

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the City of Edmonton is responsible for the integrity of the accompanying consolidated financial statements and all other information contained within this Annual Report. The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards.

To assist in meeting its responsibility, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are appropriately authorized and accurately recorded, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

The preparation of the consolidated financial statements necessarily includes some amounts which are based on the best estimates and judgements of management. Financial data elsewhere in the Annual Report is consistent with that of the consolidated financial statements.

Prior to their submission to City Council, the consolidated financial statements have been reviewed and recommended for approval by the Audit Committee. The consolidated financial statements have been audited by the independent firm of KPMG LLP, Chartered Professional Accountants. Their report to the Mayor and City Council, stating their opinion, basis for opinion, other information, responsibilities of management and those charged with governance for the financial statements, and auditors' responsibilities for the audit of the financial statements, follows.

Andre Corbould
City Manager
Date Edmonton, Canada

Mary Persson, FCPA, FCMA, ICD.D, MBA
Deputy City Manager
and Chief Financial Officer,
Financial and Corporate Services
Date Edmonton, Canada

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INDEPENDENT AUDITORS' 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, 2020
- + the consolidated statement of operations and accumulated surplus for the year then ended
- + the consolidated statement of changes in net financial assets for the year then ended
- + the consolidated statement of cash flows for the year then ended
- + 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, 2020, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BASIS FOR OPINION

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITORS' REPORT (CONT)

OTHER INFORMATION

Management is responsible for the other information. Other information comprises

- + the information included in Management's Financial Statement Discussion and Analysis
- + the information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled the "2020 Annual Report"
- + the information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled the "2020 Financial Report to Citizens"

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 auditors' report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

The information, other than the financial statements and the auditors' report thereon, included in the documents likely to be entitled "2020 Annual Report" and "2020 Financial Report to Citizens" is expected to be made available to us after the date of this auditors' report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

INDEPENDENT AUDITORS' REPORT (CONT)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- + Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- + Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- + Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- + Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- + Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- + Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- + Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Chartered Professional Accountants

Edmonton, Canada

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31 (in thousands of dollars)

	2020	2019
Financial Assets		
Cash and cash equivalents (Note 2)	\$ 531,040	\$ 578,308
Receivables (Note 3)	787,212	668,880
Investments (Note 4)	1,983,242	1,937,192
Debt recoverable (Note 5)	9,813	10,060
Land for resale	241,213	247,635
Investment in EPCOR (Note 20)	3,974,963	3,841,938
	7,527,483	7,284,013
Liabilities		
Promissory notes payable (Note 6)		19,907
Accounts payable and accrued liabilities (Note 7 and Note 23)	1,061,048	953,200
Deposits	44,682	49,235
Deferred revenue (Note 8)	280,152	350,275
Employee benefit obligations (Note 9)	194,061	175,566
Landfill closure and post-closure care (Note 10)	40,408	45,589
Long-term debt (Note 11)	3,407,145	3,202,765
	5,027,496	4,796,537
Net Financial Assets	2,499,987	2,487,476
Non-financial Assets		
Tangible capital assets (Note 12)	13,195,576	12,365,026
Inventory of materials and supplies	37,320	38,606
Other assets (Note 13)	40,040	37,363
	13,272,936	12,440,995
Accumulated Surplus (Note 16)	\$ 15,772,923	\$ 14,928,471

Commitments, contingent liabilities, contingent assets and contractual rights (Notes 22, 24, 25, and 26)

See accompanying notes to consolidated financial statements.

Approved on behalf of City Council:

Mayor Don Iveson

Councillor Andrew Knack

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

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

	Budget	2020	2019
Revenues			
Net taxes available for municipal purposes (Note 17)	\$ 1,723,287	\$ 1,726,220	\$ 1,671,800
User fees and sale of goods and services	545,745	461,682	623,326
Government transfers - operating (Note 18)	108,682	277,454	121,950
Subsidiary operations - EPCOR (Note 20)	278,310	275,699	231,054
Franchise fees	169,730	177,120	171,840
Fines and penalties	79,379	81,858	97,898
Investment earnings	101,279	78,160	102,246
Licenses and permits	47,692	69,072	74,311
Developer and customer contributions - operating	28,016	23,284	25,558
	3,082,120	3,170,549	3,119,983
Expenses			
Transportation services:			
Bus and light rail transit	486,850	471,845	549,237
Roadway and parking	425,284	438,665	434,445
	912,134	910,510	983,682
Protective services:			
Police	497,078	483,375	465,928
Fire rescue	229,353	229,481	225,292
Bylaw enforcement	65,973	63,177	43,445
	792,404	776,033	734,665
Community services:			
Parks and recreation	226,215	208,976	276,723
Planning and corporate properties	219,025	179,748	196,471
Community and family	62,427	58,541	58,175
Public library	65,798	54,982	61,513
Public housing	49,873	47,515	39,347
Convention and tourism	67,374	42,302	69,619
	690,712	592,064	701,848
Utility and enterprise services:			
Waste Services Utility	218,360	206,187	240,883
Land Enterprise	47,380	15,472	23,721
Blatchford Renewable Energy Utility	2,690	1,415	1,627
	268,430	223,074	266,231
Corporate administration	220,075	238,883	225,329
General municipal	265,258	234,268	238,552
Fleet services	43,967	45,755	36,249
Ed Tel Endowment Fund	4,433	2,863	3,127
	3,197,413	3,023,450	3,189,683
(Shortfall) Excess of Revenues over Expenses before Other	(115,293)	147,099	(69,700)
Other			
Government transfers - capital (Note 18)	658,199	565,516	571,432
Contributed tangible capital assets (Schedule 1)	128,975	118,245	146,932
Developer and customer contributions - capital	115,789	8,873	18,418
Local improvements	12,471	24,723	12,968
Excess of Revenues over Expenses	800,141	864,456	680,050
Accumulated Surplus, beginning of year	14,928,471	14,928,471	14,296,486
Subsidiary operations - EPCOR - other comprehensive loss (Note 20)		(17,849)	(47,140)
Contributed capital transfer to EPCOR and other adjustments (Note 20)		(2,155)	(925)
Accumulated Surplus, end of year	\$ 15,728,612	\$ 15,772,923	\$ 14,928,471

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	2020	2019
Excess of Revenues over Expenses	\$ 800,141	\$ 864,456	\$ 680,050
Acquisition of tangible capital assets	(2,543,847)	(1,379,334)	(1,259,242)
Contributed tangible capital assets (Schedule 1)	(128,975)	(118,245)	(146,932)
Proceeds on disposal of tangible capital assets		2,254	2,997
Amortization of tangible capital assets	622,752	591,167	558,462
Loss on disposal, impairment and transfer of tangible capital assets		25,277	85,762
Tangible capital assets contributed to EPCOR (Note 20)		48,331	80,874
	(2,050,070)	(830,550)	(678,079)
Net use of inventory of materials and supplies		1,286	1,559
Net change in other assets		(2,677)	(6,213)
		(1,391)	(4,654)
Subsidiary operations - EPCOR - other comprehensive loss (Note 20)		(17,849)	(47,140)
Contributed capital transfer to EPCOR and other adjustments (Note 20)		(2,155)	(925)
		(20,004)	(48,065)
(Decrease) increase in net financial assets	(1,249,929)	12,511	(50,748)
Net Financial Assets, beginning of year	2,487,476	2,487,476	2,538,224
Net Financial Assets, end of year	\$ 1,237,547	\$ 2,499,987	\$ 2,487,476

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

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

	2020	2019
Net inflow (outflow) of cash and cash equivalents:		
Operating Activities		
Excess of revenues over expenses	\$ 864,456	\$ 680,050
Add (deduct) items not affecting cash and cash equivalents:		
Subsidiary operations – EPCOR (Note 20)	(275,699)	(231,054)
Amortization of tangible capital assets	591,167	558,462
Loss on disposal, impairment and transfer of tangible capital assets	25,277	85,762
Contributed tangible capital assets	(118,245)	(146,932)
Change in non-cash items:		
Receivables	(118,332)	(186,028)
Debt recoverable	247	236
Land for resale	6,422	23,622
Inventory of materials and supplies	1,286	1,559
Other assets	(2,677)	(6,213)
Accounts payable and accrued liabilities	107,848	85,533
Deposits	(4,553)	(1,039)
Deferred revenue	(70,123)	(142,886)
Employee benefit obligations	18,495	20,747
Landfill closure and post-closure care	(5,181)	17,795
	1,020,388	759,614
Capital Activities		
Acquisition of tangible capital assets	(1,379,334)	(1,259,242)
Proceeds on disposal of tangible capital assets	2,254	2,997
	(1,377,080)	(1,256,245)
Investing Activities		
Dividend from subsidiary (Note 20)	171,000	171,000
Net increase in investments	(46,050)	(64,911)
	124,950	106,089
Financing Activities		
Promissory notes issued	289,773	139,293
Repayment of promissory notes	(309,680)	(178,983)
Debenture borrowings	246,778	189,832
Repayment of long-term debt	(164,620)	(156,200)
Increase in public-private partnership (P3) term debt	122,223	122,939
	184,474	116,881
Decrease in cash and cash equivalents	(47,268)	(273,661)
Cash and cash equivalents, beginning of year	578,308	851,969
Cash and cash equivalents, end of year	\$ 531,040	\$ 578,308

Operating activities for 2020 include \$36,470 (2019 – \$48,587) of interest received and \$104,690 (2019 – \$106,790) of interest paid.

See accompanying notes to consolidated financial statements.

SCHEDULE 1 – CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2020 (in thousands of dollars)

	Opening Balance	Additions and Transfers	Disposals, Impairments and Transfers	Closing Balance
Cost				
Land	\$ 1,714,158	\$ 122,320	\$ (1,686)	\$ 1,834,792
Land improvements	1,418,124	107,457	(7,756)	1,517,825
Buildings	2,993,654	396,426	(1,443)	3,388,637
Vehicles	1,073,949	176,269	(62,500)	1,187,718
Machinery and equipment	958,931	77,164	(34,245)	1,001,850
Engineered structures:				
Roadway system	8,260,793	350,252	(78,415)	8,532,630
Light rail transit	1,497,646	(149,295)	(945)	1,347,406
Waste	144,311	10,457	(4,314)	150,454
Bus system	202,492	33,350	(2,025)	233,817
Other	73,303	11,426	(1,167)	83,562
	18,337,361	1,135,826	(194,496)	19,278,691
Assets under construction	1,576,135	361,753	(55,631)	1,882,257
	19,913,496	1,497,579	(250,127)	21,160,948
Accumulated Amortization				
Land improvements	524,257	49,425	(7,756)	565,926
Buildings	1,180,696	119,931	(1,095)	1,299,532
Vehicles	681,549	65,437	(61,499)	685,487
Machinery and equipment	566,232	77,585	(31,064)	612,753
Engineered structures:				
Roadway system	3,927,665	229,547	(67,850)	4,089,362
Light rail transit	458,964	35,209	(895)	493,278
Waste	107,104	2,198	(2,982)	106,320
Bus system	90,368	9,776	(664)	99,480
Other	11,635	2,059	(460)	13,234
	7,548,470	591,167	(174,265)	7,965,372
Net Book Value	\$ 12,365,026	\$ 906,412	\$ (75,862)	\$ 13,195,576

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 2020, a total of \$118,245 in land, land improvements, and engineered structures were contributed to the City and were recorded at their fair value at the time received.

Included in disposals, impairments and transfers, in 2020, is \$3,671 for the impairment of assets where the value of future economic benefits associated with the tangible capital asset is less than its net book value. Also included is \$48,331 of tangible capital assets contributed to EPCOR (Note 20) and \$989 of tangible capital assets contributed to the Province of Alberta.

See accompanying notes to consolidated financial statements.

SCHEDULE 1 – CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2019 (in thousands of dollars)

	Opening Balance	Additions and Transfers	Disposals and Transfers	Closing Balance
Cost				
Land	\$ 1,621,605	\$ 103,852	\$ (11,299)	\$ 1,714,158
Land improvements	1,256,774	166,933	(5,583)	1,418,124
Buildings	3,012,151	133	(18,630)	2,993,654
Vehicles	1,068,715	48,277	(43,043)	1,073,949
Machinery and equipment	921,449	79,751	(42,269)	958,931
Engineered structures:				
Roadway system	7,917,054	419,057	(75,318)	8,260,793
Light rail transit	1,344,939	208,662	(55,955)	1,497,646
Waste	168,626	6,666	(30,981)	144,311
Bus system	173,219	33,053	(3,780)	202,492
Other	47,160	37,294	(11,151)	73,303
	17,531,692	1,103,678	(298,009)	18,337,361
Assets under construction	1,343,385	302,496	(69,746)	1,576,135
	18,875,077	1,406,174	(367,755)	19,913,496
Accumulated Amortization				
Land improvements	482,818	46,905	(5,466)	524,257
Buildings	1,088,473	101,193	(8,970)	1,180,696
Vehicles	661,196	62,339	(41,986)	681,549
Machinery and equipment	523,195	81,623	(38,586)	566,232
Engineered structures:				
Roadway system	3,777,358	220,660	(70,353)	3,927,665
Light rail transit	421,588	37,376		458,964
Waste	137,730	(1,768)	(28,858)	107,104
Bus system	85,160	8,423	(3,215)	90,368
Other	10,612	1,711	(688)	11,635
	7,188,130	558,462	(198,122)	7,548,470
Net Book Value	\$ 11,686,947	\$ 847,712	\$ (169,633)	\$ 12,365,026

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 2019, a total of \$146,932 in land, land improvements, and engineered structures were contributed to the City and were recorded at their fair value at the time received.

Included in disposals, impairments and transfers, in 2019, is \$62,321 for the impairment of assets where the value of future economic benefits associated with the tangible capital asset is less than its net book value. Also included is \$80,874 of tangible capital assets contributed to EPCOR (Note 20) and \$7,903 of tangible capital assets contributed to the Province of Alberta.

See accompanying notes to consolidated financial statements.

SCHEDULE 2 – CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the year ended December 31, 2020 (In thousands of dollars)

	Tax-Supported											2020
	Transportation Services	Protective Services	Community Services	Fleet Services	Other Tax-Supported	Total Tax-Supported	Waste Services	Land Enterprise	Blatchford Renewable Energy	EPCOR	EdTel Endowment Fund	
Revenues												
Net taxes available for municipal purposes	\$ 447,073	\$ 646,815	\$ 341,086	\$	\$ 291,246	\$ 1,726,220						\$ 1,726,220
User fees and sale of goods and services	75,377	32,088	73,880	17,430	26,570	225,345	211,295	25,012		30		461,682
Subsidiary operations – EPCOR											275,699	275,699
Franchise fees					177,120	177,120						177,120
Government transfers – operating	3,462	30,345	40,422		201,784	276,013	1,441					277,454
Investment earnings			1,277		43,570	44,847	659				32,654	78,160
Fines and penalties			60,611		21,034	81,858						81,858
Licenses and permits	2,599	2,998	53,325		10,150	69,072						69,072
Developer and customer contributions – operating	1	48	23,235			23,284						23,284
Appropriation of earnings	528,512	772,905	533,438	17,430	811,567	2,663,852	213,395	25,012	30	275,699	(40,093)	3,170,549
Expenses												
Salaries, wages and benefits	332,897	620,189	219,463	82,615	272,835	1,527,999	48,141	1,456				1,577,596
Materials, goods and utilities	94,928	39,723	54,443	49,296	30,167	268,557	8,402	7,119	82			284,160
Contracted and general services	98,874	84,080	125,535	(144,625)	(10,236)	153,628	113,777	4,941	643		2,863	275,852
Interest and bank charges	75,767	3,210	38,281	6,311	9,250	132,819	8,589	1,956	551			143,915
Grants and other	196	387	98,472		25,240	124,295	1,188					125,483
Amortization of tangible capital assets	293,696	27,839	53,881	51,901	141,076	568,393	22,635		139			591,167
Loss on disposal, impairment and transfer of tangible capital assets	14,152	605	1,989	257	4,819	21,822	3,455					25,277
(Shortfall) Excess of Revenues over Expenses before Other	910,510	776,033	592,064	45,755	473,151	2,797,513	206,187	15,472	1,415	275,699	(7,439)	3,023,450
Other	(381,998)	(3,128)	(58,626)	(28,325)	338,416	(133,661)	7,208	9,540	(1,385)	(10,302)		147,099
Government transfers – capital	454,603	4,425	84,574		21,640	565,242	274					565,516
Contributed tangible capital assets	78,160		29,775		10,310	118,245						118,245
Developer and customer contributions – capital	1,029		9,235		(2,391)	7,873	1,000					8,873
Local improvements	533,792	4,425	123,584		54,282	716,083	1,274					24,723
Excess (Shortfall) of Revenues over Expenses	\$ 151,794	\$ 1,297	\$ 64,958	\$ (28,325)	\$ 392,698	\$ 582,422	\$ 8,482	\$ 9,540	\$ (1,385)	\$ 275,699	\$ (10,302)	\$ 864,456

SCHEDULE 2 – CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the year ended December 31, 2019 (in thousands of dollars)

	Tax-Supported											2019									
	Transportation Services	Protective Services	Community Services	Fleet Services	Other Tax-Supported	Total Tax-Supported	Waste Services	Land Enterprise	Blatchford Renewable Energy	EPCOR	Ediel Endowment Fund										
Revenues																					
Net taxes available for municipal purposes	\$ 384,910	\$ 602,237	\$ 378,905		\$ 305,748	\$ 1,671,800															\$ 1,671,800
User fees and sale of goods and services	161,106	30,439	144,701	16,508	27,443	380,197	213,690	29,432	7												623,326
Subsidiary operations – EPCOR																					231,054
Franchise fees					171,840	171,840															
Government transfers – operating	5,123	29,293	37,262		46,663	118,341	3,609														121,950
Investment earnings	4		2,135		48,620	50,759	1,459														102,246
Fines and penalties	31	66,837	766		30,264	97,898															97,898
Licenses and permits	2,860	3,171	59,288		8,992	74,311															74,311
Developer and customer contributions – operating		142	25,416			25,558															25,558
Appropriation of earnings	554,034	732,119	648,473	16,508	688,099	2,639,233	218,758	29,432	7	231,054	1,499	(48,529)									3,119,983
Expenses																					
Salaries, wages and benefits	344,465	581,769	289,241	82,999	285,732	1,584,206	50,873	1,419	18												1,636,498
Materials, goods and utilities	102,898	36,709	59,118	48,402	28,371	275,498	10,550	14,714													300,780
Contracted and general services	101,857	86,083	170,822	(146,687)	(10,497)	201,578	136,341	5,857	878												347,781
Interest and bank charges	74,155	3,244	39,061	1,908	12,323	130,691	9,025	1,731	661												142,108
Grants and other	259	362	90,662		21,909	113,192	5,100														118,292
Amortization of tangible capital assets	284,692	26,387	51,930	50,170	122,747	535,926	22,466		70												558,462
Loss (gain) on disposal, impairment and transfer of tangible capital assets	75,356	111	1,014	(543)	3,296	79,234	6,528														85,762
	983,682	734,665	701,848	36,249	463,881	2,920,325	240,883	23,721	1,627	231,054	3,127										3,189,683
(Shortfall) Excess of Revenues over Expenses before Other	(429,648)	(2,546)	(53,375)	(19,741)	224,218	(281,092)	(22,125)	5,711	(1,620)												(69,700)
Other																					
Government transfers – capital	401,539	5,046	100,547		64,300	571,432															571,432
Contributed tangible capital assets	104,286		41,500		1,146	146,932															146,932
Developer and customer contributions – capital	1,706		8,361		8,351	18,418															18,418
Local improvements	507,531	5,046	150,408		86,765	749,750															749,750
Excess (Shortfall) of Revenues over Expenses	\$ 77,883	\$ 2,500	\$ 97,033	\$ (19,741)	\$ 310,983	\$ 468,658	\$ (22,125)	\$ 5,711	\$ (1,620)	\$ 231,054	\$ (1,628)	\$ (69,700)	\$ 680,050								

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, 2020 (in thousands of dollars)

	City of Edmonton Library Board	Edmonton Economic Development Corporation	Non-Profit Housing Corporation	Fort Edmonton Management Company	Edmonton Combative Sports Commission	Waste RE-solutions Edmonton
Financial Position						
Financial Assets	\$ 21,908	\$ 13,589	\$ 8,869	\$ 2,498	\$ 263	\$ 386
Liabilities	11,783	19,313	29,503	543	14	386
Net Financial Assets (Debt)	10,125	(5,724)	(20,634)	1,955	249	
Non-Financial Assets	39,532	7,683	44,078	483		
Accumulated Surplus	\$ 49,657	\$ 1,959	\$ 23,444	\$ 2,438	\$ 249	\$
Operations						
Revenues	51,482	35,673	9,581	967	1	22
Expenses	55,443	43,719	9,762	940	10	213
Other	9,731		1,489			
(Shortfall) Excess of Revenues over Expenses	5,770	(8,046)	1,308	27	(9)	(191)
Accumulated Surplus, beginning of year	43,887	10,005	22,136	2,411	258	191
Accumulated Surplus, end of year	\$ 49,657	\$ 1,959	\$ 23,444	\$ 2,438	\$ 249	\$

For the year ended December 31, 2019 (in thousands of dollars)

	City of Edmonton Library Board	Edmonton Economic Development Corporation	Non-Profit Housing Corporation	Fort Edmonton Management Company	Edmonton Combative Sports Commission	Waste RE-solutions Edmonton
Financial Position						
Financial Assets	\$ 34,363	\$ 21,793	\$ 8,244	\$ 2,600	\$ 268	\$ 471
Liabilities	26,340	20,906	31,198	877	10	284
Net Financial Assets (Debt)	8,023	887	(22,954)	1,723	258	187
Non-Financial Assets	35,864	9,118	45,090	688		4
Accumulated Surplus	\$ 43,887	\$ 10,005	\$ 22,136	\$ 2,411	\$ 258	\$ 191
Operations						
Revenues	56,247	71,435	8,618	3,244	109	106
Expenses	61,936	71,124	7,430	3,863	20	137
Other	4,592		726			
(Shortfall) Excess of Revenues over Expenses	(1,097)	311	1,914	(619)	89	(31)
Accumulated Surplus, beginning of year	44,984	9,694	20,222	3,030	169	222
Accumulated Surplus, end of year	\$ 43,887	\$ 10,005	\$ 22,136	\$ 2,411	\$ 258	\$ 191

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

The City of Edmonton (the City) is a municipality in the Province of Alberta, Canada and operates under the provisions of the Municipal Government Act, R.S.A., 2000, c. M-26, as amended (MGA).

01 SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements (the financial statements) of the City are prepared by management in accordance with Canadian Public Sector Accounting Standards (PSAS). Significant aspects of the accounting policies adopted by the City are as follows:

A. REPORTING ENTITY

The financial statements reflect the revenues, expenses, assets, liabilities and accumulated surplus of the reporting entity. The reporting entity comprises all organizations and enterprises accountable for the administration of their financial affairs and resources to the City and which are owned or controlled by the City. In addition to general government tax-supported departments, these organizations and enterprises are consolidated and include the following:

The City of Edmonton Library Board
(Edmonton Public Library)

Edmonton Economic Development Corporation
(operating as "Explore Edmonton"), including TEC
Edmonton partnership

Fort Edmonton Management Company

Edmonton Combative Sports Commission

The City of Edmonton Non-Profit Housing Corporation
(Non-Profit Housing Corporation, operating as "homeED")

Waste Services Utility
(including 2492369 Canada Corporation,
operating as Waste RE-solutions Edmonton)

Land Enterprise
(Land Development, Land for Future Municipal Purposes
and Blatchford Redevelopment)

Blatchford Renewable Energy Utility

Ed Tel Endowment Fund

Innovate Edmonton

Interdepartmental and inter-organizational transactions and balances 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. Other comprehensive income (loss) due to fair value adjustments is reported on the Consolidated Statement of Operations and Accumulated Surplus as an adjustment to Accumulated Surplus. Contributions of tangible capital assets to EPCOR from the City are recorded as an increase to the investment in EPCOR.

The City, through its wholly-owned subsidiary Edmonton Economic Development Corporation (EEDC), holds a 50 per cent interest in TEC Edmonton, a partnership with the University of Alberta to stimulate entrepreneurialism, advance corporate development and accelerate commercialization of new ideas and technologies that benefit society. Proportionate consolidation is used to record the City's share in the partnership.

The City is the sole Shareholder of its subsidiary corporation, 2492369 Canada Corporation, operating as Waste RE-solutions Edmonton (WRsE). At the October 10, 2018 Annual General Shareholder Meeting, the City, in its capacity as Shareholder, passed a resolution to begin the process to put the 2492369 Canada Corporation into dormancy. The Company has wound up operations and will be transitioned to a dormant state in a systematic manner subsequent to year end.

In December 2019, City Council voted to change the scope of EEDC's responsibilities, requiring the organization to refine their focus to economic development and tourism and move away from supporting new business innovations and startups. In May, 2020, Council approved the formation of a new entity, Innovate Edmonton, to guide the City's business innovation ecosystem. The financial reporting results for Innovate Edmonton are fully consolidated within the City's reporting.

The City administers Pension Funds, a Long-term Disability Plan and other assets on behalf of third parties. Related trust assets under administration for the benefit of external parties have been excluded from the reporting entity.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

B. BASIS OF ACCOUNTING

The financial statements are prepared using the accrual basis of accounting. Revenues are accounted for in the period in which they are earned and measurable. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Expenses are recognized as they are incurred and measurable based upon receipt of the goods and services and/or the legal obligation to pay.

C. USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions. These estimates affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Administration has used estimates to determine employee benefit obligations, pension obligations relating to City-sponsored pension plans, landfill closure and post-closure care obligations, accrued liabilities including estimates for expropriation of municipal lands and contaminated sites remediation, useful lives of tangible capital assets, the value of contributed tangible capital assets as well as provisions made for allowances for amounts receivable or any provision for impairment of investment values and tangible capital assets.

D. FOREIGN CURRENCY

Monetary items denominated in foreign currency are translated to Canadian dollars at exchange rates in effect at December 31 and non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenues and expenses are translated at rates in effect at the time of the transactions or at rates of exchange established by the terms of a forward foreign exchange contract. Gains (losses) on foreign currency translation are included in the Consolidated Statement of Operations and Accumulated Surplus.

E. TAX REVENUE

Annually, the City bills and collects property tax revenues for municipal purposes. Tax revenues are based on market value assessments determined in accordance with the MGA and annually established tax rates. Municipal tax rates are set each year by City Council in accordance with legislation and City Council-approved policies to raise the tax revenue required to meet the City's budget requirements. Tax revenues are recorded at the time tax billings are issued. Property assessments are subject to tax appeal. A provision has been recorded in Accounts payable and accrued liabilities for potential losses on assessment appeals outstanding at December 31. Tax revenues are recorded net of any tax appeals or allowances in the Consolidated Statement of Operations and Accumulated Surplus.

The City also bills and collects education tax on behalf of the Province of Alberta (the Province). Education tax rates are established by the Province each year in order to fund the cost of education on a Province-wide basis. Education taxes collected are remitted to the Province and the Edmonton Catholic School Board and are excluded from revenues and expenses in the Consolidated Statement of Operations and Accumulated Surplus. Education taxes collected as part of the incremental property taxes within a Community Revitalization Levy (CRL) are retained to offset development costs in the area over the life of the CRL.

F. GOVERNMENT TRANSFERS

Government transfers are the transfer of monetary assets or tangible capital assets from other orders of government that are not the result of an exchange transaction and for which there is no expectation of repayment or direct financial return to the transferor in the future. The City receives government transfers from the Federal and Provincial governments to fund operating and capital expenditures. These transfers to the City are recognized as revenues in the period which 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 and reasonable estimates of the amounts can be determined. Prior to that time, any amounts received, along with restricted interest thereon are recorded as deferred revenue.

Authorized transfers from the City to other organizations or individuals are recorded as an expense when the transfer has been authorized and the eligibility criteria, if any, have been met by the recipient. The majority of transfers made by the City are in the form of tangible capital assets, grants and subsidies.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

G. LOCAL IMPROVEMENTS

When a service or improvement is deemed to benefit a specific area more than the municipality as a whole, the project may be classified as a local improvement under the MGA, to be paid in whole or in part by a tax imposed on the benefiting property owners. The property owners' share of the improvement is recognized as revenue, and established as a receivable, in the period that the project expenditures are completed.

H. CASH AND CASH EQUIVALENTS

Cash and Cash equivalents consist of cash on deposit, bankers' acceptances, treasury bills and commercial paper, at cost, which approximates market value. These cash equivalents generally mature within ninety days from the date of purchase, are capable of reasonably prompt liquidation and may be used to manage the City's cash position throughout the year.

I. INVESTMENTS

Fixed income investments are recorded at amortized cost. Purchase premiums and discounts are amortized on the net present value basis over the terms of the issues. Investments in common and preferred shares and pooled funds are recorded at cost. Where there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss. Any net undistributed realized losses in multi-unit investment trusts managed by the City are recorded in the year incurred.

Investment earnings are recorded as revenue in the period earned.

J. DEBT RECOVERABLE

Debt recoverable consists of long-term debt amounts borrowed by the City that are recoverable under loans or other financial arrangements made to non-profit organizations. These debt recoverable amounts are recorded at a value equivalent to the offsetting outstanding long-term debt balances as at December 31. Loans are recorded at the lower of cost and net recoverable value. A valuation allowance in the debt recoverable is recognized when the City no longer has reasonable assurance of collection.

K. LAND FOR RESALE

Land for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for land acquisition and improvements to prepare the land for sale or servicing.

L. LIABILITY FOR CONTAMINATED SITES

Contaminated sites are the result of a chemical, organic or radioactive material or live organism in amounts that exceed an environmental standard being introduced into soil, water or sediment. The City recognizes a liability for remediation of contaminated sites when the following criteria have been met:

- + an environmental standard exists,
- + there is evidence that contamination exceeds an environmental standard,
- + the City is directly responsible or accepts responsibility for the contamination,
- + it is expected that future economic benefits will be given up, and
- + a reasonable estimate of the amount can be made.

Sites that are currently in productive use are only considered contaminated sites if an unexpected event results in remediation. In cases where the City's responsibility is not determinable, a contingent liability may be disclosed.

The liability reflects the City's best estimate, as of December 31, of the amount required to remediate non-productive sites to the current minimum standard of use prior to contamination. Where possible, provisions for remediation are based on environmental assessments completed on a site; for those sites where an assessment has not been completed, estimates of the remediation are completed using information available for the site and by extrapolating from the cost to clean up similar sites. The liability is recorded net of any estimated recoveries from third parties. When cash flows are expected to occur over extended future periods the City will measure the liability using present value techniques. This liability is reported in Accounts payable and accrued liabilities (Trade and other) in the Consolidated Statement of Financial Position.

M. DEPOSITS

Deposits are held for the purposes of securing the compliance of a third party to contractual stipulations. Deposits are returned when compliance with contractual stipulations is determined. The City recognizes deposits into revenue when a third party defaults on the contractual stipulations that the deposits were securing against.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

N. DEFERRED REVENUE

Deferred revenue comprises funds received in advance of services performed or where the use of funds is externally restricted and the stipulations have not been met. These amounts are recognized as revenue in the period the service is performed or when the funds are used for the purpose specified. When agreements stipulate that interest earned on contributions should be restricted for a specific purpose, that interest is treated as a contribution received and recorded as an addition to deferred revenue.

O. EMPLOYEE BENEFIT OBLIGATIONS

The costs of post-employment benefits, compensated absences and termination benefits are recorded as an expense when the event that gives rise to the obligation occurs.

City employees participate in multi-employer pension plans that are administered by third parties. Obligations related to plan deficiencies are not recorded for these multi-employer pension plans as the City's share is not determinable. Contributions to multi-employer plans for current and past service are recorded as expenses in the year in which they become due.

Costs related to City-sponsored registered and non-registered defined benefit pension plans are recognized when earned by plan members. Plan obligations are actuarially determined using the projected benefit method prorated on service, applying management's best estimates of expected retirement ages of employees, salary and benefit escalation, plan investment performance and discount rates.

Actuarial gains and losses for active plans are amortized on a straight-line basis over the expected average remaining service life of the related employee group. Adjustments arising from prior service costs relating to plan amendments and changes in the valuation allowance are recognized in the period in which the adjustment occurs. The City records the actuarially determined net fund asset or liability for City-sponsored registered pension plans. For jointly sponsored plans, the City records its proportionate share of that asset or liability.

P. LANDFILL CLOSURE AND POST-CLOSURE LIABILITIES

The costs to close and maintain solid waste landfill sites are based on estimated future expenses, adjusted for inflation and discounted to current dollars. These costs are reported as a liability on the Consolidated Statement of Financial Position.

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 is assessed based on the substance of the underlying agreement. Costs incurred during construction or acquisition are recognized as Tangible capital assets (classified as assets under construction), with a corresponding liability, both based on the estimated percentage of project completion. The asset will be amortized over the estimated useful life once in service. The liability is reduced by progress payments made during and upon completion of construction. The present value of future construction payments is recognized as Long-term debt, discounted to the date the asset is available for use, using the implied interest rate at the time the agreement is signed.

R. NON-FINANCIAL ASSETS

Non-financial assets are not available to discharge liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. Non-financial assets include tangible capital assets, inventory of materials and supplies and other assets.

i. Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Interest charges during construction are not capitalized. The cost, less residual value of the tangible capital assets, is amortized on a straight-line basis over the following estimated useful lives of the assets:

Land improvements	20 to 50 years
Buildings	10 to 60 years
Machinery and equipment	3 to 50 years
Vehicles	9 to 35 years
Engineered structures	7 to 100 years

Assets under construction are not amortized. Amortization commences when 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

ii. Contributed Tangible Capital Assets

Tangible capital assets acquired as contributions are recorded at their fair value on the date received and corresponding revenues are recorded as Contributed tangible capital assets on the Consolidated Statement of Operations and Accumulated Surplus.

iii. Leases

Leases are classified as capital or operating leases. Leases that transfer substantially all benefits and risks to the City incidental to ownership of property are accounted for as capital leases. Assets under a capital lease are included within the respective tangible capital asset classifications. All other leases are accounted for as operating leases and the related lease payments, net of tenant inducements, are charged to expenses on a straight-line basis over the lease term.

iv. Land Under Roads

Land under roads that is acquired other than by a purchase agreement is valued at a nominal amount.

v. Inventory of Materials and Supplies

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

vi. Cultural, Historical and Works of Art

The City manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings and sculptures located at City sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized. Costs for public art are expensed in the period they are incurred.

S. RESERVES FOR FUTURE EXPENDITURES

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

T. 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.

U. COVID-19

On January 30, 2020, the World Health Organization (WHO) declared a public health emergency of international concern in response to the outbreak of novel coronavirus (COVID-19) and subsequently, on March 11, 2020, the WHO recognized COVID-19 as a global pandemic. On March 17, 2020, the Province declared a state of public health emergency under the Public Health Act, and varying restrictions continued through to the end of 2020.

In efforts to protect the health and well-being of City employees and the general public, the City declared a State of Local Emergency, activated the Emergency Operations Centre and implemented a series of measures including the closure of recreational, cultural and sports facilities, cancellation of public events, temporary suspension of parking fees and transit fare collection, deferral of utility payments and delay of property tax penalties.

This situation has impacted the City's operations, including decreases in user fee revenue and investment earnings, offsetting expenditure reductions and delays in completing capital project work. The impacts of this situation have been reflected in the consolidated financial statements, both in the actual and budgeted results.

The budget as approved by City Council on April 27, 2020 included one-time 2020 operating budget adjustments to mitigate the reduced revenue and increased costs resulting from the pandemic. The 2020 operating budget was adjusted to reflect a decrease of \$143,245 in revenues, and \$85,479 decrease in expenses, \$46,520 reduction in transfers to the Pay-As-You-Go reserve and an \$11,246 increase in transfers from reserves, including the planning and development and vehicle for hire reserves.

As this situation is dynamic and the ultimate duration and magnitude of the impact on the economy are not known, an estimate of the future financial effect on the City is not determinable at this time.

The City continues to closely monitor the COVID-19 developments and follow the guidelines issued by Alberta Health Services to ensure a quick and effective response to this evolving situation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

V. FUTURE ACCOUNTING STANDARD PRONOUNCEMENTS

In 2021, the City will continue to assess the impact and prepare for the adoption of the following standards. While the timing of standard adoption can vary, certain standards must be adopted concurrently. The requirements in PS1201, *Financial Statement Presentation*, PS3450, *Financial Instruments*, PS2601, *Foreign Currency Translation* and PS3041, *Portfolio Investments* must be implemented at the same time. The following summarizes upcoming changes to PSAS.

i. Financial Statement Presentation

PS1201, *Financial Statement Presentation*, requires a new statement of re-measurement gains and losses separate from the statement of operations. Included in this new statement are the unrealized gains and losses arising from the re-measurement of financial instruments and items denominated in foreign currencies, as well as the government's proportionate share of other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. This standard is applicable for fiscal years beginning on or after April 1, 2022.

ii. Financial Instruments

PS3450, *Financial Instruments* establishes recognition, measurement, and disclosure requirements for derivative and non-derivative financial instruments. The standard requires fair value measurement of derivatives and equity instruments; all other financial instruments can be measured at cost/amortized cost or fair value at the election of the government. Unrealized gains and losses are presented in a new statement of re-measurement gains and losses. There is the requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities. This standard is applicable for fiscal years beginning on or after April 1, 2022.

iii. Foreign Currency Translation

PS2601, *Foreign Currency Translation* requires that monetary assets and liabilities denominated in a foreign currency and non-monetary items included in the fair value category, denominated in a foreign currency, be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses are to be presented in the new statement of re-measurement gains and losses. This standard is applicable for fiscal years beginning on or after April 1, 2022.

iv. Portfolio Investments

PS3041, *Portfolio Investments* has removed the distinction between temporary and portfolio investments. This section was amended to conform to PS3450, *Financial Instruments*, and now includes pooled investments in its scope. Upon adoption of PS3450 and PS3041, PS3030, *Temporary Investments* will no longer apply. This standard is applicable for fiscal years beginning on or after April 1, 2022.

v. Asset Retirement Obligations

PS3280, *Asset Retirement Obligations* establishes guidance on the accounting and reporting of legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. This standard is applicable for fiscal years beginning on or after April 1, 2022.

vi. Revenue

PS3400, *Revenue* provides a framework for recognizing, measuring and reporting revenue by differentiating between revenue that arises from transactions that include performance obligations and transactions that do not have performance obligations. This standard is applicable for fiscal years beginning on or after April 1, 2023.

vii. Purchased Intangibles

PSG-8, *Purchased Intangibles*, allows for purchased intangible assets to be recognized as assets in a public sector entity's financial statements. This standard is applicable for fiscal years beginning on or after April 1, 2023.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

02 CASH AND CASH EQUIVALENTS

	2020	2019
Cash	\$ 38,696	\$ 12,322
Cash equivalents	492,344	601,509
Cheques outstanding in excess of deposits		(35,523)
	\$ 531,040	\$ 578,308

Cash equivalents have effective interest rates of 0.2 to 2.0 per cent (2019 – 1.0 to 2.0 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 (2019 – \$100,000 CDN and \$10,000 USD) to cover any bank overdrafts arising from day to day cash transactions. As of December 31, 2020, \$0 (2019 – \$1,767) was outstanding on the line of credit.

03 RECEIVABLES

	2020	2019
Trade and other	\$ 184,889	\$ 173,604
Local improvements	120,470	106,884
Taxes	104,760	67,197
Government transfers:		
P3 Canada Fund	219,397	143,347
Investing in Canada Infrastructure Program	56,856	
Public Transit Infrastructure Fund	49,381	70,496
Building Canada Fund	28,172	14,242
Green Transit Incentives Program	22,257	29,337
Other	1,030	30
Municipal Sustainability Initiative		63,743
	\$ 787,212	\$ 668,880

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

04 INVESTMENTS

	2020		2019	
	Cost	Market value	Cost	Market Value
Cash	\$ 600	\$ 600	\$ 1,285	\$ 1,285
Amounts receivable - net	279	279	611	611
Fixed income:				
Short-term notes and deposits	62,730	62,577	43,593	43,470
Government and government guaranteed bonds	550,078	576,214	547,617	550,500
Corporate bonds and debentures	448,128	463,489	414,831	413,843
Pooled fund	92,078	95,512	92,078	93,377
	1,153,014	1,197,792	1,098,119	1,101,190
Common and preferred shares:				
Canadian	278,340	317,072	278,179	306,113
International	439,715	510,458	448,261	462,986
Global	46,755	49,577	47,497	50,582
	764,810	877,107	773,937	819,681
Pooled infrastructure funds	64,453	79,877	62,959	69,902
Other investments	86	86	281	281
	\$ 1,983,242	\$ 2,155,741	\$ 1,937,192	\$ 1,992,950

Short-term notes and deposits have effective interest rates of 0.1 to 0.6 per cent (2019 - 0.6 to 2.2 per cent) and mature in less than one year. Government and corporate bonds and debentures have effective interest rates of 0.1 to 3.8 per cent (2019 - 1.7 to 4.2 per cent) with maturity dates from January 5, 2021 to June 18, 2062 (2019 - March 12, 2020 to June 18, 2062). The pooled fixed income fund represents an interest in a fund consisting of corporate bonds, government bonds and inflation-linked bonds.

The pooled infrastructure fund represents an interest in a globally diversified portfolio of core-yielding infrastructure investments.

Investments with a cost of \$813,103 (2019 - \$823,406) and market value of \$912,823 (2019 - \$861,580) are managed within the Ed Tel Endowment Fund, in accordance with City Bylaw 11713. An annual appropriation from the earnings of the fund of \$40,093 (2019 - \$48,529), including a special dividend of \$0 (2019 - \$9,706) 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. Any amendment to the Bylaw requires advertisement and a public hearing.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

05 DEBT RECOVERABLE

Debt recoverable of \$9,813 (2019 – \$10,060) consists of amounts borrowed by the City and provided to the Edmonton Catholic School Board, to be recovered through a lease agreement. The financial arrangement is in accordance with section 264 of the MGA and is authorized by City bylaws. The arrangement has the same general repayment terms as the respective debt with interest accrued on outstanding amounts. As of December 31, 2020, the Edmonton

Catholic School Board is in compliance with the terms of the financial arrangement. Lease receivables of \$9,813 bear an implicit annual interest rate of 4.3 per cent (2019 – 4.3 per cent) and will be recovered in annual amounts to the year 2044.

Principal and interest payments recoverable for each of the next 5 years and thereafter are as follows:

		Principal		Interest		Total
2021	\$	258	\$	425	\$	683
2022		269		413		682
2023		280		401		681
2024		293		388		681
2025		305		376		681
Thereafter		8,408		3,857		12,265
	\$	9,813	\$	5,860	\$	15,673

06 PROMISSORY NOTE PAYABLE

The outstanding promissory note payable at December 31, 2019 had been accounted for at amortized cost of \$20,000, had a discounted value of \$19,907, and matured on March 18, 2020

(2019 Maturity Date - March 18, 2020) with interest rates from 0.4 to 1.0 per cent (2019– 0.5 per cent). During the year, the outstanding promissory note payable was repaid.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

07 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2020	2019
Trade and other	\$ 792,085	\$ 694,454
Developer obligations	173,911	174,721
Payroll and remittances	73,674	62,277
Accrued interest	21,378	21,748
	\$ 1,061,048	\$ 953,200

08 DEFERRED REVENUE

	2019	Externally Restricted Contributions Received	Revenue Recognized	2020
Operating:				
Revenue in advance of service performed and other	\$ 33,986	\$ 241,189	\$ 241,620	\$ 33,555
Development permits	19,910	12,026	12,945	18,991
Deferred lease incentives	9,921	4,028	854	13,095
Affordable Housing Municipal Block Funding	13,837	114	3,512	10,439
	77,654	257,357	258,931	76,080
Capital:				
Municipal Sustainability Initiative	172,474	193,226	266,067	99,633
Federal Gas Tax Fund	63,312	55,613	66,957	51,968
CMHC Housing Project		35,144		35,144
Other	19,189	26,049	27,911	17,327
Fort Edmonton Park Expansion	17,646		17,646	
	272,621	310,032	378,581	204,072
	\$ 350,275	\$ 567,389	\$ 637,512	\$ 280,152

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

09 EMPLOYEE BENEFIT OBLIGATIONS

	2020	2019
Accrued vacation	\$ 88,382	\$ 80,689
Post-employment benefits	52,483	45,902
Major medical and dental plans	16,419	12,505
Banked overtime	13,672	13,672
Group life insurance plan	9,194	8,755
Supplementary management retirement plan	8,548	7,214
Health care spending	3,378	4,104
Income replacement plan	1,400	1,711
Other	585	1,014
	\$ 194,061	\$ 175,566

Post-employment benefits represent the City's cost, including the continuation of benefits for employees on long-term disability, and the City's share of pensioners' eligible medical, dental and other obligations until pensioners reach the age of 65.

In order to measure the post-employment obligation, an actuarial valuation was completed by Aon Hewitt as at December 31, 2020 regarding the continuation of benefit coverage while eligible employees are on long-term disability. The discount rate used in the valuation is 1.5 per cent (2019 – 2.5 per cent). The accrued benefit obligation as at December 31, 2020 is \$42,247 (2019 – \$38,630). The change is comprised of current service cost of \$8,968 (2019 – \$7,365), interest cost of \$1,112 (2019 – \$854), actuarial gain of \$242 (2019 actuarial loss – \$5,973) and benefits paid during the year of \$6,221 (2019 – \$4,739).

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 2020 were \$1,176 (2019 – \$1,071). Eligible dental obligations for 2020 were \$289 (2019 – \$317). Other post-employment benefits were \$8,770 (2019 – \$5,884).

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. The Plan is administered by Great West Life.

A Supplementary Management Retirement Plan for designated management employees was implemented effective for service beginning January 1, 2003. The accrued benefit liability for total current and past service costs of \$8,548 (2019 – \$7,214) has been based upon an actuarial valuation completed by Aon Hewitt as at December 31, 2020. Unamortized net loss of \$1,035 (2019 gain – \$117) will be amortized over the thirteen (2019 – twelve) 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 2020 expenses of amounts not used in the current year that are eligible to be carried forward under the terms of the plan.

The income replacement plan was a disability plan partially funded by employees, which was discontinued in April 1991. The outstanding obligation will be paid to employees in accordance with the terms and conditions of the plan. The obligation is based on an actuarial valuation as at December 31, 2020, completed by Aon Hewitt.

Other employee benefit obligations for 2020 include \$0 (2019 – \$450) for the Fire Chief and Deputy Fire Chiefs' Supplementary Pension Plan liability (Note 21c).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

10 LANDFILL CLOSURE AND POST-CLOSURE CARE

Under Provincial legislation, the City has a liability for closure and post-closure care costs for its landfill sites. The Clover Bar landfill site was closed to the public in August 2009. The City used the landfill internally until 2018 and anticipates final closure in 2021. From the time of final closure, the post closure period is expected to be 25 years. The costs to maintain a closed solid waste landfill site are based on estimated future expenses in current dollars by applying a discount rate at the City's average long-term borrowing rate of 3.5 per cent (2019 – 3.7 per cent) and inflation rate of 2.0 per cent (2019 – 1.8 per cent). An amount of \$40,408 (2019 – \$45,589) has been accrued. Waste Services currently maintains restricted cash of \$23,500 for the Clover Bar landfill liability. The remaining required funds for this liability will be funded through the collection of utility rates.

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.

11 LONG-TERM DEBT

A. DEBT PAYABLE

Debt payable includes the following amounts:

	2020	2019
Debentures	\$ 3,523,655	\$ 3,472,500
Mortgages	5,275	5,930
Public-private partnership (P3) term debt	433,832	311,609
	3,962,762	3,790,039
Less debt attributed to and secured by offsetting amounts receivable from:		
EPCOR Utilities Inc.	555,617	587,274
	\$ 3,407,145	\$ 3,202,765
Long-term debt comprises:		
Self-liquidating debt	456,270	466,082
Tax-supported debt:		
Debenture debt	2,517,043	2,425,074
Public-private partnership (P3) term debt	433,832	311,609
	\$ 3,407,145	\$ 3,202,765

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

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.

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
2021	\$ 66,798	\$ 152,480	\$ 219,278	\$ 32,268	\$ 187,010
2022	67,206	151,273	\$ 218,479	33,221	185,258
2023	65,365	154,296	\$ 219,661	30,966	188,695
2024	65,675	158,600	\$ 224,275	31,614	192,661
2025	65,978	160,605	\$ 226,583	32,437	194,146
Thereafter	680,865	2,173,621	\$ 2,854,486	395,111	2,459,375
	\$ 1,011,887	\$ 2,950,875	\$ 3,962,762	\$ 555,617	\$ 3,407,145

Interest:

	Self-Liquidating	Tax-Supported	Gross Payment	Less: EPCOR Receivable	Net Payment
2021	\$ 37,048	\$ 91,536	\$ 128,584	\$ 21,150	\$ 107,434
2022	34,200	99,380	\$ 133,580	19,690	113,890
2023	31,324	93,704	\$ 125,028	18,195	106,833
2024	28,622	87,907	\$ 116,529	16,885	99,644
2025	25,936	81,973	\$ 107,909	15,553	92,356
Thereafter	148,664	711,725	\$ 860,389	92,351	768,038
	\$ 305,794	\$ 1,166,225	\$ 1,472,019	\$ 183,824	\$ 1,288,195

Total Payments:

	Self-Liquidating	Tax-Supported	Gross Payment	Less: EPCOR Receivable	Net Payment
2021	\$ 103,846	\$ 244,016	\$ 347,862	\$ 53,418	\$ 294,444
2022	\$ 101,406	250,653	352,059	52,911	299,148
2023	\$ 96,689	248,000	344,689	49,161	295,528
2024	\$ 94,297	246,507	340,804	48,499	292,305
2025	\$ 91,914	242,578	334,492	47,990	286,502
Thereafter	\$ 829,529	2,885,346	3,714,875	487,462	3,227,413
	\$ 1,317,681	\$ 4,117,100	\$ 5,434,781	\$ 739,441	\$ 4,695,340

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

B. DEBT AND DEBT SERVICE LIMITS

A regulation under section 271 of the MGA requires that debt, debt limit and debt service (principal and interest payments) limit be disclosed. The debt limit, as defined in the Regulation, is two times consolidated revenue net of capital government transfers and developer contributed tangible capital assets. As allowed under the Regulation, the revenue

from EPCOR subsidiary operations are eliminated in calculating the debt limits. Consistently, debt and debt service costs relating to EPCOR are also eliminated from the calculation. The debt service limit is calculated at 0.35 times of the same revenue. Incurring debt beyond these limits requires approval by the Minister of Municipal Affairs.

The City's position with respect to the debt and debt service limits is as follows:

	2020	2019
Total debt limit per Regulation	\$ 5,856,892	\$ 5,840,630
Total debt	3,407,145	3,202,765
Percentage used (%)	58.2	54.8
Total debt service limit per Regulation	\$ 1,024,956	\$ 1,022,110
Total debt service	313,179	301,097
Percentage used (%)	30.6	29.5

C. MATURITIES AND INTEREST RATES

Existing long-term debt matures in annual amounts from 2021 through 2052 and debenture interest is payable at rates ranging from 1.3 to

8.5 per cent (2019 - 1.7 to 8.5 per cent). The average annual interest rate is 3.5 per cent for 2020 (2019 - 3.7 per cent).

D. INTEREST ON LONG-TERM DEBT

	2020	2019
Self-liquidating debt	\$ 39,018	\$ 40,809
Tax-supported debt	87,151	88,382
Public private partnership (P3) term debt	23,027	21,474
	149,196	150,665
Less payments on offsetting amounts receivable	22,330	23,733
Long-term debt interest included in interest and bank charges	\$ 126,866	\$ 126,932

E. PUBLIC PRIVATE PARTNERSHIP (P3) OBLIGATION

	2020	2019
Valley Line LRT:		
P3 service commencement liability	\$ 204,112	\$ 142,817
P3 term debt	433,832	311,609
Total P3 Obligation	\$ 637,944	\$ 454,426

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

In February 2016, the City entered into a P3 agreement with TransEd Partners General Partnership (TransEd) for the design, construction, operation, and maintenance of stage 1 of the Valley Line Light Rail Transit (LRT) from Mill Woods to Downtown. The construction period runs from 2016 to 2021 and the operating period from 2021 to 2050. During construction of the Valley Line LRT, the City recognizes capital costs as assets under construction and makes progress payments on 50.0 per cent of the capital costs, based on percentage of construction completion. Payments on the remaining 50.0 per cent of the capital costs are deferred and recognized as a P3 obligation to TransEd of which 16.7 per cent will be settled upon substantial completion of the project in 2021. The remaining 33.3 per cent, which represents P3 term debt, is to be repaid by monthly interest and principal payments starting in 2021 over the operating period at an interest rate of 4.4 per cent. The City's liability for the P3 term debt is uncertain at present, due to the ongoing construction period, and the contractual mechanisms by which disputes arising during the construction period are resolved.

As of December 31, 2020, the total P3 obligation is \$637,945 based on 87.6 per cent of project completion. The P3 substantial completion liability related to the payment TransEd will receive upon substantial completion, reported in Accounts payable and accrued liabilities, has a balance of \$204,112.

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

	Principal	Interest	Total
2021	\$ 11,057	\$ 5,482	\$ 16,539
2022	7,026	18,598	25,624
2023	7,343	18,281	25,624
2024	7,676	17,948	25,624
2025	8,024	17,601	25,625
Thereafter	392,706	265,961	658,667
	\$ 433,832	\$ 343,871	\$ 777,703

12 TANGIBLE CAPITAL ASSETS

	Net Book Value	
	2020	2019
Land	\$ 1,834,792	\$ 1,714,158
Land improvements	951,899	893,867
Buildings	2,089,105	1,812,958
Vehicles	502,231	392,400
Machinery and equipment	389,097	392,699
Engineered structures:		
Roadway system	4,443,268	4,333,128
Light rail transit (LRT)	854,128	1,038,682
Waste	44,134	37,207
Bus system	134,337	112,124
Other	70,328	61,668
	11,313,319	10,788,891
Assets under construction	1,882,257	1,576,135
	\$ 13,195,576	\$ 12,365,026

For additional information, see the Consolidated Schedule of Tangible Capital Assets (Schedule 1).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

13 OTHER ASSETS

	2020		2019
Prepaid expenses – operational	\$ 24,142	\$	24,331
Benefit plan asset	15,898		13,032
	\$ 40,040	\$	37,363

14 EQUITY IN TANGIBLE CAPITAL ASSETS

	2020		2019
Tangible capital assets (Schedule 1)	\$ 21,160,948	\$	19,913,496
Accumulated amortization (Schedule 1)	(7,965,372)		(7,548,470)
Long-term debt (Note 11)	(3,407,145)		(3,202,765)
Long-term debt for land redevelopment	76,605		80,129
Debt recoverable (Note 5)	9,813		10,060
	\$ 9,874,849	\$	9,252,450

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

15 RESERVES FOR FUTURE EXPENDITURES

	2020	2019
General Government:		
Financial stabilization – appropriated	\$ 213,320	\$ 51,291
Local improvement	137,940	123,003
Financial stabilization	129,015	123,886
Pay-As-You-Go capital	122,725	185,874
Sanitary servicing strategy fund	56,584	66,320
LRT	56,110	40,486
Affordable housing	49,731	44,956
Fleet services – vehicle replacement	25,249	28,418
Funds in lieu – residential	21,936	26,582
Traffic safety and automated enforcement	20,347	16,903
Parkland	18,613	20,647
Neighbourhood renewal	18,477	2,042
Planning and development	16,558	16,156
Developer recoveries	11,848	12,078
Tree management	9,463	8,161
Natural areas	8,750	8,722
Edmonton Police Service	7,034	2,245
Pay-As-You-Go capital – Edmonton Police Services	7,009	13,734
Rogers Place Arena capital	6,954	5,439
Tax-supported debt	5,456	5,380
Heritage resources	3,724	2,324
Perpetual care	3,555	3,719
Enterprise portfolio/Commonwealth Stadium	2,911	4,012
Revolving industrial servicing fund	2,535	923
Motor vehicle insurance	2,500	2,500
Vehicle for hire	2,465	2,353
St. Francis Xavier	2,245	1,934
Developer incentive	1,999	1,699
Other	1,983	1,033
Brownfield redevelopment	(2,329)	(2,900)
Community revitalization levy – Belvedere	(11,025)	(10,093)
Community revitalization levy – Quarters	(12,214)	(8,650)
Community revitalization levy – Capital City Downtown	(13,839)	(19,872)
Interim financing	(37,838)	(40,556)
	889,791	740,749
City of Edmonton Library Board	6,968	8,680
Non-Profit Housing Corporation	6,680	5,918
Fort Edmonton Management Company	30	30
Edmonton Economic Development Corporation		2,853
	\$ 903,469	\$ 758,230

The City maintains reserves that are used to accommodate differences between expenses and related funding sources. These include the Interim financing, Community revitalization levy and Brownfield redevelopment reserves. Existing shortfalls in these reserves will be recovered through future funding sources.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

16 ACCUMULATED SURPLUS

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

	2020		2019
General government operations	\$ 40,385	\$	20,127
Restricted surplus (deficit):			
EPCOR Utilities Inc.	3,974,963		3,841,938
Ed Tel Endowment Fund	813,103		823,406
Land Enterprise	93,220		107,702
Pension and benefits	35,961		29,620
Edmonton Economic Development Corporation	6,617		11,913
City of Edmonton Library Board	5,172		635
Fort Edmonton Management Company	2,015		1,882
Non-Profit Housing Corporation	745		1,012
Edmonton Combative Sports Commission	249		258
Waste RE-solutions Edmonton	-		399
Waste Services Utility	(175)		9,619
Blatchford Renewable Energy Utility	(3,671)		(1,924)
Reserves for future expenditures (Note 15)	903,469		758,230
Equity in tangible capital assets (Note 14)	9,874,849		9,252,450
Advances for construction	26,021		71,204
	\$ 15,772,923	\$	14,928,471

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

17 NET TAXES AVAILABLE FOR MUNICIPAL PURPOSES

	Budget	2020	2019
Taxes:			
Property taxes	\$ 2,155,145	\$ 2,167,812	\$ 2,104,416
Revenue in lieu of taxes	24,372	22,368	34,603
Community revitalization levy (CRL)	35,880	36,474	30,119
Other	2,789	8,878	9,513
Special tax – alley lighting	908	1,107	1,281
Tax appeals and allowances	(12,300)	(10,911)	(15,907)
	2,206,794	2,225,728	2,164,025
Less taxes on behalf of:			
Education	483,507	495,499	488,266
Business Improvement Areas and other		4,009	3,959
	483,507	499,508	492,225
Net taxes available for municipal purposes	\$ 1,723,287	\$ 1,726,220	\$ 1,671,800

The City is required to levy taxes under section 353 of the MGA towards payment of education requisitions. Education tax revenues are recorded at the amounts levied. Actual taxes levied over/under the amount requisitioned are recorded as an adjustment to Accounts payable and accrued liabilities – Trade and other (Note 7).

Local improvement levies are not included in net taxes available for municipal purposes and are reflected separately in 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, 2020 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 2020, \$4,914 (2019 – \$4,301) incremental tax levy was collected in the Quarters CRL, including \$1,028 (2019 – \$943) in education taxes. The Belvedere CRL collected \$1,133 (2019 – \$1,003) in incremental tax levy during the year, including \$205 (2019 – \$215) in education taxes. The Capital City Downtown CRL collected \$30,427 (2019 – \$24,815) in incremental tax levy during the year, including \$7,590 (2019 – \$5,683) in education taxes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

18 GOVERNMENT TRANSFERS

	Budget	2020	2019
Operating:			
Federal	\$ 44,807	\$ 45,282	\$ 45,562
Provincial	63,875	232,172	76,388
	108,682	277,454	121,950
Capital:			
Federal	271,540	211,285	158,104
Provincial	386,659	354,231	413,328
	658,199	565,516	571,432
Total Government Transfers	\$ 766,881	\$ 842,970	\$ 693,382

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 2020, the City received \$21,437 (2019 - \$20,594), including earned interest of \$137 (2019 - \$285), net of \$253 (2019 - \$1,953) received on behalf of regional transit partners. In 2020, the City recognized \$14,104 (2019 - \$47,950) as capital government transfers and a receivable of \$22,257 (2019 - \$29,337) has been recorded.

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 2020, the City recognized operating government transfers of \$3,512 (2019 - \$2,667). In 2020, the City recorded \$10,439 (2019 - \$13,837) as deferred revenue, including interest of \$114 (2019 - \$316).

In 2007, the Province introduced the Municipal Sustainability Initiative (MSI) program to provide municipalities with sustainable funding. In 2020, the City received \$193,226 (2019 - \$132,119) from the Province, including earned interest of \$1,318 (2019 - \$4,632) and recorded \$266,067 (2019 - \$260,717) as capital government transfers. In 2020, the City recorded \$99,633 (2019 - \$172,474) as deferred revenue and \$0 (2019 - \$63,743) as receivable.

Under the Federal Gas Tax Fund, the City received \$55,613 (2019 - \$105,378), and recognized \$23,352 (2019 - \$6,290) as capital government transfers and \$43,605 (2019 - \$43,605) as operating government transfers, to fund debt servicing costs related to the South LRT. In 2020, \$51,968 (2019 - \$63,312) has been recorded as deferred revenue.

In 2020, the City received a grant of \$24,185 (2019 - \$22,325) from the Province for Family and Community Support Services funding. In 2020, \$22,325 (2019 - \$22,325) was recognized as operating government transfers, while \$1,860 (2019 - \$0) was recorded as deferred revenue.

Through the Building Canada Fund, an agreement was signed for the Valley Line LRT expansion in 2017. In 2018, agreements for the Fort Edmonton Park Expansion project, and the Yellowhead Trail Freeway Conversion Project were also signed. In 2020, the City received \$44,880 (2019 - \$48,433) and recorded \$58,810 (2019 - \$54,851) as capital government transfers. A receivable has been recorded for \$28,172 (2019 - \$14,242).

Under the Public Transit Infrastructure Fund, the Province agrees to provide on behalf of itself and the Federal Government a cost-sharing grant which is comprised of the Province's contribution of 25 per cent and the Federal Government's contribution of 50 per cent of the eligible expenditures. An agreement was signed between the City and the Province in 2017 to support the funding of improved and expanded public transit systems. In 2020, the City received \$70,156 (2019 - \$35,482) and recorded \$49,041 (2019 - \$52,185) as capital government transfers, \$0 (2019 - \$361) as an operating transfer and \$49,381 (2019 - \$70,496) as receivable.

In 2020 the Province commenced the Municipal Stimulus Program to sustain and create local jobs and position communities to participate in future economic growth. In 2020, the City received \$6,117 (2019 - \$0) from the Province. The City recognized \$318 (2019 - \$0) as capital government transfers and recorded \$5,799 (2019 - \$0) as deferred revenue.

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 2020, the City recognized \$56,856 (2019 - \$0) as capital government transfers and \$56,856 (2019 - \$0) was recorded as receivable.

In 2020, the City received a grant of \$158,179 (2019 - \$0) from the Province through the Safe Restart Program funding. In 2020, \$158,179 (2019 - \$0) has been recorded as operating government transfers.

In 2016, through the P3 Canada Fund, an agreement was signed to provide funding for the construction of Valley Line LRT. In 2020, the City recognized \$76,049 (2019 - \$60,697) as capital government transfers and recorded \$219,397 (2019 - \$143,347) as receivable.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

19 EXECUTIVE SALARIES AND BENEFITS

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

	Salaries		Benefits		2020		2019	
Mayor:								
Iveson	\$	206	\$	45	\$	251	\$	257
		206		45		251		257
Councillors:								
Banga		116		26		142		146
Cartmell		116		23		139		143
Caterina		116		26		142		146
Dziadyk		116		23		139		144
Esslinger		116		27		143		147
Hamilton		116		25		141		146
Henderson		116		24		140		144
Knack		116		27		143		147
McKeen		116		24		140		144
Nickel		116		26		142		146
Paquette		116		27		143		147
Walters		116		27		143		147
		1,392		305		1,697		1,747
Chief Administrative Officer (City Manager)		327		28		355		432
Designated Officers		1,000		87		1,087		1,137
	\$	2,925	\$	465	\$	3,390	\$	3,573

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 36 weeks.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

20 SUBSIDIARY OPERATIONS – EPCOR

EPCOR, established by City Council under City Bylaw 11071, is wholly owned by the City. EPCOR builds, owns and operates electrical, natural gas and water transmission and distribution networks, water and wastewater treatment facilities, sanitary and stormwater systems and infrastructure in Canada and the United States. EPCOR also

provides electricity, natural gas and water products and services to residential and commercial customers.

The following table provides condensed supplementary financial information for EPCOR.

	2020	2019
Financial position:		
Current assets	\$ 512,786	\$ 524,511
Capital assets	10,913,219	10,279,663
Other assets	753,819	617,276
Total assets	12,179,824	11,421,450
Current liabilities (including current portion of long-term debt of \$366,287 (2019 – \$55,468))	957,497	652,464
Non-current liabilities	4,226,268	4,039,652
Long-term debt	3,205,431	3,025,556
Total liabilities	8,389,196	7,717,672
Accumulated other comprehensive income	33,285	51,134
Share capital	797,528	797,528
Retained earnings	2,959,815	2,855,116
Shareholder's equity	\$ 3,790,628	\$ 3,703,778
Results of operations:		
Revenues	\$ 1,988,158	\$ 1,864,347
Expenses	(1,712,459)	(1,633,293)
Net income	\$ 275,699	\$ 231,054
Changes in shareholder's equity:		
Shareholder's equity - opening	\$ 3,703,778	\$ 3,690,701
Net Income	275,699	231,054
Other comprehensive loss	(17,849)	(47,140)
Dividend to shareholder (City of Edmonton)	(171,000)	(171,000)
Other equity adjustments		163
Shareholder's equity - ending	\$ 3,790,628	\$ 3,703,778

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

In the regulatory environment that EPCOR operates in, estimates are often required to be recorded until values are finalized and adjusted pursuant to subsequent regulatory decisions or proceedings. Adjustments to previous estimates, which may be material, will be recorded in the period they become known.

In 2020, the City contributed \$48,331 (2019 - \$80,874) in tangible capital assets to EPCOR. The difference between the City's investment in EPCOR and EPCOR's shareholder equity reflects accumulated tangible capital assets contributed to EPCOR from the City in the amount of \$188,391 (2019 - \$140,060), less related amortization of \$4,056 (2019 - \$1,900). This difference of \$184,335 (2019 - \$138,160) 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:

2021	\$	209,654
2022		134,776
2023		132,394
2024		32,912
2025		33,505
Thereafter		2,891,043
	\$	<u>3,434,284</u>

EPCOR has issued letters of credit for \$84,376 (2019 - \$100,067) 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.

	2020	2019
Dividend paid to the City	\$ 171,000	\$ 171,000
Franchise fees paid to the City	97,310	93,081
Financing expenses paid or payable to the City	20,934	22,194
Sales of administrative and construction services from the City	15,918	21,888
Property taxes and other taxes paid to the City	20,132	19,861
Costs of capital construction paid or payable to the City	40,202	72,811
Power and water purchased by the City	2,197	4,767
Other services purchased by the City	48,394	49,399

All transactions are in the normal course of operations, and are recorded at the exchange value based on normal commercial rates or as agreed to by the parties.

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

	2020	2019
Trade and other receivables	\$ 60,875	\$ 78,056
Property, plant and equipment	40,202	72,811
Trade and other payables	17,661	20,613
Loans and borrowings issued in the name of the City	555,617	590,328
Deferred revenue and other liabilities	81,262	124,195

The City's financial statements include the net balance payable to EPCOR within Accounts payable and accrued liabilities - Trade and other (Note 7) and offsetting receivables from EPCOR of \$555,617 (2019 - \$587,274), presented on a PSAS basis, which have been applied to reduce the City's consolidated Long-term Debt (Note 11).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

21 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 one of the multi-employer plans covered by the Public Sector Pension Plans Act of Alberta.

The City is required to make current service contributions to the Plan of 9.39 per cent (2019 – 9.39 per cent) of pensionable payroll up to the yearly maximum pensionable earnings (YMPE) and 13.84 per cent (2019 – 13.84 per cent) thereafter. Employees of the City are required to make current service contributions of 8.39 per cent (2019 – 8.39 per cent) of pensionable salary up to YMPE and 12.84 per cent (2019 – 12.84 per cent) thereafter. Contributions for current service are recorded as expenses in the year in which they become due.

Total current service contributions by the City to the LAPP in 2020 were \$97,177 (2019 – \$102,307) and by the employees to the LAPP in 2020 were \$88,248 (2019 – \$93,109).

As of December 31, 2019, the LAPP reported the value of its assets at \$50,520,461 and a surplus for the overall plan of \$7,913,261. Information as at December 31, 2020 was not available at the time of preparing these financial statements.

B. SPECIAL FORCES PENSION PLAN

Police officers employed by the City are participants in the multi-employer Special Forces Pension Plan (SFPP). The City is required to make current service contributions to the Plan of 12.56 per cent (2019 – 11.81 per cent) of pensionable payroll. In addition, past service contributions to the Plan of 0.75 per cent of pensionable payroll are required to eliminate an unfunded liability related to service prior to 1992, on or before December 31, 2036. Additional past service contributions of 1.24 per cent of pensionable payroll are required to eliminate an unfunded liability related to post-1991 service amortized over no more than 15 years. Participants of the SFPP are required to make current service contributions of 11.46 per cent of pensionable salary. As well, past service contributions of 0.75 per cent and 1.24 per cent of pensionable salary 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 2020 were \$31,636 (2019 – \$32,344) and by the employees to the SFPP in 2020 were \$29,244 (2019 – \$29,900).

As at December 31, 2019, the SFPP reported the value of its assets at \$3,454,377 and a surplus for the overall plan of \$184,631 comprised of a deficit of \$180,052 for pre-1992 and a surplus of \$364,683 relating to post-1991. Information as at December 31, 2020 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 and Long-term Disability Plan assets on behalf of third parties. Related trust assets not owned by the City have been excluded from the reporting entity. Assets consist of government, government guaranteed and corporate bonds valued at market quotations from Canadian and global investment dealers, along with Canadian, international and global common and preferred shares valued at the closing price on the stock exchange where listed. Other investments within the Pension Funds and Long-term Disability Plan include global infrastructure assets. The City's share of the FFSP asset balance and the Fire Chief Plan net fund liability has been recognized in the financial statements.

The following summarizes plans sponsored by the City.

i. Annuity Plan

The multi-employer Annuity Fund provided lifetime benefits to retired members and beneficiaries only. As of December 4, 2014 there are no longer any beneficiaries of this plan and the fund is closed to new members. The plan is being wound up and surplus funds attributable to the City are not yet known. The surplus fund position is being held in trust by the City until the assets are distributed.

Total benefits paid during the year were \$0 (2019 – \$0).

ii. Police Supplementary Pension Plan

The Police Supplementary Pension Plan (PSPP) provides benefits supplementary to the LAPP for 11 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 \$33 (2019 – \$54).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

iii. Fire Fighters' Supplementary Pension Plan

The Fire Fighters' Supplementary Pension Plan (FFSPP) is a defined benefit pension plan covering members of the City Fire Fighters' Union. Pensions are payable to retired fire fighters and surviving spouses of deceased fire fighters. This pension is reduced by the pension payable to the member under the LAPP.

Total benefits paid during the year were \$10,393 (2019 – \$8,778). Employer contributions for the year were \$4,002 (2019 – \$4,243) and employee contributions for the year were \$3,459 (2019 – \$3,676).

iv. Fire Chief and Deputy Fire Chiefs' Supplementary Pension Plan

The City of Edmonton Fire Chief and Deputy Fire Chiefs' Supplementary Pension Plan (Fire Chief) is a defined benefit pension plan covering employees in the positions of fire chief and deputy fire chiefs. Contributions are made by plan members and by the City. The pension is reduced by the pension payable to the member under the LAPP.

Total benefits paid during the year were \$244 (2019 – \$312). Employer contributions were \$86 (2019 – \$69) and employee contributions for the year were \$20 (2019 – \$21).

Actuarial valuations for Annuity, Police Supplementary, Fire Chief and Deputy Fire Chiefs' Supplementary Pension Plans and an actuarial extrapolation for the Fire Fighters' Supplementary Pension Plan were completed by Aon Hewitt as at December 31, 2020. Each 2020 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 (2019 – 2.0 per cent). The discount rate used to determine the accrued benefit obligation is 5.25 per cent (2019 – 5.75 per cent). The expected rate of return on plan assets is 5.25 per cent (2019 – 5.75 per cent). The expected salary increase is 0.75 per cent for 2 years, and 2.0 per cent thereafter (2019 – 1.5 per cent for 2 years, and 2.0 per cent thereafter), plus a merit and promotion increase in the FFSPP (which varies by service). The Fire Chief Plan assumes a 0.5 per cent merit and promotion increase per annum for those with greater than 5 years of service.

Each pension fund's assets are valued at fair value. The fair value actual rate of return is 11.1 per cent (2019 – 16.5 per cent).

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

	Annuity	PSPP	FFSPP	Fire Chief	2020	2019
Fair value of assets	\$ 15,020	\$ 15,355	\$ 278,067	\$ 3,992	\$ 312,434	\$ 287,669
Accrued benefit obligation		161	220,973	3,852	224,986	202,322
Funded status – surplus	15,020	15,194	57,094	140	87,448	85,347
Unamortized net actuarial gain			(20,706)	(92)	(20,798)	(26,036)
Accrued benefit asset	15,020	15,194	36,388	48	66,650	59,311
Valuation allowance	15,020	15,194			30,214	28,758
Employee portion of accrued benefit asset			16,374		16,374	13,941
Net fund asset	\$	\$	\$ 20,014	\$ 48	\$ 20,062	\$ 16,612

The net actuarial gain is amortized on a straight line basis over the expected average remaining service life (EARSL) of the Fire Fighters' plan of 16.3 years (2019 – 16.3 years) and of the Fire Chief plan of 3.0 years (2019 – 1.0 years). The accrued benefit asset for the FFSPP is shared 55 per cent by the City as the employer and 45 per cent by

employees. The net employer share of the fund asset balance for the FFSPP is included in Receivables – Trade and other (Note 3). The net fund asset for the Fire Chief Plan is also included in Receivables – Trade and other (Note 3).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

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

	Annuity	PSPP	FFSPP	Fire Chief	2020	2019
Current service cost			\$ 6,738	\$ 26	\$ 6,764	\$ 7,205
Amortization of actuarial loss (gain)	776	(579)	(1,603)	(395)	(1,801)	(253)
Increase in valuation allowance	83	1,373			1,456	2,211
Less: employee contributions			(185)	(20)	(205)	(226)
Benefit plan expense for the year	859	794	4,950	(389)	6,214	8,937
Interest cost on accrued benefit obligation		13	11,489	214	11,716	11,541
Expected return on plan assets	(859)	(807)	(14,571)	(214)	(16,451)	(14,411)
Benefit plan interest (income) expense	(859)	(794)	(3,082)		(4,735)	(2,870)
Total benefit plan related expense			1,868	(389)	1,479	6,067
Less: employee portion of expense			841		841	2,574
Net benefit plan related expense			1,027	(389)	638	3,493
Less: employer contributions			4,002	86	4,088	4,334
Net Change	\$ -	\$ -	\$ (2,975)	\$ (475)	\$ (3,450)	\$ (841)

D. LONG-TERM DISABILITY PLAN

The City administers the Long-term Disability Plan (the Plan), made available to permanent City employees to provide protection against loss of income. The employee pays 100 per cent of the premium for the Plan.

An actuarial valuation of the Plan was completed by Aon Hewitt as at December 31, 2020. The Plan's assets are valued at fair value.

	2020	2019
Fair value of assets	\$ 159,153	\$ 143,936
Less: Accrued benefit obligation	114,609	110,454
Net assets	\$ 44,544	\$ 33,482

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

22 COMMITMENTS

A. CONTRACTUAL OBLIGATIONS

To mitigate the risk of fluctuation in fuel prices, the City has entered into swap transactions to purchase 21.3 million litres of heating oil for monthly periods from January 2021 through December 2021. The contracts have settlement dates ranging from February 5, 2021 through January 10, 2022 at prices from \$0.44 to \$0.58 per litre, for a total commitment of \$10,432.

In February 2016, the City entered into a P3 agreement with TransEd Partners General Partnership (TransEd) for the design, construction, operation, and maintenance of the Valley Line LRT Southeast.

The construction period runs from 2016–2021 and the operating period from 2021–2050. The total commitment for construction over the life of the contract is \$1,456,495. As of December 31, 2020, \$1,275,890 of the construction costs have been recognized by the City. The total commitment for the service level payments and maintenance payments to be made during the operating period is based on current estimated ridership levels and inflation. The total service level payments and maintenance payments are estimated to be \$876,630 and \$263,736 respectively. Additional details are provided in Note 11e.

B. LEASE COMMITMENTS

The City has entered into a number of operating lease agreements, mainly for facilities and equipment. Lease commitments over the next five years and thereafter are as follows:

2021	\$	27,351
2022		26,049
2023		23,976
2024		22,108
2025		20,372
Thereafter		164,171
	\$	284,027

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

23 LIABILITY FOR CONTAMINATED SITES

As of December 31, 2020, the liability for contaminated sites includes sites associated with former and current City operations, sites acquired through tax forfeiture, historical acquisition of properties, and former unofficial waste disposal sites from early in the City's history. The nature of contamination includes chemicals, heavy metals, salt, 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 and the leaching of materials deposited in unauthorized landfills.

Liability estimates are based on environmental site assessments or are derived by extrapolating remediation costs incurred by the City for similar sites. The City has recognized a net increase in the liability of \$190 over the prior year, representing a total liability for the remediation of contaminated sites of \$20,884 (2019 - \$20,694). The liability is reported in Accounts payable and accrued liabilities (Note 7, Trade and other) in the Consolidated Statement of Financial Position.

24 CONTINGENT LIABILITIES

- A. The City is the defendant in various lawsuits as at December 31, 2020. Where the occurrence of future events is considered likely to result in a loss with respect to an existing condition, and the amount of loss can be reasonably estimated, amounts have been included within accrued liabilities. Where the resulting losses, if any, cannot be determined or the occurrence of future events is unknown, amounts have not been recorded, and the City's Administration believes there will be no material adverse effect on the financial position of the City.
- B. The City continues to review environmental objectives and liabilities for its activities and properties as well as any potential remediation 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.

25 CONTINGENT ASSETS

The City has outstanding legal claims against third parties as at December 31, 2020 for which the probability of settlement in favour of the City is likely, resulting in \$25,695 in future assets. Contingent assets are not recorded in the financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

26 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 with average annual revenues of \$256,899.

	Government transfers	Future lease revenue	Total
2021	\$ 608,855	\$ 17,099	\$ 625,954
2022	736,366	15,352	751,718
2023	795,912	14,509	810,421
2024	477,839	13,838	491,677
2025	271,836	12,774	284,610
Thereafter	178,342	233,966	412,308
	\$ 3,069,150	\$ 307,538	\$ 3,376,688

27 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, 2020 there were no material transactions to disclose that occurred between related parties at a value other than or terms different from that which would have been arrived at if the parties were unrelated.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

28 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, Edmonton Economic Development Corporation, Fort Edmonton Management Company, the Non-Profit Housing Corporation, the Vehicle for Hire Commission and Edmonton Combative Sports Commission, which are managed by separate boards or commissions.

iv. Fleet Services

Fleet Services provides vehicle and equipment procurement, maintenance, fleet engineering, fabrication services, fuel management and fleet administration to other City departments, and external customers, including EPCOR. The area operates under a full cost recovery model by directly charging other City departments for the provision of fleet services.

v. Other Tax-Supported

Other Tax-Supported consists of corporate administration, general municipal services, and tax appeals and allowances. Revenues and expenses that are not directly attributed to another tax-supported segment are also recorded within this other tax-supported segment.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

B. WASTE SERVICES

Waste Services delivers customer-focused services consisting of collection, processing and disposal of residential and non-residential waste and recyclables, as well as community relation services in support of waste management programs. Also included is Waste RE-solutions Edmonton.

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 Utility owns and operates a District Energy Sharing System that will provide environmentally-friendly heating, cooling and hot water to the buildings and homes of the Blatchford community. The Blatchford Renewable Energy Utility was established with the passing of Bylaw 17943 by City Council on December 4, 2018 and began operations in 2019.

E. EPCOR

EPCOR is a wholly owned subsidiary of the City of Edmonton, accounted for on a modified equity basis as a government business enterprise. Note 20 to these financial statements provides condensed financial information for EPCOR.

F. ED TEL ENDOWMENT FUND

Ed Tel Endowment Fund is an investment fund created in 1995 with the proceeds from the sale of the municipal telephone company. The proceeds from the sale were invested and provide an annual dividend to support tax-supported programs based on conditions set out in Bylaw 11713.

The accounting policies used in the segment disclosures are consistent with those followed in the preparation of the financial statements (Note 1).

29 2020 BUDGET

The City prepared a multi-year 2019-2022 operating budget, which was presented and approved by City Council in December 2018. In December 2019, City Council approved certain adjustments to the budget to update the 2020 operating budget for emergent items. The operating budget reflected in these financial statements is consistent with amounts approved by City Council with the passing of Bylaw 19207 - 2020 Property Tax and Supplementary Property Tax Bylaw on April 27, 2020, which incorporates the operating budget and related adjustments made in December 2019 and ratifies the 2020 operating budget.

The capital budget reflected in these financial statements is based on the capital budget originally approved by City Council on December 14, 2018 as part of the overall 2019-2022 capital budget, plus any carry forward of unspent capital budget from previous years.

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 as approved by Council on December 13, 2019	\$ 3,382,071	\$ 3,331,492	\$ 836,699
Budget as approved by Council on April 27, 2020	(144,509)	(144,509)	
Carry forward of prior year unspent budget	19,901	19,901	66,264
Amortization		590,752	
EPCOR Utilities	278,310		
Other controlled entities	12,493	13,533	
Consolidation adjustments	(58,155)	(838)	
Transfers from/to reserves	(172,127)	(401,346)	
Debt principal repayment		(199,272)	
Dividends from subsidiaries	(211,093)		
Reclassification for presentation purposes	(24,771)	(12,300)	12,471
Budget for financial statement purposes	\$ 3,082,120	\$ 3,197,413	\$ 915,434

30 COMPARATIVE INFORMATION

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