

EDMONTON



2007 FINANCIAL RESULTS

City of Edmonton

May, 2008



2007 FINANCIAL RESULTS

The 2007 City of Edmonton financial results demonstrate solid fiscal management at a time of rapid growth. Tax-supported operations ended the year with a \$35.1 million surplus, a net 2.6 per cent of the expenditure budget, with a significant portion of the surplus attributed to one-time items.

The 2007 surplus was primarily created by:

- Better investment earnings than planned from strong investment returns;
- Increased net revenues from user fee areas such as transit, licenses and development permit fees;
- Savings in Police Services primarily from delayed personnel hiring; and
- Delays in one-time projects or funding agreements which will carry forward into 2008.

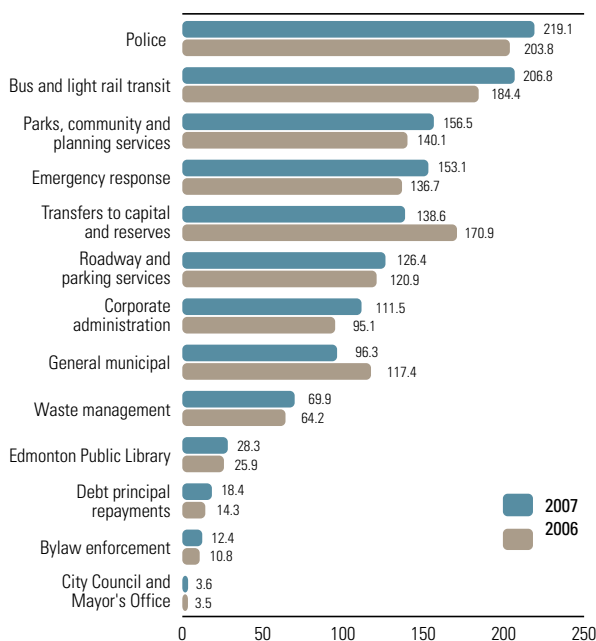
This surplus was partially offset by increased winter road maintenance costs and other expenditures to meet the growing service needs.

Your Priorities

Edmontonians have said that some of their top priorities for increased funding are police services, public transit and roads, and attainable housing. We continuously strive to increase the investment in these areas.

Services Supported

(millions of dollars)



The tax-supported surplus is added to the Financial Stabilization Reserve, available to address future emerging needs and to provide flexibility in times of revenue instability. With this addition, the target level of 7.0 per cent of general government operating expenditures, to a maximum cap of \$85.0 million, will be reached. The excess of \$34.1 million has been approved to support several initiatives carried forward to 2008, to reduce the 2008 tax increase and pay for some emerging capital needs.

Projects in 2008 that will be supported by carried-forward funding include the Humane Society building project, affordable housing initiatives, and assistance for social programs and entrepreneurs through the Social Enterprise Fund. Emerging capital needs consists of upgrades to the Citadel Theatre, five new park sites, 118 Avenue revitalization, and structural repairs to the Prince of Wales Armoury and the Millwoods Recreation Centre.



In 2007, unprecedented capital expenditures of \$870.8 million provided infrastructure needed to support our growing economy. Projects included:

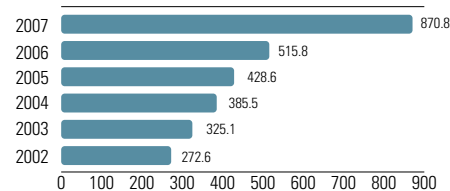
- Expansion of the South LRT;
- Replacement of buses;
- Upgrades and construction of drainage services;
- Replacement of aging fire stations and construction of new ones;
- Parkland acquisition;
- Neighbourhood renewal; and
- Improvements to arterial roads and primary highways.

The Summary of Municipal Operations outline the 2007 revenues, expenditures and fund transfers for the City's tax-supported programs and services. Summarized information on utility and subsidiary operations is included in the table Other Financial Information. Capital information has been provided in the table Capital Expenditures. Budget and Actual 2007 figures are consistent with those included in the City's audited consolidated financial statements.

Consolidated financial statements, as audited by the independent accounting firm of Deloitte and Touche LLP, form part of the 2007 City of Edmonton Annual Report. The Annual Report is available for review on the City of Edmonton web site at www.edmonton.ca, or at any public library location.

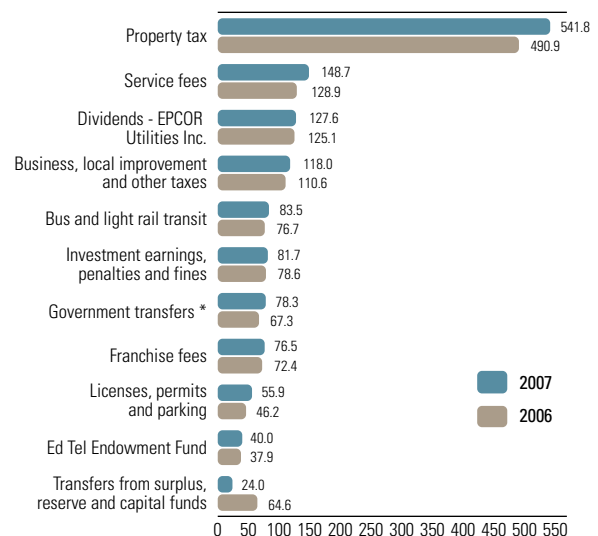
Capital Expenditures

(millions of dollars)

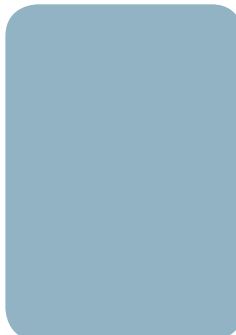


Where the Money to Run the City Comes From

(millions of dollars)



* Government transfers include transfers in lieu of tax.





SUMMARY OF MUNICIPAL OPERATIONS

For the year ended December 31, 2007

Revenues (in thousands of dollars)	Budget 2007	Actual 2007	Expenditures (in thousands of dollars)	Budget 2007	Actual 2007
Taxation:			Police	\$ 224,747	\$ 219,111
Property	\$ 545,897	\$ 541,839	Bus and light rail transit	198,544	206,810
Business	104,206	105,468	Emergency response	153,208	153,144
Government transfers in lieu of tax	16,602	23,888	Roadway and parking services	122,997	126,434
Local improvements	9,776	9,060	Corporate administration (Note 1)	113,678	111,525
Other	2,500	3,491	Parks and recreation	94,520	96,887
	678,981	683,746	General municipal (Note 2)	115,551	96,250
General municipal services and other	125,144	148,731	Waste management	68,544	69,846
Bus and light rail transit	78,142	83,531	Community and family	38,854	35,847
Franchise fees	76,796	76,454	Edmonton Public Library	28,347	28,347
Government transfers	46,520	54,376	Planning services	24,834	23,745
Licenses and permits	41,502	43,882	Bylaw enforcement	11,396	12,377
Investment earnings	33,673	43,076	City Council and Mayor's Office	3,810	3,611
Ed Tel Endowment Fund contribution	39,955	39,955			
Fines and penalties	37,577	38,665	Municipal expenditures before		
Parking	9,992	11,990	transfers and debt principal repayments	1,199,030	1,183,934
			Debt principal repayments	15,725	18,365
Municipal revenues before transfers			Transfer to reserve fund	5,681	31,384
and dividends	1,168,282	1,224,406	Transfer to capital fund (Note 3)	105,174	107,228
Dividends from EPCOR Utilities Inc.	127,577	127,600			
Transfer from prior operating surplus	12,956	12,956	Total Municipal Expenditures	1,325,610	1,340,911
Transfer from reserve fund	16,795	10,927			
Transfer from capital fund	-	156	Excess of revenues over expenditures	\$ -	\$ 35,134
Total Municipal Revenues	\$ 1,325,610	\$ 1,376,045			

Notes to Summary of Municipal Operations:

1. Corporate administration consists of personnel and administrative costs for Corporate Services, Assessment and Taxation, Corporate Business Planning, and Offices of the City Manager and City Auditor.
2. General municipal expenditures consist of accommodation expenditures, tax expenditures, grants provided, subsidies to miscellaneous Boards and Authorities and general financial costs.
3. Transfer to capital fund represents pay-as-you-go funding from municipal revenue for capital projects.

OTHER FINANCIAL INFORMATION

For the year ended December 31, 2007

(in thousands of dollars)	Revenues	Expenditures	Net income	Contribution to municipal operations
EPCOR Utilities Inc.	\$ 3,696,625	\$ 3,419,234	\$ 277,391	\$ 166,719
Ed Tel Endowment Fund (unaudited)	68,535	1,554	66,981	39,955
Sanitary Drainage Services (unaudited)	120,941	91,037	29,904	16,740
Land Drainage Services (unaudited)	21,200	11,798	9,402	
Edmonton Economic Development Corporation	30,560	29,664	896	
Edmonton Public Library	36,685	34,557	2,128	

The financial results provided above are consistent with those reported in the annual financial statements for the respective organizations or operations. The contribution to municipal operations reflects the amount, excluding taxation, included in the Summary of Municipal Operations. Edmonton Economic Development Corporation revenues include \$11,977 of tax levy funding. Edmonton Public Library revenues include \$ 28,347 of tax levy funding.