield redevelopment	(866)	(2,047)
Community revitalization levy - Downtown	(9,453)	(10,529)
Community revitalization levy - Belvedere	(17,015)	(16,401)
Community revitalization levy - Quarters	(23,031)	(19,265)
Interim financing	(33,438)	(34,765)
Other	41	68
	999,209	1,041,510
City of Edmonton Library Board	16,502	15,598
Non-Profit Housing Corporation	12,873	3,120
	\$ 1,028,584	\$ 1,060,228

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 THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (in thousands of dollars)

19 ACCUMULATED OPERATING SURPLUS

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

	2024	2023
General government operations	\$ (4,241)	\$ (40,555)
Restricted surplus:		
EPCOR Utilities Inc.	5,172,092	4,791,712
Less: EPCOR Accumulated other comprehensive income	(258,142)	(141,828)
Reserves for future expenditures (Note 18)	1,028,584	1,060,228
Ed Tel Endowment Fund	925,770	877,087
Land Enterprise	120,389	140,247
Pension and benefits	46,310	39,167
Waste Services Utility	20,400	18,866
Explore Edmonton	6,807	6,501
City of Edmonton Library Board	5,925	6,454
Edmonton Unlimited	2,976	5,636
Fort Edmonton Management Company	1,728	1,617
Edmonton Combative Sports Commission	374	208
Non-Profit Housing Corporation		(194)
Blatchford Renewable Energy Utility	(12,968)	(10,072)
Equity in tangible capital assets (Note 17)	11,680,384	10,998,348
Advances for construction	165,211	175,440
Obligation to be funded in future years	(143,366)	(148,844)
	\$ 18,758,233	\$ 17,780,018

Obligations to be funded in future years relate to asset retirement obligations less obligations for landfill post-closure care.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (in thousands of dollars)

20 NET TAXES AVAILABLE FOR MUNICIPAL PURPOSES

	Budget	2024	2023
Taxes:			
Property taxes	\$ 2,614,619	\$ 2,616,340	\$ 2,369,167
Community revitalization levy ("CRL")	44,805	40,729	36,967
Revenue in lieu of taxes	24,645	25,710	26,664
Special tax - alley lighting	883	897	1,188
Tax appeals and allowances	(16,039)	(26,549)	(16,250)
Other	5,510	13,473	11,157
	2,674,423	2,670,600	2,428,893
Less taxes on behalf of:			
Education	532,533	529,120	497,110
Business improvement area and other		4,592	4,273
	532,533	533,712	501,383
Net taxes available for municipal purposes	\$ 2,141,890	\$ 2,136,888	\$ 1,927,510

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 (Note 10).

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, 2024, 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 2024, \$5,740 (2023 - \$5,151) incremental tax levy was collected in the Quarters CRL, including \$1,076 (2023 - \$1,097) in education taxes. The Belvedere CRL collected \$1,683 (2023 - \$1,710) in incremental tax levy during the year, including \$304 (2023 - \$313) in education taxes. The Capital City Downtown CRL collected \$33,306 (2023 - \$30,107) in incremental tax levy during the year, including \$7,665 (2023 - \$7,050) in education taxes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (in thousands of dollars)

21 GOVERNMENT TRANSFERS

	Budget	2024	2023
Operating:			
Federal	\$ 57,884	\$ 60,082	\$ 53,534
Provincial	82,909	105,711	86,760
	140,793	165,793	140,294
Capital:			
Federal	618,823	290,385	212,648
Provincial	785,675	411,098	431,255
	1,404,498	701,483	643,903
Total Government Transfers	\$ 1,545,291	\$ 867,276	\$ 784,197

Operating - Provincial

In 2024, the City received a grant of \$23,329 (2023 - \$23,078) from the Province for Family and Community Support Services funding. In 2024, \$23,329 (2023 - \$23,078) was recognized as operating government transfers, while \$0 was recorded as deferred revenue in 2023 and 2024.

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 2024, the City recognized operating government transfers of \$912 (2023 - \$1,497). In 2024, \$0 (2023 - \$900) was recorded as deferred revenue and \$12 (2023 - \$112) of interest was earned.

Capital - Federal

In 2024, the Government of Canada renewed the Canada Community Building Fund agreement. The City received \$29,471 (2023 - \$60,863) and earned interest of \$778 (2023 - \$5,683). In 2024, the City recognized \$14,313 (2023 - \$29,791) as capital government transfers and \$43,605 (2023 - \$43,605) as operating government transfers to fund debt servicing costs related to the South LRT. In 2024, \$16,568 (2023 - \$44,237) was recorded as a net 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 2024, the City received \$31,720 (2023 - \$42,482) and recognized \$33,557 (2023 - \$35,171) as capital government transfers. A receivable was recorded for \$27,217 (2023 - \$25,380).

In 2016, through the P3 Canada Fund, an agreement was signed to provide funding for the construction of Valley Line LRT. In 2024, the City received \$239,495 (2023 - \$0) and recorded \$0 (2023 - \$239,495) as a 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 2024, the City received \$19,854 (2023 - \$12,280) and recognized \$11,937 (2023 - \$18,645) as capital government transfers. A receivable of \$11,335 (2023 - \$19,252) was recorded.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (in thousands of dollars)

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 address the housing shortage which is reducing the availability of affordable housing. In 2024, the City received \$4,696 (2023 - \$78,720) and recognized \$14,116 (2023 - \$11,476) of capital government transfers and \$3,659 (2023 - \$2,478) of operating government transfers. A net deferred revenue of \$54,165 (2023 - \$67,244) was recorded.

Capital - Provincial

With the commencement of the Terwillegar Drive Expressway Upgrade, in 2024, 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 2024, the City received \$68,076 (2023 - \$50,478) and earned interest of \$0 (2023 - \$519). The City recognized \$58,643 (2023 - \$122,758) as capital government revenue and recorded a receivable of \$52,602 (2023 - \$62,035).

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 2024, the City received \$2,316 (2023 - \$6,818), net of \$89 (2023 - \$328) received on behalf of regional transit partners and earned interest of \$127 (2023 - \$213). In 2024, the City recognized \$896 (2023 - \$4,037) as capital government transfers and deferred revenue of \$3,277 (2023 - \$1,819) was recorded.

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 2024, the City received \$223,677 (2023 - \$339,968) and earned interest of \$44 (2023 - \$0). The City recognized \$420,423 (2023 - \$225,309) as capital government transfers and \$329,728 (2023 - \$133,026) was recorded as a receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (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	2024	2023
Mayor:				
Sohi	\$ 216	\$ 31	\$ 247	\$ 250
	216	31	247	250
Councillors:				
Principe	122	34	156	154
Stevenson	122	33	155	151
Janz	122	33	155	151
Hamilton	122	33	155	150
Knack	122	31	153	150
Rutherford	122	31	153	150
Rice	122	32	154	150
Tang	122	30	152	150
Salvador	122	32	154	150
Paquette	122	32	154	149
Wright	122	29	151	149
Cartmell	122	28	150	147
	1,464	378	1,842	1,801
Chief Administrative Officer (City Manager)	884	57	941	392
Designated Officers	1,087	107	1,194	1,245
	\$ 3,651	\$ 573	\$ 4,224	\$ 3,688

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. In 2024, the Chief Administrative Officer (City Manager) salaries and benefits include a transition payment to the outgoing City Manager.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (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.

	2024	2023
Financial position:		
Current assets	\$ 853,255	\$ 1,133,570
Capital assets	14,408,238	13,306,094
Other assets	1,153,323	980,049
Total assets	16,414,816	15,419,713
Current liabilities (including current portion of long-term debt of \$185,138 (2023 - \$284,900))	1,129,853	1,404,501
Non-current liabilities	5,521,064	5,064,387
Long-term debt	4,919,100	4,455,819
Total liabilities	11,570,017	10,924,707
Accumulated other comprehensive income	258,142	141,828
Share capital	797,528	797,528
Retained earnings	3,789,129	3,555,650
Shareholder's equity	\$ 4,844,799	\$ 4,495,006
Results of operations:		
Revenues	\$ 3,394,722	\$ 4,377,491
Expenses	(2,968,243)	(4,016,241)
Net income	\$ 426,479	\$ 361,250
Changes in shareholder's equity:		
Shareholder's equity - opening	\$ 4,495,006	\$ 4,322,315
Net income	426,479	361,250
Other comprehensive (loss) income	116,314	(3,559)
Dividend to shareholder (City of Edmonton)	(193,000)	(185,000)
Shareholder's equity - ending	\$ 4,844,799	\$ 4,495,006

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (in thousands of dollars)

During 2024, the City contributed \$34,472 (2023 - \$60,480) in tangible capital assets to EPCOR. The difference between the City's investment in EPCOR and EPCOR's shareholder's equity represents the accumulated tangible capital assets contributed to EPCOR from the City less the related amortization as follows:

	2024	2023
EPCOR's shareholder's equity	\$ 4,844,799	\$ 4,495,006
Accumulated contributed tangible capital assets to EPCOR	343,358	308,886
Accumulated amortization over useful life	(16,065)	(12,180)
Investment in EPCOR	\$ 5,172,092	\$ 4,791,712

The difference of \$327,293 (2023 - \$296,706), representing between the accumulated tangible capital assets contributed to EPCOR from the City and the related amortization, 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:

2025	\$ 33,513
2026	33,996
2027	33,094
2028	32,891
2029	182,787
Thereafter	4,627,390
	<hr/>
	\$ 4,943,671

EPCOR has issued letters of credit for \$92,981 (2023 - \$109,983) 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:

	2024	2023
Dividend paid to the City	\$ 193,000	\$ 185,000
Franchise fees paid to the City	129,908	119,071
Financing expenses paid or payable to the City	15,881	17,010
Sales of administrative and construction services from the City	5,292	6,019
Property taxes and other taxes paid to the City	31,026	28,036
Costs of capital construction paid or payable to the City	65,751	82,381
Power and water purchased by the City	4,133	4,724
Other services purchased by the City	27,293	14,745

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (in thousands of dollars)

The following summarizes EPCOR's related party balances with the City.

	2024	2023
Trade and other receivables	\$ 42,014	\$ 22,306
Property, plant and equipment	65,751	82,381
Trade and other payables	30,711	32,434
Loans and borrowings issued in the name of the City	427,548	459,162
Deferred revenue and other liabilities	63,682	60,938

The City's financial statements include a net receivable from EPCOR within Receivables (Note 3). The City's consolidated Long-term Debt (Note 14) is presented on a PSAS basis, net of offsetting receivables from EPCOR of \$427,548 (2023 - \$459,162).

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	2024	2023
ATCO Gas and Pipelines Ltd. - Gas	\$ 93,713	\$ 95,167	\$ 88,759
EPCOR Distribution Inc. - Power	80,780	80,780	76,418
EPCOR Water Services Inc. - Water	18,993	21,280	19,237
EPCOR Water Services Inc. - Drainage	12,704	13,781	11,682
EPCOR Water Services Inc. - Wastewater	10,637	11,429	10,748
	\$ 216,827	\$ 222,437	\$ 206,844

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 (2023 - 8.45 per cent) of pensionable payroll up to the yearly maximum pensionable earnings (YMPE) and 11.65 per cent (2023 - 12.23 per cent) thereafter. Employees of the City are required to make current service contributions of 7.45 per cent (2023 - 7.45 per cent) of pensionable salary up to YMPE and 10.65 per cent (2023 - 11.23 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 2024 were \$97,099 (2023 - \$91,660) and by the employees to the LAPP in 2024 were \$86,477 (2023 - \$81,990).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (in thousands of dollars)

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 13.80 per cent of (2023 - 13.39 per cent) pensionable payroll. In addition, past service contributions to the Plan of 0.75 per cent (2023 - 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. Participants of the SFPP are required to make current service contributions of 12.29 per cent (2023 - 12.29 per cent) of pensionable salary. As well, past service contributions of 0.75 per cent (2023 - 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 2024 were \$33,515 (2023 - \$37,041) and by the employees to the SFPP in 2024 were \$36,239 (2023 - \$34,240).

As at December 31, 2023, the SFPP reported the value of its assets at \$4,225,115 and a surplus for the overall plan of \$553,089 comprised of a deficit of \$126,894 for pre-1992 and a surplus of \$679,983 relating to post-1991. The asset value and surplus/deficit information as at December 31, 2024 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 Long-term Disability Plan include global infrastructure assets. The City's share of the Fire Fighters' Supplementary Pension Plan (FFSPP) asset balance and the Fire Chief Plan net fund liability has been recognized in the financial statements.

The following summarizes plans sponsored by the City.

i. **Police Supplementary Pension Plan**

The Police Supplementary Pension Plan (PSPP) provides benefits supplementary to the LAPP for 4 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 \$14 (2023 - \$18).

ii. **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 \$10,137 (2023 - \$9,319). Employer contributions for the year were \$5,853 (2023 - \$6,090) and employee contributions for the year were \$5,000 (2023 - \$5,033).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (in thousands of dollars)

iii. 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 \$270 (2023 - \$257). Employer contributions were \$93 (2023 - \$78) and employee contributions for the year were \$55 (2023 - \$40).

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, 2024. Each 2024 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 (2023 - 2.0 per cent). The discount rate used to determine the accrued benefit obligation is 5.9 per cent (2023 - 5.9 per cent). The expected rate of return on plan assets is 5.9 per cent (2023 - 5.9 per cent). The expected salary increase is 3.0 per cent (2023 - 1.0 per cent for year one, 2.0 per cent for year two, 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 17.2 per cent (2023 - 11.0 per cent).

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

	PSPP	FFSPP	Fire Chief	2024	2023
Fair value of assets	\$ 21,401	\$ 382,427	\$ 5,461	\$ 409,289	\$ 350,781
Accrued benefit obligation	51	237,490	4,680	242,221	243,415
Funded status – surplus	21,350	144,937	781	167,068	107,366
Unamortized net actuarial gain		(81,879)	(379)	(82,258)	(35,864)
Accrued benefit asset	21,350	63,058	402	84,810	71,502
Valuation allowance	21,350			21,350	18,082
Employee portion of accrued benefit asset		28,376		28,376	23,880
Net fund asset	\$	\$ 34,682	\$ 402	\$ 35,084	\$ 29,540

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 15 years (2023 - 16 years) and of the Fire Chief plan of 3 years (2023 - 3 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 THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (in thousands of dollars)

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

	PSPP	FFSPP	Fire Chief	2024	2023
Current service cost		\$ 8,519	\$ 88	\$ 8,607	\$ 8,990
Amortization of actuarial gain	(2,210)	(2,389)	(3)	(4,602)	(2,202)
Increase in valuation allowance	3,268			3,268	1,672
Less: employee contributions		(211)	(55)	(266)	(90)
Benefit plan expense for the year	1,058	5,919	30	7,007	8,370
Interest cost on accrued benefit obligation	6	13,927	254	14,187	13,285
Expected return on plan assets	(1,064)	(19,196)	(277)	(20,537)	(18,300)
Benefit plan interest income	(1,058)	(5,269)	(23)	(6,350)	(5,015)
Total benefit plan related expense		650	7	657	3,355
Less: employee portion of expense		293		293	1,489
Net benefit plan related expense		357	7	364	1,866
Less: employer contributions/net assets to be distributed		5,853	55	5,908	6,192
Net change	\$	\$ (5,496)	\$ (48)	\$ (5,544)	\$ (4,326)

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, 2024. The Plan's assets are valued at fair value.

	2024	2023
Fair value of assets	\$ 182,090	\$ 159,190
Less: Accrued benefit obligation	155,802	150,030
Net assets	\$ 26,288	\$ 9,160

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (in thousands of dollars)

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 contract with ENMAX Energy Corporation expiring December 31, 2029, to purchase natural gas at a fixed price and volume per hour in order to meet its estimated annual consumption requirements.

The City entered into two 20-year Virtual Power Purchase Agreements (VPPA), related to wind and solar renewable energy attributes, that end in 2044. VPPAs are instruments under which the City receives or pays the difference between fixed contracted prices per megawatt-hour (MWh) of electricity and settled market prices. In addition, the City receives contracted Renewable Energy Certificates (RECs) generated by the renewable facilities. MWh and RECs may vary annually based on the facilities generation. The solar project commenced in April 2024 and during 2024 the City paid \$2,573 in relation to the solar agreement. The wind project is targeted to come online in August 2025. Payments or receipts may fluctuate year over year depending on the settled market price of electricity. As permitted under PS3450 *Financial Instruments*, these contracts were not accounted for as embedded derivatives because on transition to PS3450, on January 1, 2023, the City made an accounting policy choice to identify embedded derivatives on contracts entered into on a prospective basis.

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 runs from 2023 to 2050. 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 estimated commitment for the service level payments is \$897,219 and as at December 31, 2024, \$24,330 of operations costs have been recognized by the City. The total estimated commitment for the maintenance payments is \$273,713 and as at December 31, 2024, \$9,639 of operations costs have been recognized by the City. Additional details on this P3 agreement 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 2028. The total commitment for construction over the life of the contract is \$1,619,329. As at December 31, 2024, \$561,640 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 \$280,250. As at December 31, 2024, \$78,519 of contract costs have been recognized by the City.

The City entered into an agreement with Capital Line Design-Build Ltd. as the Design-Build contractor for Phase 1 of the Capital Line South Extension project. Capital Line Design-Build Ltd. is a member of the Ledcor Group of Companies, with AECOM as their design partner. The project is anticipated to run from 2024 to 2028. The total commitment for this contract is \$971,005. As at December 31, 2024, \$85,744 of construction costs have been recognized by the City.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (in thousands of dollars)

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:

2025	\$ 29,323
2026	28,332
2027	26,702
2028	23,782
2029	20,066
Thereafter	142,457
	<hr/>
	\$ 270,662

27 LIABILITY FOR CONTAMINATED SITES

As of December 31, 2024, 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 decrease in the liability of \$1,122 over the prior year, representing a total liability for the remediation of contaminated sites of \$20,383 (2023 - \$21,505). 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, 2024. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (in thousands of dollars)

29 CONTINGENT ASSETS

The City has outstanding legal claims against third parties as at December 31, 2024 for which the probability of settlement in favour of the City is likely, resulting in \$2,400 (2023 - \$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.

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 \$198,730.

	Government transfers	Future lease revenue	Total
2025	\$ 2,376,167	\$ 16,366	\$ 2,392,533
2026	913,694	14,917	928,611
2027	553,037	14,492	567,529
2028	76,815	14,457	91,272
2029	21,760	14,223	35,983
Thereafter		214,417	214,417
	\$ 3,941,473	\$ 288,872	\$ 4,230,345

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, 2024, 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 THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (in thousands of dollars)

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 includes 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 THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (in thousands of dollars)

B. WASTE SERVICES

Waste Services includes 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 THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (in thousands of dollars)

33 2024 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 20706 - 2024 Property Tax and Supplementary Property Tax on April 30, 2024, which incorporates the operating budget and related adjustments made in December 2023 and ratifies the 2024 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 2023	\$ 3,909,977	\$ 3,912,301	\$ 1,024,611
Supplemental budget adjustments	57,122	57,123	
Carry forward of prior year unspent budget	79,743	79,743	582,330
Amortization		742,564	
EPCOR net income	440,750		
Other controlled entities	16,563	16,226	
Consolidation adjustments	(704)	96	
Transfers from/to reserves	(236,202)	(509,823)	
Debt principal repayment		(410,505)	
Dividends from subsidiaries	(238,300)		
Reclassification for presentation purposes	(81,894)	(16,241)	11,603
Budget for financial statement purposes	\$ 3,947,055	\$ 3,871,484	\$ 1,618,544

34 SUBSEQUENT EVENTS

Effective March 4, 2025, the United States (U.S.) government imposed tariffs on various Canadian exports and Canada imposed counter-tariffs on select imports. While the full impact is yet to be determined, these tariffs may affect the City's operations and financial position due to:

- **Increased Costs:** The tariffs could directly or indirectly impact the cost of goods and services purchased by the City for its operations and delivery of its capital budget, potentially impacting financial results.
- **Economic Slowdown:** A U.S. - Canada trade war could be highly disruptive to Edmonton's economy potentially affecting variables including spending, trade flows, employment, prices and gross domestic product. In addition to potential cost impacts faced by the City, a trade war could also negatively impact the City's revenues, including user fees and sales of goods and services, franchise fees, revenue from the City's EPCOR subsidiary operations, developer and customer contributions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024 (in thousands of dollars)

- **Decreased Portfolio Investments and Land Held for Resale:** A potential economic slowdown and market disruptions could also decrease the value and earnings on the City's investment portfolio and also potentially lead to impairment losses on the City's land held for resale.
- Management is actively monitoring the situation and evaluating the potential impact on the City's operations and financial position. Mitigation strategies are being considered, including sourcing materials from alternative suppliers as required and adjusting development plans as needed. The City is currently exploring options for prioritizing purchases from local and Canadian businesses. As a public-sector organization, the City follows fair and transparent procurement processes aligning with trade agreements and policies. At this time, it is uncertain to estimate the precise financial impact of these tariffs on the City. Management will continue to assess the situation as more information becomes available.

35 COMPARATIVE INFORMATION

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