ANNUAL REPORT 2023

Edmonton

CITY OF EDMONTON
FOR THE YEAR ENDED
DECEMBER 31, 2023

Produced by the Financial and Corporate Services Department at the City of Edmonton, with support from other civic departments, offices and agencies.

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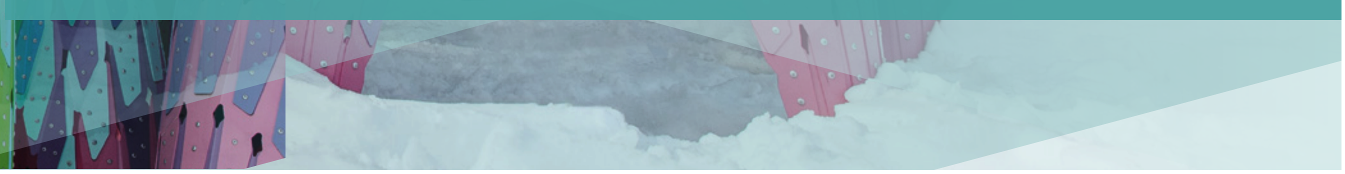
City of Edmonton, Alberta, Canada
for the year ended December 31, 2023



INTRODUCTION

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OUR ORGANIZATION

The City of Edmonton is building a great city, now and for the future. We are investing in the things that matter to Edmontonians every day—programs and services, places to go and ways to get there.

The City is continuously collaborating with its regional partners to help the more than 1,140,000 residents prosper, while creating a great place to live, work and play while growing to a city of two million.

Our City Council, including 12 ward Councillors and a Mayor, sets policies, approves budgets, passes bylaws and provides direction for the City Manager. The City Manager and City Auditor are Council's direct employees.

The City Manager leads the City's Administration and serves the public by implementing City Council's vision and providing City services. Administration is made up of five departments, which work together to manage interrelated activities and lines of business.

ETS ridership reached 53.5 million in 2023, a nearly 30 per cent increase from 2022.

FINANCIAL HIGHLIGHTS

Statement of Operations
(millions of $)

	2023 Actual	2022 Actual Restated	2021 Actual	2020 Actual	2019 Actual
Operating Revenues	**$ 3,674.1**	$ 3,433.8	$ 3,358.5	$ 3,170.6	$ 3,120.0
Capital Revenues	**762.5**	633.5	527.1	717.4	749.8
Operating Expenses	**3,658.7**	3,426.0	3,093.5	3,023.5	3,189.7
Excess of Revenues over Expenses	**$ 777.9**	**$ 641.3**	**$ 792.1**	**$ 864.5**	**$ 680.1**

Operating Revenues: Where does the money come from?
(millions of $)

	2023 Budget	2023 Actual	2022 Actual
Taxation	$ 1,931.3	$ 1,927.5	$ 1,807.0
User fees and sales of goods and services	669.0	713.0	588.9
Subsidiary operations – EPCOR	341.0	361.3	379.9
Franchise fees	213.7	206.8	208.5
Government transfers – operating	112.9	140.3	198.1
Investment earnings	107.9	138.3	70.0
Licenses and permits	79.4	74.5	80.3
Fines and penalties	65.7	69.5	69.5
Developer/ customer contributions – operating	36.4	42.9	31.6
Operating Revenues	**$ 3,557.3**	**$ 3,674.1**	**$ 3,433.8**

Capital Revenues: Where does the money come from?
(millions of $)

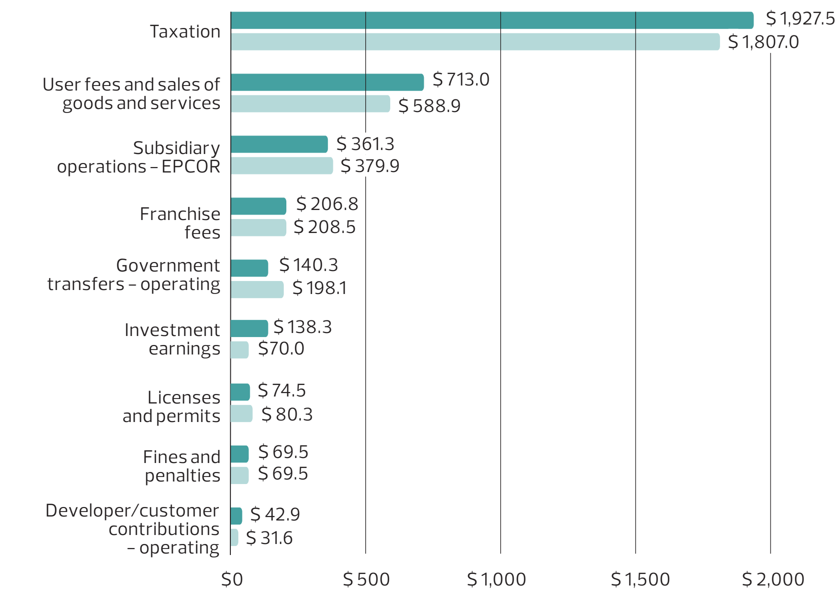
	2023 Budget	2023 Actual	2022 Actual
Government transfers – capital	$ 1,980.3	$ 643.9	$ 532.8
Contributed tangible capital assets	119.3	80.6	81.6
Developer and customer contributions – capital	82.5	24.9	6.7
Local improvements	12.3	13.1	12.4
Capital Revenues	**$ 2,194.4**	**$ 762.5**	**$ 633.5**

Expenses: Where does the money go?
(millions of $)

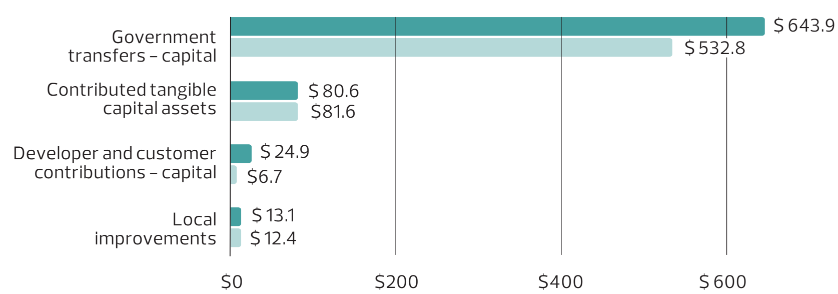
	2023 Budget	2023 Actual	2022 Actual Restated
Transportation services	$ 1,060.7	$ 1,038.7	$ 1,028.4
Protective services	826.1	846.1	793.8
Community services	795.3	803.9	774.9
Administration, general, and other	605.4	649.0	555.3
Utilities and enterprise	296.5	279.1	231.5
Fleet services	38.4	41.9	42.1
Operating Expenses	**$ 3,622.4**	**$ 3,658.7**	**$ 3,426.0**

The 29th annual Stuff a Bus campaign continued to offer an opportunity for Edmontonians and ETS staff to support Edmonton's Food Bank. In total, approximately 23,000kg of food and $10,000 in cash donations were collected through the event.

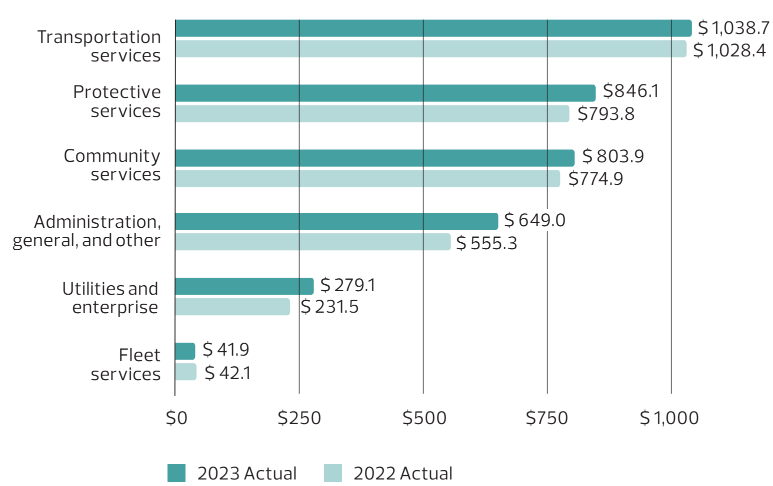
Operating Revenues: Where does the money come from? (millions of $)



Capital Revenues: Where does the money come from? (millions of $)



Expenses: Where does the money go? (millions of $)



MESSAGE FROM CITY COUNCIL

City Council oversaw significant change in 2023, with a focus on making decisions that meet Edmontonians' needs today and into the future.

This was the first year of the 2023–2026 budget cycle, which allowed Council to focus City spending on key priorities like maintaining and improving core services, improving public transit, tackling the housing crisis and responding to climate change.

Back row (left to right): Keren Tang – Ward Karhiio, Michael Janz – Ward papastew, Karen Principe – Ward tastawiyiniwak, Mayor Amarjeet Sohi , Tim Cartmell – Ward pihêsiwin, Ashley Salvador – Ward Métis, Sarah Hamilton – Ward sipiwiyiniwak
Front Row (left to right):Andrew Knack – Ward Nakota Isga, Jennifer Rice – Ward Ipiihkoohkanipiaohtsi, Anne Stevenson – Ward O-day'min, Jo-Anne Wright – Ward Sspomitapi, Erin Rutherford – Ward Anirniq, Aaron Paquette – Ward Dene

INTRODUCTION

Like many Edmontonians, the City faced rising costs, and we worked hard with Administration to keep taxes and user fees manageable while continuing to deliver the services so many rely on. We invested in core services like increased snow and ice control, and updated a funding formula to provide stable funding to the Edmonton Police Service. The City opened its first major park in decades, adding 190 acres to the River Valley park system in northeast Edmonton. Council also passed a new Zoning Bylaw, the first overhaul of the City's zoning rules and regulations in 60 years. The new bylaw will enable more diverse housing options in all areas of the city and decrease the number of zones and land uses which will reduce redundancies and create clarity. It will ensure growth is in line with The City Plan, our shared vision for the future of a healthy, urban and climate resilient city of a million more people.

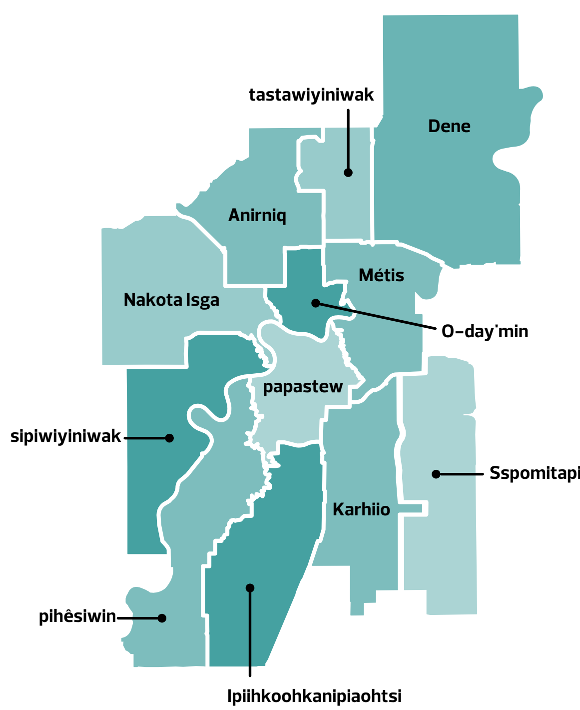
In 2023, Edmonton's transit system underwent a major transformation. Council was pleased to make On Demand Transit permanent in 2023, helping to connect riders to every corner of Edmonton. We invested in transit safety and cleanliness, and saw bus ridership return to pre-pandemic levels. We celebrated the reopening of the modernized Stadium Station—one of our first LRT stations—and the opening of the Valley Line Southeast, Edmonton's first low-floor LRT line. We also accelerated work to expand Edmonton's active transportation network. These efforts will help offer the sustainable transportation options Edmontonians need as the city grows.

Edmonton is a compassionate city, and we made strides on making it more accessible, safe and inclusive. The City added hundreds of affordable and supportive housing units in 2023. We invested in the community through grants that supported downtown vibrancy and safety, and anti-racism. Edmonton opened kihcihkaw askî-Sacred Land, the first urban Indigenous cultural and ceremonial grounds of its kind in Canada. The site provides a safe place for Indigenous and non-Indigenous people to access and share knowledge in Edmonton.

The City continues to be a climate change leader. The 2023-2026 budget included more than $376 million in new funding for services and construction projects to help reduce emissions and make Edmonton more resilient in the face of climate change. In 2023, we advanced work on energy retrofits to our facilities, building our emissions-neutral fleet and naturalizing areas. We also took a meaningful step in waste reduction with the passing of a new single-use bylaw, with an aim to reduce single-use items (like plastic cups, straws and shopping bags) in Edmonton by 20 per cent per person in four years.

None of this would have been accomplished without our people. Thank you to City Administration for their steadfast commitment to delivering excellent services and construction projects for residents. Together with Administration, our partners in the community, other municipalities and other orders of government, we have made positive strides in making Edmonton a great place to live.

Edmonton has 12 municipal wards, as outlined on this map. One councillor represents each ward. The mayor is elected across all wards.



INTRODUCTION

MESSAGE FROM THE INTERIM CITY MANAGER

I am pleased to share the City of Edmonton's 2023 Annual Financial Report. It's part of delivering on our commitment to accountability and transparency in our finances.

This year's report provides an opportunity to look back and celebrate what we've achieved over the past year. It also reflects the City's continued sound financial management of public funds, which is all the more important given the economic and social challenges Canadian cities are facing.

2023 marked the first year of a new four-year budget cycle. The 2023-2026 budget maps out how we will invest property taxes and other funding to provide services and construction projects for Edmontonians. In finalizing the plan, we sought to balance economic pressures, support continued recovery from the pandemic and meet the changing needs of a growing city. We began delivering on that plan in 2023.

In 2023, more than 10,000 dedicated City staff delivered 70 different programs and services, and led more than 200 construction projects. We saw Edmontonians return to transit and recreation centres at pre-pandemic numbers. We celebrated major milestones with the opening of the Valley Line Southeast LRT, an expansive new park in northeast Edmonton and kihcihkaw askî, the first urban Indigenous ceremonial grounds of its kind in Canada. We completed more than five years of work on the Zoning Bylaw Renewal Initiative to create a new rulebook for how Edmonton grows and develops in line with The City Plan. Together with City Council and our partners in the community, neighbouring municipalities and other orders of government, Administration made meaningful progress on urgent issues like affordable housing and homelessness, community safety and well-being, and climate change. We stepped up during wildfire season to support thousands of evacuees from Alberta and the Northwest Territories. This just skims the surface of what was truly a transformational year for our city.

I am immensely proud of what the City has achieved this year through the thoughtful and strategic investment of public funds. We worked hard to enable a better life for Edmontonians in 2023, and made progress on becoming the vibrant, urban, prosperous and climate resilient city of two million that we aspire to become.

Eddie Robar
Interim City Manager

LEGISLATIVE AND ADMINISTRATIVE ORGANIZATIONAL CHART

City Council
Mayor and 12 Councillors

Audit Committee
Mayor, four Councillors and two external members

Community and Public Services Committee
Four Councillors

Executive Committee
Mayor and four Councillors

Inter-municipal and Regional Development Committee
Mayor and four Councillors

Urban Planning Committee
Four Councillors

Utility Committee
Six Councillors

Other Committees
Council has other committees to handle various tasks (e.g. Council Services)

Office of the City Auditor
Janine Mryglod, Interim City Auditor

EPCOR
Janice Rennie, Chair

Edmonton Police Commission
John McDougall, Chair

City of Edmonton Public Library Board
Kenna Houncaren, Chair (ending April 30, 2024)

Explore Edmonton Corporation
Karen Oshry, Chair

CITY OF EDMONTON ADMINISTRATION

Interim City Manager
Eddie Robar

Community Services
Jennifer Flaman, Deputy City Manager

City Operations
Craig McKeown, Acting Deputy City Manager

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

Integrated Infrastructure Services
Craig Walbaum, Acting Deputy City Manager

Urban Planning and Economy
Kim Petrin, Deputy City Manager

The Emergency Response Support Team responded to 57 calls for service, supporting 1,603 displaced persons requiring temporary emergency accommodations and 316 people requiring emergency assistance and temporary shelter.

POLITICAL AND ADMINISTRATIVE STRUCTURE

CITY COUNCIL

Edmonton's City Council consists of a Mayor and 12 Councillors. The Mayor is chosen by all electors and Councillors are elected in the wards they represent.

City Council typically meets two or three times a month, though the number of meetings increase during budget deliberations and may decrease over the summer. In order to make the best use of Councillors' time while giving important topics the consideration they require, Council also has standing committees. The committees that met most frequently include:

Audit Committee – helps City Council meet its responsibility to oversee financial reporting, audit and enterprise risk management

Community and Public Services Committee – oversees the delivery of City services, including neighbourhoods and communities, social development, recreational activities and facilities, cultural and social programs and activities, emergency services and municipal enforcement

Executive Committee – oversees financial and corporate issues

Urban Planning Committee – makes recommendations to Council related to sustainable city planning

Utility Committee – makes recommendations to Council regarding the rates, governance, policies and operations of all municipal and non-municipal public utilities

Meetings of City Council and committees are open to the public.

OFFICE OF THE CITY AUDITOR

The City Auditor is appointed by City Council and accountable directly to them. The internal services provided by the Office of the City Auditor include independent audits and studies of civic departments and programs. This oversight helps to improve work done by Administration and to guide Council's decision-making. The delegated powers, duties and functions of this position are established under Bylaw 12424 City Auditor.

CITY ADMINISTRATION

City Administration is led by the City Manager, who reports to City Council. The City Manager is the City of Edmonton's Chief Administrative Officer, carrying out Council's direction and administering public services.

In 2023, the City Manager reduced the number of departments and deputy managers from seven to five. This included the dissolving of the Communication and Engagement, and Employee Services departments. This reduced the number of leadership positions and introduced a broader approach to decision-making within the City.

As well as the Office of the City Manager, City Administration has five departments that work closely with each other in delivering public services. A department is made up of areas that have similar corporate functions. The City of Edmonton's departments are:

Community Services

City Operations

Financial and Corporate Services

Integrated Infrastructure Services

Urban Planning and Economy

As well, the City owns subsidiaries and authorities that provide services to the City and to the public on the City's behalf.

EXPLORE EDMONTON CORPORATION

Explore Edmonton Corporation is an agency of the City of Edmonton with an independent board of directors appointed by City Council. The organization's purpose is to increase the economic impact of the visitor-based economy.

Explore Edmonton focuses on three lines of business: destination development and marketing; venue management (Edmonton EXPO Centre and Edmonton Convention Centre); and signature events such as K-Days, Canadian Finals Rodeo and Farmfair International.

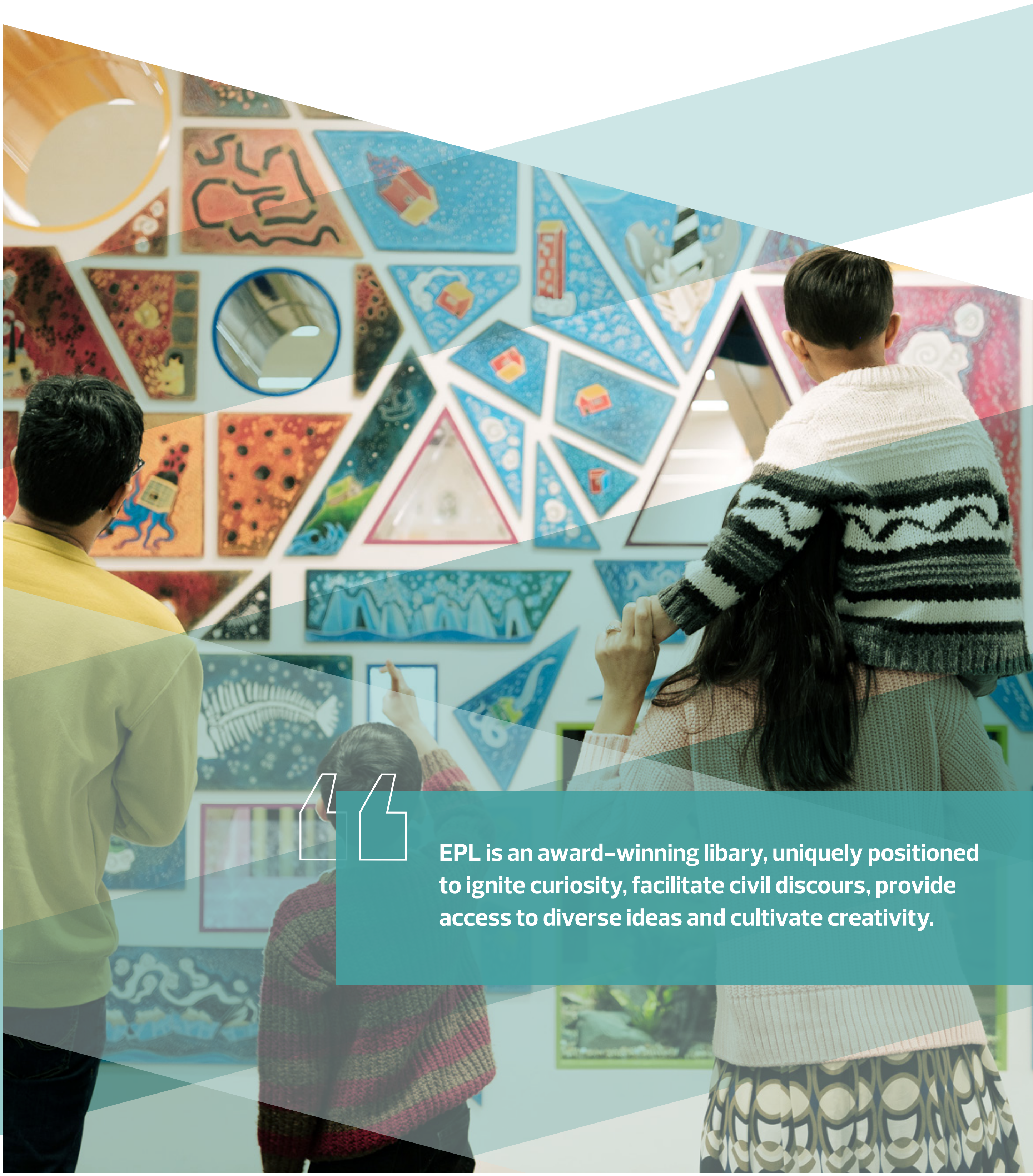
Through collaboration with numerous partners and stakeholders such as hotels, attractions and businesses, the organization promotes Edmonton as a four-season destination of choice, delivering year-round transformational visitor and guest experiences. This work positivelyimpacts the economic prosperity and quality of life for Edmonton residents.

EDMONTON POLICE COMMISSION

The Edmonton Police Commission (EPC) provides an independent civilian oversight of the Edmonton Police Service (EPS). The EPC consists of 10 public appointees and two City Councillors. Nine members are appointed by City Council and three are appointed by the Government of Alberta. Commissions hold statutory roles and responsibilities under the provincial Police Act, which prescribes the powers, duties, functions and constraints of a municipal police commission, and Edmonton Police Commission Bylaw 14040. One of their responsibilities is allocating funds from City Council to the police service, with the goal of maximizing EPS' ability to reduce crime and increase public safety.

In 2023, 3,752 volunteers participated in the Root for Trees program planting 34,167 trees and shrubs at 186 events.

INTRODUCTION



EPL is an award-winning libary, uniquely positioned to ignite curiosity, facilitate civil discours, provide access to diverse ideas and cultivate creativity.

EDMONTON PUBLIC LIBRARY

The Edmonton Public Library (EPL) is an award-winning library, uniquely positioned to ignite curiosity, facilitate civil discourse, provide access to diverse ideas and cultivate creativity. With over 11.2 million items borrowed from its collection each year, the Library provides equitable access to leading-edge technology, tools and resources needed for Edmontonians to learn, connect and thrive.

As a gathering place for people of all backgrounds and abilities, EPL received over 4.5 million in-person visits to twenty-one locations, and over 583,000 attendees to classes and events in 2023. The Library offers life-enriching programs and invaluable services that are reflective of the evolving and changing needs of Edmontonians.

EPL is governed by a 10-member board of trustees appointed by City Council and consisting of nine community leaders and one city Councillor. The Libraries Act of Alberta provides authority for EPL's operations. EPL is a registered charity.

EPCOR

EPCOR, through its subsidiaries, builds, owns and operates electrical, natural gas and water transmission and distribution networks, water and wastewater treatment facilities, sanitary and stormwater systems in Canada and the United States. The company also provides electricity, natural gas and water products and services to residential and commercial customers.

EPCOR is wholly owned by the City of Edmonton. The organization operates as a commercial entity and is governed by an independent board of directors, appointed by the City. Headquartered in Edmonton, EPCOR employs about 3,600 employees across its operations.

OTHER BOARDS

From the Accessibility Advisory Committee to the Women's Advocacy Voice of Edmonton Committee, the City of Edmonton has over 20 agencies, boards, committees and commissions that draw on the knowledge and dedication of hundreds of citizen volunteers.

These commissions, agencies, boards and committees advise and provide leadership on a wide range of activities, including naming streets, honouring the military, assessment appeals, development and bylaw complaints, transit, housing, energy transition and climate resilience, and historical preservation. They also provide needed perspectives from groups representing youth, women, seniors and multiculturalism.

The City of Edmonton launched its first business census, collecting data from local businesses to help shape how the City supports businesses, attracts investment and improves services.

A TRANSFORMATIVE CITY: EDMONTON'S ACCOMPLISHMENTS IN 2023

2023 was a transformative year for Edmonton. Together, City Administration and Council responded to and carried out significant change.

The City continued to respond to the profound economic and social change caused by the pandemic and other world events. An extended period of inflation, rising interest rates and high energy costs made the cost of living higher for Edmontonians and made it more expensive to deliver City services and construction projects. Faced with high costs, residents looked to the City to strike a balance between keeping property taxes, user fees and utility rates manageable while continuing to deliver the services and construction projects that matter to them. Edmontonians also looked to the City to lead on urgent issues like climate change, community safety and well-being, and affordable housing and homelessness. The City took meaningful steps forward on those issues.

In the midst of these challenges, the City also carried out significant change, including completing transformational infrastructure projects and finalizing new bylaws that improve how we serve Edmontonians today and will help shape Edmonton for generations to come.

SERVING EDMONTONIANS

2023 marked the start of a new four-year budget cycle. During the previous cycle, taxes were kept low, including one year with a tax decrease. While this was necessary to support Edmontonians through the pandemic, it was not enough to cover inflationary pressures and serve a growing population. Council approved a 4.96 per cent tax increase in 2023, which was in the middle range of tax increases among major Canadian municipalities. The increase allowed the City to maintain and continue to improve core services, while also advancing the capital plan, including projects like LRT expansion, the Yellowhead Trail Freeway Conversion and the Lewis Farms Recreation Centre.

In July, the credit agency Standard and Poor's (S&P) re-affirmed the City's AA credit rating. S&P also improved its outlook for the organization from stable to positive due to an expanding economy and prudent fiscal management that will allow the City to continue to make headway on the capital program.

The City continued to offer the 70 services Edmontonians rely on every day, including those that maintain the roads, bridges, pathways and public transit that move people. The City helps deliver the emergency services and social supports people count on, and activate the attractions, recreation centres, sports fields and parks that make Edmonton a great place to call home. Several services had significant achievements in 2023:

On the transit front, bus ridership reached pre-pandemic levels. On Demand Transit—which provides vital, right-sized service to areas that do not meet thresholds for conventional bus service or are otherwise difficult to access by bus—was made permanent in 2023 and reached one million rides since its launch in 2021.

Edmontonians returned to the City's 20 recreation centres at pre-pandemic levels, with attendance at 96 per cent of what it was in 2019.

The Valley Zoo was recognized nationally as a leader for education and conservation with multiple awards.

Research showed progress on the City's Safe Mobility Strategy, with a 25 per cent reduction in the number of crashes and a 31 per cent reduction in overall injuries and fatalities since the launch of the 40km/h default speed limit.

Edmonton Valley Zoo was recognized by Canada's Accredited Zoos and Aquariums' 2023 Annual Awards of Excellence. The zoo received national awards in three out of seven categories.

Several new services and facilities opened in 2023, including:

The Valley Line Southeast LRT, a key milestone for LRT expansion in Edmonton. The new 13-kilometre, low-floor LRT line provides a convenient, affordable and environmentally sustainable transportation option for residents travelling between downtown and Mill Woods.

The Northeast River Valley Park, a new 190-acre park, which added the equivalent of 150 football fields to Edmonton's parks and trails system in the River Valley.

The first permanent urban Indigenous cultural and ceremony grounds of its kind in Canada, kihcihkaw askî, which opened in September.

Stadium LRT Station, which was redeveloped after serving Edmontonians for more than 40 years. The project improved connectivity with Commonwealth Stadium, added accessibility improvements like street-level ramps, as well as heated shelters and public washrooms.

Latta Bridge, which was replaced after serving Edmontonians for more than 80 years. The project included widening to meet updated City standards and adding a shared-use pathway to enhance accessibility and safety.

The Smith Crossing Pedestrian Bridge which opened on budget and ahead of schedule. The project involved replacing the more than 100-year-old bridge with a new structure that meets current structural and safety standards. The new bridge is installed higher from the ground to improve the bridge's resilience to floods while also allowing larger animals such as moose or deer to walk under the bridge.

The ACT Aquatic and Recreation Centre (ACT), which reopened following a three-year rehabilitation project. The upgrade added improvements to accessibility like barrier-free access to all pools and a new whirlpool lift access.

INTRODUCTION

SUPPORTING EDMONTONIANS

Edmontonians continued to look to the City for leadership and support in 2023, including for businesses, communities and those most vulnerable.

2023 saw Edmontonians returning to downtown and public spaces in a true end to the years of the pandemic. The City invested in creating spaces people felt comfortable in and excited about through many initiatives, including:

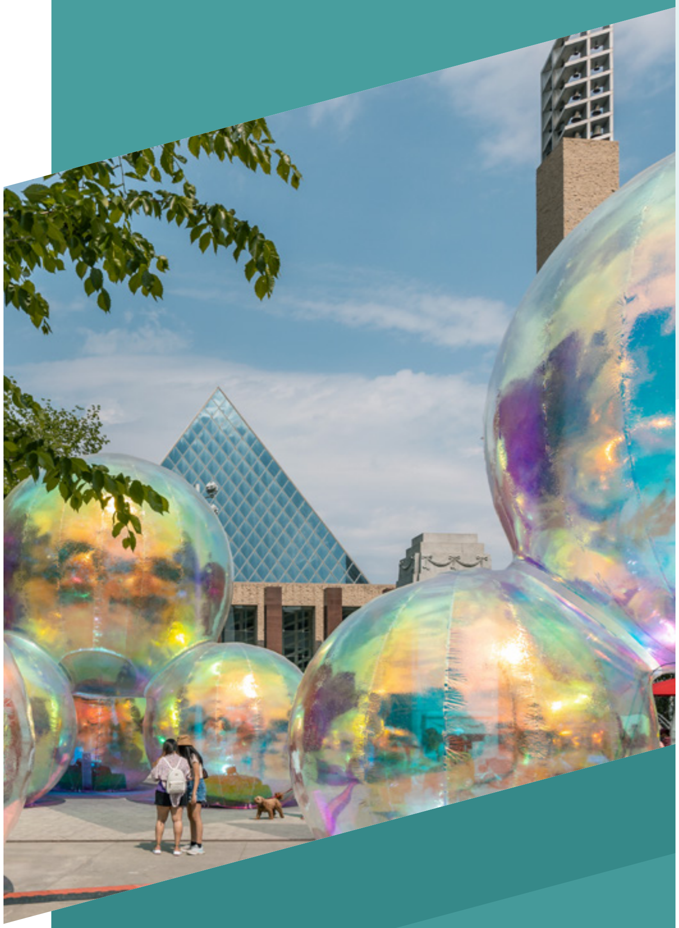
The Downtown Vibrancy Fund and Meet Me Downtown Grant, which committed a combined $6.5 million to support projects that increase vibrancy and improve safety by attracting people to live, work, play and visit the heart of our city.

The Clean City Initiative, which dedicated $2.5 million to increase services to clean and beautify downtown. This included garbage collection and removal, green space maintenance, graffiti clean up and litter pick up.

The Healthy Streets Operations Centre pilot, which invested $15.2 million to fund a multi-disciplinary community safety team in three neighbourhoods in the core to support businesses and residents, and to connect vulnerable residents to supports.

The Transit Safety Plan, which added additional Transit Peace Officers and Edmonton Police Service officers to transit spaces, and contributed to a 19 per cent decrease in drug related incidents and an increase in referral requests to shelter supports. Work also progressed on enhanced cleaning and system-wide security upgrades as part of the Alberta Transit System Cleanup Grant.

The City invested $10.3 billion in over 200 capital projects through the 2023–2026 capital budget. These projects directly employed more than 4,600 people from the Edmonton region.



Like cities across Canada, Edmonton faced a housing crisis, and the City of Edmonton responded by creating more affordable housing and housing support options for those experiencing homelessness:

The City invested $40.3 million in affordable and supportive housing to build 412 new homes and 172 units of supportive and transitional housing and renewed 1,955 older units.

To support options for veterans, the City provided land to Veterans' House Canada to build 40 supporting housing units.

The City created a new affordable housing tax grant to provide all affordable housing units owned or operated by non-profit organizations access to $27.0 million in funding. The grant offset $6.0 million in taxes for these properties in 2023.

The City also funded an Affordable Housing Investment Program, offering $16.7 million in affordable housing grants to help cover construction costs for apartments that provide below-market rents to youth, people with disabilities, Indigenous people and people experiencing homelessness.

Through the Neighbourhood Renewal Program, 23 kilometres of alleys (the length of 1,093 football fields) were renewed in 18 neighbourhoods across the city.

Edmonton was ranked first in Canada in the Canadian Home Builders' Association (CHBA) 2022 Municipal Benchmarking Study, which examines how local development processes, approvals and charges affect housing affordability and housing supply in major housing markets across the country.

The City also supported the community more broadly in 2023:

The Community Property Safety Team, which was made a permanent part of the Edmonton Fire Rescue Service. The team helps to secure vacant properties and prevent fires.

A new tax subclass for derelict residential properties in mature neighbourhoods. Edmonton is the first city in Canada to make a subclass specifically for derelict properties, as part of a larger effort to combat problem properties and encourage community vibrancy.

Lighthouse, a new way to help fight hate in Edmonton. The City developed the award-winning tool to identify and track hate symbols that appear in public places. The images captured are then stored, tracked and analysed.

Fifty-five local organizations were awarded $10.6 million through the Anti-racism Community Safety Funding Program. These funds were directed to community organizations to support local initiatives and activities that promote anti-racism approaches to community safety.

The Edmonton Edge Fund gave businesses, entrepreneurs and non-profit organizations access to $5.0 million in funding. It challenged organizations to transform Edmonton and gave opportunities for job creation and investment opportunities.

When our neighbours in Drayton Valley, Brazeau County, Edson and Yellowknife were evacuated due to wildfires, the City stepped up. Emergency Reception Centre staff registered 7,497 evacuees and 1,314 pets and provided meals, relief services and activities to evacuees.

PREPARING FOR THE FUTURE

Guided by The City Plan, the organization continued to lay the groundwork for welcoming a million more residents in the coming decades. The City finalized major bylaws, made strides on its response to climate change and advanced construction projects that will have a lasting impact on Edmonton.

City Council passed two historic new bylaws in 2023:

The new Zoning Bylaw which provides a new rulebook for development designed to support more housing everywhere, increase business opportunities and provide development flexibility.

The Single-use Item Reduction Bylaw placed restrictions on certain single-use items. It complements federal restrictions on certain types of single-use plastics like plastic shopping bags and styrofoam. The bylaw aims to reduce waste and litter in Edmonton and will support the City's environmental goals.

The City took significant steps to reduce emissions and become more resilient in the face of climate change:

The City was named Climate Action Leader of the 2023 Carbon Disclosure Project A List, as one of 119 cities around the world that are taking bold leadership on environmental action and transparency, despite the pressures of a challenging global economic situation.

The City brought its first hydrogen fuel-cell transit bus into service.

The City opened its first solar-powered, net-zero energy fire station.

In 2023, solar panel installations reduced greenhouse gas emissions by more than 650 tonnes of CO2e. 11 City facilities harnessed solar power.

In 2023, the City planted more than 180,000 trees, with a target of planting two million trees by 2031 as part of the City's goal of achieving 20 per cent canopy cover by 2071.

More than 180,000 trees and 50,000 shrubs were planted throughout the City this year.

Work continues on the Active Transportation Network implementation and on LRT expansion; both initiatives will add accessible, predictable and sustainable transportation options for residents.

The City continued to build and renew Edmonton in 2023, advancing construction on 88 transportation projects, 70 facility projects, 40 open space projects, 35 Neighbourhood Renewal projects and two LRT expansion projects. Of note, were:

The Yellowhead Trail Freeway Conversion, with work progressing around St. Albert Trail, Fort Road and 66 Street to transform one of the city's key roadways into a freeway with three lanes of free-flowing traffic in each direction.

The William Hawrelak Park Rehabilitation project, which began with repairs and replacement to critical deep utilities, and work on pavilions and park buildings.

Construction progressed on the Valley Line West LRT and the Capital Line South LRT extension. The first phase of the Metro Line Northwest LRT expansion into Blatchford was completed on budget and ahead of schedule.

The Lewis Farms Facility and Park Project saw construction begin in 2023. The facility features a 50-metre pool, twin arena, fitness centre and an Edmonton Public Library branch. Work also continued on the Coronation Park Sports and Recreation Centre, with the steel structure being erected, and work on roofing and underground utilities.

The Neighbourhood Renewal Program renewed more than 100 kilometres of residential roads and sidewalks and 23 kilometres of alleys in 18 neighbourhoods.

INTRODUCTION

> The City was named Climate Action Leader of the 2023 Carbon Disclosure Project A List, as one of 119 cities around the world that are taking bold leadership on environmental action and transparency, despite the pressures of a challenging global economic situation.

ECONOMIC PERFORMANCE

Robust population growth, driven by high net migration, buoyed the Edmonton and census metropolitan area (CMA) economies in 2023. However, the impact of an extended period of inflation and a dramatic rise in interest rates really materialized in the second half of the year with sluggish growth in retail sales, a softening labour market, and a delayed response to an influx of housing demand from new home construction.

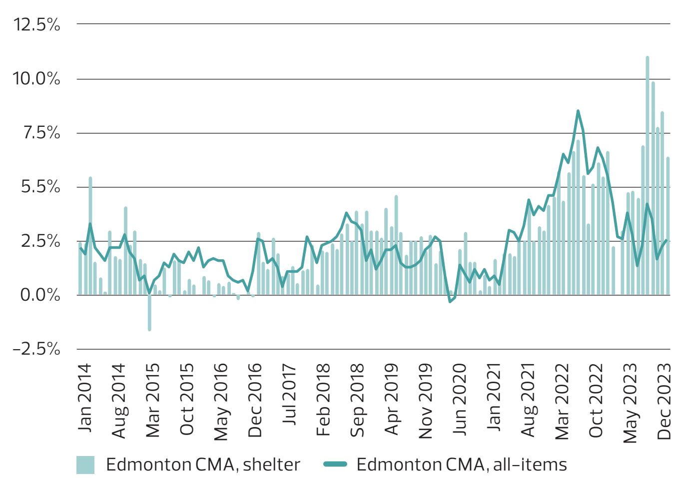
Edmonton's population was estimated to have grown 4.8 per cent in 2023, reaching 1,140,336 as of July 1, 2023. This growth marks its fastest pace since 2002. Between 2022 and 2023, Edmonton welcomed an estimated 52,533 new residents, a number that was more than 1.5 times its previous record since 2002. Edmonton's population growth between 2022 and 2023 was driven by a surge in net interprovincial and international migration.

INFLATION

Annual average inflation for 2022 (+6.3 per cent) was the highest observed in the Edmonton CMA in 40 years. Annualized inflation, though, started moderating by July 2022, and 2023 saw that trend continue. Edmonton CMA annualized inflation dropped below two per cent for the first time in over two years in June 2023. This helped to bring annual average inflation in the Edmonton CMA to 2.8 per cent in 2023, the slowest growth across the 16 CMAs tracked by Statistics Canada. Despite these improvements, there has not been any meaningful deflation across components of the Consumer Price Index (CPI) at the Edmonton CMA or provincial level relative to 2021, leaving households still managing elevated prices across almost all goods and services. Shelter price inflation, which includes rented and owned accommodation, along with utilities, was elevated in the Edmonton CMA for most months in 2023. Rented accommodation inflation, specifically, accelerated in the second half of 2023, whereas owned accommodation inflation was elevated throughout the year. Reflecting the pressures from a rapid surge in population, both owned and rented accommodation annualized inflation closed 2023 in excess of 6.5 per cent.

Annualized Consumer Inflation – Edmonton CMA

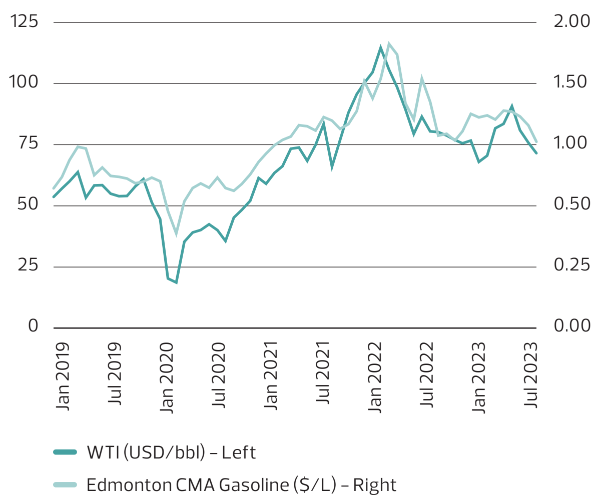
Source: Statistics Canada



Following 37 per cent price growth in 2022, West Texas Intermediate (WTI), the North American benchmark oil price, was lower than the previous year throughout 2023, leaving the annual average price for WTI 17 per cent below its 2022 average. This, combined with the pause in the provincial government's collection of its fuel tax and lower gasoline prices in the Edmonton CMA, contributed to easing pressures on headline consumer inflation over 2023.

Select Energy Commodity Prices

Sources: Bloomberg and Statistics Canada



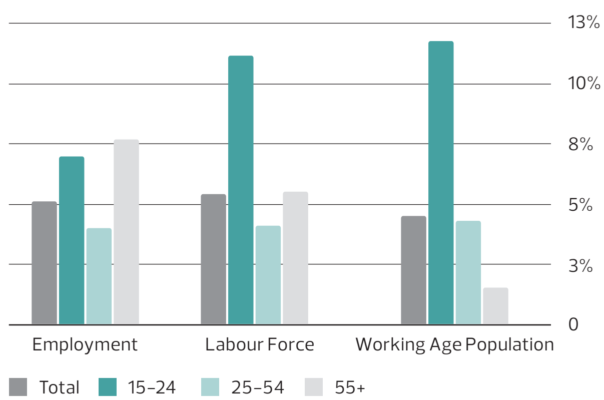
LABOUR MARKET

Overall, the Edmonton CMA labour market was encouragingly resilient in 2023. In the face of a population surge, Edmonton pushed its working age population growth by year-end to a rate that topped all other major centres in Canada. A large share of new job seekers found opportunities in the Edmonton CMA, despite headwinds to economic growth from elevated consumer inflation reducing household consumption and interest rates—higher than at any point in more than 20 years—weighing on business confidence. On an annual basis, Edmonton CMA labour force (+5.4 per cent) and employment (+5.1 per cent) growth moved closely together in 2023, leaving the unemployment rate (6.1 per cent) only slightly higher than 2022.

Employment gains in 2023 were driven by a 5.2 per cent increase in full-time employment, with gains across all broad age groups. Full-time employment growth was much stronger for men (+6.2 per cent) than women (+4.1 per cent) in 2023. Part-time employment also grew, though, in contrast to full-time employment, growth was almost entirely driven by women, as men's part-time employment levels were virtually unchanged in 2023. Across all age groups, labour force growth in the Edmonton CMA was stronger in 2023 compared to 2022. For the 15-24 year and 25-54 year age groups, labour force growth in 2023 moved closely with population growth. However, for the 55+ year age group, labour force growth in 2023 (+5.5 per cent) exceeded population growth (+1.5 per cent), reversing course from negative growth in 2022 but not to an extent that returned the 55+ participation rate to 2021 levels.

2023 Edmonton CMA Labour Market – Annual Change by Age Group

Source: Statistics Canada



Edmonton CMA annualized inflation dropped below 2% for the first time in over two years in June 2023.

Edmonton CMA employment growth was primarily driven by the services sector, which more than offset a contraction in goods sector employment in 2023. Goods sector employment weakened in 2023 and shed 3,200 people, which translates to a contraction of almost two per cent over 2022. This was largely due to construction employment, and likely reflecting softer activity in the sector in 2023. Services sector employment grew 7.0 per cent in 2023, with the transportation and warehousing (+18.3 per cent) and professional, scientific and technical services (+14.8 per cent) sectors seeing the strongest growth rates.

National and provincial labour markets both saw labour force growth outpacing employment growth in 2023, although only slightly as both rates tracked closely together. This resulted in the national and Alberta unemployment rates being virtually unchanged. In 2023, the national unemployment rate averaged 5.4 per cent. In Alberta, the unemployment rate averaged 5.9 per cent in 2023.

RESIDENTIAL CONSTRUCTION

Challenged by construction prices that climbed over 50 per cent since 2020 and buyers facing higher borrowing costs and strained household finances, residential construction in Edmonton was markedly weaker than the previous year for most of 2023. This was evident in both building permit values and housing starts. In 2023, the value of residential building permits issued in Edmonton was $1.9 billion, a contraction of about 24 per cent over 2022. Specific to new construction, the value of building permit values contracted about 28 per cent in 2023 over 2022, with double-digit contractions for all dwelling types except row units (-1.5 per cent). Including non-residential structures, the total value of building permits in Edmonton was $3.3 billion in 2023, 12 per cent lower than 2022. In contrast to residential building construction intentions, values for commercial and industrial building permits posted double-digit gains in 2023.

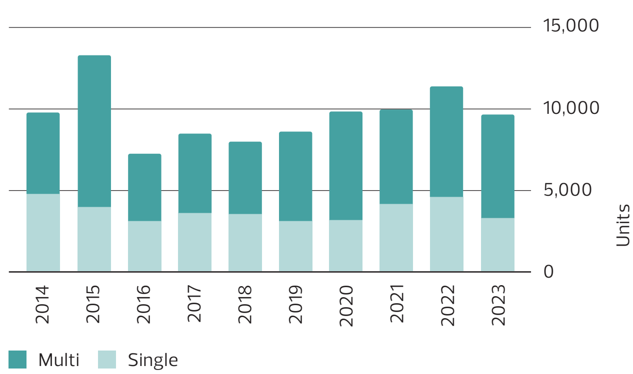
Edmonton's GDP is estimated to have grown 2.7% in 2023.

In the new home market, a decline of almost 30 per cent in single-family starts drove total starts in Edmonton down over 15 per cent in 2023, with only row housing seeing an increase in activity (+17 per cent). However, there was a surge in starts at the end of the year that softened the decline for the year as a whole. Potentially assisted by unseasonably warm weather, total housing starts versus the same month in 2022 were over 80 per cent higher in November 2023 and almost 125 per cent higher in December as they hit a monthly high for the year, a first for December going back to at least 1990. Starts for apartments led the surge, but all housing types (except semi-detached) saw starts in both November and December higher than the monthly averages over January to October 2023. Single-detached and apartment starts set monthly highs for the year in December 2023.

Housing Starts by Segment – Edmonton

Source: Canada Mortgage and Housing Corporation

Note: multi includes semi-detached, row, apartment and other dwelling types.



INTRODUCTION

Similar to developments in new home construction, the market for existing homes in the Greater Edmonton area was generally softer in 2023 compared to 2022, though sales activity picked up over the second half of the year. Multiple Listing Service® (MLS®) residential sales for 2023 in the Greater Edmonton area decreased 8.0 per cent year-over-year, while the number of new listings was 10.4 per cent lower. The MLS® Home Price Index composite benchmark price in the region averaged $370,100 in 2023, down almost 4.2 per cent from an average of $386,308 in 2022.

In Edmonton's rental market, conditions markedly tightened between October 2022 and 2023. According to the Canada Mortgage and Housing Corporation (CMHC), a combination of strong net migration, including a surge in temporary residents, and rising ownership costs were factors that lifted rental demand in Edmonton. The rise in rental demand more than offset a 3.8 per cent increase in purpose-built rental apartment supply between 2022 and 2023, which brought the vacancy rate in Edmonton below three per cent. The vacancy rate across all bedroom types for purpose-built rental apartments declined from 4.5 per cent in October 2022 to 2.6 per cent in October 2023. The average rental rate for a two-bedroom purpose-built rental apartment in Edmonton was $1,392 per month in October 2023, compared to $1,304 per month in October 2022. The CMHC's measure of the market movement in average rent for a two-bedroom purpose-built rental apartment was growth of 6.0 per cent in October 2023.

In Edmonton's rental market, conditions markedly tightened between October 2022 and 2023. According to the Canada Mortgage and Housing Corporation (CMHC), a combination of strong net migration, including a surge in temporary residents, and rising ownership costs were factors that lifted rental demand in Edmonton.

SUMMARY

Despite higher prices and interest rates weighing on the economy, Edmonton's economy continued to expand in 2023. Edmonton's real gross domestic product (GDP) is estimated to have grown 2.7 per cent in 2023. While price pressures continued to ease throughout 2023, household spending and business confidence are still being impacted by the current interest rate environment. This is expected to temper employment growth and moderate economic growth in 2024, despite continued support from an expanding population.

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

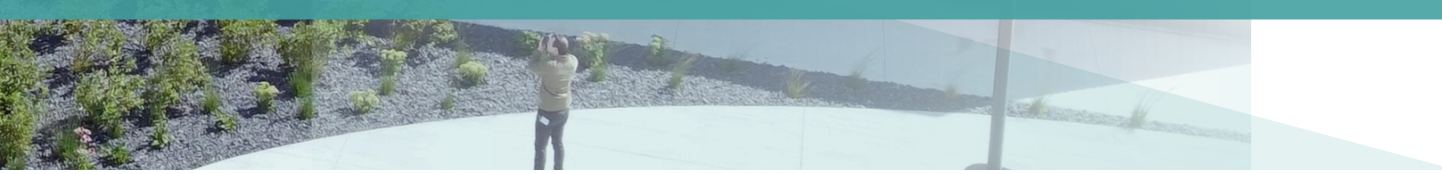
The Annual Report provides information regarding the use of financial resources entrusted to the City of Edmonton for the purpose of providing municipal services and infrastructure.

In addition to providing an overview of the City's 2023 financial performance and position, this report describes significant fiscal policies, strategies and plans related to financial control, accountability, long-term sustainability and risk management.

Included in the 2023 Annual Report are the City's consolidated financial statements and notes, which have been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS). KPMG LLP has audited the City's financial statements and provided an Independent Auditor's Report. The financial statements and auditor's report satisfy the legislative reporting requirement set out in the *Municipal Government Act* (MGA) of Alberta.

The following financial statement discussion and analysis, dated April 23, 2024, should be read in conjunction with the financial statements. Both have been prepared by and are the responsibility of the Management of the City of Edmonton. A section for the Task Force on Climate-related Financial Disclosures has been included as well as the five-year statistical review of key information.

The total amount of energy used by the Windermere Fire Station will be equal to the amount of renewable energy created by the site.



FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

NEW ACCOUNTING STANDARDS

Effective January 1, 2023, The City adopted the new accounting standards PS1201, *Financial Statement Presentation, PS3450, Financial Instruments, PS2601, Foreign Currency Translation* and PS 3041, *Portfolio Investments*.

These standards were applied prospectively with no adjustments made to comparative figures. The significant changes for the City resulting from these standards are:

The introduction of a new Consolidated Statement of Remeasurement of Gains and Losses. This new statement includes unrealized gains and losses arising from the fair value measurement of certain financial instruments as well as the City's proportionate share of other comprehensive income that arises when the City includes the results of its subsidiary operations in EPCOR on a modified equity basis.

The measurement of certain items within the City's portfolio investments changed from cost to fair value, and

Derivative instruments for foreign exchange forward contracts and fuel price hedge contracts are recognized in the financial statements at fair value.

These new standards impacted the City's financial results on January 1, 2023, by:

Recognizing the fair value of derivative assets of $8.1 million that resulted in an unrealized gain in the opening balance of remeasurement gains and loss and opening Accumulated Surplus,

Recording equity portfolio investments at fair value that resulted in an unrealized gain of $54.1 million in the opening balance of remeasurement gains and losses and opening Accumulated Surplus, and

Reclassifying the City's proportionate share of accumulated other comprehensive income, from its subsidiary operation in EPCOR, of $145.4 million from Accumulated Operating Surplus to the opening balance of Remeasurement of Gains and Losses in the Consolidated Statement.

Effective January 1, 2023, the City adopted the new accounting standard PS3280, *Asset Retirement Obligations (ARO)*, using the modified retroactive approach, therefore prior year comparative figures were restated. Under PS3280, the City recognized its best estimate of asset retirement obligations associated with post-retirement maintenance and monitoring costs of the City's buildings and equipment. Solid waste landfill closure and post-closure liabilities, previously recognized separately, are now included within the Asset Retirement Obligations on the Consolidated Statement of Financial Position.

This new standard restated December 31, 2022, results as follows:

Recognized Asset Retirement Obligations of $146.3 million and increased Tangible Capital Assets by $2.1 million,

Adjusted the ending balance of Accumulated Surplus downward by $144.2 million,

Reclassified the existing liability of $51.3 million for landfill closure and post-closure care to Asset Retirement Obligation, and

Increased expenses by $18.5 million.

Further information regarding these new accounting standards are detailed in Note 1t in the City's financial statements.

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

2023 FINANCIAL HIGHLIGHTS

The City has a multi-year budget policy in which operating budgets are developed and approved for a four-year period. The 2023-2026 Operating Budget was originally passed in December of 2022.

The multi-year budget process provides adjustments to the four-year budget on a semi-annual basis, in the spring and in the fall. Operating budget information for 2023 is consistent with the amounts approved by City Council (Council) in April 2024 with the passing of Bylaw 20443 - 2023 Property Tax and Supplementary Property Tax Bylaw.

The City ended the year with a $40.6 million deficit (1.1 per cent of budgeted tax-supported expenses) for general government (tax-supported) operations relative to the operating budget. The deficit is primarily the result of higher-than-anticipated salary settlements, decreased transit fare revenue due to changing purchasing behaviours and travel patterns, reduced ATCO Gas Franchise fees resulting from lowered customer rates and milder weather, and increased expenses for fleet and facility services contractors and materials. These were partially offset by increased membership and admissions revenue driven by strong demand for recreational and attraction facilities and lower-than-forecasted costs for snow and ice programs due to decreased snowfall in the last quarter of the year.

In 2023, a new four-year budget cycle commenced. Throughout the previous cycle, efforts were made to keep taxes low, with one year even seeing a 0.3 per cent tax decrease. While this measure was vital to support Edmontonians during the pandemic, it fell short in covering inflationary pressures and meeting the needs of a growing population. Consequently, Council approved a 4.96 per cent tax increase in 2023, positioning it within the middle range of tax increases among major Canadian municipalities. This increase enabled the City to sustain and enhance core services, alongside advancing the capital plan. Key projects such as LRT expansion, the Yellowhead Trail Freeway Conversion, and the Lewis Farms Recreation Centre benefited from this budget allocation.

With an overall accumulated surplus of $17,993.7 million, the City's financial position remains strong and resilient. The City will continue to monitor its financial performance and will implement strategies to address growth and increased service demand through the multi-year budget process. These areas are expanded upon in the Long-Term Sustainability section of this discussion.

FINANCIAL POSITION

Consolidated Statement of Financial Position
(millions of $)

	2023	2022 Restated*	2021	2020	2019
Financial Assets	$ 8,873.7	$ 8,511.1	$ 8,093.8	$ 7,527.5	$ 7,284.0
Liabilities	6,041.7	5,804.0	5,370.8	5,027.5	4,796.5
Net Financial Assets	$ 2,832.0	$ 2,707.1	$ 2,723.0	$ 2,500.0	$ 2,487.5
Non-Financial Assets	15,161.7	14,443.7	13,839.1	13,272.9	12,441.0
Accumulated Surplus	**$ 17,993.7**	**$ 17,150.8**	**$ 16,562.1**	**$ 15,772.9**	**$ 14,928.5**

* Effective January 1, 2023, the City adopted the new accounting standard PS3280, Asset Retirement Obligations, using the modified retroactive approach with restatement of 2022 prior year comparatives. Amounts before 2021 are not restated.

The City ended the year with **net financial assets** of $2,832.0 million, an increase of $124.9 million, or 4.6 per cent, compared to 2022 restated balance. The primary components of the net financial asset balance are the City's investment of $4,791.7 million in the EPCOR subsidiary, investments of $2,443.8 million, net of long-term debt of $4,167.5 million, and accounts payable and accrued liabilities of $1,147.8 million.

The City's **non-financial assets** at the end of 2023 were $15,161.7 million, an overall increase of $718.0 million, compared to 2022. Non-financial assets consist primarily of tangible capital assets such as roadways, buildings, land and light rail transit that are carried at $15,068.9 million. The City's non-financial assets have grown over the last five years due to continued investments in infrastructure; these investments include the construction of new infrastructure to meet the needs of a growing population and repairs to existing infrastructure to maintain the service standards that Edmontonians expect. The ability to build and maintain infrastructure assets ensures that the City of Edmonton is able to deliver services and programs that Edmontonians rely on every day, while also attracting new residents to live and do business here.

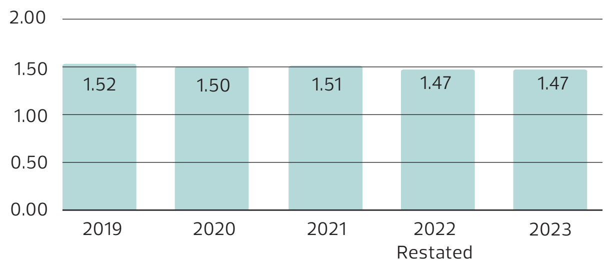
Accumulated surplus is an indicator of the City's overall financial viability that reflects the net economic resources the City has built up over time. The City ended 2023 with a total accumulated surplus of $17,993.7 million, an increase of 4.9 per cent compared to the prior year. This surplus includes the City's equity in tangible capital assets, the City's investments including its investment in the EPCOR subsidiary and Ed Tel Endowment Fund, and a number of reserves, including the Financial Stabilization Reserve. The City maintains a stable accumulated surplus balance due to its continued investments in Edmonton's infrastructure, its growing investment in EPCOR and robust reserve management.

Refer to the Statistical Review section of the annual financial report for additional trending and other statistical data.

The significant balances and changes in financial position are discussed in the following sections.

FINANCIAL ASSETS

Financial Assets to Liabilities



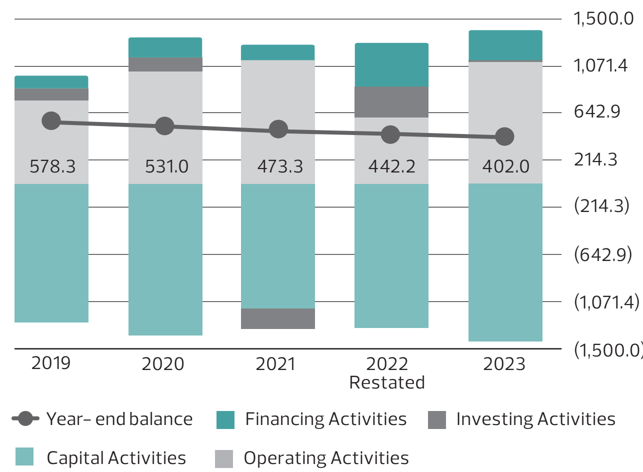
The financial assets-to-liabilities ratio is used to assess the sustainability of the City's financial position. A ratio lower than one indicates that future revenues will be required to pay for past transactions and events. A result higher than one indicates the City currently holds sufficient financial resources to meet its financial obligations. The City's financial assets-to-liabilities ratio over the past five years has remained stable, ranging from 1.47 to 1.52. The ratio has decreased slightly over 2022 and 2023 due to the recognition of the asset retirement obligations.

CASH

The City's cash position includes both cash and cash equivalents such as banker's acceptances, treasury bills and commercial paper, which is used to ensure that sufficent cash and liquid assets are available to manage the timing of payments for the City's operating, capital, investing and financing activities. In 2023, the City's cash position decreased to $402.0 million from $442.2 million in 2022, an overall decrease of $40.2 million, or 9.1 per cent.

The Consolidated Statement of Cash Flows summarizes the sources and uses of cash by the City in 2023. During the year the City cash balance decreased due to capital activities of $1,435.1 million, mainly due to the acquisition of tangible capital assets, and a net increase in portfolio investments of $170.7 million. This was partially offset due to cash raised of $1,104.1 million from operations, $276.5 million through financing activities, largely due to net debenture borrowings to finance capital, and $185.0 million from an EPCOR dividend. Generally, the cash balance has trended downwards over the last five years due to increased capital investment activities to fund the increased infrastructure required to support a growing City. The City still maintains a healthy financial assets to liabilities ratio, a robust accumulated surplus, and monitors its working capital requirements to ensure sufficient cash funds are on hand to manage expenditures.

Cash Flow (millions of $)



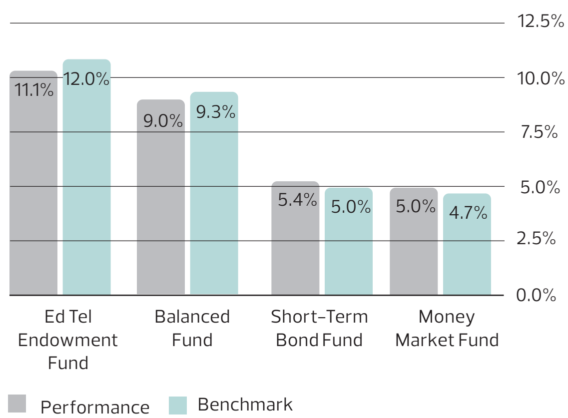
RECEIVABLES

The 2023 receivables balance of $982.5 million decreased by $29.0 million, or 2.9 per cent, from the prior year balance of $1,011.5 million. The majority of the decrease in government transfers receivables of $146.6 million resulted primarily from the receipt of funding through the Investing in Canada Infrastructure Program during the year, which was used for LRT construction, and Provincial Municipal Sustainability Initiative funding which was received in the current year. This is partially offset by an increase in Trade Receivables of $46.8 million mainly due to amounts owing from EPCOR Water Services Inc. for cost sharing pertaining to the Valley Line West work and the wildfire response reimbursement, and an increase in GST receivable of $53.8 million mainly due to higher GST receivable related to the Valley Line Southeast project.

PORTFOLIO INVESTMENTS

All investments held by the City must comply with the *Municipal Investment Regulation* (MGA) and the City's internal investment policy. The objective of the Council-approved investment policy, as overseen by the Investment Committee, is to preserve the principal investment amount and maximize investment returns within an acceptable and prudent level of risk. Asset mix is determined based on investment earnings objectives, investment time horizon and level of risk tolerance.

2023 Performance vs. Benchmark



Included in investments of $2,443.8 million are Canadian, international and global equities, fixed income, and private pooled funds, which includes real estate funds and other investments. The majority of these investments are held within the Money Market Fund, Short-Term Bond Fund, Balanced Fund and Ed Tel Endowment Fund.

The Money Market Fund ensures that sufficient cash and liquid assets are available to cover the City's short-term obligations. As such, the fund is solely invested in money market securities with time horizons of one year or less, depending on the City's forecast of commitments.

The Short-Term Bond Fund is an investment vehicle for working capital that is not currently needed to fund City operations but will be needed in less than five years. Therefore, the fund holds fixed income securities with an investment horizon of less than five years.

The Balanced Fund is a long-term investment vehicle to fund operating and capital reserve funds, deferred revenue accounts and other similar funds. Because it has a longer-term investment horizon, the risk tolerance of this fund permits owning some equities.

The largest of the City investment funds is the Ed Tel Endowment Fund. It was established in 1995 with the sale of the City's municipally owned telephone company, Edmonton Telephones, to the TELUS Corporation for $465.0 million. Council directed Administration to establish the Ed Tel Endowment Fund to hold the financial assets generated from this sale and to ensure Edmonton's long-term financial stability. The Ed Tel Endowment fund provides a source of income in perpetuity while ensuring that the real purchasing power of the original investment is maintained. Similar to the Balanced Fund, the Ed Tel Endowment Fund has a longer-term investment horizon and a level of risk tolerance that permits owning equities. City Bylaw 11713 establishes the formula under which earnings from this fund can be applied to fund City operations.

Since 1995, the Ed Tel Endowment fund has contributed a total of $1,013.7 million to the City in the form of annual dividends. In 2023, the fund contributed $44.7 million in dividends to the City. The fund ended the year with a market value of $936.5 million.

Performance of the City's investment funds ranged from 5.0 per cent (Money Market Fund) to 11.1 per cent (Ed Tel Endowment Fund), reflecting each fund's asset mix.

Overall, in terms of general market conditions, global equities grew 23.5 per cent for the year, and U.S. equities gained 26.3 per cent. Canadian equities were up 11.8 per cent as oil prices decreased 11.0 per cent during the year. The Canadian dollar appreciated 2.3 per cent against the U.S. dollar.

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

The Emergency Response Support Team responded to 57 calls for service, supporting 1,603 displaced persons requiring temporary emergency accommodations and 316 people requiring emergency assistance and temporary shelter.

Finally, Canadian fixed income securities went up 6.7 per cent for the year.

As a result, the Ed Tel Endowment Fund and Balanced Fund, both of which are invested in a mix of fixed income and equity markets in accordance with the City's investment policy, saw returns of 11.1 per cent and 9.0 per cent, respectively. Conversely, the Money Market Fund and Short-Term Bond Fund, which are invested solely in less volatile fixed income securities, had returns of 5.0 per cent and 5.4 per cent, respectively. Overall, the market value of the City's investment portfolio at year-end was $2,430.5 million, which includes unrealized gains of $63.6 million.

More detailed information about the investment performance and benchmarks is available in the 2023 Investment Committee Annual Report on the City of Edmonton's website.

Additional investments are managed for trust assets under Administration's control, including City-sponsored pension plans and a long-term disability benefit plan funded by employees. Consistent with Public Sector Accounting Standards, trust assets that are not owned by the City are excluded from the reporting entity. Note 25 to the financial statements provides summary disclosures with respect to trust assets under City administration.

INVESTMENT IN EPCOR

EPCOR builds, owns and operates electrical, natural gas and water transmission and distribution networks, as well as water and wastewater treatment facilities, sanitary and stormwater systems, and related infrastructure. EPCOR also provides electricity, natural gas and water products and services to residential and commercial customers.

The City applies a modified equity method of accounting and reporting for EPCOR, a wholly owned subsidiary, as a government business enterprise. EPCOR's management has prepared their 2023 consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). EPCOR's accounting principles are not adjusted to conform to those used by the City as a local government; therefore, inter-organizational transactions and balances are not eliminated.

In 2023, the City's investment in EPCOR increased to $4,791.7 million from $4,561.7 million in 2022, a net increase of $230.0 million, or 5.0 per cent. The net increase is due to EPCOR's reported net income of $361.3 million for 2023 and $60.5 million of tangible capital assets contributed to EPCOR by the City. This is offset by other comprehensive loss of $3.6 million, $3.2 million in amortization of contributed assets and a dividend of $185.0 million paid to the City. Summary financial information for EPCOR is included in Note 23 to the financial statements.

Additional details on EPCOR's strategies, financial performance and health, and significant events that occurred in 2023 are discussed in EPCOR's annual reporting for 2023, which is available on the company's website.

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

LIABILITIES

PROMISSORY NOTES

The City has the ability to issue promissory notes for a term of one year or less, to a maximum of $250.0 million to manage cash flow requirements. As at December 31, 2023, the City has four promissory notes totalling $50.0 million with a discounted value of $49.4 million with maturity dates ranging from March 8 to 15, 2024.

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities include the categories of trade, developer obligations, payroll and remittances, and accrued interest amounts owing. The balance of $1,147.8 million at year end decreased over the prior year balance of $1,180.7 million by $32.9 million, or 2.8 per cent.

Trade payables reflected a net decrease of $106.4 million over prior year largely due to the completion of the Valley Line Southeast LRT and the substantial completion payment to TransEd (P3 partner). This is partially offset by increased trade payables related to capital infrastructure projects in the first year of the capital budget cycle.

Payroll and remittance liabilities increased by $51.4 million over the prior year mainly due to approved mandates, arbitrated settlements and the timing of the payroll period for 2023.

Developer obligations increased by $14.8 million over the prior year mainly due to an increase in development construction in 2023.

Information on the composition of the accounts payable and accrued liability balance is provided in Note 10 to the financial statements.

DEFERRED REVENUE

Deferred revenue is largely made up of government transfers provided to fund operating and capital expenditures. The use of these revenues is externally restricted until they are used for the purposes intended. The deferred revenue balance of $214.2 million decreased by $26.3 million, or 10.9 per cent, from the prior year's balance of $240.5 million. The decrease is mainly due to the Municipal Sustainability Initiative grant program, where funds received in advance of project expenditures in 2022 were fully recognized by the end of 2023. This is partially offset by deferred Rapid Housing Initiative funding, which is a federal funding program administered by the Canada Mortgage and Housing Corporation (CMHC) to rapidly create affordable housing for vulnerable populations. Additional details about balances and changes in deferred revenue are included in Note 11 to the financial statements.

ASSET RETIREMENT OBLIGATIONS

Asset retirement obligations were identified upon the implementation of the new accounting standard PS3280, *Asset Retirement Obligations (ARO)*. The City has recorded a liability of $203.9 million as of December 31, 2023, representing the estimated obligation primarily related to the removal of asbestos in its buildings at retirement, landfill closure and post-closure care costs from its Clover Bar and Rundle Park landfill sites, and storage tanks. The obligation increased $6.3 million from the restated 2022 balance of $197.6 million, as a result of a change in estimate of $15.2 million, accretion during the year of $3.5 million and new liabilities incurred of $0.4 million. These increases were partially offset by settlements of the obligation during the year of $12.8 million. The change in estimate was largely due to revisions in the Clover Bar landfill post-closure liability. Further information on the new asset retirement obligation is included in Note 13 to the financial statements.

LONG-TERM DEBT

The City of Edmonton Charter Regulation AR 39/2018 allows the City to establish its own debt limits provided the City obtains an external credit rating and develops a Council-approved debt policy. The City obtains a credit rating annually from Standard and Poor's and uses debt to finance capital expenditures under the principles and limits established by the *City's Debt Management Fiscal Policy (DMFP), (City Policy C203D)*. The DMFP supports the City's long-term capital plans and strategies while maintaining long-term financial affordability, flexibility and sustainability.

The City limits tax-supported debt servicing to 18.0 per cent of tax-supported net expenditures and total debt servicing to 21.0 per cent of City revenue. Total debt servicing is permitted up to 26.0 per cent of City revenue for emergency purposes.

The City has three main types of long-term debt obligations: tax-supported debt funded by tax levy, self-supporting tax-guaranteed debt funded through dedicated non-tax levy revenues and self-liquidating debt funded through programs that are self-sustaining, such as the Waste Services Utility, Blatchford Redevelopment and local improvements. As self-supporting tax-guaranteed debt is guaranteed by the tax levy, it is classified as tax-supported debt. Tax-supported debt also includes the City's long-term obligation related to its public-private partnership (P3) with TransEd for the construction of the Valley Line Southeast LRT (P3 term debt).

The City's policies and strategies with respect to debt management are documented in a debt discussion paper that is available on the City of Edmonton's website. The discussion paper comments on the City's use of debt financing to optimize resources dedicated to the acquisition, creation and rehabilitation of infrastructure.

The City borrows through the Government of Alberta's department of Treasury Board and Finance, using rates available to large municipalities in the bond market to determine the City's cost of borrowing.

Interest rates are established at the time of borrowing and remain constant throughout the term of the debenture, eliminating the risk associated with fluctuating interest rates. Repayments are made annually or semi-annually.

The following rates were applicable for new borrowing during the year:

Borrowing Terms and Interest Rates

Term	Interest Rates
5 years	4.30%
10 years	4.34% to 5.17%
15 years	4.34%
20 years	4.74% to 5.38%
25 years	4.84% to 5.43%

The City's net long-term debt was $4,167.5 million on December 31, 2023, an increase of $227.2 million, or 5.8 per cent, compared to the 2022 balance. Long-term debt consists of debentures, mortgages and P3 term debt. The gross amount of debentures, mortgages payable and P3 term debt of $4,626.7 million is offset by $459.2 million in amounts receivable from EPCOR. The amounts receivable from EPCOR are for debentures issued in the name of the City on behalf of EPCOR relating to the Gold Bar Wastewater Treatment Facility, transferred to EPCOR in 2009, and the Drainage Utility, transferred to EPCOR in 2017.

Debt Schedule
(millions of $)

	Tax-Supported	Self-Liquidating	**Total Debt (net)**
Opening	$ 3,452.6	$ 487.7	**$ 3,940.3**
Borrowings	404.9	97.3	**502.2**
Increase in P3 term debt	10.7		**10.7**
Principal Payments	(248.0)	(37.7)	**(285.7)**
Ending	**$ 3,620.2**	**$ 547.3**	**$ 4,167.5**

Of the total net long-term debt of $4,167.5 million, $3,620.2 million is tax-supported and $547.3 million is self-liquidating. Tax-supported debt includes $472.8 million of P3 term debt related to the portion of deferred capital costs owing to TransEd from 2023 to 2050 for the construction of the Valley Line Southeast LRT. The P3 term debt is based on 100 per cent project completion as of December 31, 2023.

During the year, the City added a total of $502.2 million through new debenture borrowings and mortgages; $404.9 million is considered tax-supported and $97.3 million is considered self-liquidating. Tax-supported debt was borrowed to finance various capital projects, including the Valley Line, Metro Line and Capital Line LRT construction ($135.2 million), Yellowhead Trail Freeway Conversion ($70.7 million), Terwillegar Drive Expressway ($19.0 million), Lewis Farms and Coronation Community Recreation Centres ($89.3 million) and continued progression of Downtown and Quarters Community Revitalization Levy funded projects ($26.9 million). Self-liquidating borrowings during the year include $80.9 million for Non-Profit Housing Corporation, $12.4 million related to local improvement projects and $4.0 million for the Clean Energy Improvement Program.

Debt principal repayments of $285.7 million were made during the year, comprising of $248.0 million for tax-supported debt (including $77.2 million of P3 term debt) and $37.7 million for self-liquidating debt.

The City's DMFP sets limits more restrictive than those legislated in the MGA, limiting the City's total debt servicing to 21.0 per cent of City revenues and up to a maximum of 26.0 per cent of City revenues for emergency purposes, compared to the MGA limit of 35.0 per cent. City revenues are consolidated annual revenues net of capital government transfers and developer contributed tangible capital assets. The DMFP further restricts the use of debt for tax-supported debt servicing to 18.0 per cent of tax-supported net expenditures.

Construction progressed on the Valley Line West LRT and the Capital Line South LRT extension. The first phase of the Metro Line Northwest LRT expansion into Blatchford was completed on budget and ahead of schedule.

Debt Service Limits – DMFP*
(millions of $)

	2023	2022	2021	2020	2019
Total debt servicing limit (26%)	**$ 871.2**	$ 799.0	$ 777.2	$ 761.4	$ 759.3
Debt servicing limit	**$ 425.0**	$ 341.9	$ 289.1	$ 291.8	$ 283.2
Percentage used (%)	**48.8**	42.8	37.2	38.3	37.3
Total debt servicing limit (21%)	**$ 703.7**	$ 645.3	$ 627.7	$ 615.0	$ 613.3
Debt servicing limit	**$ 425.0**	$ 341.9	$ 289.1	$ 291.8	$ 283.2
Percentage used (%)	**60.4**	53.0	46.1	47.5	46.2
Tax-supported debt servicing limit (18%)	**$ 481.7**	$ 446.1	$ 406.5	$ 397.3	$ 414.9
Tax-supported debt servicing	**$ 369.8**	$ 268.8	$ 238.5	$ 242.2	$ 233.2
Percentage used (%)	**76.8**	60.3	58.7	61.0	56.2

* The limits outlined in the table above for 2019 to 2021 comparatives have been restated from previous year's reporting to reflect the revised City Policy C203D Debt Management Fiscal Policy and 2022 has been restated related to the adoption of the new accounting standards.

NON-FINANCIAL ASSETS

TANGIBLE CAPITAL ASSETS

Tangible capital assets are managed and held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for development, construction, maintenance or repair of other tangible capital assets. The assets are not for sale in the ordinary course of operations and their economic lives extend beyond a year.

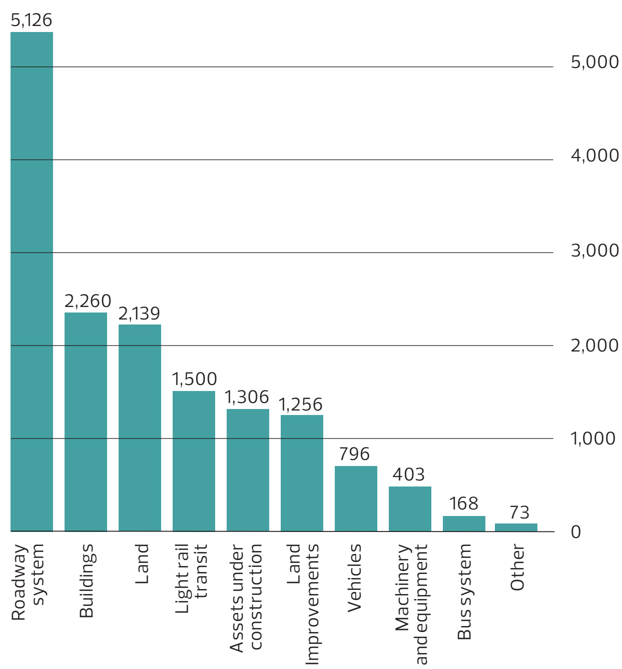
Tangible capital assets of $15,068.9 million have increased by 5.0 per cent compared to the 2022 balance of $14,352.7 million. The net increase of $716.2 million is a result of acquisitions of tangible capital assets of $1,432.1 million and contributed tangible capital assets of $80.5 million. This increase was partially offset by annual amortization of $661.0 million, and disposals and transfers of assets with a net book value of $135.4 million.

Tangible capital assets placed in service were primarily in the asset categories of roadways, light rail transit, and buildings. Schedule 1 – Consolidated Schedule of Tangible Capital Assets to the financial statements provides a continuity schedule for the asset cost and related accumulated amortization for each significant asset type.

The City was awarded the Educational Achievement Award from the 2023 Transportation Association of Canada (TAC) Technical Achievement Award for the innovative Electric and Hydrogen Vehicle Expo.

During 2023, the first year of the 2023-2026 capital budget, spending focused on key growth projects and infrastructure maintenance. The capital additions and contributions of $1,512.6 million in 2023, compared to $1,397.2 million in 2022, reflect the City's continued commitment to investing in infrastructure to accommodate both growth and renewal. Capital additions are higher due to the expansion of Terwillegar Drive, Valley Line Southeast and West LRT construction, Capital Line LRT, upgrades to the Coronation Community Recreation Centre and numerous neighbourhood renewal projects. The City also made progress on significant capital projects such as Yellowhead Trail Freeway Conversion, William Hawrelak Park Rehabilitation, Edmonton EXPO Centre Rehabilitation and Lewis Farms Community Recreation Centre and Library. Roadways continue to be the largest asset category with a net book value of $5,126.0 million. These are followed by buildings and land with net book values of $2,260.2 million and $2,139.4 million, respectively.

Net Book Value of Tangible Capital Assets by Category (millions of $)



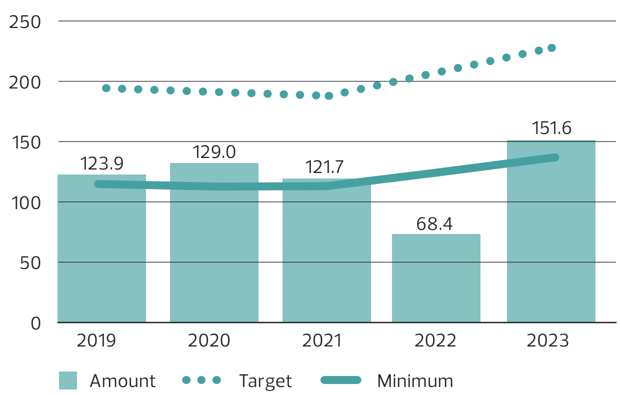
RESERVES

The City's reserve policy, C217E, Reserve and Equity Accounts, directs the establishment of and processes related to reserves. Establishing reserves and transferring funds to and from reserves requires Council's approval.

In accordance with City Policy C217E, the City completed a review of reserves in 2021. This review is completed at minimum once every three years and ensures that City reserves continue to support the City's financial goals and serve the highest priority needs of the City and its residents. The reserve policy and balances are monitored on an ongoing basis with the next formal review planned for 2024.

A schedule of reserves has been provided in Note 18 to the financial statements. The reserve balance of $1,060.2 million at the end of 2023, increased by $67.1 million over the prior year balance of $993.1 million.

Financial Stabilization Reserve
(millions of $)



The Financial Stabilization Reserve (FSR) was established in 1997 to provide flexibility in addressing financial risks associated with revenue instability and emergent financial issues, and to ensure the orderly provision of services to residents. The appropriated balance of the reserve represents funds that have been set aside by Council to fund future commitments. The unappropriated balance of the FSR is uncommitted and provides the City with flexibility to address significant emergent financial issues. The reserve is not intended to be used to stabilize future tax rate increases. City policy establishes that the FSR must have a minimum balance of 5.0 per cent with a target balance of 8.3 per cent of current general government expenses (excluding non-cash amortization and gain/loss on sale of tangible capital assets). Any annual general government surplus would be applied to the reserve in the subsequent year. Any annual tax-supported deficit would draw on the reserve.

City Policy C629, Financial Stabilization Reserve, requires that a risk-based review of the unappropriated FSR be completed every three years to ensure the sufficiency of the minimum and target percentages. Administration conducted a risk-based review of the unappropriated FSR balance in 2021 and confirmed that the respective minimum and target balances of 5.0 per cent and 8.3 per cent of current general government expenses (excluding non-cash amortization and gain/loss on sale of tangible capital assets) were appropriate.

As of December 31, 2023, the unappropriated FSR balance is $151.6 million. During the year, the general government surplus from 2022 of $81.6 million was transferred to the reserve, of which $20.8 million was appropriated within the FSR to provide funding in 2023 for projects and initiatives not completed in 2022. During 2023 City Council approved the use of $5.5 million from the unappropriated FSR to fund priority initiatives over 2023 to 2026 on a one-time basis. Additionally, $24.6 million in funding for projects previously appropriated in the FSR was released back to the unappropriated FSR as it was determined that the funding was no longer required. As a result, the reserve ended the year with a balance of $151.6 million as at December 31, 2023. However, after considering the tax-supported deficit of $40.6 million, other uses of the FSR to fund Council approved priorities in 2024 of $6.0 million, and Council approved operating budget carry-forwards of $25.8 million, the projected unappropriated FSR balance in 2024 is $79.2 million. This is $54.6 million below the required minimum balance of $133.8 million.

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

In accordance with City Policy, in the event the unappropriated FSR balance falls below the minimum, a strategy will be adopted to achieve the minimum balance over a period not to exceed three years, starting with the subsequent year's operating budget. Council will need to approve a strategy in 2024 in order to restore the FSR back to the minimum balance over a period not exceeding three years, starting in 2025. If required, this strategy will be approved through the Fall 2024 Supplemental Operating Budget Adjustment process in November/December 2024.

As of December 31, 2023, the appropriated FSR balance is $100.0 million, which is a decrease of $92.4 million from the 2022 balance of $192.4 million. During 2023, the balance decreased as $97.6 million was used to fund approved items and $24.6 million was released back to the unappropriated FSR as the funding was no longer required. The balance increased as $26.2 million was transferred into the appropriated FSR to fund specific projects and $3.6 million was allocated for future uses.

The **Community Safety and Well-Being (CSWB) Reserve** was approved by Council on September 12, 2023. The purpose of this reserve is to advance seven Council-approved pillars of action to address the root causes of complex social challenges. With the creation of this reserve, any unspent community safety and wellbeing funds can be retained and applied to support future funding requirements in alignment with the CSWB Strategy. At the end of 2023, the reserve balance was $10.2 million.

The **Tax-Supported Debt Reserve** is used to accommodate timing differences between debt servicing requirements and receipt of taxes to pay for the debt. A minimum balance of $1.0 million is to be maintained and any unappropriated balance above this is made available to stabilize debt servicing costs within a year or to fund capital on a pay-as-you-go basis. The minimum balance is to be used to manage any interest rate or cash flow fluctuations. The balance of the reserve decreased to its minimum of $1.0 million from its prior year balance of $14.5 million, largely due to the use of funds from the reserve to offset debt servicing costs during 2023.

The **Sanitary Servicing Strategy Fund (SSSF) Reserve** ended the year with a balance of $103.4 million, an increase of $32.8 million from 2022. The increase is due to revisions in the sanitary sewer trunk lines construction plan as the program undergoes a review. The reserve also earned interest income during the year due to the increased balance and higher than expected interest rates.

The **LRT Reserve** ended the year with a balance of $151.6 million, an increase of $36.8 million from 2022. The balance increased as the Valley Line Southeast opened in November 2023, which was later in the year than planned; this reduced the P3 debt payment requirements in 2023 that were to be funded with the reserve.

The **Traffic Safety and Automated Enforcement Reserve** closed 2023 with a balance of $10.5 million, marking a $9.6 million increase from 2022. Established on November 26, 2014, under City Policy C579B, this reserve aims to accumulate surpluses (and cover shortfalls) arising from the variability of photo enforcement revenues. It transparently outlines budgeted allocations for programs funded from the reserve in line with policy guidelines. The increase in the reserve during the year is largely due to higher than anticipated revenues due to higher incidents of speed violations and average fines per ticket, as well as a reduction in initiatives funded from the reserve in order to maintain a sustainable reserve balance over the long term.

The City maintains reserves that are used to accommodate differences between expenses and related funding sources. As of December 31, 2023, the City had six reserves that were in deficit balances. These include the Interim Financing, Community Revitalization Levy (Capital City Downtown, Belvedere and Quarters), Brownfield Redevelopment and Edmonton Police Service Reserves. In accordance with City Policy C217E Reserve and Equity Accounts, reserves that are expected to have deficit balances will only be established if future funding to offset the deficit balance has been identified at the time of the reserve's creation.

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

A **Community Revitalization Levy (CRL)** is a provincially legislated financing tool that provides up to 20 years of stable funding for public infrastructure investments in the approved redevelopment areas. Within each CRL area, a baseline property assessment is established in the year that the plan is approved. Subsequent increases in property tax revenue above the baseline (both municipal and equivalent provincial school taxes) that result from new development and property value growth make up the CRL revenue. The CRL funds are dedicated to CRL plan projects within the CRL area. There is a timing difference between project expenses and CRL revenue generation. In each of the three levy areas, debt (referred to as CRL debt) is used to finance City-owned projects. Debt-servicing (principal and interest) associated with capital investment began immediately, before there was sufficient revenue generated to fully cover those costs. These annual shortfalls have resulted in a negative reserve position for each of the three CRL Reserves. These reserves will begin to be repaid when annual levy revenues start to exceed annual expenditures. The intent is for the reserves to be replenished over the life of the CRL (20 years from start date). If the reserve deficit is not repaid by the end of the term, an annual tax levy would be required until the deficit balance in the reserve is repaid. An annual update on the progress of the CRLs was presented to Council's Executive Committee on March 20, 2024. The annual update noted that the CRL Reserves will all be in deficit positions at the end of the related CRL terms, therefore requiring ongoing tax-levy to offset the deficit balances existing in the reserves at the end of the CRL terms.

The **Interim Financing Reserve** is used to accommodate timing differences between operating impacts of capital projects and related external funding sources and differences that arise between the timing of cash outflows (budget) and recognition of expenses (accounting) to ensure that the City can levy taxes in a manner that matches the cash outflow. At the end of 2023, the reserve had a deficit balance of $34.8 million, which will be repaid through external funding sources.

The **Brownfield Redevelopment Reserve** supports Phase III Brownfield Redevelopment, granting payments to qualified developers under the program to help finance costs related to environmental testing, remediation and/or exposure control in preparation for redevelopment. On September 13, 2023, Council approved to increase the scope of the reserve to include the Phase I, II and IV grant programs to take into account timing differences between when applicants enter a grant funding agreement and when they fulfill the criteria for grant payment. At the end of 2023, the reserve had a deficit balance of $2.0 million, which will be recovered through future municipal tax uplifts relating to the developer agreements.

The **Edmonton Police Service Reserve** was established to manage operational surpluses and deficits of the Edmonton Police Service over time. At the end of 2023, the reserve had a deficit balance of $1.1 million. In accordance with Policy C605 Edmonton Police Reserve, in the event the reserve falls into a deficit position, a strategy will be developed by EPS, to be approved by Council, to achieve a balanced position over a period not to exceed three years, starting with the subsequent year operating budget.

The Yellowhead Trail Freeway Conversion, with work progressing around St. Albert Trail, Fort Road and 66 Street to transform one of the city's key roadways into a freeway with three lanes of free-flowing traffic in each direction.

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

The Community Safety and Well-Being Reserve was approved by Council on September 12, 2023. The purpose of this reserve is to advance seven Council-approved pillars of action to address the root causes of complex social challenges.

EQUITY IN TANGIBLE CAPITAL ASSETS

As summarized in Note 17 to the financial statements, equity in tangible capital assets represents the investment made in tangible capital assets, after deducting the portion financed by outstanding long-term debt, net of long-term debt for land redevelopment and debt recoverable. With an increase of $487.1 million for 2023, as a result of the net acquisition of tangible capital assets partially offset by net additional debt, the ending balance of equity in tangible capital assets for the year is $10,998.3 million.

ADVANCES FOR CONSTRUCTION (CAPITAL TO BE FINANCED)

At the end of 2023, $175.4 million of capital funding was in place in advance of incurring capital expenditures, an increase of $72.5 million compared to prior year. This is a result of borrowing for capital projects such as LRT construction, a new transit garage, and Yellowhead Trail Freeway construction where expenditures have not been incurred by the end of the year.

OBLIGATIONS TO BE FUNDED IN FUTURE YEARS

Obligations to be funded in future years of $148.8 million represents an estimate of funding required for asset retirement obligations associated with retirement related abatement and monitoring costs of the City's buildings and equipment. For further details refer to the New Accounting Standards section of this report and Note 13 to the financial statements.

FINANCIAL OPERATIONS

The Consolidated Statement of Operations and Accumulated Surplus outlines revenues earned by the City and their application (expenses) to provide municipal services.

Consolidated Statement of Operations
(millions of $)

	2023 Actual	2022 Actual Restated	2021 Actual	2020 Actual	2019 Actual
Operating Revenues	**$ 3,674.1**	$ 3,433.8	$ 3,358.5	$ 3,170.6	$ 3,120.0
Capital Revenues	**762.5**	633.5	527.1	717.4	749.8
Operating Expenses	**3,658.7**	3,426.0	3,093.5	3,023.5	3,189.7
Excess of Revenues over Expenses	**$ 777.9**	**$ 641.3**	**$ 792.1**	**$ 864.5**	**$ 680.1**

Consolidated revenues exceeded expenses for the year by $777.9 million after accounting for government transfers for capital, contributed tangible capital assets, developer and customer contributions for capital and local improvements. Operating revenues increased 7.0 per cent from the prior year, with increases in revenue from user fees and sale of goods and services, property taxes and investment earnings, partially offset by decreases in operating government transfers, subsidiary operations – EPCOR, franchise fees, licenses and permits, and fines and penalties. Capital revenues vary from year to year based on the timing of capital projects and recognition of capital revenues to fund capital expenses. The largest increase was in capital government grants required to fund expenditures related to advancement in significant capital projects during 2023, including Yellowhead Freeway Conversion, Terwillegar Drive Upgrade, and 50 Street Canadian Pacific Railway Grade Separation. Operating expenses over the past five years reflect the cost to maintain and improve existing infrastructure and core services that come with a growing population, personnel increases for wage progression, operating impacts related to new capital projects, and general inflationary increases. Facility closures and reduced services dictated by public health orders related to the pandemic resulted in slower growth in expenditures in 2020–2021.

Significant year-over-year variances and variances from budget are discussed in the following sections. The operating budget is based on the original 2023–2026 operating budget approved by Council in December 2022, including the supplementary operating budget adjustment in the 2023 Spring Supplemental Budget Adjustment approved by Council on April 17, 2023. The capital budget line items are based on the 2023–2026 capital budget approved in December 2022. The original budgets are adjusted to comply with the Canadian Public Sector Accounting Standards for inclusion in the Consolidated Statement of Operations and Accumulated Surplus. A reconciliation between the budget approved by Council and the budget for financial statement purposes is provided in Note 33.

OPERATING REVENUES

Operating Revenues
(millions of $)

	2023 Budget (A)	**2023 Actual (B)**	Variance (B–A)	2022 Actual (C)	Variance (B–C)
Net taxes available for municipal purposes	$ 1,931.3	**$ 1,927.5**	$ (3.8)	$ 1,807.0	$ 120.5
User fees and sales of goods and services	669.0	**713.0**	44.0	588.9	124.1
Subsidiary operations – EPCOR	341.0	**361.3**	20.3	379.9	(18.6)
Franchise fees	213.7	**206.8**	(6.9)	208.5	(1.7)
Government transfers – operating	112.9	**140.3**	27.4	198.1	(57.8)
Investment earnings	107.9	**138.3**	30.4	70.0	68.3
Licenses and permits	79.4	**74.5**	(4.9)	80.3	(5.8)
Fines and penalties	65.7	**69.5**	3.8	69.5	
Developer/ customer contributions – operating	36.4	**42.9**	6.5	31.6	11.3
Operating Revenues	**$ 3,557.3**	**$ 3,674.1**	**$ 116.8**	**$ 3,433.8**	**$ 240.3**

COMPARISON TO BUDGET

Operating revenues were higher than budget by $116.8 million, or 3.3 per cent of the revenue budget, mainly due to higher than budgeted income from user fees and sales of goods and services, investment earnings, government transfers – operating, and subsidiary operations – EPCOR.

User fees and sales of goods and services were higher than budget due to an expected recovery through the provincial Disaster Recovery Program of $16.5 million in costs for wildfire responses, higher than budgeted revenues due to recreation and attraction facilities achieving higher than expected demand for programs and services, greater than budgeted land sales due to timing of sales, higher waste collection fees due to customer growth, and more than expected conference and convention revenue as conferences returned to pre-pandemic levels. These favourable variances compared to budget were offset by decreased transit fare revenue due to changing purchasing behaviours and travel patterns.

Government transfers – operating were higher than budget due to increased federal and provincial transfers, including new federal 2 Billion Trees Program, the Alberta Mental Health Urban Strategy grant provided to Edmonton Police Services, and the federal Rapid Housing Initiative funding to support affordable housing.

Subsidiary operations (EPCOR) net income was higher than budget due to substantially higher US construction revenues, as well as higher overall income due to higher rates and customer growth. This was partially offset with higher interest costs on short term debt due to higher interest rates, and a loss on the fair value of financial electricity purchase contracts.

Investment earnings were greater than budget due to improved market conditions. Markets were up significantly in 2023 as inflation decreased and investor confidence rose.

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

COMPARISON TO PRIOR YEAR

Overall, operating revenues were higher when compared to last year by $240.3 million, due to increases in revenue from user fees and sales, property taxes, and investment revenue. These increases were partially offset by a decrease in government transfers and subsidiary operations – EPCOR.

User fees and sales of goods and services increased from the prior year as the post-pandemic recovery continued, with demand for services returning to normal and in some cases being higher than expected. Recreation facility and attractions revenue was higher than the prior year as attendance and demand for programs increased over the prior year. Transit fare revenue was higher in 2023 due to continued ridership recovery towards pre-pandemic levels. Additionally, there were higher land sales, waste collection fees due to rate increases and customer growth, and higher conference and convention revenue as conferences returned to pre-pandemic levels. Also, in 2023 the City recognized a receivable for recovery of wildfire supports costs totalling $16.5 million.

Net taxes available for municipal purposes increased by $120.5 million from the prior year mainly due a 4.96 per cent tax increase for 2023 approved by Council, as well as growth in property taxes due to assessment growth (the growth that occurs through new construction, upzoning, subdivision or exemption changes).

Investment earnings increased by $68.3 million compared to the prior year benefiting from higher interest rates. In a reversal to the previous year, markets were up significantly in 2023. As inflation eased and investors became more confident that interest had peaked, this provided support to financial assets.

Government transfers – operating decreased by $57.8 million mainly as a result of a prior year one-time injection of $67.0 million provided through the Government of Canada's Transit COVID-19 Funding Support (RESTOR funds). These funds were provided to help offset the financial impacts of the pandemic relating specifically to reduced transit ridership and the associated loss of transit fare revenue. This decrease was partially offset with additional CMHC funding as part of the Rapid Housing Initiative and National Housing Co-Investment Fund, and the Government of Alberta grants related to the Alberta Mental Health Urban Strategy grant (EPS).

Subsidiary operations (ECPOR) net income was lower than the prior year due to higher amortization expenses related to significant asset additions in 2023, and unfavourable changes on the fair market value of financial electricity purchase contracts.

CAPITAL REVENUES

Capital Revenues
(millions of $)

	2023 Budget (A)	**2023 Actual (B)**	Variance (B–A)	2022 Actual (C)	Variance (B–C)
Government transfers – capital	$ 1,980.3	**$ 643.9**	$ (1,336.4)	$ 532.8	$ 111.1
Contributed tangible capital assets	119.3	**80.6**	(38.7)	81.6	(1.0)
Developer and customer contributions – capital	82.5	**24.9**	(57.6)	6.7	18.2
Local improvements	12.3	**13.1**	0.8	12.4	0.7
Capital Revenues	**$ 2,194.4**	**$ 762.5**	**$ (1,431.9)**	**$ 633.5**	**$ 129.0**

Capital revenues are made up of government transfers, contributed tangible capital assets, developer and customer contributions and local improvement revenues. These revenue sources are approved by Council as funding sources for capital projects through the capital budget process. Capital revenues are recognized in the Statement of Operations to fund the related capital expenditures as they are incurred, and as a result the recognition of capital revenues often varies with timing of expenditures.

COMPARISON TO BUDGET

Capital revenues of $762.5 million were $1,431.9 million lower than budget due to less than expected capital government transfers, developer and customer contributions, and contributed tangible capital assets.

Government transfers – capital were lower than budget by $1,336.4 million due to timing of LRT projects (Metro Line: NAIT to Blatchford, Century Line: Century to Heritage Valley and Valley Line West) and recognition of the Investing Canada Infrastructure Program (ICIP) grant used to fund a portion of the LRT projects. The LRT projects are still in design phase or early stages of construction. Grant eligible spending related to Fort Edmonton Park – Utilities and Enhancements and Yellowhead Freeway Conversion projects, which are funded through the Building Canada Fund program, has occurred at a slower rate than originally planned with expected completion now in 2024.

Developer and customer contributions were $57.6 million lower than budget largely due to the timing of capital expenditures that are partner or developer funded, such as the Edmonton-Strathcona County Pedestrian Bridge capital project.

Contributed tangible capital assets were lower than budgeted, as the amount of land and developer contributed assets related to roadway assets varies depending on the neighbourhood development.

COMPARISON TO PRIOR YEAR

Capital revenues were higher than the prior year by $129.0 million due to increases in government transfers – capital and developer and customer contributions.

Government transfers – capital revenues increased due to an overall increase in capital activity in 2023 across numerous capital projects including LRT construction on Valley Line West, Valley Line Southeast, Metro Line and Capital Line South extension. Advancement on the Yellowhead Trail Upgrade project, 50 Street Canadian Pacific Railway Grade Separation, Edmonton EXPO Centre and Edmonton Convention Centre Rehabilitation also contributed to the increased use of government capital revenues. Revenue is recognized as expenses are incurred on these projects with significant advancement made on these projects during 2023.

Developer and customer contributions – capital was $18.2 million higher due to additional developer contributed funding, particularly funding for the Edmonton-Strathcona County Pedestrian Bridge.

OPERATING EXPENSES

Operating Expenses by Function
(millions of $)

	2023 Budget (A)	2023 Actual (B)	Variance (A–B)	2022 Actual Restated (C)	Variance (B–C)
Transportation services	$ 1,060.7	**$ 1,038.7**	$ 22.0	$ 1,028.4	$ 10.3
Protective services	826.1	**846.1**	(20.0)	793.8	52.3
Community services	795.3	**803.9**	(8.6)	774.9	29.0
Waste Services Utility	219.5	**213.6**	5.9	202.3	11.3
Land Enterprise	73.9	**63.4**	10.5	28.2	35.2
Blatchford Renewable Energy Utility	3.1	**2.1**	1.0	1.0	1.1
Fleet Services	38.4	**41.9**	(3.5)	42.1	(0.2)
Corporate administration, general municipal and other	605.4	**649.0**	(43.6)	555.3	93.7
Operating Expenses	**$ 3,622.4**	**$ 3,658.7**	**$ (36.3)**	**$ 3,426.0**	**$ 232.7**

COMPARISON TO BUDGET

Operating expenses of $3,658.7 million were higher than budget by $36.3 million, or 1.0 per cent of the consolidated expenses budget.

Transportation services expenses were lower than budgeted primarily due to lower snow and ice clearing cost due to less than expected snowfall in the last quarter of the year, as well as lower LRT operating costs due to the delay in opening of the Valley Line South East line. This is partially offset with higher wage costs for transit operators due to sick related leaves, costs to cover long-term disabilities, and higher interest costs due to the timing of borrowing.

Land Enterprise costs were lower than budgeted due to the timing of land sales within the budget cycle. This was primarily related to land sales in Blatchford.

Waste Services Utility costs were less than budgeted due to lower than anticipated contractor costs, salaries and wages, and various other cumulative favourable cost variances compared to budget. This was partially offset by $14.0 million higher than budgeted landfill post-closure costs for the Clover Bar Landfill as a result of inflationary cost impacts and increased complexity in post closure activities.

Protective services expenses, which includes Fire Rescue Services, was higher than budgeted primarily due to the Alberta Wildfire response costs, comprising $3.4 million additional personnel costs and $13.1 million for materials and equipment. These costs included establishment of an evacuee reception centre and fire support services provided to the impacted communities, including Drayton Valley and Edson, as well as Northwest Territories in the fight against the Yellowknife wildfires. The City expects to be fully reimbursed for these costs through the provincial Disaster Recovery Program and through mutual aid agreements with impacted communities.

Community services experienced higher costs compared to budget as a result of various factors. Recreation facilities saw costs greater than budget due to higher than expected demand at facilities, resulting in higher personnel, material and contractor costs. Convention and tourism costs were greater than budget to support more than expected conferences post-pandemic. These unfavourable variances were partially offset by budget savings in the planning and corporate properties areas due to delays in grants and rebates resulting from slower than expected progress on projects by applications. The delays were due to supply chain issues and general construction delays.

Corporate administration, general municipal and other expenses were higher than budget due to salary settlements, and higher interest costs due to the timing of borrowing.

COMPARISON TO PRIOR YEAR

In 2023 operating expenses increased by $232.7 million over the prior year mainly due to increases in Corporate administration, general municipal and other expenses of $93.7 million, $52.3 million in Protective services, $35.2 million in Land Enterprise, and $29.0 million in Community services.

Corporate administration, general municipal and other costs increased over the prior year mainly due to salary settlements, higher interest costs due to the timing of borrowing, and higher costs within financial strategies which are used to manage risk and provide flexibility for unknown amounts over the four-year budget cycle.

Protective Services experienced higher costs due to salary settlements as well as higher wage costs due to increase in overtime related to higher demand for services. Costs in Fire Rescue Services were higher than prior year primarily due to the Alberta Wildfire response.

Land Enterprise costs were higher than the previous year as a result of timing of land sales and increase in related costs of land sold.

Community services costs increased over prior year largely due to post-pandemic recovery. Recreation facilities saw increased costs due to higher than expected demand at facilities. Convention and tourism costs were greater than prior year to support more than expected conferences post-pandemic. The cost increases were partially offset by a decrease in expenses, as the prior year included a loss on transfer of land and assets related to permanent supportive housing of approximate value of $70.0 million to Homeward Trust.

Waste Services Utility saw higher costs primarily due to an increase in the post-closure liability related to the Clover Bar Landfill as a result of inflationary cost impacts and increased complexity in post-closure activities.

Operating Expenses by Object
(millions of $)

	2023 Actual (A)	2022 Actual Restated (B)	Variance (A-B)
Salaries, wages and benefits	$ 1,790.7	$ 1,669.5	$ 121.2
Materials, goods and utilities	398.5	375.4	23.1
Contracted and general services	426.0	349.4	76.6
Interest and bank charges	171.9	132.8	39.1
Grants and other	146.0	159.3	(13.3)
Amortization of tangible capital assets	661.0	653.8	7.2
Loss on disposal, impairment and transfer of tangible capital assets	64.6	85.8	(21.2)
Operating Expenses	$ 3,658.7	$ 3,426.0	$ 232.7

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

The operating expense increase of $232.7 million compared to prior year was largely due to higher salaries and wages, contracted and general services, interest and bank charges, and materials, goods and utilities costs. This is partially offset with lower loss on disposal, impairment and transfer of tangible capital assets, and fewer grant expenses.

Salaries, wages and benefits increased by $121.2 million mainly due to salary settlements and contractual rate adjustments, as well as higher demand for services causing the need for additional staff at recreation facilities. There was also increased overtime in Edmonton Transit Services and Fire Rescue Services in order to maintain services while staff were on leave.

Contracted and general services were higher than the previous year due to increased attendance at recreation facilities and attractions, as well as higher overall contracting costs due to inflation and supply chain issues. Waste services saw increased expenses due to an electrical outage resulting in maintenance costs as well as higher collection costs related to the Communal Collection program.

Interest and bank charges were higher than the previous year due to increased borrowing for capital infrastructure projects, higher interest rates and the timing of borrowing. This is partially offset by a gain on the fuel hedge in 2022, while the current year saw a nominal loss.

Materials, goods and utilities increased by $23.1 million primarily because of increased demand for materials and goods at recreational facilities and attractions, elevated expenses for wildfire assistance, and higher land costs resulting from increased land sales in 2023. This is partially offset by reduced expenses related to snow and ice due to minimal snowfall during the winter season.

The Lewis Farms Facility and Park Project saw construction begin in 2023. The facility has been designed to accommodate features including a 50-metre pool, twin arena, fitness centre and an Edmonton Public Library branch.

Grants and other expenses were lower than the prior year due to the timing of payments as funding milestones were not met in the current year for funding to be released. These funds are expected to be released in future years as funding milestones are met.

Loss on disposal, impairment and transfer of tangible capital assets decreased by $21.2 million from the prior year. In 2022 the City recognized a loss on transfer of land and assets related to permanent supportive housing of approximate value of $70.0 million to Homeward Trust. During the year there were higher levels of roadway asset retirements as a result of increased road construction due to higher neighbourhood and arterial road construction. This was partially offset by a $27.6 million gain on asset retirement obligation revaluation in 2023.

Schedule 2 – Consolidated Schedule of Segment Disclosures, provides an analysis of revenues and expenses (by object) for each of the significant business groupings within the reporting entity. A description of each of the segments is provided in Note 32 to the financial statements.

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

The City launched a monthly Chinatown newsletter, which keeps stakeholders up to date on the progress of the Chinatown Strategy action items and related work that is being done in and around the Chinatown area.

FINANCIAL CONTROL AND ACCOUNTABILITY

The City maintains the following processes to ensure that appropriate financial control and accountability are maintained and a proactive approach is taken to identify and address financial challenges.

FISCAL POLICIES

The City's financial governance policies and practices ensure Edmonton's continued sound fiscal management and long-term financial sustainability. These policies and practices are continuously assessed using leading practice and research on several policy and strategy topics. The City has drafted discussion papers to provide a foundation for discussing the key financial issues and questions related to debt, franchise fees, investments, user fees and property assessment and taxation. Some of the more significant policies are discussed below.

City Policy, C217E, Reserve and Equity Accounts. This policy outlines the governance, accountability, administration, monitoring and reporting of all City reserves and equity accounts. The City has policies in place for various reserves, including the Financial Stabilization Reserve, Traffic Safety and Automated Enforcement Reserve, Edmonton Police Services Reserve and Planning and Development Reserve, that ensure sufficient funds are in place to satisfy the financial needs of the operations being supported by the reserve.

City Policy, C629, Financial Stabilization Reserve. This policy outlines the governance, administration, and reporting of the appropriated and unappropriated Financial Stabilization Reserve (FSR). The appropriated FSR balance is designated for specific purposes, including operating and capital projects, as approved by Council. The purpose of the unappropriated FSR balance is to manage one-time unexpected emergent financial needs and should not be used to address ongoing pressures or to mitigate tax-levy increases. A risk based review of the unappropriated FSR is completed every three years with revisions to the minimum and target level, if necessary, with the results reported to City Council for approval. The previous review was completed in 2021 and the next scheduled review will be carried out in 2024. Currently the unappropriated FSR has a minimum balance of 5.0 per cent and a target balance of 8.3 per cent of current tax-supported operating expenses.

City Policy, C624, Fiscal Policy For Revenue Generation. The City of Edmonton provides various services and infrastructure for the community. Some provide broad benefits to the community at large. Others provide greater or more direct benefits to consumers of a service, or to certain stakeholders or properties. The City recognizes that service and infrastructure costs must be shared in some way amongst the tax base and benefiting parties, and equitably distributes these costs according to the accrual of benefits throughout the community. The purpose of this policy is to provide a clear and consistent governing framework for allocating service and infrastructure costs throughout the community, and to guide fiscal decisions on the fundamental question of "who pays for what, in what amount, and why?".

City Policy, C451H, Edmonton Transit Service Fare Policy. This policy gives direction for setting public transit fares based on considerations of equity, fairness and affordability and encouraging mode shift to public transit. The City will balance the individual or private benefits derived from the use of public transit with the public benefits of an effective public transportation system; this will be accomplished by means of fares recovered from customers.

City Policy, C212E, Investment. This policy establishes a set of investment objectives and beliefs giving consideration to the type of fund, its characteristics, investment return considerations, financial obligations, the objective of preservation of capital, liquidity, a prudent level of risk given the investment time horizon, while ensuring that the City of Edmonton's investments comply with statutory requirements.

City Policy, C604B, Edmonton Police Services (EPS) Funding Formula. The EPS Funding Formula was created to provide a predictable level of funding for each year within the four-year budget cycle. The goal of the funding formula was to provide funding certainty to allow for long-term budgeting and workforce planning. At the August 23, 2023 City Council meeting, Council approved the revised Edmonton Police Service Funding Formula Policy C604B.

City Policy, C610, Fiscal Policy for the Planning and Development Business. This policy formalized the fiscal management and operating principles of the City's planning and development operations to ensure long term fiscal sustainability and service stability while enabling growth within the City of Edmonton. The policy clarified the purpose of the Planning and Development Reserve, which is to be used to stabilize the planning and development business across extended periods of time.

The City's Land Governance Model helps ensure land management decisions are made from an integrated perspective that includes input from across the corporation. This model also provides for ongoing monitoring of City land holdings to ensure they are used appropriately to meet the City's needs. The model defines the process and funding related to strategic land acquisitions for future municipal purposes, specifically restricting the use of land enterprise retained earnings to fund strategic land acquisitions for municipal purposes on an interim basis.

City Policy C203D, Debt Management Fiscal Policy. This policy provides guidelines for prudent debt management and ensures that debt is used responsibly to advance key infrastructure projects.

City Council's Waste Management Utility Fiscal Policy, C558B governs the financial relationship between the City and the municipally owned and operated utility. This policy requires the utility to operate in a manner that balances the best service at the lowest cost while employing private sector approaches to rate setting. The utility is required to charge rates that are sufficient to meet expenditures and cash flow requirements, repay capital debt and ensure financial sustainability.

City Policy C578, Multi-year Budgeting Policy. This policy enshrines the use of a four-year budget cycle for budgeting operating and capital programs, unless otherwise directed by Council, with the end of the term of this four-year budget to be coincidental with the calendar year-end of the year after the year in which a new Council is elected. The purpose of this policy is to establish guidelines and the approach for the planning and approval of multi-year budgets to ensure greater certainty for future expenditures and revenue increases, and the related impact on future tax increases.

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

City Policy C597A, The Blatchford District Energy Utility Fiscal Policy. This policy is for the Blatchford Renewable Energy Utility and provides the overarching framework that outlines the financial parameters that will guide the long term financial sustainability of the utility. Bylaw 17943, which established the Blatchford Renewable Energy Utility, outlines requirements for properties receiving energy service through the utility and the relevant rates, fees and charges.

Council Policy C587A, Enterprise Risk Management Policy. The purpose of this policy is to ensure the consistent application of the Enterprise Risk Management process to support the alignment of informed choices and prioritize actions to address risks, reduce downside impacts and elevate opportunities to reach corporate goals, objectives, strategy and service commitments. This policy and procedure were updated in 2023 to align more closely with the 2021 Enterprise Risk Management (ERM) Framework and to reflect new processes and systems implemented as part of the Framework.

REGULATORY

EPCOR water and wastewater treatment rates were approved by City Council in 2021 through the related Performance Based Regulation (PBR) Plans which set these rates for the three year period April 1, 2022 to March 31, 2025, and rates for water services for the five year period April 1, 2022 to March 31, 2027. The PBR framework and annual PBR progress reports allow City Council to have oversight and governance over water, wastewater treatment and drainage rates over a longer term and provides incentives to ensure that EPCOR operates more efficiently while providing appropriate service levels.

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

STRATEGIC PLANNING

The Strategic Planning Framework is composed of six interconnected plans and processes that direct the growth and evolution of Edmonton. Broadly, the framework answers three main questions: Where are we now? Where are we going? How will we get there?

ConnectEdmonton and The City Plan

The City's long-term goals are outlined in two documents: ConnectEdmonton sets the direction for the future and identifies where changes are required. ConnectEdmonton is based on an aspirational vision for Edmonton in 2050 and focuses on four strategic goals for 2019-2028 that require transformational change: Healthy City, Urban Places, Regional Prosperity and Climate Resilience.

The City Plan combines a Municipal Development Plan and Transportation Master Plan and includes direction for environmental planning, social planning and economic development to prepare for a city of two million Edmontonians.

The Corporate Business Plan and Budgets

The Corporate Business Plan outlines the actions the City will take during a four-year planning and budget cycle. It presents an integrated overview of the City's improvement initiatives and capital infrastructure projects across three corporate objectives that focus on transforming the community for the future, serving Edmontonians and managing the corporation.

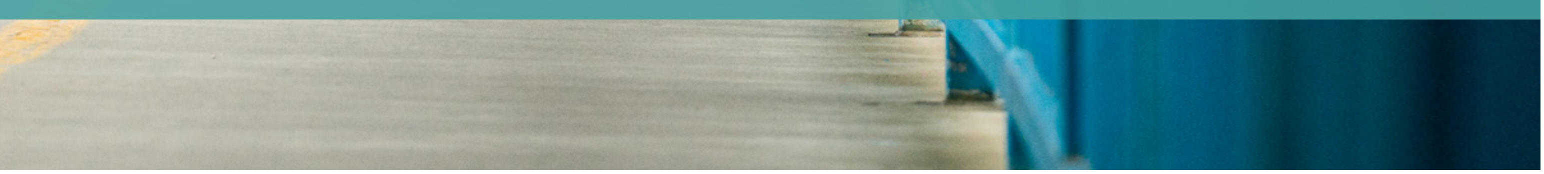
The capital and operating budgets are essential tools in allocating resources to achieve the City's goals and objectives and are approved by City Council. The budgets are prepared by Administration every four years and updated twice annually.

Enterprise Performance and Enterprise Risk Management

Enterprise Performance Management (EPM) is an approach that helps the City manage its work and continuously improve performance to achieve the results that Edmontonians care about. When Council approved the Enterprise Performance Policy on May 8, 2018, it set the foundation for managing performance for the City.

Enterprise Risk Management (ERM) is about the City's assurance and plan to achieve its objectives by preparing for uncertainty and obstacles by seizing emerging opportunities. ERM helps the City understand uncertainty and envision new ways to view the world. It focuses on the shift to opportunities, helping the City stay ahead based on insights about uncertainty and how to manage it to the City's advantage.

637,450 potholes were repaired in 2023.



FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

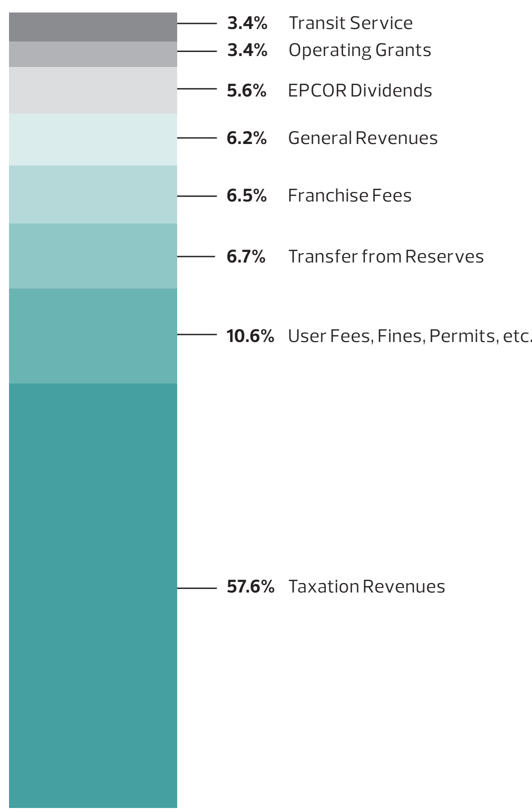
BUDGETING

Guided by Edmonton's strategic plans Connect Edmonton and the City Plan, the 2023-2026 Operating and Capital Budgets assist Council in making strategic decisions about how to allocate City resources. This multi-year approach, governed by City Policy C578 - Multi-year Budgeting Policy, allows the City to align strategic plans, business plans, and operating and capital budgets, to ensure the dollars are spent to achieve City Council's vision. It also allows for better alignment with Council's election terms, providing the foundation for more informed and strategic financial decision making. Funding can be reallocated across different years of the budget and needs can be assessed over a longer term to allow for more prudent and informed financial decision making, while building stable program and service delivery and infrastructure development.

The multi-year process includes opportunities to adjust the budget twice a year through the supplemental budget adjustment process approved by Council. During the supplemental budget adjustment process, Council can adjust the capital and operating budgets in response to changing project needs, new funding opportunities, changes in federal and provincial budgets, changes imposed by legislation, Council directed changes in priorities, operating impacts of capital projects, unforeseen impacts to economic forecasts and emerging issues. In December 2022, City Council approved the original 2023-2026 Operating and Capital budgets. In April 2023, City Council finalized the 2023 budget through the Spring supplemental operating budget adjustment process.

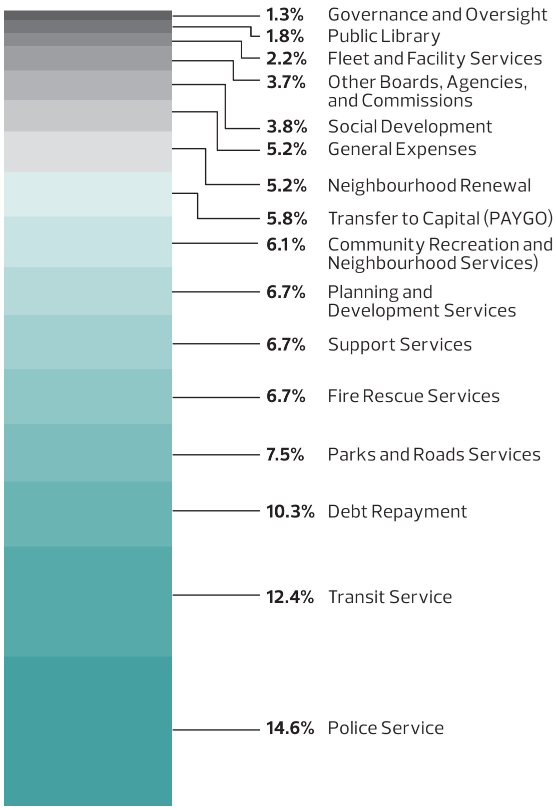
The operating budget identifies how resources for the day-to-day costs required to run the city are allocated for services such as maintaining roads and public transit, police, bylaws and fire rescue services, as well as parks and waste services. The approved budget resulted in a 4.96 per cent general property tax increase in 2023. The chart below shows the City's total revenue budget by category followed by a further breakdown of the total tax supported expenditure budget that is spent on each major expense category:

2023 Revenue Budget
$3,294,185 ($000)



FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

2023 Expenditure Budget
$3,294,185 ($000)



Certain Expenditure Budget groupings consist of multiple departments:

- Governance and Oversight includes Offices of the City Auditor, City Manager, City Clerk, and Mayor and Council
- Planning and Development Services includes Integrated Infrastructure Services and Urban Planning and Economy
- Community Recreation and Neighbourhood Services includes Community Recreation and Culture, and Community Standards and Neighbourhoods
- General Expenses includes Automated Enforcement, Capital Project Financing, and corporate wide expenditures
- Support Services includes Communications and Engagement, Employee Services, and Financial and Corporate Services

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

The Bylaw to establish the 2024 municipal tax rate for all property types will be set by City Council in April 2024. Changes to the operating budget that will impact the tax levy will be completed prior to the taxation bylaw approval.

As part of the 2023-2026 budget deliberations, Council provided direction to remove $60 million from the base budgets for 2023-2026 and identify $240 million of expenses that could be re-allocated towards housing, climate change, public transit and core services. This motion is referred to as Operating Budget Amendment 12 or "OP12."

To implement this direction, Administration developed a seven stream project approach. This process included a review of past work, significant organizational structure changes and an idea generation process which engaged Council, union partners and employees. As ideas were reviewed, evaluated and prioritized, teams were tasked with considering guiding questions regarding the efficiency, effectiveness, value and relevance of various City services.

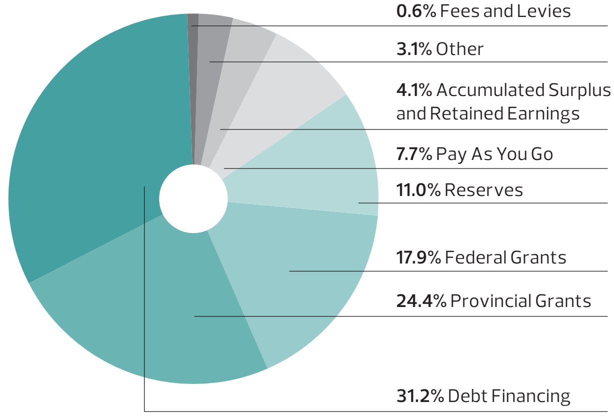
An annual reduction of $15 million totalling $60 million over a span of four years has already been incorporated into the 2023-2026 budget.

The identification of $240 million of options where resources could be shifted is well underway, with several early ideas generated through the OP12 process that were incorporated into the Fall 2023 Supplemental Budget Adjustment. This work will continue over the remainder of the budget cycle.

The capital budget strikes a balance between investments in infrastructure growth and the requirement to maintain and renew existing City assets. It determines the investment in Edmonton's hard infrastructure, including the construction of buildings such as recreation centers and libraries, and transportation assets including LRT lines and bridges. The foundation of the 2023-2026 Capital Budget is the 2023-2032 Capital Investment Outlook, a high level overview of the City's capital investment requirements over the next ten years that supports the strategic direction of Council.

The four-year capital budget saw investments of $10.3 billion on infrastructure based on the approved capital budget with cash flows extending beyond 2026, with $9.3 billion falling within the four-year budget cycle. Capital requirements directly related to EPCOR are not included in the capital budget. The funding and financing sources are as follows:

2023-2026 Funding Sources
$9,309,009 ($000's)



Community Outreach Transit Team: Increased referral requests to shelter support (11 per cent of all interactions in 2023 to date, 3 per cent in 2022) and housing support (12 per cent of interactions in 2023, 7 per cent in 2022).

Source: Community Standards data

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

ACCOUNTING AND FINANCIAL REPORTING

The City of Edmonton is organized into various business areas that are responsible for managing the delivery of program services in accordance with the resources allocated to those programs. The City currently uses a shared services model for financial services; all business areas reporting to the City Manager share a common accounting and reporting system, and financial and accounting services are administered within financial services and delivered to each business area based on their needs. Accounting and financial reporting functions are centralized to improve the quality and timeliness of financial reporting and increase accounting oversight and transactional consistency to support better financial decision-making.

The City of Edmonton Library Board, the Edmonton Police Service and Edmonton Combative Sports Commission use the same accounting system as the City but report through their own boards or commissions. EPCOR, Explore Edmonton Corporation, Non-Profit Housing Corporation, Edmonton Unlimited Corporation and Fort Edmonton Management Company each have independent accounting systems and report through their respective boards.

Administration reviews operating financial update reports on a monthly basis for areas that report to the City Manager. This process includes comparing year-to-date and year-end projected results relative to corresponding budgets and reporting on significant City reserves. Council reviews operating and capital reporting for second, third and fourth quarters. Capital reporting includes reporting on major projects in comparison to originally approved budgets and timelines, as well as forecast updates on debt for capital project funding. Both operating and capital performance reports include an economic update and are reviewed by Administration and provided to Council along with recommendations to address opportunities and challenges, as necessary. The financial reports are key in guiding budget strategies.

In addition, the operating budget is amended for adjustments required to adhere to PSAS for the purpose of the audited financial statements. The objective is to provide Council and other users of the financial statements and budget documents with an understanding of the budget approved by Council compared to the actual results reported in the audited financial statements.

The City continues its commitment to compliance with public sector accounting standards as established by the Public Sector Accounting Board. Details of future accounting standards and pronouncements are included in Note 1 to the financial statements.

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

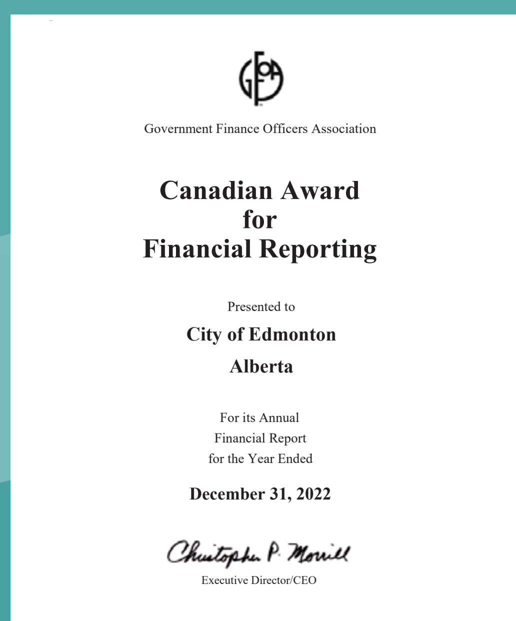
RECOGNITION FOR ACHIEVEMENT

Award programs in the financial sector continue to recognize the City of Edmonton for a high standard of achievement.

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Canadian Award for Financial Reporting to the City of Edmonton for its annual financial report for the fiscal year-ended December 31, 2022. The Canadian Award for Financial Reporting program was established to encourage Canadian municipal governments to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports. To receive a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report that conforms to program standards. Such reports should go beyond the minimum requirements of public sector accounting standards and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments and address user needs. A Canadian Award for Financial Reporting is valid for a period of one year and, in 2022, Edmonton received this award for the 30th consecutive year.

The GFOA established the Popular Annual Financial Reporting Awards Program to recognize local governments that produce high quality summarized annual financial reports. The reports must be readily accessible and easily understandable to the general public and other interested parties without a background in public finance. The City received the Popular Annual Financial Reporting Award for the 2022 Financial Report to Residents for the ninth consecutive year.

The City also received the GFOA award for Distinguished Budget Presentation for the 2023–2026 fiscal years beginning January 1, 2023 and ending December 31, 2026. To be eligible for this award, a governmental unit must publish a budget document of the highest quality that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device.


Government Finance Officers Association

Canadian Award for Financial Reporting

Presented to

City of Edmonton
Alberta

For its Annual Financial Report for the Year Ended

December 31, 2022

Christopher P. Morrill
Executive Director/CEO

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

Name a plow contest winners: Amarsleet Snowhi, Blizzard of Oz, Blizzard Wizard, Buzz Iceclear, Connor McBlade-It, Ctrl+Salt+Delete, Darth Blader, Fast and Flurrious, Mr. Plow, Peter Parka, Plowasaurus Rex, Plowy McPlowface, Qanniq ("Snowfall" – Inuktitut dialect), Snow-Be-Gone Kenobi, The Big Leplowski

AUDITING PROCESS

The MGA requires municipal councils to appoint an independent auditor. In 2020, a tender for audit services was completed and Council appointed the firm of KPMG LLP, Chartered Professional Accountants, as External Auditor for a five-year term. The auditor must report to Council on the annual consolidated financial statements. KPMG also audits the City's Municipal Financial Information Return and each pension and benefit plan administered by the City. Certain government transfer programs also require external audits.

The City's Audit Committee serves as a Committee of Council to assist in fulfilling its oversight responsibilities. The Audit Committee provides oversight and consideration of audit matters brought forward by the City Auditor and the External Auditor. The Committee includes the Mayor, four Councillors and two public members as outlined under Bylaw 16097, Audit Committee Bylaw. Audit Committee reviews the consolidated financial statements and makes a recommendation to Council for the approval of the City's financial statements.

The City has an internal audit function independent of the City Administration. The Office of the City Auditor reports directly to Council through Audit Committee, empowered by Bylaw 12424, City Auditor. This bylaw establishes the position of City Auditor and delegates powers, duties, and functions to this position. The City Auditor has two roles:

Agent of Change — to conduct proactive and forward looking projects based on the provision of strategic, risk and control-related consulting services to better serve the changing needs of the corporation and bring about improvement in program performance; and

Guardian — to conduct projects directed primarily towards providing assurance through review of existing operations, typically focusing on compliance, efficiency, effectiveness, economy and controls.

LONG-TERM SUSTAINABILITY

The City is committed to an integrated approach to risk management and establishing effective relationships with other orders of governments, which are a critical component of the City's long term sustainability.

City Council approved an updated Enterprise Risk Management Policy in December 2023 to ensure continuous improvement and reflect the updated ERM framework and procedures. Enterprise risks and opportunities are proactively identified, evaluated, communicated and managed on an ongoing basis and the City progresses toward becoming a risk-mature organization.

The City's top risks to achieving the City's strategic goals currently are focused on economic prosperity and financial constraints, climate change impacts and employee retention, satisfaction and health.

The City continually monitors global, national, and local political, economic, social, and technological developments and trends to plan for future risks and opportunities. These risks are considered and factored into the risk register, business plans and operating and capital budgets to ensure the City is able to provide services and infrastructure to its growing population in a sustainable manner.

ECONOMIC RISKS

Despite higher prices and interest rates weighing on the economy, Edmonton's economy continued to expand in 2023, with an estimated 2.7 per cent growth. Robust population growth, driven by high net migration, buoyed the Edmonton and census metropolitan area (CMA) economies in 2023. Still, the impact of an extended period of inflation and a dramatic rise in interest rates really materialized in the second half of the year with sluggish growth in retail sales, a softening labour market, and a delayed response to an influx of housing demand from new home construction. Households and businesses are still adjusting to the current interest rate environment, translating to softer growth in household spending and business investment levels. These factors are expected to temper employment growth and moderate overall economic growth in 2024, despite continued economic demand support from an expanding population.

In 2024, Edmonton's population growth is forecast to moderate from an estimated 4.8 per cent in 2023 to 3.6 per cent, and average 2.4 per cent growth annually between 2024 and 2028. A key risk to the City's economic outlook relates to the performance of population growth, specifically how migration trends evolve. Typically, stronger than anticipated growth brings additional consumers of goods and services, including housing, and potentially boosts the working-age population. However, this growth could also be a negative shock to the economy, especially if growth is sudden and robust, as the supply of housing and services may not have fully anticipated the scale of in-migration, translating into a sudden and strong increase in demand. Specific to housing, this could increase competition in the housing market and push prices up. The degree to which this impacts the overall economy depends on the duration of strong growth and the degree to which the construction sector and businesses are able to anticipate demand from future population growth. Should population growth exceed expectations for an extended period of time, there is a risk of further misalignment of business and household investment with demand pressures, resulting in a volatile path for prices.

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

The City of Edmonton will continue to monitor economic developments in order to balance Edmonton's economic realities with the City's need to provide quality services and infrastructure to all Edmontonians.

The City's new four-year budget cycle started in 2023. During the previous cycle, taxes were kept low, including one year with a tax decrease. While this was necessary to support Edmontonians through the pandemic, it was not enough to cover inflationary pressures and serve a growing population. Council approved a 4.96 per cent tax increase in 2023, which was in the middle range of tax increases among major Canadian municipalities. The increase allowed the City to maintain and continue to improve core services, while also advancing the capital plan, including projects like the LRT expansion, Yellowhead Trail Freeway Conversion and Lewis Farms Recreation Centre.

The 2023-2026 Capital and Operating Budgets, and 2023-2032 Capital and Operating Investment Outlooks outline the City's capital and operating spending, taking into consideration these economic challenges. The long-term sustainability of City infrastructure is impacted by the City's capital renewal plan. The concept of 'renewal' refers to investment in existing infrastructure to restore it to an efficient operational condition and extend its service life. Investing in renewal at key points throughout the life of an asset maintains its condition at a higher level while extending the life of the asset. Investment in renewal reduces the long-term requirement for capital funding while maintaining a suitable level of service for residents.

ASSET CONDITION

The City has built up its infrastructure significantly in recent years alongside population growth in Edmonton. This has created a much larger inventory of infrastructure that the City will be challenged to maintain, given the current levels of funding. The City's current inventory includes many individual assets like parks, bridges, paths, roads, buildings and LRT lines. For the 2023 reporting period, 56.6 per cent of City assets are in very good/good condition, 32.9 per cent are in fair condition, and 10.5 per cent are in poor or very poor condition. The City of Edmonton measures performance on asset condition by the percentage of assets in poor and very poor condition. The current value of 10.5 per cent represents a net increase of 0.3 per cent over 2022, however a net overall decrease of 7.2 per cent since 2011 where the percentage of assets in poor and very poor condition was 17.7 per cent.

The ideal renewal investment over the 2023-2026 Capital Budget is $3.5 billion; however, there is only funding available for 54 per cent of this ideal requirement. While the capital budget makes the most of available funding, this level of funding is not sufficient and can create issues of sustainability in the long term. Continued underinvestment in renewal will impact the condition of the City's assets, and could shorten asset lifespans, cause service disruptions and create more urgent maintenance needs later on.

Administration will be monitoring and recommending funding decisions in future budget discussions with a high priority placed on renewal funding.

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

The Edmonton Valley Zoo welcomed 341,000 visitors in 2023. In 2023, the zoo's education team interacted with a staggering amount of visitors – more than 238,000.

The City received three provincial Requests for Assistance from the Alberta Emergency Management Agency as a result of large out-of-control wildfires providing 61 days of operational support for approximately:

**12,400 evacuees,
20,000 meals,
2,000 pets**

In addition to provincial requests, the Emergency Operations Centre was activated 11 times in support of major events in the City to ensure city-wide community safety.

INTERGOVERNMENTAL

The City of Edmonton remains committed to partnerships with the federal and provincial governments – especially in areas where there are jurisdictional limitations to our fiscal capacity and policy authority – to achieve our shared vision of a safe, prosperous, vibrant and climate-resilient city. These partnerships are especially important in areas such as capital infrastructure, affordable housing, community safety and climate change, where there are limitations to the City's fiscal capacity and jurisdictional authority.

While progress has been made on addressing priorities such as houselessness, climate action, reconciliation and building a more inclusive economy, federal and provincial partnership and funding support will remain critical. As a service hub for the capital region, Northern Alberta and the Territories, the City of Edmonton continues to rely on funding from other orders of government in addressing complex public policy issues facing the City and the region, which also have a profound impact on the City's fiscal situation.

While the role of municipalities has expanded significantly over the last few decades, the fiscal and legislative framework in which municipalities operate does not fully reflect this changing reality. According to an Alberta Municipalities' estimate, municipalities in Alberta are facing an infrastructure deficit of $30 billion. There is an opportunity to modernize municipal finances and authorities over the long term through new fiscal arrangements and stronger partnerships with other orders of government to reflect the 21st-century role of local governments.

MANAGING OTHER RISKS

The City also manages risk to help ensure its long-term sustainability and achievement of Council's strategic goals and outcomes through various other strategies, including but not limited to the following:

Environmental risks are monitored through internal City practices and policies, which aid in the effective management of environmental risks and responsibilities. City Council approved Edmonton's Environmental Management System Policy C505 as well as an Environmental Policy C512. The policies ensure commitment to sound environmental management practices and stewardship in all aspects of its corporate activities. Standard environmental management system practices across the City will address environmental regulatory compliance, pollution prevention and continual improvement.

The corporate Property and Casualty Risk Management area provides risk management advice, claims adjusting, purchase of insurance and risk control inspections.

Ongoing proactive analysis of the physical, contractual and insurance risks associated with capital projects or major initiatives and establishment of appropriate measures to identify and control project risk. The intention of City Policy C591, Capital Project Governance Policy, is to ensure that an appropriate level of development is completed on projects prior to them moving onto the delivery phase. This risk management process helps to ensure that key projects are completed safely, on time, on budget, on quality and in scope. In 2023, an external review was undertaken to assess and compare the policies, processes, and frameworks employed by the City to manage major capital projects. The review concluded that the City has an established major capital infrastructure project management framework that is aligned with industry best practices.

Hedges are purchased for future fuel purchases in order to stabilize operating budgets in the face of fuel price fluctuations. Similarly, forward currency contracts are used to mitigate foreign exchange risk within the City's capital purchases.

The City borrows through the Government of Alberta's department of Treasury Board and Finance. The interest rates for borrowing reflect the market cost of borrowing for local authorities and are set for the term of the borrowing, therefore reducing risk associated with interest rate fluctuations. Elevated interest rates increase the City's borrowing costs for infrastructure projects and public services, thereby putting additional strain on budgets and limiting funding for other essential community initiatives.

The City has a Financial Stabilization Reserve that may be used to address emergent needs without impacting the City's financial position in the long term. A financial risk based review was completed for the City in 2021, identifying potential risks faced by the City and the probable financial cost of each risk. The review substantiated the minimum and target balances of the reserve established through City policy. The next review will take place in 2024.

The City's Debt Management Fiscal Policy, C203D, provides for prudent management of debt and ensures debt is used responsibly without burdening the financial health and long-term sustainability of the City. Administration continues to monitor the use of debt and provide debt forecasts as part of ongoing reporting to Council.

The City continues to leverage data analytics in order to discover and communicate meaningful patterns in data, which help to predict and improve business and financial performance, recommend strategies and guide financial decision-making.

CONCLUSION

Throughout 2023, the City of Edmonton has maintained its financial health and the City's economic performance remains one of the best in the province.

In July, the credit agency Standard and Poor's (S&P) re-affirmed the City's AA credit rating. S&P also improved its outlook for the organization from stable to positive due to an expanding economy and prudent fiscal management that will allow the City to continue to make headway on the capital program. However, continued reliance on debt in Edmonton's capital program will lead to a rising tax-supported debt burden, potentially putting pressure on the City's credit rating.

The City will continue to be challenged to manage emerging competing financial needs as the major centre for the region, and to maintain existing services while addressing service and infrastructure needs associated with the growth. The approved 2023-2026 Capital and Operating budgets and business plans have helped the City position itself well for the future.

Robust financial policies, strategies, guiding principles and a healthy financial position ensure the continued sound fiscal management and long-term financial sustainability for the City of Edmonton.

Stacey Padbury, CPA, CA
Deputy City Manager and Chief Financial Officer
Financial and Corporate Services

April 23, 2024

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CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

MANAGMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

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

Eddie Robar,
Interim City Manager

April 23, 2024
Edmonton, Canada

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

April 23, 2024
Edmonton, Canada

INDEPENDENT AUDITOR'S REPORT

TO HIS WORSHIP THE MAYOR AND MEMBERS OF COUNCIL OF THE CITY OF EDMONTON

OPINION

We have audited the consolidated financial statements of the City of Edmonton (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2023;
- the consolidated statement of operations and accumulated surplus for the year then ended;
- the consolidated statement of remeasurement gains and losses for the year then ended;
- the consolidated statement of changes in net financial assets for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- and notes and schedules to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2023, and its consolidated results of operations, its consolidated remeasurement gains and losses, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BASIS FOR OPINION

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

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

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

EMPHASIS OF MATTER - COMPARATIVE INFORMATION

We draw attention to the Note 1(t) to the financial statements ("Note1(t)"), which explains that certain comparative information presented for the year ended December 31, 2022 has been restated.

Note 1(t) explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT

OTHER MATTER - COMPARATIVE INFORMATION

As part of our audit of the financial statements for the year ended December 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2022. In our opinion, such adjustments are appropriate and have been properly applied.

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 auditor's report thereon, included in a document likely to be entitled the "2023 Annual Report"; and
- the information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled the "2023 Financial Report to Residents."

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Financial Statement Discussion and Analysis as at the date of this auditor's report.

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

We have nothing to report in this regard.

The information, other than the financial statements and the auditor's report thereon, included in the documents likely to be entitled "2023 Annual Report" and "2023 Financial Report to Residents" is expected to be made available to us after the date of this auditor's 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.

INDEPENDENT AUDITOR'S REPORT

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- 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.

KPMG LLP

Chartered Professional Accountants
Edmonton, Canada
April 23, 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31 (in thousands of dollars)

	2023	2022 Restated (Note 1t)
Financial Assets		
Cash and cash equivalents (Note 2)	**$ 402,007**	$ 442,200
Receivables (Note 3)	**982,471**	1,011,472
Portfolio investments (Note 4)	**2,443,818**	2,234,048
Debt recoverable (Note 7)	**21,906**	24,187
Land for resale (Note 8)	**231,750**	237,423
Investment in EPCOR (Note 23)	**4,791,712**	4,561,739
	8,873,664	8,511,069
Liabilities		
Promissory notes payable (Note 9)	**49,375**	
Accounts payable and accrued liabilities (Notes 10 and Note 27)	**1,147,848**	1,180,736
Deposits	**55,105**	54,367
Deferred revenue (Note 11)	**214,193**	240,451
Employee benefit obligations (Note 12)	**198,921**	190,480
Asset retirement obligations (Note 13)	**203,911**	197,648
Derivative liabilities (Note 5)	**4,837**	
Long-term debt (Note 14)	**4,167,486**	3,940,329
	6,041,676	5,804,011
Net Financial Assets	**2,831,988**	2,707,058
Non-financial Assets		
Tangible capital assets (Note 15 and Schedule 1)	**15,068,851**	14,352,739
Inventory of materials and supplies	**44,546**	39,314
Prepaids	**35,632**	36,115
Other assets (Note 16)	**12,711**	15,519
	15,161,740	14,443,687
Accumulated Surplus	**$ 17,993,728**	$ 17,150,745
Accumulated Surplus is comprised of:		
Accumulated Operating Surplus (Note 19)	**17,780,018**	17,150,745
Accumulated Remeasurement Gains	**213,710**	
	$ 17,993,728	$ 17,150,745

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

See accompanying notes to consolidated financial statements.

Approved on behalf of City Council:

A. Sohi

Mayor Amarjeet Sohi

Councillor Jo-Anne Wright

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

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

	Budget (Note 33)	2023	2022 Restated (Note 1t)
Revenues			
Net taxes available for municipal purposes (Note 20)	$ 1,931,287	**$ 1,927,510**	$ 1,807,124
User fees and sale of goods and services	668,996	**713,048**	588,892
Subsidiary operations - EPCOR (Note 23)	340,990	**361,250**	379,855
Franchise fees	213,701	**206,844**	208,465
Government transfers - operating (Note 21)	112,881	**140,294**	198,070
Investment earnings	107,898	**138,313**	70,048
Licences and permits	79,400	**74,484**	80,286
Fines and penalties	65,695	**69,454**	69,528
Developer and customer contributions - operating	36,459	**42,880**	31,579
	3,557,307	**3,674,077**	3,433,847
Expenses			
Transportation services:			
Bus and light rail transit	536,604	**518,190**	531,064
Roadway and parking	524,095	**520,496**	497,358
	1,060,699	**1,038,686**	1,028,422
Protective services:			
Police	523,715	**531,467**	506,205
Fire rescue	224,607	**241,975**	223,461
Bylaw enforcement	77,774	**72,617**	64,115
	826,096	**846,059**	793,781
Community services:			
Parks and recreation	260,106	**304,184**	263,215
Planning and corporate properties	215,666	**181,780**	172,412
Convention and tourism	74,266	**100,030**	78,954
Public library	68,712	**68,463**	65,240
Community and family	68,837	**61,201**	42,618
Public housing	107,723	**88,230**	152,458
	795,310	**803,888**	774,897
Utility and enterprise services:			
Waste services utility	219,521	**213,570**	202,275
Land enterprise	73,873	**63,434**	28,227
Blatchford renewable energy utility	3,071	**2,133**	961
	296,465	**279,137**	231,463
General municipal	345,759	**395,491**	299,770
Corporate administration	255,065	**249,185**	251,377
Fleet Services	38,360	**41,897**	42,073
Ed Tel Endowment Fund	4,657	**4,398**	4,198
	3,622,411	**3,658,741**	3,425,981
(Shortfall) Excess of Revenues over Expenses before Other	(65,104)	**15,336**	7,866
Other			
Government transfers - capital (Note 21)	1,980,274	**643,903**	532,815
Contributed tangible capital assets (Schedule 1)	119,343	**80,556**	81,563
Developer and customer contributions - capital	82,476	**24,903**	6,689
Local improvements	12,317	**13,160**	12,384
Excess of Revenues over Expenses	2,129,306	**777,858**	641,317
Accumulated Operating Surplus, beginning of year (Note 1t)	17,150,745	**17,150,745**	16,399,268
Less EPCOR accumulated other comprehensive income (Note 1t)		**(145,387)**	
Subsidiary operations - EPCOR - other comprehensive income (Note 23)			112,834
Amortization of tangible capital assets contributed to EPCOR (Note 23)		**(3,198)**	(2,674)
Accumulated Operating Surplus, end of year	$ 19,280,051	**$ 17,780,018**	$ 17,150,745

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES

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

	2023
Accumulated remeasurement gains - on transition January 1, 2023 (Note 1t)	**$ 207,672**
Unrealized (losses) gains attributable to:	
Foreign exchange	**(477)**
Derivatives	**(8,157)**
Portfolio investments - quoted in an active market	**77,552**
Realized gains (losses) reclassified to Statement of Operations:	
Foreign exchange	**241**
Derivatives	**(4,825)**
Portfolio Investments - quoted in an active market	**(54,737)**
Net change for the year, before other comprehensive loss - Subsidiary operations - EPCOR	**9,597**
Other comprehensive loss - Subsidiary operations - EPCOR (Note 23)	**(3,559)**
Accumulated remeasurement gains - end of year	**$213,710**
Accumulated remeasurement (losses) gains, end of year is comprised of:	
Foreign exchange	**(236)**
Derivatives	**(4,837)**
Portfolio Investments - quoted in an active market	**76,955**
Accumulated other comprehensive income - EPCOR	**141,828**
	$ 213,710

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

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

	Budget (Note 33)	**2023**	2022 Restated (Note 1t)
Excess of Revenues over Expenses	$ 2,129,306	**$ 777,858**	$ 641,317
Acquisition of tangible capital assets, less asset retirement additions	(4,008,219)	**(1,432,105)**	(1,315,095)
Contributed tangible capital assets (Schedule 1)	(119,343)	**(80,556)**	(81,563)
Proceeds on disposal of tangible capital assets		**9,840**	9,808
Amortization of tangible capital assets (Schedule 1)	736,629	**661,037**	653,839
Loss on disposal, impairment and transfer of tangible capital assets		**64,639**	85,755
Tangible capital assets contributed to EPCOR (Note 23)		**60,480**	25,306
Change in asset retirement obligations assets		**36**	17,019
Gain on asset retirement obligation revaluation		**517**	27,558
	(3,390,933)	**(716,112)**	(577,373)
Net acquisition of inventory of materials and supplies		**(5,232)**	(5,536)
Increase (decrease) in prepaid expenses		**483**	(5,269)
Net change in other assets		**2,808**	3,991
		(1,941)	(6,814)
Less EPCOR - accumulated other comprehensive income (Notes 1t)		**(145,387)**	
Subsidiary operations - EPCOR - other comprehensive income (Note 23)			112,834
Amortization of contributed capital assets transferred to EPCOR (Note 23)		**(3,198)**	(2,674)
Increase in accumulated remeasurement gains		**213,710**	
		65,125	110,160
(Decrease) increase in net financial assets	(1,261,627)	**124,930**	167,290
Net Financial Assets, beginning of year (Note 1t)	2,707,058	**2,707,058**	2,539,768
Net Financial Assets, end of year	$ 1,445,431	**$ 2,831,988**	$ 2,707,058

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

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

	2023	2022 Restated (Note 1t)
Net inflow (outflow) of cash and cash equivalents:		
Operating Activities		
Excess of revenues over expenses	**$ 777,858**	$ 641,317
(Deduct) add items not affecting cash and cash equivalents:		
Subsidiary operations - EPCOR (Note 23)	**(361,250)**	(379,855)
Amortization of tangible capital assets	**661,037**	653,839
Loss on disposal, impairment and transfer of tangible capital assets	**64,639**	85,755
Contributed tangible capital assets	**(80,556)**	(81,563)
Asset retirement obligations cost and accretion	**19,625**	17,678
Loss on sale of portfolio investments	**37,886**	
Change in non-cash items:		
Receivables	**29,001**	(222,303)
Debt recoverable	**2,281**	(1,732)
Land for resale	**5,673**	5,260
Inventory of materials and supplies	**(5,232)**	(5,536)
Prepaid expenses	**483**	(5,269)
Other assets	**2,808**	3,991
Accounts payable and accrued liabilities	**(33,125)**	30,006
Deposits	**738**	1,031
Deferred revenue	**(26,258)**	(138,340)
Employee benefit obligations	**8,441**	(5,317)
	1,104,049	598,962
Capital Activities		
Acquisition of tangible capital assets, less asset retirement additions	**(1,432,105)**	(1,315,095)
Proceeds on disposal of tangible capital assets	**9,840**	9,808
Settlement of asset retirement obligations	**(12,809)**	(4,227)
	(1,435,074)	(1,309,514)
Investing Activities		
Dividend from subsidiary (Note 23)	**185,000**	177,000
Net (increase) decrease in portfolio investments	**(170,700)**	108,734
	14,300	285,734
Financing Activities		
Promissory notes issued	**128,476**	49,902
Repayment of promissory notes	**(79,101)**	(49,902)
Debenture borrowings	**502,241**	556,235
Repayment of long-term debt	**(208,503)**	(210,644)
(Decrease) Increase in public-private partnership (P3) term debt	**(66,581)**	48,168
	276,532	393,759
Decrease in cash and cash equivalents	**(40,193)**	(31,059)
Cash and cash equivalents, beginning of year	**442,200**	473,259
Cash and cash equivalents, end of year	**$ 402,007**	$ 442,200

Operating activities for 2023 include $78,688 (2022 - $52,340) of interest received and $133,544 (2022 - $112,614) of interest paid.

See accompanying notes to consolidated financial statements.

SCHEDULE 1 - CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

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

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

Additions to assets under construction are reported net of those tangible capital assets placed in service during the year, which are shown in their respective asset classifications. In 2023, a total of $80,556 in land and land improvements were contributed to the City and were recorded at their fair value at the time received. In 2023, asset retirement obligation assets decreased by $36 due to a change in estimate.

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

SCHEDULE 1 - CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2022 (in thousands of dollars)

	Restated Opening Balance (Note 1t)	Additions and Transfers	Disposals, Impairments and Transfers	Restated Closing Balance (Note 1t)
Cost				
Land	$ 2,003,392	$ 148,378	$ (78,352)	**$ 2,073,418**
Land improvements	1,774,836	129,829	(7,181)	**1,897,484**
Buildings	3,611,403	114,125	(20,580)	**3,704,948**
Vehicles	1,301,150	201,873	(17,086)	**1,485,937**
Machinery and equipment	1,098,231	54,899	(115,825)	**1,037,305**
Engineering structures:				
Roadway system	9,067,289	334,691	(97,354)	**9,304,626**
Light rail transit system	1,821,504	74,880	(29,704)	**1,866,680**
Waste	156,127	756	(181)	**156,702**
Bus system	267,236	25,388	(3,301)	**289,323**
Other	86,776	3,352		**90,128**
	21,187,944	1,088,171	(369,564)	**21,906,551**
Assets under construction	1,121,387	308,994	(41,643)	**1,388,738**
	22,309,331	1,397,165	(411,207)	**23,295,289**
Accumulated Amortization				
Land Improvements	619,073	63,767	(6,645)	**676,195**
Buildings	1,457,630	132,053	(5,351)	**1,584,332**
Vehicles	711,357	73,445	(16,069)	**768,733**
Machinery and equipment	673,410	78,612	(112,670)	**639,352**
Engineering structures:				
Roadway system	4,302,665	242,131	(78,749)	**4,466,047**
Light rail transit system	536,221	46,130	(23,464)	**558,887**
Waste	108,960	3,594	(23)	**112,531**
Bus system	109,416	11,984	(2,283)	**119,117**
Other	15,233	2,123		**17,356**
	8,533,965	653,839	(245,254)	**8,942,550**
Net Book Value	$ 13,775,366	$ 743,326	$ (165,953)	**$ 14,352,739**

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 2022, a total of $81,563 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 2022, are $25,306 of tangible capital assets contributed to EPCOR (Note 23) and a loss of $70,000 from the transfer of land and assets related to permanent supported housing to Homeward Trust. See Note 15 for the net book value of each tangible capital asset category.

In 2022, asset retirement obligation assets had additions of $507 and decreased by $17,526 due to a change in estimate. Also, asset retirement obligation assets had a gain on disposal of $27,558.

SCHEDULE 2 - CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURES

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

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

SCHEDULE 2 - CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURES

For the year ended December 31, 2022 (in thousands of dollars)

	Tax-Supported											
	Transportation Services	Protective Services	Community Services	Fleet Services	Other Tax-Supported	Total Tax-Supported	Waste Services	Land Enterprise	Blatchford Renewable Energy	EPCOR	Ed Tel Endowment Fund	**2022 Restated (Note 1t)**
Revenues												
Net taxes available for municipal purposes	$ 465,495	$ 661,108	$ 376,556	$	$ 303,965	$ 1,807,124						**$ 1,807,124**
User fees and sale of goods and services	100,718	35,073	149,498	8,532	35,812	329,633	217,343	41,796	120			**588,892**
Subsidiary operations - EPCOR										379,855		**379,855**
Franchise fees					208,465	208,465						**208,465**
Government transfers - operating	4,657	33,324	48,510		110,699	197,190	880					**198,070**
Licences and permits	3,378	2,935	66,549	1	7,423	80,286						**80,286**
Investment earnings			2,255		32,203	34,458	1,972				33,618	**70,048**
Fines and penalties		37,685	37		31,806	69,528						**69,528**
Developer and customer contributions - operating	219	73	31,252	28	7	31,579						**31,579**
Appropriation of earnings					54,000	54,000					(54,000)	
	574,467	770,198	674,657	8,561	784,380	2,812,263	220,195	41,796	120	379,855	(20,382)	**3,433,847**
Expenses												
Salaries, wages and benefits	345,445	636,916	262,715	73,702	301,512	1,620,290	47,549	1,660	2			**1,669,501**
Materials, goods and utilities	128,163	41,224	72,063	66,216	37,108	344,774	11,274	19,349	55			**375,452**
Contracted and general services	145,333	84,016	168,262	(142,182)	(23,538)	231,891	106,870	5,429	973		4,198	**349,361**
Interest and bank charges	51,161	3,141	40,716	(10,416)	37,413	122,015	8,354	1,789	628			**132,786**
Grants and other	741	580	124,702		33,215	159,238	49					**159,287**
Amortization of tangible capital assets	329,305	27,588	60,065	55,758	154,289	627,005	26,556		278			**653,839**
Loss(gain) on disposal/replacement of tangible capital assets	28,274	316	46,374	(1,005)	11,148	85,107	1,623		(975)			**85,755**
	1,028,422	793,781	774,897	42,073	551,147	3,190,320	202,275	28,227	961		4,198	**3,425,981**
Excess (shortfall) of Revenues over Expenses before Other	(453,955)	(23,583)	(100,240)	(33,512)	233,233	(378,057)	17,920	13,569	(841)	379,855	(24,580)	**7,866**
Other												
Government transfers - Capital	398,907	23,057	64,136		46,685	532,785	30					**532,815**
Contributed tangible capital assets	17,506		33,469		30,588	81,563						**81,563**
Developer and customer contributions - capital	3,349	378	2,962			6,689						**6,689**
Local improvements					12,384	12,384						**12,384**
	419,762	23,435	100,567		89,657	633,421	30					**633,451**
Excess (shortfall) of Revenues over Expenses	**$ (34,193)**	**$ (148)**	**$ 327**	**$ (33,512)**	**$ 322,890**	**$ 255,364**	**$ 17,950**	**$ 13,569**	**$ (841)**	**$ 379,855**	**$ (24,580)**	**$ 641,317**

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, 2023 (in thousands of dollars)

	City of Edmonton Library Board	Explore Edmonton Corporation	Non-Profit Housing Corporation	Fort Edmonton Management Company	Edmonton Combative Sports Commission	Edmonton Unlimited Corporation
Financial Position						
Financial Assets	$ 26,912	$ 25,482	$ 12,893	$ 4,214	$ 211	$ 5,946
Liabilities	7,519	31,496	142,820	3,887	1	7,297
Net Financial Assets (Debt)	19,393	(6,014)	(129,927)	327	210	(1,351)
Non-financial Assets	33,762	7,408	148,254	860		3,735
Accumulated Surplus	**$ 53,155**	**$ 1,394**	**$ 18,327**	**$ 1,187**	**$ 210**	**$ 2,384**
Operations						
Revenues	63,208	84,626	14,472	7,422	1	9,961
Expenses	70,209	90,378	17,689	8,337	8	10,553
Other	6,983		1,328	13		526
(Shortfall) of Revenues over Expenses	**(18)**	**(5,752)**	**(1,889)**	**(902)**	**(7)**	**(66)**
Accumulated Surplus, beginning of year	53,173	7,146	20,216	2,089	217	2,450
Accumulated Surplus, end of year	**$ 53,155**	**$ 1,394**	**$ 18,327**	**$ 1,187**	**$ 210**	**$ 2,384**

For the year ended December 31, 2022 (in thousands of dollars)

	City of Edmonton Library Board Restated (Note 1t)	Explore Edmonton Corporation	Non-Profit Housing Corporation Restate (Note 1t)	Fort Edmonton Management Company	Edmonton Combative Sports Commission	Edmonton Unlimited Corporation
Financial Position						
Financial Assets	$ 28,625	$ 24,887	$ 6,734	$ 5,194	$ 235	$ 11,595
Liabilities	12,425	24,330	63,010	3,588	18	10,690
Net Financial Assets (Debt)	16,200	557	(56,276)	1,606	217	905
Non-financial Assets	36,973	6,589	76,492	483		1,545
Accumulated Surplus	**$ 53,173**	**$ 7,146**	**$ 20,216**	**$ 2,089**	**$ 217**	**$ 2,450**
Operations						
Revenues	55,322	72,599	11,546	6,720		9,632
Expenses	65,584	70,961	16,472	7,156	20	8,948
Other	10,619		1,197			
Excess (Shortfall) of Revenues over Expenses	**357**	**1,638**	**(3,729)**	**(436)**	**(20)**	**684**
Accumulated Surplus, beginning of year	52,816	5,508	23,945	2,525	237	1,766
Accumulated Surplus, end of year	**$ 53,173**	**$ 7,146**	**$ 20,216**	**$ 2,089**	**$ 217**	**$ 2,450**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023 (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 are controlled by the City. In addition to general government tax-supported departments, these organizations, enterprises and utilities are consolidated and include the following:

The City of Edmonton Library Board (Edmonton Public Library)
Explore Edmonton Corporation (formerly Edmonton Economic Development Corporation)
Fort Edmonton Management Company
Edmonton Combative Sports Commission
The City of Edmonton Non-Profit Housing Corporation (Non-Profit Housing Corporation, operating as "HomeED")
Edmonton Unlimited (formerly Innovate Edmonton)
Waste Services Utility
Land Enterprise (Land Development, Land for Future Municipal Purposes and Blatchford Redevelopment)
Blatchford Renewable Energy Utility
Ed Tel Endowment Fund

Interdepartmental and inter-organizational transactions are eliminated.

EPCOR, a subsidiary corporation of the City, is accounted for on a modified equity basis, consistent with the public sector accounting treatment for a government business enterprise. Under the modified equity basis, the government business enterprise's accounting principles are not adjusted to conform with those of the City, and inter-organizational transactions and balances are not eliminated. EPCOR's other comprehensive (loss) income is recognized in the City's Consolidated Statement of Remeasurement of Gains and Losses (2022 - Consolidated Statement of Operations and Accumulated Surplus) with a corresponding (decrease) increase in the investment in EPCOR. EPCOR's net income and contributions of tangible capital assets to EPCOR from the City are recorded as an increase to the investment in EPCOR. Any dividends that the City receives from EPCOR are recorded as a decrease to the investment in EPCOR.

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

B. BASIS OF ACCOUNTING

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

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

C. USE OF ESTIMATES

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

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

D. FOREIGN CURRENCY

The City's functional currency is the Canadian dollar. Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates or at rates of exchange established by the terms of a forward exchange contract.

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

E. 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 Separate School District and are excluded from revenues and expenses in the Consolidated Statement of Operations and Accumulated Surplus. Education taxes collected as part of the incremental property taxes within a Community Revitalization Levy (CRL) are retained to offset development costs in the area over the life of the CRL.

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 when the transfers are authorized and all the eligibility criteria, if any, have been met, except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for the recipient. Prior to that time, any amounts received, along with restricted interest thereon are recorded as deferred revenue.

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

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

H. FINANCIAL INSTRUMENTS

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

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

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

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

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

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

From time to time the City enters into derivative financial instruments including forward foreign currency contracts and forward fuel price contracts to reduce exposure to fluctuations such as foreign currency and fuel price fluctuations. The City does not use derivatives for trading or speculative purposes. Derivatives are initially recognized at fair value on inception and subsequently measured at fair value.

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

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: Market-based inputs other than quoted prices that are observable for the asset or liability either directly or indirectly
Level 3: Inputs for the asset or liability that are not based on observable market data; assumptions are based on the best internal and external information available and are most suitable and appropriate based on the type of financial instrument being valued in order to establish what the transaction price would have been on the measurement date in an arm's length transaction.

I. CASH AND CASH EQUIVALENTS

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

J. PORTFOLIO INVESTMENTS AND INVESTMENT EARNINGS

The City's equity investments are measured at fair value. Fixed income, private pooled funds and other investments are measured at cost or amortized cost. Where there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss. Any net undistributed realized losses in multi-unit investment trusts managed by the City are recorded in the year incurred.
Investment earnings are recorded as revenue in the period earned.

K. DEBT RECOVERABLE

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

L. 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.

M. 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 recorded in Accounts payable and accrued liabilities in the Consolidated Statement of Financial Position.

N. 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.

O. DEFERRED REVENUE

Deferred revenue comprises funds received in advance of services performed or where the use of funds is externally restricted. These amounts are recognized as revenue in the period the service is performed or when the funds are used for the purpose specified. When agreements stipulate that interest earned on contributions should be restricted for a specific purpose, that interest is treated as a contribution received and recorded as an addition to deferred revenue.

P. 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.

Q. ASSET RETIREMENT OBLIGATIONS

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

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

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

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

Included in asset retirement obligations are landfill closure and post-closure liabilities. The costs to close and maintain solid waste landfill sites are based on estimated future expenses, adjusted for inflation and discounted to current dollars. Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, monitoring ground and surface water, treatment and monitoring of leachates, ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events using the best information available to management. Future events, such as changes to regulatory requirements, may result in significant changes to the estimated total expenses and will be recognized prospectively, as a change in estimate, when applicable.

R. PUBLIC-PRIVATE PARTNERSHIPS

A public-private partnership (P3) is a contractual agreement between a public authority and a private entity for the provision of infrastructure and/or services. The City's P3 with TransEd Partners General Partnership is assessed based on the substance of the underlying agreement. Costs incurred during construction or acquisition are recognized as tangible capital assets (classified as assets under construction), with a corresponding liability, both based on the estimated percentage of project completion. The asset is amortized over the estimated useful life once in service. The liability is reduced by progress payments 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 was signed.

S. NON-FINANCIAL ASSETS

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

i. **Tangible Capital Assets**

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

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

Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets are written down when conditions indicate that a tangible capital asset no longer contributes to the City's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value.

ii. **Contributed Tangible Capital Assets**

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

iii. **Prepaids**

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

iv. **Leases**

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

v. **Land Under Roads**

Within tangible capital assets is land under roads that is acquired other than by a purchase agreement and is valued at a nominal amount, as the fair value is not determinable.

vi. **Inventory of Materials and Supplies**

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

vii. **Cultural, Historical and Works of Art**

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

T. RECENTLY ADOPTED ACCOUNTING STANDARDS

i. Effective January 1, 2023, the City adopted the new requirements in PS1201, *Financial Statement Presentation*, PS3450, *Financial Instruments*, PS2601, *Foreign Currency Translation* and PS3041, *Portfolio Investments*. These requirements were adopted on a prospective basis and statements of prior periods, including comparative information, have not been restated.

Financial Statement Presentation

PS1201 requires a new Consolidated Statement of Remeasurement of Gains and Losses separate from the Consolidated Statement of Operations. Included in this new statement are the unrealized gains and losses arising from the remeasurement of financial instruments and items denominated in foreign currencies, as well as the City's proportionate share of other comprehensive income that arises when the City includes the results of its subsidiary operations in EPCOR.

Financial Instruments

PS3450 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 City. The City measures its fixed income and private pooled funds at cost/amortized cost. Unrealized remeasurement gains and losses on derivatives and equity investments are presented in a new Consolidated Statement of Remeasurement Gains and Losses. The City added new disclosures regarding the nature and extent of risks arising from financial instruments.

On transition (January 1, 2023), the City made an accounting policy choice to identify embedded derivatives on contracts entered into on a prospective basis.

Upon the adoption of PS3450 (January 1, 2023), the opening balance of $207,672 in the Consolidated Statement of Remeasurement Gains and Losses consisted of the following:

- an unrealized gain of $8,145 on the fair value recognition of derivative assets that resulted in a corresponding increase to opening Accumulated Surplus;
- an unrealized gain of $54,140 on the fair value measurement of equity portfolio investments that resulted in a corresponding increase to opening Accumulated Surplus; and
- the City's proportionate share of accumulated other comprehensive income of its subsidiary operations in EPCOR of $145,387 was reclassified from Accumulated Operating Surplus to the opening balance in the Consolidated Statement of Remeasurement Gains and Losses.

Foreign Currency Translation

PS2601 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 recognized in the new Consolidated Statement of Remeasurement Gains and Losses. In the period of settlement, foreign exchange gains and losses are to be reclassified to the Statement of Operations and the cumulative remeasurement gains and losses are reversed in the Consolidated Statement of Remeasurement of Gains and Losses. The City did not choose the irrevocable election to recognize the exchange gains and losses directly in the Consolidated Statement of Operations.

Portfolio Investments

PS3041 removed the distinction between temporary and portfolio investments. This section was amended to conform to PS3450 and now includes pooled investments in its scope. Upon the adoption of PS3450 and PS3041, PS3030, *Temporary Investments* will no longer apply. These amendments resulted in disclosure changes for the City, mainly to conform to PS3450.

ii. **Asset Retirement Obligations**

Effective January 1, 2023, the City adopted the new accounting standard PS3280, *Asset Retirement Obligations*, using the modified retroactive approach with restatement of prior year comparatives. At January 1, 2022, the City recognized the following to conform to the new standard:

- asset retirement obligations, adjusted for accumulated accretion;
- asset retirement cost capitalized as an increase to the carrying amount of the related tangible capital assets in productive use;
- accumulated amortization on the capital costs; and
- adjustment to the opening balance of Accumulated Surplus.

Amounts are measured using information, assumptions, and discount rates, where applicable, that are current at the beginning of the fiscal year in which the standard is in effect. The amount recognized as an asset retirement cost is determined as of the date the asset retirement obligation was incurred. Accumulated amortization is measured for the period from the date the liability would have been recognized as if the provisions of this standard had been in effect to the date as of which this standard is first applied. The amortization is on a straight-line basis over the estimated useful lives of the related tangible capital asset.

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

The impact of adopting PS3280 on the prior year financial statements is noted in the table below:

	2022		
	Previously Recorded	Asset Retirement Obligations	**Restated**
Consolidated Statement of Financial Position			
Liabilities	$ 5,657,687	$ 146,324	**$ 5,804,011**
Net Financial Assets	2,853,382	(146,324)	**2,707,058**
Non-Financial Assets	14,441,618	2,069	**14,443,687**
Accumulated Surplus	17,295,000	(144,255)	**17,150,745**
Consolidated Statement of Operations and Accumulated Surplus			
Expenses	3,444,526	(18,545)	**3,425,981**
(Shortfall) Excess of Revenues over Expenses before Other	(10,679)	18,545	**7,866**
Excess of Revenues over Expenses	622,772	18,545	**641,317**
Accumulated Surplus, beginning of year	16,562,068	(162,800)	**16,399,268**
Accumulated Surplus, end of year	17,295,000	(144,255)	**17,150,745**
Consolidated Statement of Changes in Net Financial Assets			
Excess of Revenues over Expenses	622,772	18,545	**641,317**
Amortization of tangible capital assets (Schedule 1)	652,513	1,326	**653,839**
Loss on disposal, impairment and transfer of tangible capital assets	113,313	(27,558)	**85,755**
Change in asset retirement obligation assets		17,019	**17,019**
Gain on asset retirement obligation revaluation		27,558	**27,558**
Increase in net financial assets	130,400	36,890	**167,290**
Net Financial Assets, beginning of year	2,722,982	(183,214)	**2,539,768**
Net Financial Assets, end of year	2,853,382	(146,324)	**2,707,058**
Consolidated Statement of Cash Flows			
Excess of Revenues over Expenses	622,772	18,545	**641,317**
Amortization of tangible capital assets (Schedule 1)	652,513	1,326	**653,839**
Loss on disposal, impairment and transfer of tangible capital assets	113,313	(27,558)	**85,755**
Asset retirement obligations cost and accretion		17,678	**17,678**
Landfill closure and post-closure care	5,764	(5,764)	
Settlement of asset retirement obligations		(4,227)	**(4,227)**

At December 31, 2022, $197,648 (Note 13) for Asset Retirement Obligation liability includes an existing liability of $51,324 for landfill closure and post-closure care. As such, the above adjustment to liabilities is the net amount of $146,324.

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

U. FUTURE ACCOUNTING STANDARD PRONOUNCEMENTS

The City continues to assess the impact and prepare for the adoption of the following standards.

i. **Standards effective for the City's fiscal year ending December 31, 2024**

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.

Purchased Intangibles
PSG-8, *Purchased Intangibles*, allows for purchased intangible assets to be recognized as assets in a public sector entity's financial statements.

Public Private Partnerships
PS3160, *Public Private Partnerships*, establishes standards on accounting for partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner.

ii. **Standards effective for the City's fiscal year ending December 31, 2027**

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

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

02 CASH AND CASH EQUIVALENTS

	2023	2022
Cash	**$ 71,437**	$ 56,063
Cash equivalents	**330,570**	386,137
	$ 402,007	$ 442,200

Cash equivalents have effective interest rates of 5.1 to 5.5 per cent (2022 - 4.2 to 4.8 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 (2022 - $250,000 CDN and $10,000 USD) to cover any bank overdrafts arising from day-to-day cash transactions. As of December 31, 2023, $0 (2022 - $0) was outstanding on the line of credit.

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

03 RECEIVABLES

	2023	2022
Trade	**$ 176,672**	$ 129,935
Local improvements	**121,983**	121,640
Taxes	**101,059**	88,735
Government transfers:		
P3 Canada Fund	**239,495**	239,495
Investing in Canada Infrastructure Program	**133,026**	247,685
Alberta Transportation Grant	**62,035**	
Building Canada Fund	**25,380**	32,691
National Trade Corridors	**19,252**	12,887
Municipal Sustainability Initiative		95,318
Other	**5,314**	2,989
GST receivable	**68,715**	14,883
Pension fund asset (Note 25)	**29,540**	25,214
	$ 982,471	$ 1,011,472

Trade is net of allowance for doubtful accounts of $4,694 (2022 - $4,456). Taxes is net of allowance for doubtful accounts of $5,125 (2022 - $5,421). GST is a non-financial asset. The pension fund asset relates to the City's share of the Fire Fighters' Supplementary Pension Plan asset balance and the Fire Chief Plan net fund asset (Note 25).

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

04 PORTFOLIO INVESTMENTS

	2023		2022	
	Market Value	**Carrying Value**	Market Value	Carrying Value
Portfolio investments carried at fair value:				
Equity:				
Canadian	**$ 205,025**	**$ 205,025**	$ 215,736	$ 225,656
International	**523,563**	**523,563**	479,011	421,831
Global	**45,643**	**45,643**	50,358	43,478
	774,231	**774,231**	**745,105**	**690,965**
Portfolio investments carried at cost/amortized cost:				
Cash	**5,775**	**5,775**	1,201	1,201
Fixed income funds:				
Short-term notes and deposits	**257,304**	**257,390**	156,952	157,101
Government guaranteed bonds	**588,969**	**619,069**	511,907	574,606
Corporate bonds and debentures	**413,551**	**432,064**	480,483	526,170
Pooled fund	**113,410**	**108,071**	107,275	103,263
Private pooled funds	**277,124**	**247,101**	190,672	170,446
Other investments	**117**	**117**	10,296	10,296
	1,656,250	**1,669,587**	**1,458,786**	**1,543,083**
	$ 2,430,481	**$ 2,443,818**	**$ 2,203,891**	**$ 2,234,048**

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

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

Short-term notes and deposits have effective interest rates of 0.4 to 5.7 per cent (2022 - 0.4 to 4.9 per cent) and mature in less than one year. Government, government guaranteed bonds and corporate bonds and debentures have effective interest rates of 3.0 to 6.1 per cent (2022 - 3.3 to 6.3 per cent) with maturity dates from 2024 to 2062 (2022 - 2023 to 2062).

The pooled fixed income fund represents an interest in a fund consisting of corporate bonds, government bonds and inflation-linked bonds. The private pooled funds represent an interest in a globally diversified portfolio of core-yielding infrastructure, real estate investments and commercial mortgages.

Investments with a cost of $877,087 (2022 - $867,378) and fair value of $936,456 (2022 - $891,660) are managed within the Ed Tel Endowment Fund, in accordance with City Bylaw 11713. An annual appropriation from the earnings of the Fund of $44,669 (2022 - $54,000), including a special dividend of $0 (2022 - $10,800), 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.

05 DERIVATIVES

The City enters into derivative forward foreign currency contracts to manage its portfolio investment exposure to foreign currencies. As at December 31, 2023, the City held forward foreign exchange contracts that mature at various dates until September 17, 2025. The fair value of these contracts at December 31, 2023, is a liability of $3,550 and they are fair valued using level 2 inputs (Note 1h).

The City enters into derivative forward fuel price contracts with various banking institutions to manage its exposure to fuel price fluctuations. As at December 31, 2023, the City held forward fuel price contracts that mature at various dates until December 31, 2024. The fair value of these contracts at December 31, 2023, is a lability of $1,287 and they are fair valued using level 2 inputs (Note 1h).

06 FINANCIAL RISK MANAGEMENT

The City is exposed to a variety of financial risks associated with its financial instruments. These financial risks include market risk, credit risk and liquidity risk. There have been no significant changes to risk exposures, objectives and policies compared to 2022.

A. MARKET RISK

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

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

i. **Price Risk**

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

Common and preferred share funds have a fair value of $774,223 (2022 - $745,105) and comprise 31.9% (2022 - 33.8%) of the City's total portfolio investments. As at December 31, 2023, if equity prices increased or decreased by 10 per cent with all other factors remaining constant, the City's fair value of portfolio investments and accumulated remeasurement gains and losses would have increased or decreased by approximately $77,422 (2022 - $74,511).

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

ii. **Interest Rate Risk**

Interest rate risk is the risk that future cash flows or fair values will fluctuate due to the volatility of market interest rates. The City is exposed to interest rate risk through its investments in fixed income securities. If interest rates increased (decreased) by 25 basis points (0.25 per cent) as at December 31, 2023, and all other variables are held constant, the fair value of portfolio investments would increase (decrease) by approximately 1.16 per cent or $14,614 (2022 - 1.23 per cent or $14,137). Interest rate risk on the City's long-term debt is managed through fixed-rate agreements, thereby mitigating interest rate risk from rate fluctuations over the term of the outstanding debt (Note 14).

iii. **Foreign Currency Risk**

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

At December 31, 2023, the total foreign currency denominated equities and fixed income securities currency exposure represents approximately 26.4 per cent of the portfolio investment balance which include 21.6 per cent in US dollars, 2.5 per cent in European euros, and 1.2 percent in Japanese yens. A 10 percent strengthening (weakening) of the Canadian dollar versus these currencies as at December 31, 2023, and all other variables are held constant, would have decreased (increased) the portfolio investment fair value and accumulated remeasurement losses (gains) by $33,033 (2022 - $25,722).

B. CREDIT RISK

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

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

	2023	2022
AAA	31.9%	26.0%
AA	25.6%	23.2%
A	28.3%	33.4%
BBB	14.2%	17.4%
	100%	100%

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

C. LIQUIDITY RISK

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

07 DEBT RECOVERABLE

Debt recoverable of $21,906 (2022 - $24,187) consists of amounts borrowed by the City and provided to the Edmonton Catholic Separate School District, Francis Winspear Centre for Music and Telus World of Science, to be recovered through agreements. The financial arrangements are in accordance with section 264 of the Municipal Government Act and are authorized by City bylaws. The arrangements have the same general repayment terms as the respective debt with interest accrued on outstanding amounts. As of December 31, 2023, the Edmonton Catholic Separate School District, Francis Winspear Centre for Music and Telus are in compliance with the terms of the financial arrangement. The receivables bear an implicit annual interest rate ranging between 2.5 to 4.3 per cent (2022 - 2.5 to 4.3 per cent) and will be fully recovered between the years 2041 and 2044, respectively.

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

	Principal	Interest	Total
2024	$ 293	$ 692	$ 985
2025	715	755	1,470
2026	995	653	1,648
2027	1,025	623	1,648
2028	1,055	592	1,647
Thereafter	17,823	4,476	22,299
	$ 21,906	$ 7,791	$ 29,697

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

08 LAND FOR RESALE

	2023	2022
Land for Resale, beginning of year	**$ 237,423**	$ 242,683
Additions	**53,354**	16,230
Sales	**(59,027)**	(21,490)
Land for Resale, end of year	**$ 231,750**	$ 237,423

09 PROMISSORY NOTES PAYABLE

As at December 31, 2023, The City has four (2022 - 0) promissory notes payable with maturity dates ranging from March 8, 2024 to March 15, 2024 with an interest rate of 5.0 per cent. The promissory notes are being accounted for at amortized cost, with the amount for the four notes at maturity totaling $50,000 and a discounted value of $49,375.

10 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2023	2022
Trade	**$ 688,068**	$ 794,497
Developer obligations	**223,092**	208,321
Payroll and remittances	**158,974**	107,540
Provision for self-insured claims	**28,135**	25,027
Accrued interest	**28,074**	24,540
Contaminated sites	**21,505**	20,811
	$ 1,147,848	$ 1,180,736

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

11 DEFERRED REVENUE

	2022	Externally Restricted Contributions Received	Revenue Recognized	**2023**
Operating:				
Revenue in advance of service performed and other	$ 40,635	$ 141,891	$ 126,492	**$ 56,034**
Development permits	20,470	15,181	13,610	**22,041**
Canada Mortgage and Housing Corporation Fund	2,478	12,643	2,528	**12,593**
Deferred lease incentive	12,939	252	841	**12,350**
Affordable Housing Municipal Block Funding	2,285	112	1,497	**900**
	78,807	170,079	144,968	**103,918**
Capital:				
Canada Mortgage and Housing Corporation Fund		66,126	11,475	**54,651**
Canada Community Building Fund	51,087	66,546	73,396	**44,237**
Municipal Sustainability Initiative	93,269	95,352	188,621	
Alberta Ministry of Transportation Agreements	9,726	113,032	122,758	
Other	7,562	42,310	38,485	**11,387**
	161,644	383,366	434,735	**110,275**
	$ 240,451	$ 553,445	$ 579,703	**$ 214,193**

12 EMPLOYEE BENEFIT OBLIGATIONS

	2023	2022
Accrued vacation	**$ 100,885**	$ 94,865
Post-employment benefits	**53,850**	49,764
Banked overtime	**15,539**	14,889
Group Life Insurance Plan	**11,650**	11,470
Major medical and dental plans	**5,597**	8,876
Supplementary Management Retirement Plan	**6,698**	6,533
Health care spending	**3,830**	3,213
Other	**872**	870
	$ 198,921	$ 190,480

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 as at December 31, 2023, regarding the continuation of benefit coverage while eligible employees are on long-term disability. The discount rate used in the valuation is 3.0 per cent (2022 – 3.0 per cent). The accrued benefit obligation as at December 31, 2023, is $50,977 (2022 - $47,459). The change is comprised of current service cost of $14,436

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

(2022 - $12,823), interest cost of $1,751 (2022 - $844), actuarial gain of $5,607 (2022 gain - $6,454) and benefits paid during the year of $ 7,062 (2022 - $6,396).

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 2023 were $1,003 (2022 - $1,011). Eligible dental obligations for 2023 were $887 (2022 - $370). Other post-employment benefits were $983 (2022 - $924).

The City sponsors major medical, dental and other employee benefit plans, which are funded through employee and/or employer contributions. Premium contributions, interest earnings, payments for benefit entitlements and administrative costs are applied to each of the respective plans.

A group life insurance plan is provided by the City, funded equally by employer and employees. This Plan is administered by Alberta Blue Cross.

A supplementary management retirement plan 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 $6,698 (2022 - $6,665) has been based upon an actuarial valuation completed as at December 31, 2023. Unamortized net loss of $339 (2022 gain - $380) will be amortized over the fourteen (2022 - fourteen) year average remaining service period of active plan participants.

All permanent employees are entitled to a health care spending account providing reimbursement up to established limits for eligible expenses not covered under the supplementary health care and dental plans. An estimate has been included in 2023 expenses of amounts not used in the current year that are eligible to be carried forward under the terms of the plan.

13 ASSET RETIREMENT OBLIGATIONS

	2023	2022 Restated (Note 1t)
Balance, beginning of year	**$ 197,648**	$
Adjustment on transition - January 1, 2022		228,774
Net change for the year		
Liability incurred	**397**	7,321
Liability settled	**(12,809)**	(4,227)
Accretion expense	**3,485**	873
Change in estimate	**15,190**	(35,093)
Net change for the year	**6,263**	(31,126)
Balance, end of year	**$ 203,911**	$ 197,648

The City has identified various tangible capital assets where asset retirement obligations exist and mainly relate to buildings and equipment. The City estimated the nature and extent of hazardous materials in its buildings based on the potential square footage and the average costs per square foot to remove and dispose of the hazardous materials. Similarly, cost estimates were obtained for legislated removal of equipment at the end of its life. The estimate of these obligations is based on assessments provided by third-party experts, internal experts and engineers. These obligations are discounted using a present value technique. The undiscounted amount of estimated future cash flows required to settle these obligations is $195,635 (2022 - $195,815). The discount rates used for the present value technique ranged from 3.9% to 4.8% (2022 - 3.9% to 5.1%), and these obligations are expected to be settled between 2024 and 2087.

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

Included in asset retirement obligations are liabilities for landfill closure and post-closure care of $55,067 (2022 - $51,324). Under Provincial legislation, the City has liability for closure and post-closure care costs for its landfill sites. The undiscounted amount of estimated future cash flows required to settle these obligations is $63,768 (2022 - $45,622).

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 2024, after which time the post-closure period is expected to be 25 years. The costs to maintain a closed solid waste landfill site are based on estimated future expenses in current dollars by applying a discount rate of 6.3 per cent (2022 - 6.3 per cent) and inflation rate of 2.1 per cent (2022 - 2.1 per cent). An amount of $53,011 (2022 - $49,268) has been accrued and Waste Services currently maintains restricted cash of $22,200 for the Clover Bar landfill liability. The remaining required funds for this liability will be funded through the collection of utility rates.

The Rundle Park landfill site was closed in 1973 and the post-closure care period ended in 1998. Although the former landfill is no longer regulated under an Alberta Environmental Protection and Enhancement Act approval, the City is obligated to ensure the site is safe for the environment and public use. The liability associated with this landfill includes the development of long-term landfill gas emission and mitigation strategies, a planned retrofit to the landfill flare facility and the annual cost of maintaining the landfill gas management system. An amount of $2,056 (2022 - $2,056) has been accrued.

14 LONG-TERM DEBT

A. DEBT PAYABLE

Debt payable includes the following amounts:

	2023	2022
Debentures	**$ 4,045,052**	$ 3,861,649
Mortgages	**108,844**	29,475
Public-private partnership (P3) term debt	**472,752**	539,333
	4,626,648	4,430,457
Less debt attributed to and secured by offsetting amounts receivable from:		
EPCOR Utilities Inc.	**459,162**	490,128
	$ 4,167,486	$ 3,940,329
Long-term debt comprises:		
Self-liquidating debt	**547,233**	487,669
Tax-supported debt		
Debenture debt	**3,147,501**	2,913,327
Public-private partnership (P3) term debt	**472,752**	539,333
	$ 4,167,486	$ 3,940,329

For the year ended December 31, 2023 (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
2024	$ 69,933	$ 191,382	$ 261,315	$ 31,613	$ 229,702
2025	70,487	194,996	265,483	32,437	233,046
2026	71,192	199,948	271,140	33,155	237,985
2027	63,161	201,125	264,286	32,396	231,890
2028	61,426	196,390	257,816	32,321	225,495
Thereafter	670,196	2,636,412	3,306,608	297,240	3,009,368
	$ 1,006,395	$ 3,620,253	$ 4,626,648	$ 459,162	$ 4,167,486

Interest:	Self-Liquidating	Tax-Supported	Gross Payment	Less: EPCOR Receivable	Net Payment
2024	$ 34,078	$ 138,568	$ 172,646	$ 16,885	$ 155,761
2025	31,285	131,208	162,493	15,553	146,940
2026	28,472	123,701	152,173	14,194	137,979
2027	25,792	116,006	141,798	12,815	128,983
2028	23,369	108,356	131,725	11,498	120,227
Thereafter	173,540	999,486	1,173,026	53,843	1,119,183
	$ 316,536	$ 1,617,325	$ 1,933,861	$ 124,788	$ 1,809,073

Total Payments:	Self-Liquidating	Tax-Supported	Gross Payment	Less: EPCOR Receivable	Net Payment
2024	$ 104,011	$ 329,950	$ 433,961	$ 48,498	$ 385,463
2025	101,772	326,204	427,976	47,990	379,986
2026	99,664	323,649	423,313	47,349	375,964
2027	88,953	317,131	406,084	45,211	360,873
2028	84,795	304,746	389,541	43,819	345,722
Thereafter	843,736	3,635,898	4,479,634	351,083	4,128,551
	$ 1,322,931	$ 5,237,578	$ 6,560,509	$ 583,950	$ 5,976,559

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

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

B. DEBT SERVICING LIMITS

The City of Edmonton Charter Regulation AR 39/2018 allows the City to establish its own debt limits on condition the City obtain an external credit rating and develop a Council-approved debt policy. The City obtains a credit rating annually, and on November 14, 2022, City Council approved City Policy C203D - Debt Management Fiscal Policy. The limits in the policy supersede the limits specified in the MGA regulation AR 255/2000. The City limits tax-supporting debt servicing (principal a to 18.0 per cent of tax-supported net expenditures and total debt servicing to 21.0 per cent of City revenue. Total debt servicing is permitted up to 26.0 per cent of City revenue for emergency purposes. The City's debt is limited to the level of debt that would result in total debt servicing equal to 26.0 per cent of City revenue using the City's average long-term borrowing rate.

The City’s position with respect to debt servicing limits is as follows:

	2023	2022 Restated (Note 1t)
Total debt servicing limit (26% of City revenue)	**$ 871,231**	$ 798,997
Total debt servicing	**425,030**	341,907
Percentage used (%)	**48.8**	42.8
Total debt servicing limit (21% of City revenue)	**$ 703,687**	$ 645,344
Total debt servicing	**425,030**	341,907
Percentage used (%)	**60.4**	53.0
Tax Supported debt servicing limit (18% of tax-supported net operating expenditures)	**$ 481,738**	$ 446,077
Tax Supported debt servicing	**369,847**	268,829
Percentage used (%)	**76.8**	60.3

C. MATURITIES AND INTEREST RATES

Existing long-term debt matures in annual amounts in years 2024 through 2053 and debenture interest is payable at rates ranging from 1.0 to 8.3 per cent (2022 - 1.0 to 8.5 per cent). The average annual interest rate is 3.8 per cent for 2023 (2022 - 3.4 per cent).

D. INTEREST ON LONG-TERM DEBT

	2023	2022
Self-liquidating debt	**$ 35,325**	$ 36,219
Tax-supported debt	**114,812**	93,584
Public-private partnership (P3) term debt	**6,295**	1,828
	156,432	131,631
Less payments on offsetting amounts receivable	**18,044**	19,390
Long-term debt interest included in interest and bank charges	**$ 138,388**	$ 112,241

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

E. PUBLIC-PRIVATE PARTNERSHIP (P3) OBLIGATION

	2023	2022
Valley Line LRT:		
P3 substantial completion liability	**$**	$ 162,481
P3 term debt	**472,752**	539,333
Total P3 Obligation	**$ 472,752**	$ 701,814

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 LRT from Mill Woods to Downtown. The construction period ran from 2016-2023 and the operating period from 2023-2050. 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 were settled upon substantial construction completion of the project. The remaining 33.3 per cent, which represents P3 term debt, is to be repaid by monthly interest and principal payments starting in the operating period at an interest rate of 4.4 per cent. As of December 31, 2023, the total P3 obligation is $472,752. The P3 service commencement liability of $162,481 has been repaid as service began in November 2023.

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

	Principal	Interest	**Total**
2024	$ 9,059	$ 20,193	**$ 29,252**
2025	9,469	19,783	**29,252**
2026	9,897	19,355	**29,252**
2027	10,345	18,907	**29,252**
2028	10,813	18,439	**29,252**
Thereafter	423,169	264,095	**687,264**
	$ 472,752	$ 360,772	**$ 833,524**

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

15 TANGIBLE CAPITAL ASSETS

	Net book value	
	2023	2022 Restated (Note 1t)
Land	**$ 2,139,406**	$ 2,073,418
Land improvements	**1,255,740**	1,221,289
Buildings	**2,260,188**	2,120,616
Vehicles	**796,155**	717,204
Machinery and equipment	**403,003**	397,953
Engineering structures		
Roadway system	**5,125,966**	4,838,579
Light rail transit	**1,499,633**	1,307,793
Waste	**41,616**	44,171
Bus system	**168,350**	170,206
Other	**72,985**	72,772
	13,763,042	12,964,001
Assets under construction	**1,305,809**	1,388,738
	$ 15,068,851	$ 14,352,739

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

16 OTHER ASSETS

	2023	2022
Benefit plan assets	**$ 9,627**	$ 11,779
Other	**3,084**	3,740
	$ 12,711	$ 15,519

17 EQUITY IN TANGIBLE CAPITAL ASSETS

Equity in tangible capital assets is included within Accumulated Surplus. It represents the investment in tangible capital assets, after deducting the portion financed by Long-term debt.

	2023	2022 Restated (Note 1t)
Tangible capital assets (Schedule 1)	**$ 24,490,657**	$ 23,295,289
Accumulated amortization (Schedule 1)	**(9,421,806)**	(8,942,550)
Long-term debt (Note 14)	**(4,167,486)**	(3,940,329)
Debt recoverable (Note 7)	**21,906**	24,187
Long-term debt for land redevelopment	**75,077**	74,645
	$ 10,998,348	$ 10,511,242

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

18 RESERVES FOR FUTURE EXPENDITURES

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

	2023	2022
General Government:		
Financial stabilization - unappropriated	**$ 151,629**	$ 68,402
Light rail transit	**151,573**	114,759
Local improvement	**142,730**	140,564
Pay-As-You-Go capital	**133,074**	140,956
Sanitary servicing strategy fund	**103,417**	70,614
Financial stabilization - appropriated	**100,003**	192,360
Affordable housing	**69,121**	59,513
Planning and development	**45,600**	41,177
Funds in lieu - residential	**37,608**	35,581
Fleet services - vehicle replacement	**35,739**	38,972
Parkland	**16,844**	18,949
Neighbourhood renewal	**16,084**	24,174
Developer recoveries	**12,788**	10,525
Tree management	**11,800**	8,533
Revolving industrial servicing fund	**11,502**	11,002
Rogers Place Arena capital	**11,435**	9,880
Traffic safety and automated enforcement	**10,538**	901
Community Safety and Well Being	**10,178**	
Natural areas	**9,257**	8,842
Pay-As-You-Go capital - Edmonton Police Services	**8,229**	13,569
Commercial Revitalization	**7,095**	6,088
Perpetual care	**6,365**	5,465
Heritage resources	**6,336**	6,036
Vehicle for hire	**4,248**	2,690
St. Francis Xavier	**3,036**	2,774
Public Art Reserve	**2,901**	4,252
Motor vehicle insurance	**2,500**	2,500
Commonwealth Stadium	**2,169**	2,135
Tax-supported debt	**1,000**	14,513
Edmonton Police Service	**(1,102)**	312
Brownfield redevelopment	**(2,047)**	(3,131)
Community revitalization levy - Downtown	**(10,529)**	(10,247)
Community revitalization levy - Belvedere	**(16,401)**	(15,209)
Community revitalization levy - Quarters	**(19,265)**	(16,401)
Interim financing	**(34,765)**	(36,137)
Other	**820**	632
	1,041,510	975,545
City of Edmonton Library Board	**15,598**	12,672
Non-Profit Housing Corporation	**3,120**	4,928
	$ 1,060,228	$ 993,145

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.

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

19 ACCUMULATED OPERATING SURPLUS

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

	2023	2022 Restated (Note 1t)
General government operations	**$ (40,555)**	$ 81,613
Restricted surplus:		
EPCOR Utilities Inc.	**4,791,712**	4,561,739
Less: EPCOR accumulated other comprehensive income (Note 1t)	**(141,828)**	
Reserves for future expenditures (Note 18)	**1,060,228**	993,145
Ed Tel Endowment Fund	**877,087**	867,378
Land Enterprise	**140,247**	110,545
Pension and benefits	**39,167**	36,993
Waste Services Utility	**18,866**	17,038
Non-Profit Housing Corporation	**6,501**	(166)
Explore Edmonton	**6,454**	10,793
City of Edmonton Library Board	**5,636**	5,482
Fort Edmonton Management Company	**1,617**	2,842
Edmonton Combative Sports Commission	**208**	218
Edmonton Unlimited	**(194)**	3,014
Blatchford Renewable Energy Utility	**(10,072)**	(7,712)
Equity in tangible capital assets (Note 17)	**10,998,348**	10,511,242
Advances for construction	**175,440**	102,905
Obligation to be funded in future years	**(148,844)**	(146,324)
	$ 17,780,018	$ 17,150,745

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

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

20 NET TAXES AVAILABLE FOR MUNICIPAL PURPOSES

	Budget	**2023**	2022
Taxes:			
Property taxes	$ 2,374,523	**$ 2,369,167**	$ 2,247,177
Community revitalization levy ("CRL")	37,443	**36,967**	36,129
Revenue in lieu of taxes	28,299	**26,664**	26,267
Special tax - alley lighting	1,173	**1,188**	1,905
Tax appeals and allowances	(13,074)	**(16,250)**	(12,236)
Other	5,432	**11,157**	8,853
	2,433,796	**2,428,893**	2,308,095
Less taxes on behalf of:			
Education	502,509	**497,110**	497,033
Business improvement area and other		**4,273**	3,938
	502,509	**501,383**	500,971
Net taxes available for municipal purposes	$ 1,931,287	**$ 1,927,510**	$ 1,807,124

The City is required to levy taxes under section 353 of the MGA towards payment of education requisitions. Education tax revenues are recorded at the amounts levied. Actual taxes levied over/under the amount requisitioned are recorded as an adjustment to Accounts payable and accrued liabilities - Trade (Note 10).

Local improvement levies are not included in net taxes available for municipal purposes and are reflected separately in Other in the Consolidated Statement of Operations and Accumulated Surplus.

Provincial education taxes collected on incremental tax revenue within the CRL are retained to offset development costs in the related area. As at December 31, 2023, 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 2023, $5,151 (2022 - $5,052) incremental tax levy was collected in the Quarters CRL, including $1,097 (2022 - $1,065) in education taxes. The Belvedere CRL collected $1,710 (2022 - $1,623) in incremental tax levy during the year, including $313 (2022 - $254) in education taxes. The Capital City Downtown CRL collected $30,107 (2022 - $29,453) in incremental tax levy during the year, including $7,050 (2022 - $7,173) in education taxes.

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

21 GOVERNMENT TRANSFERS

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

Operating - Provincial

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

In 2008, the Province introduced a grant for Affordable Housing Program Municipal Block Funding. The grant is administered through the City's Cornerstone program to assist qualified applicants to purchase or renovate existing rental accommodation units, to construct new units and to develop secondary suites and transitional housing. In 2023, the City recognized operating government transfers of $1,497 (2022 - $6,201). In 2023, $900 (2022 - $2,285) was recorded as deferred revenue and $112 (2022 - $109) of interest was earned.

Capital - Federal

Under the Canada Community Building Fund, the City received $60,863 (2022 - 58,261) and earned interest of $5,683 (2022 - $0). In 2023, the City recognized $29,791 (2022 - 69,653) as capital government transfers and $43,605 (2022 - $43,605) as operating government transfers, to fund debt servicing costs related to the South LRT. In 2023, $44,237 (2022 - $51,087) was recorded as deferred revenue.

Through the Building Canada Fund, an agreement was signed for the Valley Line LRT expansion in 2017. In 2018, agreements for the Fort Edmonton Park Expansion project and the Yellowhead Trail Freeway Conversion project were also signed. In 2023, the City received $42,482 (2022 - $17,279) and recognized $35,171 (2022 - $40,720) as capital government transfers. A receivable was recorded for $25,380 (2022 - $32,691).

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

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

The City and Canada Mortgage and Housing Corporation signed agreements to acquire affordable housing for those experiencing homelessness, support the renovation of affordable housing for vulnerable Canadians, and address the housing shortage which is reducing the availability of affordable housing. In 2023, the City received $78,720 (2022 - $10,981) and recognized $11,476 (2022 - $0) of capital government transfers and $2,478 (2022-$9,010) of operating government transfers. Deferred revenue of $67,244 (2022 - $2,478) was recorded.

Capital - Provincial

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

In 2011, the Minister of Transportation approved initial projects under the Green Transit Incentives Program (Green TRIP) to support the provincial public transportation initiatives that contribute towards environmental benefits. In 2023, the City received $6,818 (2022 - $19,750), net of $328 (2022 - $599) received on behalf of regional transit partners and earned interest of $213 (2022 - $195). In 2023, the City transferred Green TRIP funding from Metro Line to the Stadium LRT Station project resulting in a net recognition of $4,037 (2022 - $17,133) as capital government transfers and deferred revenue of $1,819 (2022 - receivable of $248) was recorded.

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

Through the Investing In Canada Infrastructure Program, the governments of Canada and Alberta signed an agreement to provide funds to build inclusive and prosperous communities while supporting a low-carbon, green economy. In 2023, the City received $339,968 (2022 - $33,904). The City recognized $225,309 (2022 - $179,308) as capital government transfers and $133,026 (2022 - $247,685) was recorded as a receivable.

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

22 EXECUTIVE SALARIES AND BENEFITS

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

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

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

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

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

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

23 SUBSIDIARY OPERATIONS - EPCOR

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

The following table provides condensed supplementary financial information for EPCOR.

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

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

In 2023, the City contributed $60,480 (2022 - $25,306) in tangible capital assets to EPCOR. The difference between the City's investment in EPCOR and EPCOR's shareholder equity reflects accumulated tangible capital assets contributed to EPCOR from the City in the amount of $308,886 (2022 - $248,406), less related amortization of $12,180 (2022 - $8,982). This difference of $296,706 (2022 - $239,424) will be amortized over the useful life of the assets contributed.

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

Principal payments on EPCOR's long-term debt for the next five years and thereafter and deferred financing charges are as follows:

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

EPCOR has issued letters of credit for $109,983 (2022 - $268,124) to meet the credit agreements of electricity market participants, as conditions of certain agreements or to satisfy legislated reclamation requirements.

The following summarizes EPCOR's related party transactions with the City for the year:

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

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

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

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

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

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

24 UTILITY FRANCHISE AGREEMENT FEES

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

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

25 PENSION AND LONG-TERM DISABILITY PLANS

A. LOCAL AUTHORITIES PENSION PLAN

All employees of the City, with the exception of police officers, are members of the Local Authorities Pension Plan (LAPP), which is a public sector pension plan in Alberta registered under the Alberta Employment Pension Plans Act (EPPA).

The City is required to make current service contributions to the Plan of 8.45 per cent (2022 - 8.45 per cent) of pensionable payroll up to the yearly maximum pensionable earnings (YMPE) and 12.23 per cent (2022 - 12.8 per cent) thereafter. Employees of the City are required to make current service contributions of 7.45 per cent (2022 - 7.45 per cent) of pensionable salary up to YMPE and 11.23 per cent (2022 - 11.8 per cent) thereafter. Contributions for current service are recorded as expenses in the year in which they become due.

Total current service contributions by the City to the LAPP in 2023 were $91,660 (2022 - $88,414) and by the employees to the LAPP in 2023 were $81,990 (2022 - $79,501).

B. SPECIAL FORCES PENSION PLAN

Police officers employed by the City are participants in the multiemployer Special Forces Pension Plan (SFPP). The City is required to make current service contributions to the Plan of 13.39 per cent of pensionable payroll. In addition, past service contributions to the Plan of 0.75 per cent of pensionable payroll are required to eliminate an unfunded liability related to service prior to 1992, on or before December 31, 2036. Additional past service contributions of 0.41 per cent of pensionable payroll are required to eliminate an unfunded liability related to post-1991 service amortized over no more than 15 years. Participants of the SFPP are required to make current service contributions of 12.29 per cent of pensionable salary. As well, past service contributions of 0.75 per cent are required, consistent with those described for the City. Contributions for current and past service are recorded as expenses in the year in which they become due.

Total current and past service contributions by the City to the SFPP in 2023 were $37,041 (2022 - $32,579) and by the employees to the SFPP in 2023 were $34,240 (2022 - $30,118).

As at December 31, 2022, the SFPP reported the value of its assets at $3,868,234 and a surplus for the overall plan of $424,164 comprised of a deficit of $112,876 for pre-1992 and a surplus of $537,040 relating to post-1991. The asset value and surplus/deficit information as at December 31, 2023 was not available at the time of preparing these financial statements.

C. CITY-SPONSORED PENSION PLANS

The City, in conjunction with the City of Edmonton Investment Committee, administers Pension Fund assets on behalf of third parties. Related trust assets not owned by the City have been excluded from the reporting entity. Assets consist of government, government guaranteed and corporate bonds valued at market quotations from Canadian and global investment dealers, along with Canadian, international and global common and preferred shares valued at the closing price on the stock exchange where listed. Other investments within the Pension Funds and Long-term Disability Plan include global infrastructure assets. The City's share of the Fire Fighters' Supplementary Pension Plan (FFSPP) asset balance and the Fire Chief Plan net fund liability has been recognized in the financial statements.

The following summarizes plans sponsored by the City.

i. **Annuity Plan**

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

ii. **Police Supplementary Pension Plan**

The Police Supplementary Pension Plan (PSPP) provides benefits supplementary to the LAPP for 5 pensioners and beneficiaries. There are no active police officers enrolled in the PSPP and no further contributions are expected to be made to the Fund.

Total benefits paid during the year were $18 (2022 - $24).

iii. **Fire Fighters' Supplementary Pension Plan**

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

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

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

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

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

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

Actuarial valuations for Police Supplementary, Fire Chief and Deputy Fire Chiefs' Supplementary Pension Plans and an actuarial extrapolation for the Fire Fighters' Supplementary Pension Plan were completed as at December 31, 2023. Each 2023 actuarial valuation and extrapolation were based upon a number of assumptions about future events, which reflect management's best estimates. The expected inflation rate is 2.0 per cent (2022 - 2.0 per cent). The discount rate used to determine the accrued benefit obligation is 5.9 per cent (2022 - 5.8 per cent). The expected rate of return on plan assets is 5.9 per cent (2022 - 5.8 per cent). The expected salary increase is 1.0 per cent for year one, 2.0 per cent for year two, and 2.8 per cent thereafter (2022 - 2.0 per cent for 2 years, and 2.8 per cent thereafter), plus a merit and promotion increase in the 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 five years of service.

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

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

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

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

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

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

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

D. LONG-TERM DISABILITY PLAN

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

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

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

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

26 COMMITMENTS

A. CONTRACTUAL OBLIGATIONS

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

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

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

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

B. LEASE COMMITMENTS

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

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

27 LIABILITY FOR CONTAMINATED SITES

As of December 31, 2023, the liability for contaminated sites includes sites associated with former and current City operations, sites acquired through tax forfeiture and purchase, and former unofficial waste disposal sites from early in the City's history. The nature of contamination includes heavy metals, salts, biosolids and other organic and inorganic contaminants. The sources of contamination include underground fuel storage tanks, fuel handling, vehicle storage and maintenance, metal manufacturing, stockyards, incinerators, wastewater treatment plants and lagoons as well as fill of unknown origin deposited in unauthorized landfills.

Liability estimates are based on environmental site assessments or are derived by extrapolating remediation costs incurred by the City for similar sites. The City has recognized a net increase in the liability of $694 over the prior year, representing a total liability for the remediation of contaminated sites of $21,505 (2022 - $20,811). The liability is reported in Accounts payable and accrued liabilities (Note 10) in the Consolidated Statement of Financial Position.

28 CONTINGENT LIABILITIES

The City is the defendant in various lawsuits as at December 31, 2023. Where the occurrence of future events is considered likely to result in a loss with respect to an existing condition, and the amount of loss can be reasonably estimated, amounts have been included within accrued liabilities. Where the resulting losses, if any, cannot be determined or the occurrence of future events is unknown, amounts have not been recorded, and the City's Administration believes there will be no material adverse effect on the financial position of the City.

The City continues to review environmental objectives and liabilities for its activities and properties as well as any potential reclamation obligations. There may be contaminated sites that the City has identified that have the potential to result in remediation obligations. A liability has not been recorded for these sites because either the likelihood of the City becoming responsible for the site is not determinable, the amount of the liability cannot be estimated, or both.

29 CONTINGENT ASSETS

The City has outstanding legal claims against third parties as at December 31, 2023 for which the probability of settlement in favour of the City is likely, resulting in $22,655 in future assets. The eventual recovery of legal claims is subject to risk and uncertainties that may arise from the settlement process. Contingent assets are not recorded in the financial statements but are recognized once a settlement is reached.

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

30 CONTRACTUAL RIGHTS

Contractual rights are rights of the City to economic resources arising from contracts or agreements that will result in both assets and revenues in the future when the terms of those contracts or agreements are met.

The City enters into service agreements, partnership agreements and other developer agreements that result in either contributed assets or contributed funds that historically averaged annual revenues of $209,322.

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

31 RELATED PARTY DISCLOSURE

A related party exists when one party has the ability to exercise control or shared control over the other. Two or more parties are related when they are subject to common control and influence. Related party transactions are disclosed if they occurred at a value other than or terms different from that which would have been arrived at if the parties were unrelated and the transaction has a material effect on the financial statements.

Related parties include key management personnel and close family members, through their relationship with the key management personnel, as they have the ability to influence and impact the City's policies, operations and strategic decisions.

Key management personnel of the City have been identified as the Mayor, City Councillors, City Manager and Deputy City Managers for the purpose of this reporting.

An external entity becomes a related party to the City when the key management personnel and/or their close family member have the ability to influence and impact the policies, operations and strategic decisions of the external entities.

For the year ended December 31, 2023, there were no material transactions to disclose that occurred between related parties at a value other than or terms different from that which would have been arrived at if the parties were unrelated.

32 SEGMENT DISCLOSURES

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

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

Segments include:

A. TAX-SUPPORTED PROGRAMS

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

i. Transportation Services
Transportation Services includes bus, light rail transit, roadway and parking services.

ii. Protective Services
Protective Services is comprised of police, traffic safety, bylaw enforcement and fire rescue.

iii. Community Services
Community Services includes parks and recreation, community and family services, planning and corporate properties and public housing. Also included are the City of Edmonton Library Board, Explore Edmonton Corporation, Fort Edmonton Management Company, Edmonton Unlimited, the Non-Profit Housing Corporation, the Vehicle for Hire Commission and Edmonton Combative Sports Commission, which are managed by separate boards or commissions.

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

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

B. WASTE SERVICES

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

C. LAND ENTERPRISE

Land Enterprise is comprised of land development and municipal use property activities. Land development includes the City's role as a land developer in the areas of acquisition, development and land sales activities, including the Blatchford Redevelopment Project. Municipal use property involves the acquisition of land for municipal purposes and the disposal of land deemed surplus to municipal needs. Land Enterprise is intended to be operated on a self-sustaining basis.

D. BLATCHFORD RENEWABLE ENERGY

Blatchford Renewable Energy owns and operates a District Energy Sharing System that will provide environmentally-friendly heating, cooling and hot water to the buildings and homes of the Blatchford community.

E. EPCOR

EPCOR is a wholly owned subsidiary of the City of Edmonton, accounted for on a modified equity basis as a government business enterprise. Note 23 to these financial statements provides condensed financial information for EPCOR.

F. ED TEL ENDOWMENT FUND

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

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

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

33 2023 BUDGET

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

The capital budget reflected in these financial statements is based on the capital budget originally approved by Council in December 2022, as part of the overall 2023-2026 capital budget, plus carry forward of unspent capital budget from previous years. Capital budget adjustments made as part of the spring and fall supplemental capital budget adjustment process are not reflected.

The budget is reported on an accrual basis, consistent with principles applied in the consolidated financial statements. Included in the table below are presentation and elimination adjustments required to comply with Canadian public sector accounting standards for inclusion in the Consolidated Statement of Operations and Accumulated Surplus.

	Operating Revenues	Operating Expenses	Capital Revenues
Budget approved by Council in December 2022	$ 3,735,123	$ 3,752,987	$ 1,166,214
Supplemental budget adjustments	5,534	5,534	
Carry forward of prior year unspent budget	57,949	57,949	1,015,879
Amortization		703,193	
EPCOR net income	340,990		
Other controlled entities	12,771	8,440	
Consolidation adjustments	(739)	(335)	
Transfers from/to reserves	(285,837)	(505,867)	
Debt principal repayment		(386,416)	
Dividends from subsidiaries	(230,100)		
Reclassification for presentation purposes	(78,384)	(13,074)	12,317
Budget for financial statement purposes	**$ 3,557,307**	**$ 3,622,411**	**$ 2,194,410**

34 COMPARATIVE INFORMATION

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

CLIMATE-RELATED FINANCIAL DISCLOSURES

CLIMATE-RELATED FINANCIAL DISCLOSURES

ABOUT TCFD

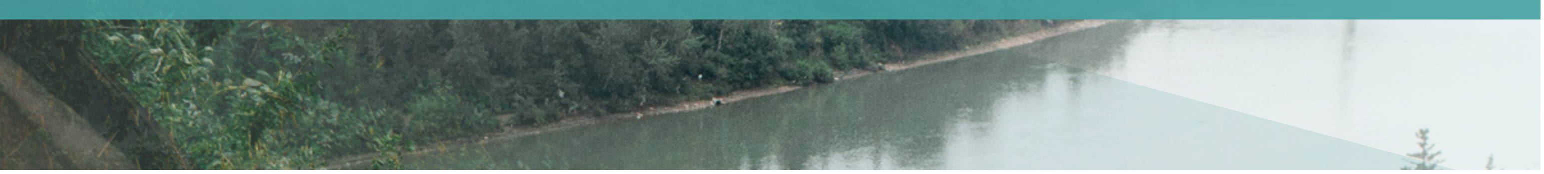
In 2015, the Financial Stability Board created the Task Force on Climate-related Financial Disclosures (TCFD). The task force was responsible for developing a framework to guide how organizations disclose climate-related financial impacts to investors, lenders, insurers and other key stakeholders.

In 2017, the TCFD released recommendations on best practices for disclosure of the risks and opportunities associated with climate change. The recommendations are centered around four pillars: governance, strategy, risk management, and metrics and targets. The TCFD's framework and recommendations are aimed at promoting transparency and consistency in disclosing climate-related risks and opportunities in financial reporting. The TCFD recognizes that climate change is a material risk to many organizations, and that disclosing this information is essential for investors, lenders and other stakeholders to make informed decisions.

Since the release of the 2017 TCFD recommendations, there has been an increased uptake globally by countries and organizations to integrate the TCFD disclosure framework within financial reporting. An assessment done in 2023 revealed that TCFD supporters grew to over 4,850 – a growth of more than 25 per cent since 2022[1]. In April 2022, the Canadian government announced mandatory reporting of climate-related financial risks for all federally regulated financial institutions.

On July 6, 2023, the Financial Stability Board announced that the International Sustainability Standards Board's (ISSB's) general sustainability-related and climate-related disclosure standards – released in June 2023 – can be seen as a culmination of the TCFD's work. The Financial Stability Board asked the International Financial Reporting Standards (IFRS) Foundation to take over the monitoring of the progress of climate-related disclosures. Organizations applying IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures* will meet and replace TCFD recommendations as these are fully incorporated into these ISSB's standards. The City of Edmonton is in the process of assessing the impact of adopting IFRS S1 and S2.

[1] Task Force on Climate-related Financial Disclosures – 2023 Status Report," TCFD, accessed January 3, 2024



CLIMATE-RELATED FINANCIAL DISCLOSURES

INTRODUCTION

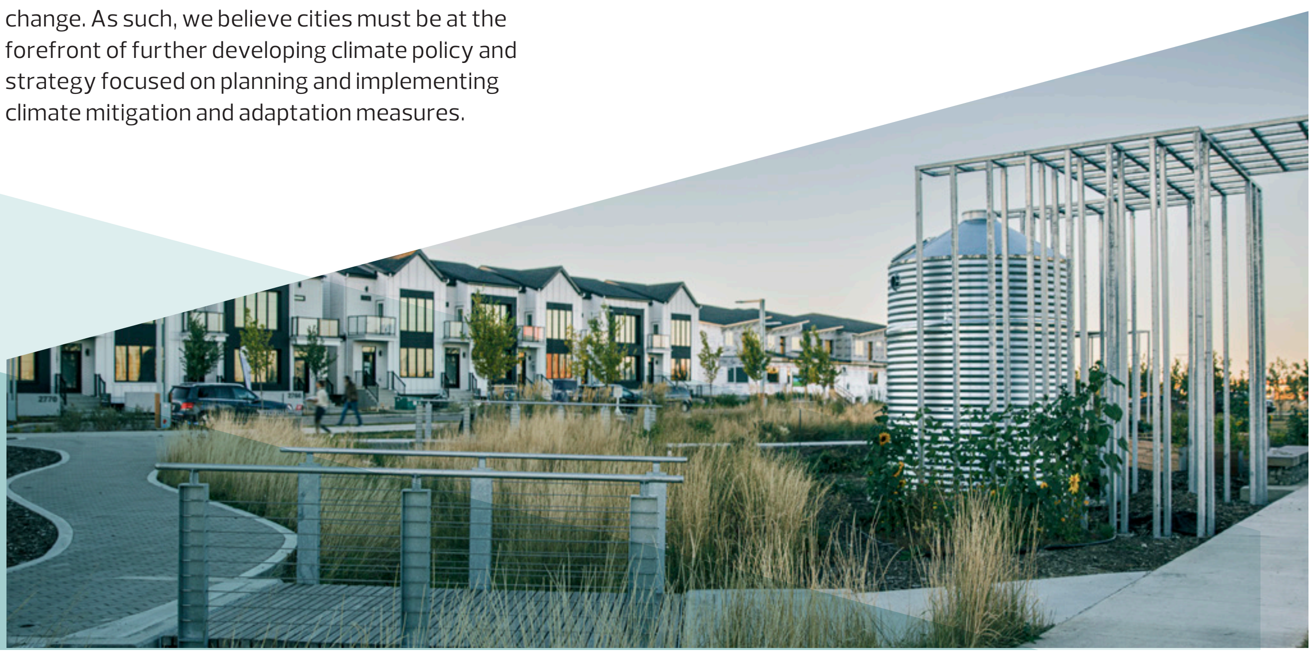
Climate change is a global issue, but its impacts are felt locally in cities like Edmonton. Climate change can affect Edmonton's weather patterns, leading to more frequent and intense heat waves, droughts, and extreme weather events like flooding and storms.

These weather impacts can have significant economic and social consequences, including damage to infrastructure, disruption of transportation systems and loss of life and property. In addition to weather impacts, climate change can also affect Edmonton's environment, including changes in biodiversity, water quality and air pollution. These environmental factors can significantly impact human health and well-being, particularly for vulnerable populations. Low-carbon renewable energy production and efforts to reduce Greenhouse Gas emissions can help to slow climate change. As such, we believe cities must be at the forefront of further developing climate policy and strategy focused on planning and implementing climate mitigation and adaptation measures.

As part of our commitment to resilience and adaptation, the City of Edmonton (City) produced its first TCFD based reporting in its 2020 annual financial report. The City of Edmonton continues its work with the Canadian Municipal Network (CMN) for TCFD that focuses on enhancing climate-related financial disclosures within the annual financial reports of cities in the Canadian context.

The following report represents the City's progress with moving forward on implementing the recommended TCFD framework, and moving the city and community towards a lower-carbon and climate resilient future.

Blatchford named "Best New Community in Canada" by the Canadian Home Builders' Association.



OUR COMMITMENT

The City is committed to change for climate before climate changes everything. We are working judiciously to be resilient, become a carbon neutral city, and adapt to a low-carbon environment to protect our residents and our community.

When City Council signed on to the Global Covenant of Mayors for Climate and Energy in 2015, they committed the City of Edmonton to take action on climate change and disclose environmental activities through the Carbon Disclosure Project (CDP). The City discloses data and information related to climate change mitigation and adaptation (including climate risks) through this open data platform. Annually, the City of Edmonton reports to the CDP on the Greenhouse Gas (GHG) emissions inventory, climate risk and vulnerability assessments, energy transition targets, and information on climate adaptation and mitigation. For 2023 CDP reporting, Edmonton earned a score of A, which demonstrates a leadership level for progress on climate adaptation and mitigation.

In 2018, Edmonton's City Council confirmed their commitment to act on climate change by signing on to the Edmonton Declaration, developed by a group of mayors and global organizations. This is a bold call to action for mayors to take the lead on climate change with over 3,400 municipalities endorsing it.

Additionally, City Council embedded their commitment to climate change in their strategic plan, ConnectEdmonton (2019-2028). This plan has four goals, one of which is climate resilience, stating that Edmonton is transitioning to a low-carbon future, has clean air and water, and is adapting to a changing climate. At the highest level, this sets the direction for City Council's approach to climate risk management..

"Climate resilience is about Edmonton's capacity to respond to the impacts of climate change and protect people, businesses and infrastructure from those impacts. On our path to becoming a resilient city, we will work together to address climate challenges and risks, and pursue the opportunities that arise from a changing climate. Action is required by all Edmontonians, businesses and industries to reduce Greenhouse Gas emissions and preserve and protect a clean environment. Generating and expanding renewable energy and reducing and mitigating climate change is imperative to improve Edmonton's environment now, and for future generations."

ConnectEdmonton: Edmonton's Strategic Plan 2019-2028.

In 2019, City Council declared a Climate Emergency, further reaffirming the City's commitment to becoming a climate resilient city. This declaration included bolstering the City's Energy Transition Strategy, which aligned Edmonton's emission reduction targets to the Edmonton Declaration in recognition of the urgent need for action that will limit average global warming to 1.5 degrees Celsius.

We commit to and call upon all national, state and local governments to undertake climate risk and vulnerability assessments to guide their planning and investment decisions, increase climate resilience and minimize the exposure of people and assets to the impacts of climate change.

Excerpt from the Edmonton Declaration, 2018

OUR APPROACH

The adoption of the TCFD recommendations is a process that organizations evolve through over time in order to reach full maturity.

As such, the City has taken a phased approach to implement the recommendations. It is early in the evolution of TCFD reporting and while many organizations have been working on adaptation and mitigation of climate-related issues for many years, there is less maturity in reporting on the financial implications; the City hopes to add more robust financial implications in future reports.

The content below summarizes the City's progress to date on climate-related disclosures using guidelines from CPA Canada's, Enhancing Climate-related Disclosure by Cities: A Guide to Adopting the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Additional details are provided by pillar in the remainder of this document, including highlights of key accomplishments and upcoming priorities that will move the City forward in our journey to fully adopt TCFD.

TCFD RECOMMENDED FRAMEWORK:

GOVERNANCE 1

TCFD Recommended Disclosures

Describe mayor and city council's oversight of climate-related risks and opportunities.

City of Edmonton Disclosure

City Council has made commitments on climate change action in Edmonton as evidenced in a variety of City strategies including:

Edmonton's Strategic Plan ConnectEdmonton

The City Plan

Climate Resilient Edmonton: Adaptation Strategy and Action Plan

Edmonton's Community Energy Transition Strategy & Action Plan.

Establishment of The Energy Transition and Climate Resilience Committee (ETCRC) to advise Council on the City of Edmonton's progress on energy transition and climate resilience, including two Council sponsors.

Council Policy Climate Resilience C627 embeds climate goals and targets from the two climate strategies into Council Policy direction.

Fall 2023 Carbon Budget Update

Four Council Reports from the Environment and Climate Resilience section in 2023:

- Climate Strategies Update 2023
- Dedicated Climate Fund
- Environmental Review of City-Led Projects
- Fall 2023 Carbon Budget Update
- Update on Environmental Planning, Communication and Reporting

GOVERNANCE 2

TCFD Recommended Disclosures

Describe management's role in assessing and managing climate-related risks and opportunities.

City of Edmonton Disclosure

Edmonton's Climate Resilient Edmonton: Adaptation Strategy and Action Plan, Edmonton's Community Energy Transition Strategy & Action Plan and Council Policy Climate Resilience C627 identifies how climate actions are integrated into City business processes and decisions. Through the City's planning, services, decision-making processes and leadership it helps promote and support a climate resilient community.

Recognizing the climate file is complex, the Executive Leadership Team (ELT) decided a decentralized and shared accountability approach would be required to activate a multi-faceted climate emergency response that impacts the entire organization. ELT determined the best approach for this work was to strike a Climate Task Force with various departments responsible for leading the work. It was created in 2023 and will build a better foundation for climate action work and develop long-term recommendations related to governance.

CLIMATE-RELATED FINANCIAL DISCLOSURES

The City also launched the Downtown Vibrancy Fund and Meet Me Downtown Grant, committing an additional $6.5 million to support projects that increase vibrancy and improve downtown safety by attracting people to live, work, play and visit the heart of our city.

CLIMATE-RELATED FINANCIAL DISCLOSURES

STRATEGY 1

TCFD Recommended Disclosures

Describe the climate-related risks and opportunities the city has identified over the short, medium and long term.

City of Edmonton Disclosure

Edmonton's climate vulnerability and risk assessment identifies climate-related risks for both City of Edmonton owned assets and services, and for the community at large, from the 2050s to t he 2080s.

The Energy Transition Strategy outlines opportunities for the City to invest in to achieve low-carbon goals.

STRATEGY 2

TCFD Recommended Disclosures

Describe the impact of climate-related risks and opportunities on the strategy and financial planning of the City's businesses.

City of Edmonton Disclosure

Climate Resilient Edmonton: Adaptation Strategy and Action Plan and the Energy Transition Strategy identify climate considerations for the City's business decisions.

The City also incorporates climate-related initiatives and spending related to capital and operating budgets.

In 2022, Administration implemented a Carbon Accounting Framework throughout the organization as part of the budget process. The Carbon Budget helps guide decision-making and actions by providing additional carbon emissions information for each budget request within the 2023-2026 capital, operating and utility budget.

STRATEGY 3

TCFD Recommended Disclosures

Describe the resilience of the City's strategy considering different climate-related scenarios, including a 2°C or lower scenario.

City of Edmonton Disclosure

Climate modelling to assess Edmonton's climate change vulnerability and risk was conducted on Representative Concentration Pathways 4.5 and 8.5, representing a lower and a higher global emissions scenario, respectively. This provides flexibility in assessing climate risks in order to accommodate multiple future-plausible scenarios. There is a commitment to update this every five years to stay relevant to the current science. The next strategy update is planned for 2025.

RISK MANAGEMENT

TCFD Recommended Disclosures

Describe the City's processes for identifying and assessing climate-related risks.

City of Edmonton Disclosure

The Enterprise Risk Management (ERM) framework integrates climate and environmental related risks into the City's identified three levels of risk,strategic, operating and service. Edmonton's strategic climate risks are identified and assessed through a vulnerability and risk assessment. Additional evaluation of operating and service risks are identified and assessed through the ERM framework.

TCFD Recommended Disclosures

Describe the City's processes for managing climate-related risks.

The 29th annual Stuff a Bus campaign continued to offer an opportunity for Edmontonians and ETS staff to support Edmonton's Food Bank. In total approximately 23,000kg of food and $10,000 cash were collected through the event.

City of Edmonton Disclosure

The Climate Resilient Edmonton: Adaptation Strategy and Action Plan, and Community Energy Transition Strategy guides policy development and City departments. Department branches determine tactical business area actions to translate the strategic climate plans into tangible outcomes and integrate climate risks at the service level. The City's seven focus areas for climate seeks to provide specific focus on risks and actions in the areas of Governance, Policies, Building Capacity, Culture, Partnership and Advocacy, Green Economy and Intersectionality.

TCFD Recommended Disclosures

Describe how processes for identifying, assessing and managing climate-related risks are integrated into the City's overall risk management.

City of Edmonton Disclosure

The ERM framework is evolving to address a consistent process for integrating climate-related risks. Currently this is done through the annual ERM process for evaluating strategic, operating and service risks, plus using a case-by-case basis evaluation driven by specific corporate policies, such as the Infrastructure Asset Management Policy. Specialized risk assessments for natural disasters and emergency management are conducted through the annual Hazard Identification and Risk Assessments (HIRA).

METRICS AND TARGETS 1

TCFD Recommended Disclosures

Disclose the metrics used by the city to assess climate-related risks and opportunities in line with its strategy and risk management process.

City of Edmonton Disclosure

The City has developed a community indicator, Climate Risk Index, to monitor and report on neighbourhood-level climate risk. This is a composite index of over 40 indicators related to the exposure, sensitivity and ability to respond to the impacts of a changing climate. This index is calculated on a neighbourhood scale and represents an estimation of the level of risk a neighbourhood is facing due to climate change.

METRICS AND TARGETS 2

TCFD Recommended Disclosures

Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 Greenhouse Gas (GHG) emissions and the related risks.

City of Edmonton Disclosure

The City discloses and reports on Scope 1, Scope 2 and Scope 3 Community and Corporate GHG emissions inventories, to understand and manage these emissions.

The City is undertaking a review of all possible Scope 3 emissions sources to check for completeness and conformance to new Scope 3 guidance.

METRICS AND TARGETS 3

TCFD Recommended Disclosures

Describe the metrics used by the City to manage climate-related risks and opportunities as well as performance against targets.

City of Edmonton Disclosure

Enviso indicators are used to measure the City of Edmonton's environmental performance against key performance indicators.

The City Plan targets and measures are used to help understand how Edmonton's planning and development actions achieve climate targets.

In 2022, the City released the 2023-2026 Carbon Budget to show how the City's financial investment decisions impact the achievement of emissions reduction targets. In the fall of 2023, the first annual update to the Carbon Budget was released.

The Fall 2023 Carbon Budget Update highlighted that Edmonton's carbon budget will be depleted one year earlier than forecasted in the 2023-2026 Carbon Budget-2036 for the Community Carbon Budget and 2032 for the Corporate Carbon Budget. Climate change is a collective problem that requires collective action. Climate leadership through reduction of operational emissions must therefore balance with policy, other orders of government and private investment to achieve the targets outlined in the Community Energy Transition Strategy.

CLIMATE-RELATED FINANCIAL DISCLOSURES

MATURITY ASSESSMENT

A maturity assessment framework is included in the CPA Canada guidance document, *Enhancing Climate-related Disclosures by Cities*. This framework helps cities to assess their progress on governance, strategy, risk management, and metrics and targets. The City qualitatively self-assessed against this framework for 2023 reporting.

Maturity Assessment of Edmonton's 2023 TCFD Disclosure:

Governance

Aligned	Progress	Future	
100%	0%	0%	PHASE 1
73%	27%	0%	PHASE 2
47%	40%	13%	PHASE 3

Strategy

Aligned	Progress	Future	
100%	0%	0%	PHASE 1
100%	0%	0%	PHASE 2
17%	67%	17%	PHASE 3

Risk Management

Aligned	Progress	Future	
100%	0%	0%	PHASE 1
86%	14%	0%	PHASE 2
17%	67%	17%	PHASE 3

Metrics and Targets

Aligned	Progress	Future	
100%	0%	0%	PHASE 1
67%	33%	0%	PHASE 2
13%	75%	13%	PHASE 3

In 2023, the City made significant progress in incorporating climate change into the governance, strategy and risk management process. Advancement in these areas, from in-progress to aligned, was primarily due to Administration incorporating a Carbon Accounting Framework and carbon budget into the financial budget process for the 2023-2026 budget cycle.

In 2023 there were 1,181 members of John Janzen Nature Centre.

CLIMATE-RELATED FINANCIAL DISCLOSURES

GOVERNANCE

A strong governance structure is a crucial element of the TCFD framework to ensure climate-related issues receive the appropriate oversight and attention from the most senior levels down, and that shared accountability is embedded throughout the organization. This oversight is essential to provide the necessary programs and services for our citizens in a fiscally-responsible manner while managing the risks and opportunities associated with climate change.

MANAGEMENT AND CITY COUNCIL'S ROLE

At the top of the City's governance structure, Council sets climate and environmental policy to manage climate risks and opportunities. Management implements actions to operationalize Council's policy and direction through many mechanisms. This includes strategic planning and development, budgeting, community development, external partnerships, risk management and business planning. City Management holds the primary responsibility for ensuring Council's climate policy is followed.

Updates on the progress of climate strategy, goals and targets are presented to Council on an annual basis or periodically as plans, budgets and strategic documents are updated. An example of an annual progress update is the Climate Strategies Progress Report. It provides an overview of Edmonton's annual GHG emissions inventory, progress made by our civic operations in areas such as sustainable buildings, zero emissions fleet and vehicles, district energy developments, as well as progress made by community programs such as building programs, mobility programs and community grant programs. This report also includes a progress update on the implementation of Climate Resilient Edmonton: Adaptation Strategy and Action Plan.

Several business units and committees serve to support management's climate oversight throughout the organization as highlighted below.

MANAGEMENT GOVERNANCE

Urban Planning and Economy

Environment and Climate Resilience Team

Climate Resilient Building Team

Enviso (ISO 14001 Environmental Management System)

TCFD Working Group

Financial and Corporate Services

TCFD reporting

TCFD Working Group

Enterprise Risk Management

Carbon Accounting and Budget

ELT Climate Task Force

External

Energy Transition Climate Resilience Committee

CLIMATE-RELATED FINANCIAL DISCLOSURES

KEY ACCOMPLISHMENTS

The City of Edmonton celebrated Clean Air Day on June 7, 2023, by installing an artistic lamp in City Hall with a smart LED lightbulb, which uses new computer code written by City employees. The smart colour-changing bulb will provide a visual indicator for the Air Quality Health Index (AQHI) for any location in Alberta.

"The AQHI Lamp is a small indicator of our larger climate change efforts. We hope that on more days than not, the light will glow blue, indicating the work we've put into keeping our air clean and breathable—and our environment healthy."

- Chandra Tomaras, Director of Environment and Climate Resilience

In 2023, the Executive Leadership Team created a Climate Task Force that will build a strong foundation for climate action work and develop long-term recommendations related to governance.

CARBON BUDGET AND ACCOUNTING FRAMEWORK

To remain informed and assess progress towards a low-carbon future, the City is implementing a Carbon Accounting Framework to integrate GHG reductions into budgeting and prioritization processes. The following is a summary of the City's progress towards implementation of a carbon budget and accounting framework.

To understand what the transition to a low-carbon future looks like, a local fair share carbon budget was calculated. The carbon budget shows how far and how fast we have to move in terms of emission reductions, and the magnitude of change required. Meeting Edmonton's local carbon budget requires rapid reduction of GHG emissions and carbon neutrality by 2050.

Similar to a financial budget, a carbon budget includes revenues (annual emissions limit), expenses (emissions) and deficits/surpluses (annual emission limit minus emissions) to align with decision-making frameworks for capital and operating budgets. When combined with effective monitoring of emissions, the carbon budget also provides a framework for reporting progress on a consistent basis from year-to-year.

Central to the success of carbon budgeting is a Carbon Accounting Framework to support both the qualitative and the quantitative tracking and management of GHG emissions throughout the community. The City began implementing a Carbon Accounting Framework in 2022 to guide forward-looking decisions and further integrate financial decision-making with GHG impacts.

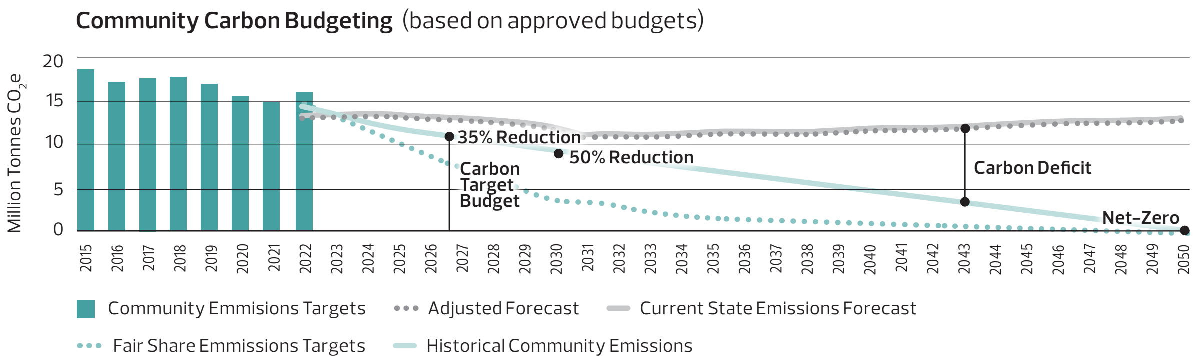
EDMONTON'S CARBON BUDGET

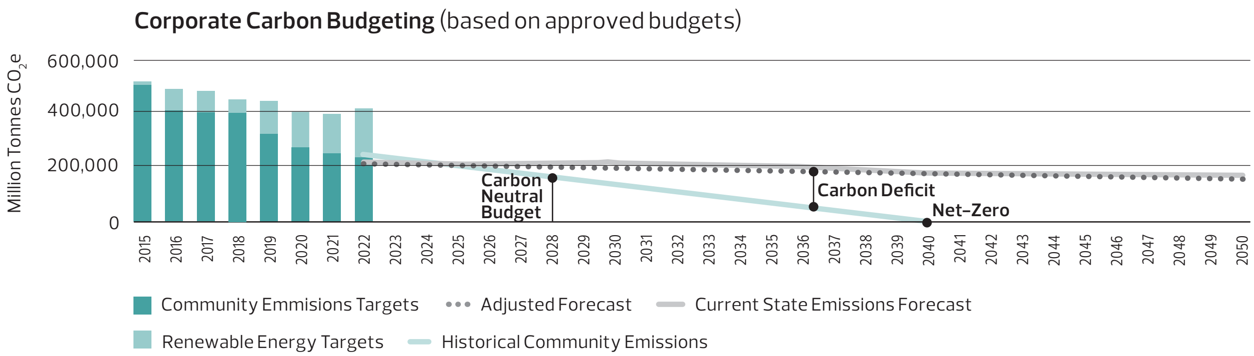
Edmonton has set community greenhouse emission reduction targets of 35 per cent by 2025, 50 per cent by 2030, and being emissions neutral by the year 2050 as defined in the Community Energy Transition Strategy. The City of Edmonton has set a corporate target to be emissions neutral by the year 2040. Corporate emissions represent 2 per cent of city-wide emissions.

In 2019, utilizing a convergence and contraction model derived from C40 cities, the global fair share carbon budget was localized to Edmonton. The result was 155 megatonnes (Mt) apportioned to Edmonton. This means that between 2019 and 2050, Edmonton must emit no more than 155 Mt of GHG emissions in order to reduce Edmonton's contribution to global warming in alignment with the 1.5 degrees Celsius global average temperature goal.

In 2022, the City of Edmonton released the 2023-2026 Carbon Budget to inform how the City's financial investment decisions impact the achievement of emissions reductions targets. This first iteration of completing a carbon budget alongside financial budgets provided valuable learnings that will be incorporated into future processes as the organization matures.

In 2023, the City of Edmonton provided an update to the 2023-2026 Carbon Budget and adjusted its emission forecasts. As a result of this adjusted forecast, the community and corporate carbon budgets are forecasted to be depleted one year earlier-2036 for the Community and 2032 for Corporate. This shift was caused primarily due to 2022 emissions being higher than expected because of increases in energy use in buildings and the industrial and transportation sectors as their emissions have increased as pandemic recovery continues.





UPCOMING PRIORITIES

The Carbon Accounting Framework will continue implementation throughout 2024 and will allow for the integration of climate focused decision-making into the financial and organizational planning process, including budget development and prioritization, asset management analysis and operational business decisions that incorporate climate-related impacts with financial implications.

STRATEGY

A key component of our resilience during the move to a low-carbon economy is a proactive focus on managing the risks and opportunities in the short, medium and long-term emerging outlooks as a result of climate change.

The City incorporates the assessment of climate risk and opportunities within its major strategic planning documents, such as The City Plan and ConnectEdmonton, as well as within specific climate action strategic documents that incorporate the use of scenario analysis, including a 2-degree or lower scenario, to provide feasible data to inform strategy and action setting.

OUR CLIMATE STRATEGY WORK

The City Plan

City Council approved The City Plan in 2020. The document combines the City's Municipal Development Plan and Transportation Master Plan and builds on the climate resilience direction outlined in ConnectEdmonton. The City Plan includes goals related to being a low-carbon and climate adapted community. Additionally, The City Plan has several climate-related policy directions and intentions embedded throughout this statutory document, providing further direction that climate change needs to be considered in the growth and development of Edmonton.

Edmonton's Community Energy Transition Strategy

In 2021, Edmonton updated the Community Energy Transition Strategy to align Edmonton's climate change mitigation efforts to the Paris Agreement goal of limiting global average warming to 1.5 degrees Celsius. The strategy is made up of goals, strategies and actions around four climate pathways: a renewable and resilient energy transition; emissions neutral buildings; low carbon city and transportation, and carbon capture and nature-based solutions. Underlying the entire approach is a foundation of climate solutions leadership. This updated strategy builds off Edmonton's previous and ongoing work in energy transition and climate mitigation, accelerating actions to reduce community based GHG emissions by 50 per cent (compared to 2005 levels) by 2030, and ultimately achieving net zero per person emissions by 2050.

Climate Resilient Edmonton: Adaptation Strategy and Action Plan

The Climate Resilient Edmonton: Adaptation Strategy and Action Plan developed in 2018 outlines the approach to adapting Edmonton to be resilient to impacts from climate change. The strategy was formally adopted unanimously by City Council in November 2020. The strategy is a four-year action plan, aligned with City Council budget cycles, which will be updated every four to five years. The strategy has specific goals around adapting Edmonton to four main climate change impact themes: changing temperatures, changing precipitation, changing weather extremes and changing ecosystems, with an additional underlying foundational pathway around making science and evidence-based decisions. To date, implementation has been focused on infrastructure resilience, community preparedness and proactive risk management.

The City brought its first hydrogen fuel-cell transit bus into service.

SCENARIO ANALYSIS

Climate-related scenario analysis helps City Council and management to assess plausible future climate conditions and issues when making decisions and setting strategy. The outputs from scenario analysis helps to identify climate-related risks and opportunities. As part of determining the climate change projections and impacts, the City used climate projections from Global Climate Models (GCMs). The GCMs used two of the Intergovernmental Panel on Climate Change Representative Concentration Pathways, where one represented a higher GHG emissions scenario and the other assumes that global action has been taken to limit GHG emissions. Both scenarios show similar climate projections up until the 2050s, at which point they start to diverge. Applying climate modelling to different emissions scenarios enables the City to plan for multiple plausible climate futures. General trends from this assessment indicate that Edmonton can expect:

- Continued warming trends, including more extreme heat events
- Changing precipitation patterns, including warmer wetter winters, hotter drier summers and more extreme rainfall events
- An increase in frequency and severity of extreme weather events
- An overall warming and drying trend in our region, which could lead to changes in Edmonton's ecosystems

CLIMATE-RELATED RISKS AND OPPORTUNITIES

Climate-Related Risks

The TCFD framework identifies climate risks as transitional or physical; these risks can result in financial loss, reputational damage and the reduction of programs and services to residents. The majority of the City's identified risks are for the impacts on the physical assets and City services as a result of extreme weather events or slow onset climate shifts. The City continues to assess the transitional risks for future reporting.

Historical climate trends, taken from observed recorded data, show that Edmonton's climate has already changed over the past 100 years. Edmonton is warming at a faster rate than the global average and this is particularly evident during the winter months. The City worked with stakeholders and subject matter experts to quantify the consequence of modelled climate change impacts on a comprehensive suite of assets and services that included:

- Health and safety
- Community and culture
- Emergency management
- Food and agriculture
- Stormwater, drinking water and wastewater
- Buildings and property
- Waste management
- Transportation systems
- Information and communication technology
- Electricity
- Fuel supply
- Natural environment
- Economy

The quantification of risk impacts, combined with the frequency of climate risk impacts derived from the climate change modelling, was the basis of the City's risk and vulnerability assessment which informed the City's climate risk profile. Generally, Edmonton is expecting changes to our temperature, precipitation, ecosystems and the frequency and intensity of extreme weather events resulting from climate change. These risks have the potential to impact infrastructure, socioeconomic human systems and our natural environment.

CLIMATE-RELATED FINANCIAL DISCLOSURES

Opened its first solar-powered, net-zero energy fire station.

Climate Opportunities

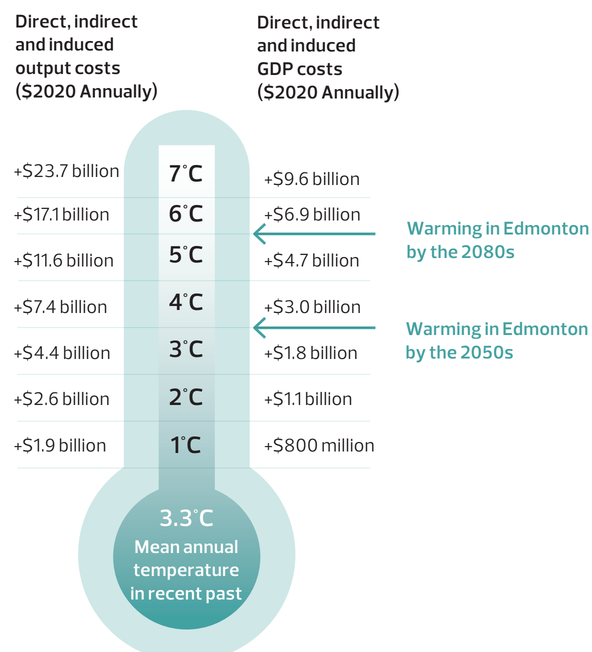
While the City's climate change assessment to date has been largely focused on preparing for the risks related to climate change, it is important to consider any opportunities that arise as we adapt in response to a transitioning climate. The City is exploring grants to support municipalities to take action on climate change, including funding for adaptive transportation methods such as hydrogen buses, public transit expansion, and active transportation expansion; and for installation of nature-based solutions such as tree planting. Emerging business opportunities and technologies include the areas of emissions neutral buildings and alternative energy markets. The City is also actively considering strategic investments in new energy sources, finding opportunities for cost reduction from efficiencies and increasing our economic resilience by reducing economic dependence on the carbon economy. Additional information related to the strategic investments identified in the Energy Transition Strategy is highlighted further in the report.

CLIMATE AND FINANCIAL STRATEGIES

The City is in the first phase of understanding the financial implications of climate change on our infrastructure, programs, economy and our community. The following is a summary of work that has been completed to date, including some of the steps the City is taking to advance investment, organizational understanding and reporting of future financial costs and savings related to our changing climate.

Edmonton's Economic Assessment of Climate Change Impacts

To better understand what climate change costs mean for Edmonton, a study specific to the City was conducted to model and project the economic consequences of climate change. This study found that climate change could cause direct annual costs of approximately $1.0 billion by the 2050s and $4.1 billion by the 2080s. These costs arise from the physical impacts of climate change, such as damage or disruption to tangible goods and services that can be monetized. This can include costs incurred to repair damaged infrastructure, as well as costs to intangible goods and services, such as travel delays due to damaged infrastructure. Annual GDP losses due to climate-related impacts on Edmonton is estimated at $2.1 billion annually by the 2050s and $6.0 billion annually by the 2080s. This economic analysis illustrates that climate change will have real economic consequences for Edmonton, and that there will be a cost incurred on future Edmontonians if climate change action is not taken. Social and GDP costs for Edmonton increase with each degree of additional warming.



Investment in Energy Transition and Adaptation

In December 2022, Council approved the 2023–2026 Budget including directing additional funding to climate action in both the capital and operating budgets.

For the capital budget, Council approved four new capital profiles for a total of $198.7 million over 2023–2026 to support climate action through funding of planning, design and delivery for:

Climate resilient facility upgrades

Emissions neutral city fleet and equipment

District energy network strategy and district energy nodes

Active Transportation Implementation

For the operating budget, Council approved $79.6 million in funding over 2023–2026, which includes three service packages on top of the existing base funding:

Energy Transition Strategy Implementation Composite, to advance at least one "Big Win" action from each of the strategy's four energy transition pathways.

Supplemental Community Energy Transition Implementation service package, to further support accelerating energy transition in the community.

And lastly, the Climate Adaptation Strategy Implementation composite, to focus on preparing the community for a changing climate through proactive risk management, as well as supporting critical operational changes to reduce the corporation from the vulnerabilities to most significant climate changes.

Climate Action Approved 2023–2026 Budget
($000s)

	2023 Actual	2024 Projection	2025 Projection	2026 Projection	Total
Maintenance of Solar Systems	82	356	356	331	1,125
Bike Plan Implementation Op	234	750	1,304	1,917	4,205
Mass Transit	13,334	16,294	16,543	16,793	62,963
Community Activation	1,987	6,500	6,500	6,500	21,487
Total Approved Operating Budget	**15,637**	**23,900**	**24,703**	**25,541**	**89,780**
District Energy Strategy	171	4,792	6,517	13,800	25,279
City Facility Retrofits		16,000	22,000	10,000	48,000
Bike Plan Implementation Capital	807	26,750	33,650	33,650	94,857
City Bus Fleet	21,979	7,660	7,660	7,660	44,959
City Light and Heavy Duty Fleet and Equipment	279	2,000	3,000	5,000	10,279
Mass Transit	9	3,147	2,930	638	6,724
Nature Based Solutions		6,500			6,500
Urban Trees		12,852	14,742	15,289	42,883
Total Approved Capital Budget	**23,244**	**79,700**	**90,498**	**86,038**	**279,480**
Total Approved Budget	**38,881**	**103,600**	**115,201**	**111,578**	**369,260**

Clean Energy Improvement Program

The City of Edmonton has also been investing in projects to catalyze climate change action in the community. Funds have been committed from the City's operating budget to focus on new or increased rebates and incentives to local homeowners and businesses to increase their uptake towards solar installations and building retrofits. These have been fully subscribed and the programs are winding down by the date of this report. An innovative financing pilot program, the Clean Energy Improvement Program (CEIP) received $9.7 million from the Federation of Canadian Municipalities Green Municipal Fund for the financing of retrofit upgrades on eligible privately owned buildings within Edmonton. As of October 2023, 95 residential and four commercial properties have been approved in this program and are working through completing their energy improvement upgrades. This pilot program is closed to new applicants, but a February 23, 2024, Council report recommends a long-term program with $20.0 million and a planned four-year duration. If approved, the new CEIP would launch in late spring and, depending on interest, could expand beyond the initial scope.

Integration into Financial Planning and Asset Management

As climate change and the corresponding climate strategies have financial implications, City Council's energy and climate goals are advanced, in part, through integrated corporate financial planning processes. The City's capital planning process for new assets includes a system of scoring against strategic goals that helps prioritize capital investment. Scoring criteria includes building sustainable infrastructure that ensures the continuity of critical services by being more resilient to crises, disaster and severe weather impacts; sourcing of sustainable energy and responsible energy consumption; and managing operations and engaging Edmontonians to reduce the production of GHG emissions.

In addition to new capital infrastructure planning, the City has integrated climate resilience into its renewal asset management planning to address the risk to infrastructure from climate change. Policy C598 Infrastructure Asset Management, requires that the City consider proactive resilience when making infrastructure asset investment decisions, including capital renewal and operational maintenance. The initiation of the Open Spaces Asset Management Plan in 2022 provided the opportunity to conduct a climate risk assessment at an asset class level. This climate risk assessment was completed using a high-level Public Infrastructure Engineering Vulnerability Committee (PIEVC) protocol. The recommendations from the PIEVC assessment will be used to inform life-cycle management of the assets through the development of the asset management plan.

Implementation of Council Policy C627 (Climate Resilience Policy) requires the City to conduct climate risk assessments for the design and construction of new City buildings and major retrofit buildings. In 2023, three reports-for Rollie Miles Recreation Centre, Fire Station 7 and Fire Station 22-were reviewed by the Environment and Climate Resilience section to ensure that the recommendations were integrated into the pre-design reports for future consideration.

In 2023, the City of Edmonton hired Stantec Consulting Ltd. to review the climate strengths and weaknesses of all City-owned buildings. This project, known as Facilities Climate Risk Assessment (FCRA), sought to identify buildings vulnerable to climate-related hazards—such as extreme heat and cold, intense rainfall and high winds—and develop recommendations to be integrated into the City's building retrofit program. The project prioritized about 150 buildings based on their conditions. Key findings indicate that the majority of these buildings require upgrades, including roof replacements, lighting improvements, window and door enhancements, and improvements in parking and pavement infrastructure.

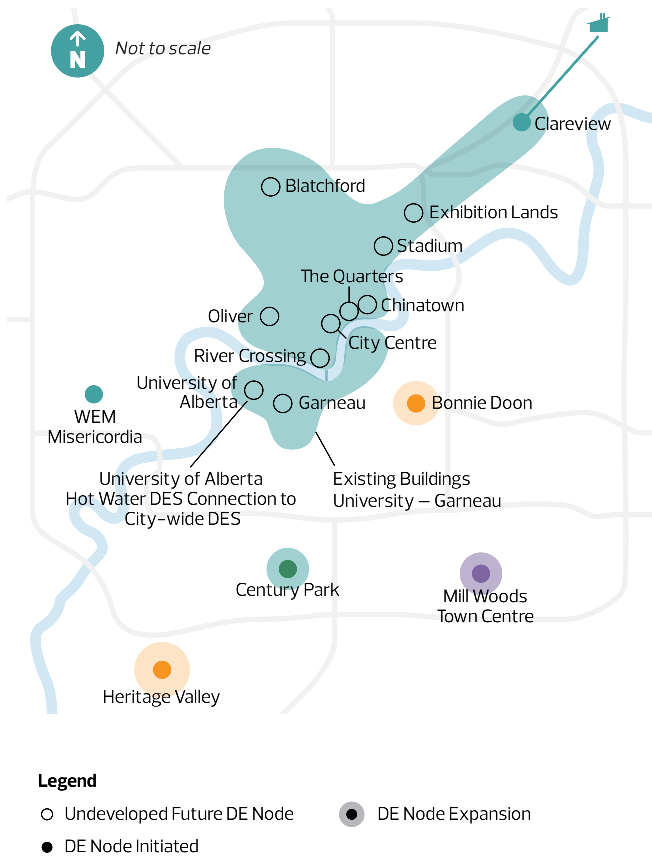
The City plans to use these assessments to prioritize and implement building adaptation measures. These measures will ensure the buildings maintain a high level of functionality, safety and efficiency during climate-related challenges in the future, while supporting the City's broader climate action objectives.

Beyond capital asset management, the City's financial operational plans are also evolving to include the assessment of climate impacts. Operational programs and services are scored during the budget process on their ability to sustain and conserve the environment. The City is continuing to integrate climate resiliency and sustainability into the City's financial planning as demonstrated in the recently approved 2023-2026 Budget.

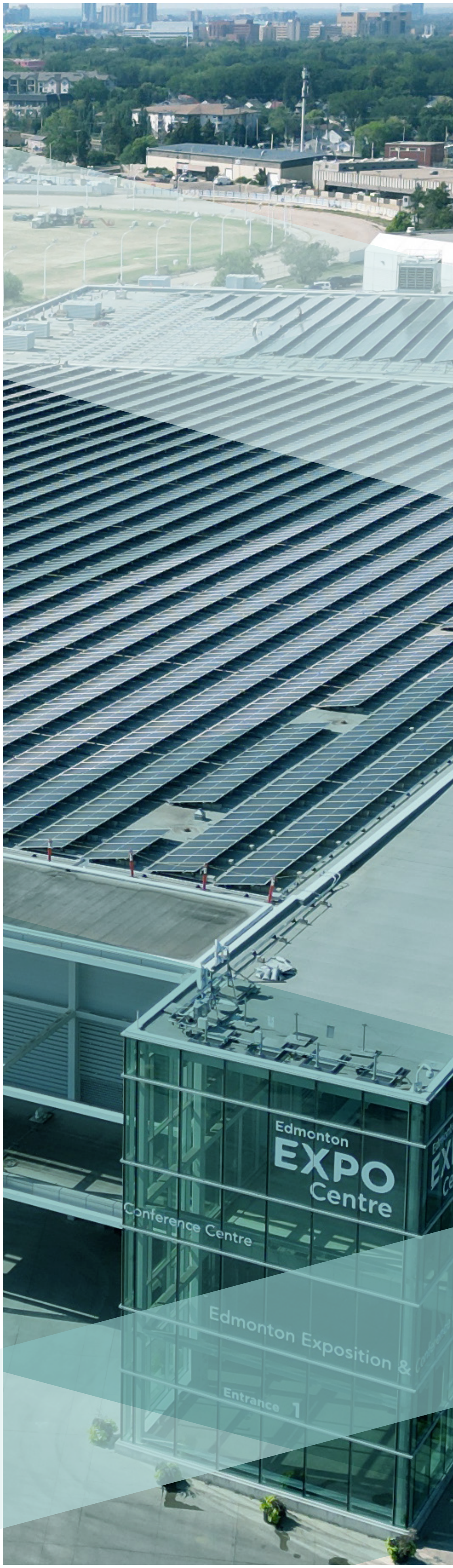
DISTRICT ENERGY STRATEGY: GROWING EDMONTON'S DISTRICT ENERGY NETWORK

Establishing a "city-wide decarbonized district energy network" is a "Big Win" action in Edmonton's Community Energy Transition Strategy. Local district energy systems also improve climate resiliency as identified in the City's Adaptation Strategy and Action Plan. This is transformational work which offers the opportunity to significantly reduce GHG emissions, and prepare Edmontonians for the impacts of a changing climate through the use of low-carbon, alternative and renewable energy for local district energy systems.

Establishing district energy systems in Edmonton started with the Blatchford Renewable Energy Utility and Downtown District Energy Initiative, and expansion efforts are ongoing. Further, the City's District Energy Strategy lays out the vision of a growing network of 15 district energy opportunity areas which, over time, have the potential to interconnect into an efficient, large-scale, decarbonized energy network. The total annual emission reductions across all district energy opportunity areas are estimated to be in the order of 230,000 tonnes of CO2e per year (at build out).



Municipal leadership will be key to the successful implementation of the strategy. The City is working to implement the near-term actions outlined in the District Energy Strategy using a three-fold approach: advancing district energy feasibility studies in priority areas, establishing private sector partnership(s), as well as developing an effective district energy regulatory framework to compel connection.



CLIMATE-RELATED FINANCIAL DISCLOSURES

SPOTLIGHT: RENEWABLE ATTRIBUTES PROCUREMENT AGREEMENTS

In 2022, The City of Edmonton entered green energy contracts that will see the corporation use 100 per cent renewable electricity for the next 20 years starting in 2025.

The City, through its Community Energy Transition Strategy, set a target to be carbon neutral in its corporate operations by 2040 and for the entire community to produce net-zero Greenhouse Gas (GHG) emissions by 2050. 80 per cent of the power created through these contracts is wind generated and 20 per cent of the power is solar generated.

SPOTLIGHT

CLIMATE-RELATED FINANCIAL DISCLOSURES

> **Edmonton is stepping up and making the bold changes needed to meet our ambitious climate goals," Edmonton Mayor, Amarjeet Sohi said. "We are leading by example to show that big organizations can make investments today that significantly reduce GHG emissions for years to come. I know our administration takes the City's transition to net zero operations seriously. These new wind and solar contracts are a great example of how the City can work with industry to reach a green energy future."**

To maximize the amount of generation being added to the grid, and provide the largest benefit to Edmontonians, 20-year agreements were developed to meet the City's current needs. As well, additional Renewable Energy Certificates will be added as the City's energy load increases.

"The City has made commitments to achieve net zero Greenhouse Gas emissions in our operations by 2040," Planning and Environment Services Branch Manager, Kent Snyder said. "The power generated by these contracts will prevent over 95,000 tonnes of carbon per year from entering the atmosphere and will add more capacity to Alberta's power grid. As we transition to more electric vehicles on the road and less use of fossil fuels in vehicles, homes and industry, this will be crucial to meeting our climate change targets."

Ontario-based Capstone Infrastructure Corporation has entered into a 20-year wind contract with the City of Edmonton to provide renewable attributes from approximately 270,000 MWh per year generated by the Wild Rose 2 Wind Farm, currently in development in Cypress County. Renewable Attribute Certificates are issued as proof of electricity produced by renewable sources, which the City has been doing since 2013.

The City has also entered into a 20-year solar agreement with Alberta-based BluEarth Renewables of Calgary for renewable attributes of approximately 70,000 MWh per year.

BluEarth's Wheatcrest Solar project, located in the Municipal District of Taber, will add an additional 50 MWh to Alberta's power grid when completed.

The solar project is targeted to come online mid-2024 with the wind project to follow in 2025.

As of November 2023, the solar power installations on 12 City-owned buildings have reduced Greenhouse Gas emissions by 617 tonnes of CO2e.

RISK MANAGEMENT

The climate change landscape is complex, fluid and poses risks to our community and way of life. It is crucial the City not only understands these risks, but proactively manages them through a robust risk management program.

ENTERPRISE RISK MANAGEMENT

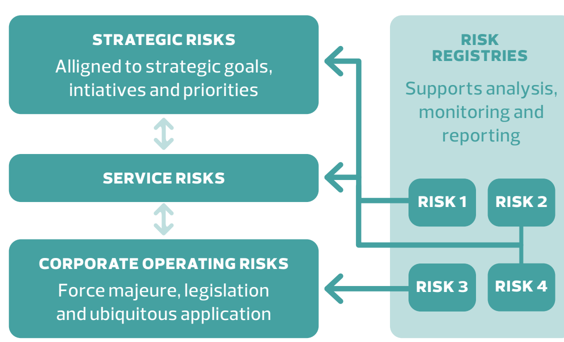
The City of Edmonton conducts three levels of risk assessment in the Enterprise Risk Management (ERM) program to determine the holistic impacts on the organization: strategic risks, operating risks and service risks. The ERM framework integrates environmental related risks into the City's identified three levels of risk. The City's strategic climate risks were identified and assessed through the Vulnerability and Risk Assessment (VRA). The VRA prioritizes climate-related risks and opportunities; it determines levels of concern and priorities for specific natural and man-made assets, public and private services, population segments, and the pathways through which they are impacted. The VRA prioritizes climate-related risks and opportunities; it determines levels of concern and priorities for specific natural and man-made assets, public and private services, populations segments and the pathways through which they are impacted.

The ERM program gathers information and data impacting each layer of the organization, with the intention of aligning actions to respond effectively in a co-ordinated manner to climate-related risks and to support our climate change strategies. This integration aligns business planning, budget planning, emergency management plans, climate change impacts and insurance risks to create a more robust approach for proactive action and prepared responses.

ERM levels of organizational risk

Specialized risk assessments for potential natural disasters (floods, extreme wind, etc.) resulting from climate change impacts are assessed by the Office of Emergency Management with the Hazard Identification and Risk Assessment (HIRA). The Office of Emergency Management continues to collaborate with the Alberta Emergency Management Agency (AEMA) on leveraging risk assessments, data and aligning response planning.

ERM interrelationship of risks across the three levels of organizational risks



CLIMATE-RELATED FINANCIAL DISCLOSURES

In 2023, the City planted more than 180,000 trees, with a target of planting two million trees by 2031 as part of the City's goal of achieving 20 per cent canopy cover by 2071.

TRANSITIONAL RISKS

The assessment and impact of transitional risks—those risks associated with transitioning to a low-carbon economy—are being evaluated and developed with the maturation of the ERM framework. Further integration of data from the Carbon Budget will support decision-making and resourcing, from risk assessment to mitigating actions. The alignment of decision-making and climate impact knowledge will strengthen the effectiveness of our mitigations. Further development work continues on risks impacting the seven focus areas for climate: Governance, Policies, Building Capacity, Culture, Partnership and Advocacy, Green Economy and Intersectionality. Assessing risks and prioritizing mitigation actions by these focus areas will provide a roadmap for transitioning the City to reach our climate goals.

KEY ACCOMPLISHMENTS

The strategic risk profile reported for 2024 highlighted increasing risk from extreme weather event and the changing role major municipalities play in supporting evacuees.

The Office of Emergency Management provided activation response to many extreme weather events in 2023 to support wildfires, evacuees from as far as the Northwest Territories, extreme cold, extreme heat and poor air quality smoke events.

The City participated in the resilience hubs research project, to further explore the development of resilience hubs for Edmonton.

UPCOMING PRIORITIES

Continuing to create integration points between risk management and carbon budgeting to support effective financial decision-making.

Alignment and integration of risk management with the application of climate resilience adaptation standards and specifications, to allow the City to advance asset management adaptation and sustainability.

Support development of climate risks from strategic to tactical impacts on operations, services and financials.

Research potential development of risk tolerance and appetite statements to support improved decision-making and opportunities to leverage innovation and investment.

METRICS AND TARGETS

In order to successfully implement the robust climate adaptation and mitigation strategies that the City has set out, mechanisms to monitor and measure climate-related risks and opportunities must be established. The City relies on a variety of metrics and targets to identify progress being made towards climate risk goals.

ENVISO

The City of Edmonton corporation is ISO 14001:2015 certified. The City's corporate ISO environmental management system is termed "Enviso" and this system provides the corporation with a formal "Plan, Do, Check, Act" approach to manage environmental risks and continually improve environmental performance. This system is also critical for integrating environmental aspects into processes throughout the corporation, as well as operationalizing environmental strategies and policies. Through the Enviso system, a set of key performance indicators (KPIs) have been determined across different environmental aspects, including energy and climate change. These KPIs are also in the process of being integrated into the City's Enterprise Performance Management system. Climate resilience metrics and targets are included in this system.

THE CITY PLAN TARGETS

Embedded within The City Plan are long-term targets and metrics related to climate change including:

Achieve total community-wide fair share carbon budget of 135 megatonnes of total GHGs from 2019 to 2050, including net zero per person GHG emissions by 2050

Plant two million new urban trees

50 per cent of trips are made by transit and active transportation

15-minute districts that allow people to easily complete their daily needs

The City Plan's performance on meeting these indicators, targets and measures will be communicated regularly, with more robust analysis undertaken at certain population thresholds.

CLIMATE-RELATED FINANCIAL DISCLOSURES

Edmonton has more than 2,300 hours of bright sunshine in an average year, allowing solar to play a major role in the City's quest for sustainability. The City also looks at any new build as an opportunity to incorporate solar panels.

CLIMATE CHANGE ADAPTATION COMMUNITY INDICATOR

Edmonton has developed a Climate Risk Index to monitor, measure and report on the progress towards making the community of Edmonton climate resilient. This index is a scientifically robust, evidence-based measurement process to evaluate Edmonton's resilience to climate change. This composite index is a compilation of individual indicators and indicator sets that produce sub-indices to represent the main dimensions of Edmonton's climate resilience. Each indicator is measured on a performance-based (quantitative) assessment. Currently the index consists of 17 indicators related to exposure to different climate change events, 17 indicators related to sensitivity and 12 indicators related to response capacity. The indicator presents the percentage of neighbourhoods that are in different risk categories. This enables Edmonton to establish a baseline from which we can subsequently measure the impact of planned adaptation actions on climate resilience over time at a sub-city level (i.e. a neighbourhood scale).

GREENHOUSE GAS EMISSIONS

In 2021, The City of Edmonton updated emissions reductions targets in Edmonton's Energy Transition Strategy to align with global efforts to decarbonize established by the Intergovernmental Panel on Climate Change. These targets include interim targets in 2025 and 2030 to reduce community-based Greenhouse Gas emissions by 35 per cent and 50 per cent respectively from 2005 levels, and reaching net zero Greenhouse Gas emissions by 2040 for corporate emissions and 2050 for community emissions. This puts Edmonton among pioneering municipalities worldwide in combating climate change.

GREENHOUSE GAS EMISSIONS – INVENTORIES

The City has prepared both community and corporate GHG emissions inventories since the 1990s, and relies on these emissions inventories for energy transition and emissions reduction planning and tracking. Edmonton follows the latest international Greenhouse Gas emissions accounting protocols for preparing Greenhouse Gas inventories. These inventories report on Scope 1, Scope 2, and select Scope 3 Community and Corporate Greenhouse Gas Emissions sources, to understand and manage their emissions. Scope 1 emissions result from the combustion of fuel within the city limits, generally referred to as Direct Emissions. Scope 2 emissions are indirect emissions sources from the generation of electricity outside of the city limits. Scope 3 includes emissions that are induced due to activities taken by the City or Community. Edmonton's community inventory currently includes emissions from line losses from electricity transmission, transboundary traffic and emissions from waste disposal and treatment outside of the City as Scope 3 emissions. Investigation of additional Scope 3 emissions sources for inclusion in the GHG inventory is underway to improve the City's tracking and management of these sources.

Edmonton reports the results of the Community and Corporate emissions inventories on Edmonton's Open Performance Dashboard under the Climate Resilience goal of ConnectEdmonton. Edmonton has also been awarded the "Full Compliance" badge from the Global Covenant of Mayors for Climate and Energy for the City's climate planning. The City also participates in the Carbon Disclosure Project (CDP), a not-for-profit charity that runs the global climate disclosure system for investors, companies, cities, states and regions. Edmonton's 2022 CDP reporting resulted in Edmonton maintaining an A-grade, demonstrating Edmonton's ongoing leadership and transparency in climate planning and action.

CLIMATE-RELATED FINANCIAL DISCLOSURES

KEY ACCOMPLISHMENTS

In 2023, the City fully offset our corporate emissions from electricity usage.

Receiving an A-grade from the Carbon Disclosure Project for annual reporting of climate plans and actions.

UPCOMING PRIORITIES

Updating and refining carbon budgeting to enable greater quantification of budget profiles.

To help ensure overall goals are met, additional corporate climate targets with ongoing checkpoints will be created.

HIGHLIGHTS FROM EDMONTON 2021 GHG INVENTORY RESULTS:

Community Greenhouse Gas Emissions

In 2022, Edmonton's community GHG emissions were estimated to be 16.1 million tonnes of carbon dioxide equivalent (tCO2e) equating to 14.8 tonnes per capita. This is a 42 per cent decrease from 2005 per capita emissions of 25.5 tonnes per person. While this demonstrates that progress has been made on reducing Edmonton's emissions, accelerated emissions reduction actions are still needed to meet Edmonton's net zero per person target.

Corporate Greenhouse Gas Emissions

The City's corporate GHG emissions inventory represents approximately 2 per cent of the community GHG emissions. In 2022, the City's net corporate GHG emissions totaled 247,000 tonnes of carbon dioxide equivalent (tCO2e); this total includes sequestration from the city's urban forest and the purchase of Renewable Energy Certificates (RECs) to offset electricity use emissions. Without including the urban forest and RECs, corporate emissions would have been 405,000 tonnes.

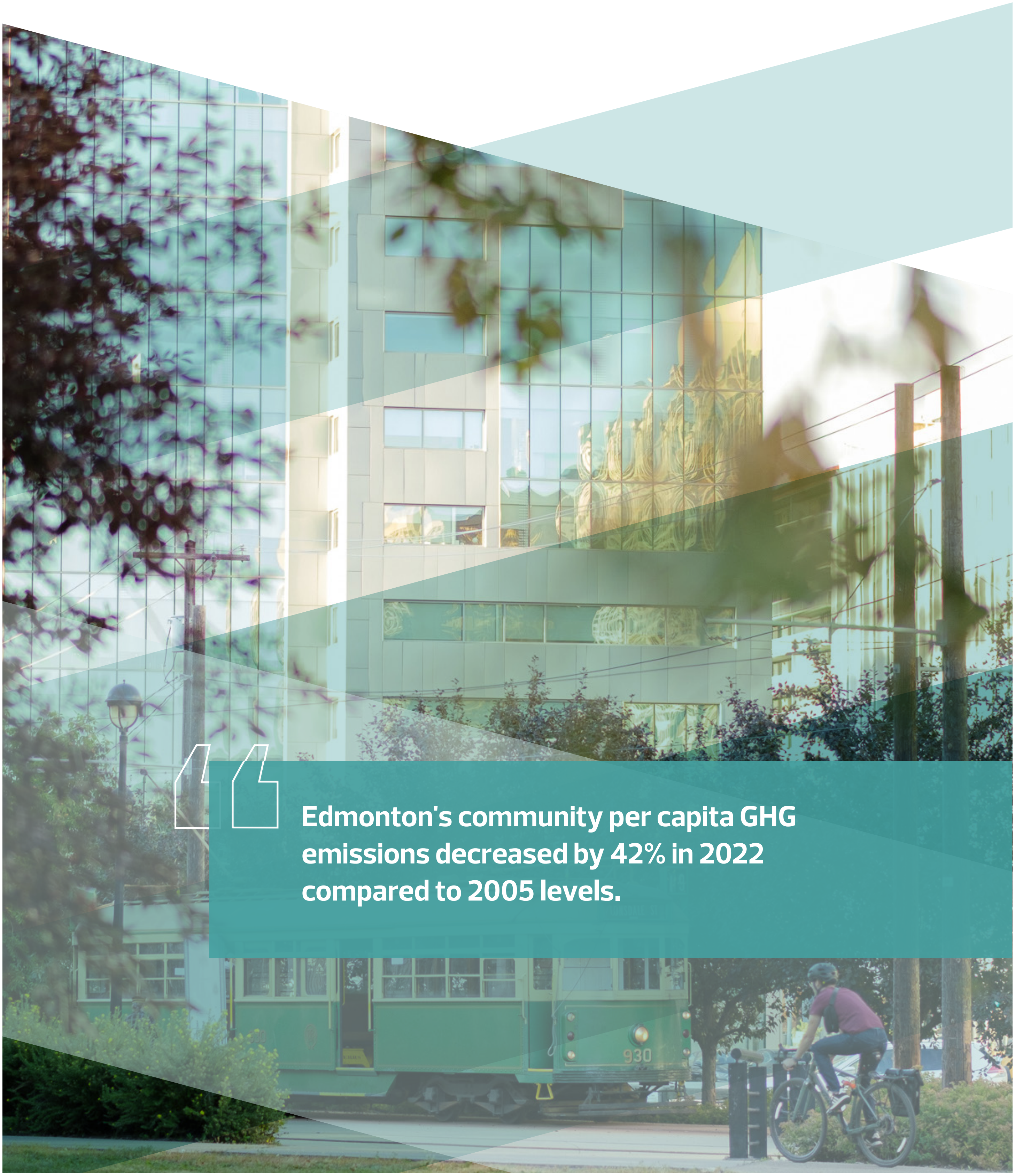
Total energy use for corporate operations in 2022 increased by 4 per cent from 2021, and has increased from 2005 levels by 45 per cent.

The changes in the corporate GHG emissions by reporting sector are summarized below:

Change in Corporate GHG Emissions by Reporting Category

Reporting Category	2005 GHG Emissions (tCO2e)	2020 GHG Emissions (tCO2e)	2021 GHG Emissions (tCO2e)	2022 GHG Emissions (tCO2e)
Buildings and Other Facilities	172,607	186,003	187,912	189,618
Streetlights and Traffic Signals	74,216	41,826	38,046	32,152
Vehicle Fleet	25,036	32,712	32,388	37,029
Transit Fleet	62,428	73,454	75,689	77,893
Waste Management Facilities and Landfills	88,851	72,780	69,305	67,873
Subtotal	**423,138**	**406,775**	**403,336**	**404,565**
Urban Forest Sink		(3,475)	(3,502)	(3,856)
Renewable Energy Credit (REC) Purchases		(123,600)	(146,128)	(157,937)
Total	**423,138**	**279,701**	**253,706**	**246,628**

CLIMATE-RELATED FINANCIAL DISCLOSURES



> Edmonton's community per capita GHG emissions decreased by 42% in 2022 compared to 2005 levels.

STATISTICAL REVIEW

5

STATISTICAL REVIEW FOR THE YEARS 2019 TO 2023
GENERAL MUNICIPAL DATA

Unaudited

	2023	2022	2021	2020	2019
Population[1] (Note 1)	**1,140,336**	1,087,803	1,057,574	1,047,988	1,027,326
Population age distribution[1] (%) (Note 1)					
0-4	**5.74**	5.95	6.14	6.31	6.42
5-19	**17.58**	17.10	16.78	16.62	16.55
20-29	**15.69**	14.84	15.05	15.65	16.05
30-39	**17.54**	17.98	18.02	17.96	17.82
40-49	**13.82**	13.83	13.62	13.37	13.20
50-59	**10.56**	11.13	11.38	11.56	11.83
60-64	**5.31**	5.46	5.53	5.49	5.48
65+	**13.76**	13.71	13.48	13.04	12.65
Area[2]					
in hectares	**78,247**	78,247	78,247	78,247	78,247
in square kilometres (rounded)	**782**	782	782	782	782
Number of housing starts[3]	**9,665**	11,401	9,947	9,865	8,605
Value of building permits[4] ($000) (Note 2)	**$ 4,913,457**	$ 5,136,929	$ 4,493,392	$ 4,196,236	$ 3,866,035
Household median total income[4] (Note 3)					
Metro Edmonton	**$ 108,390**	$ 108,390	$ 108,390	$ 107,450	$ 105,080
Alberta	**$ 106,960**	$ 106,960	$ 106,960	$ 105,960	$ 103,720
Canada	**$ 98,390**	$ 98,390	$ 98,390	$ 96,220	$ 90,390
Consumer price index[4] – 2002 base year					
Metro Edmonton	**162.9**	158.4	149.0	144.7	143.2
Alberta	**164.1**	158.9	149.3	144.7	143.1
Canada	**157.1**	151.2	141.6	137.0	136.0
Unemployment rate[4] (%) – annual average					
Metro Edmonton	**6.1**	5.9	8.7	11.8	7.3
Alberta	**5.9**	5.8	8.6	11.3	6.8
Canada	**5.4**	5.3	7.5	9.7	5.7
City of Edmonton employees (Note 4)	**15,682**	15,166	14,741	14,719	15,265

Sources: [1] Alberta Treasury Board and City of Edmonton [2] City of Edmonton Urban Planning and Economy Department
[3] Canada Mortgage and Housing Corporation Statistics Canada [4] Statistics Canada

Notes

1. Estimates of population and age distribution are as of July 1. Estimates for years up to 2022 come from the Alberta Treasury Board and Finance's January 2023 version of municipal population estimates. Estimates for 2023 come from the City of Edmonton's fall 2023 economic outlook informed by historical estimates provided by Alberta Treasury Board and Finance and Statistics Canada.

2. Value reflects the metropolitan area of Edmonton.

3. The household median income reflects the "median total income, all families" per Statistics Canada. At the date of this report, the most recent reference year for which median family income data was available was 2021. Median family income data for subsequent years were held flat since data is not yet available. As such, compared to the figures in our 2022 Annual Report, 2021 and 2022 were revised to reflect official data.

4. Positions are stated in full time equivalents, as budgeted and exclude EPCOR.

STATISTICAL REVIEW FOR THE YEARS 2019 TO 2023
ASSESSMENT AND TAX LEVY

Unaudited (in thousands of dollars, except per capita)

	2023	2022	2021	2020	2019
Assessment:					
Total taxable assessment	**$ 186,363,903**	$ 175,116,508	$ 168,434,321	$ 172,472,851	$ 173,916,445
Percentage of total assessment represented by:					
Residential properties (%)	**78.7**	78.8	77.3	76.0	75.7
Commercial properties (%)	**21.3**	21.2	22.7	24.0	24.3
Taxable assessment per capita	**$ 163,429**	$ 163,658	$ 173,247	$ 177,401	$ 178,885
Assessment for principal taxpayers (%) (Note 1)	**4.5**	4.4	4.4	4.7	4.6
Rates of taxation (mills):					
Single family residences	**9.45**	9.39	9.59	9.33	9.08
Other residential property	**10.50**	10.42	10.64	10.35	10.05
Commercial and industrial	**24.47**	25.18	24.15	22.22	21.85
Property tax levy, collections, and arrears:					
Arrears at January 1 (net)	**$ 88,128**	$ 80,913	$ 104,240	$ 67,117	$ 64,437
Tax Levy	**2,452,674**	2,327,762	2,259,343	2,242,982	2,186,319
Appeals and adjustments	**(13,387)**	(12,314)	(14,424)	(1,661)	(12,946)
Collections:					
Regular	**(2,318,871)**	(2,212,175)	(2,164,436)	(2,135,047)	(2,112,474)
Community Revitalization Levy	**(36,967)**	(36,129)	(34,614)	(36,474)	(30,119)
Arrears	**(95,016)**	(83,555)	(90,013)	(46,594)	(43,856)
Penalties on prior year arrears	**23,359**	23,626	20,817	13,917	15,756
Arrears at December 31 (net)	**$ 99,920**	$ 88,128	$ 80,913	$ 104,240	$ 67,117
Percentage of current property taxes collected (%)	**96.6**	97.1	98.0	96.9	98.6
Percentage of net property tax arrears collected (%)	**107.8**	103.3	86.4	69.4	68.1
Property tax arrears per capita (gross)	**$ 92.29**	$ 87.61	$ 89.48	$ 112.10	$ 80.34
Property tax arrears per capita (net)	**87.79**	82.54	83.22	107.22	69.03
Property tax levy per capita	**2,150.83**	2,175.44	2,323.89	2,307.07	2,248.78
Business improvement area tax levy	**$ 4,080**	$ 3,727	$ 3,426	$ 3,854	$ 3,778
Education requisitions	**$ 497,110**	$ 497,033	$ 493,416	$ 495,499	$ 488,266

Source: City of Edmonton Financial and Corporate Services

Notes

1. Includes the ten highest property owners by assessment value.

STATISTICAL REVIEW FOR THE YEARS 2019 TO 2023
INVESTMENT FUNDS (NOTE 1)

Unaudited (in thousands of dollars, except per capita)

	2023	2022	2021	2020	2019
Balanced Fund					
Net assets – market value	**$ 888,966**	$ 819,440	$ 888,741	$ 838,853	$ 764,331
Net assets – cost	**883,775**	857,979	840,732	772,507	746,173
Net earnings	**25,796**	17,247	67,595	25,771	32,286
Fund rate (%)	**3.0**	2.1	8.8	3.5	4.5
Market (%)	**9.0**	(7.4)	6.2	10.2	11.5
Ed Tel Endowment Fund					
Net assets – market value	**$ 936,456**	$ 891,660	$ 996,922	$ 912,823	$ 861,580
Net assets – cost	**877,087**	867,378	891,958	813,103	823,406
Net earnings	**54,378**	29,420	119,542	29,790	46,900
Fund rate (%)	**6.3**	3.3	14.7	3.6	5.7
Market (%)	**11.1**	(4.6)	14.4	11.6	16.2

Source: City of Edmonton Financial and Corporate Services

Notes

1. This schedule summarizes significant investment funds maintained by the City of Edmonton.

    a. Net earnings are realized earnings of the fund as calculated in accordance with Canadian Public Sector Accounting Standards.

    b. Fund return is the rate expressed as the net earnings over prior year net assets at cost.

    c. Market return is based on the time-weighted method, in accordance with industry standards.

STATISTICAL REVIEW FOR THE YEARS 2019 TO 2023
LONG-TERM DEBT

Unaudited (in thousands of dollars, except per capita)

	2023	2022 Restated	2021	2020	2019
Borrowing (Note 1)					
Self-liquidating	**$ 97,302**	$ 48,691	$ 92,088	$ 21,465	$ 31,740
Tax-supported	**415,609**	564,432	227,308	347,535	281,032
	$ 512,911	$ 613,123	$ 319,396	$ 369,000	$ 312,772
Total debt servicing limit (26% of City revenue)	**$ 871,231**	$ 798,997	$ 777,153	$ 761,396	$ 759,282
Total debt servicing	**425,030**	341,907	289,066	291,842	283,240
Percentage used (%)	**48.8**	42.8	37.2	38.3	37.3
Total debt servicing limit (21% of City revenue)	**$ 703,687**	$ 645,344	$ 627,700	$ 614,974	$ 613,266
Total debt servicing	**425,030**	341,907	289,066	291,842	283,240
Percentage used (%)	**60.4**	53.0	46.1	47.5	46.2
Tax-supported debt servicing limit (18% of tax-supported net operating expenditures)	**$ 481,738**	$ 446,077	$ 406,545	$ 397,314	$ 414,930
Tax-supported debt servicing (Note 1)	**369,847**	268,829	238,527	242,201	233,158
Percentage used (%) (Note 1)	**76.8**	60.3	58.7	61.0	56.2
General government debt service (Note 2)	**$ 386,900**	$ 274,702	$ 255,444	$ 256,838	$ 246,988
General government debt service as a percentage of general government operating expenses (%) (Note 2)	**11.5**	8.6	8.9	9.2	8.5
Long-term debt (gross) (Note 1)					
Self-liquidating	**$ 1,006,395**	$ 977,766	$ 1,018,446	$ 993,319	$ 1,036,778
Tax-supported	**3,620,253**	3,452,660	3,051,473	2,969,443	2,753,261
Long-term debt (net of EPCOR) (Note 1)					
Self-liquidating	**$ 547,233**	$ 487,669	$ 495,098	$ 437,703	$ 449,504
Tax-supported	**3,620,253**	3,452,660	3,051,473	2,969,443	2,753,261
Net debt per capita (Note 1)					
Self-liquidating	**$ 480**	$ 448	$ 468	$ 418	$ 438
Tax-supported	**3,175**	3,174	2,885	2,833	2,680
	$ 3,655	$ 3,622	$ 3,353	$ 3,251	$ 3,118
Percentage of total debt to be retired					
Within 5 years	**27.8**	29.6	29.3	27.8	27.2
Within 10 years	**52.3**	54.0	55.2	53.7	53.9

Source: City of Edmonton Financial and Corporate Services

Notes

1. The debt for Blatchford District Energy Services and Downtown District Energy Services was reclassified from self-liquidating debt to tax-supported debt in 2019 to 2022. Also, 2022 was restated for the implementation of PS 3280 (Asset Retirement Obligations).
2. Debt servicing includes principal and net interest.

STATISTICAL REVIEW FOR THE YEARS 2019 TO 2023
CONSOLIDATED EXPENSES

Unaudited (in thousands of dollars)

Operating Expenses by Function	2023	2022 Restated	2021	2020	2019
Transportation services	**$ 1,038,686**	$ 1,028,422	$ 908,266	$ 910,510	$ 983,682
Community services	**803,888**	774,897	623,868	592,064	701,848
Protective services	**846,059**	793,781	789,587	776,033	734,665
Utility and enterprise services	**279,137**	231,463	227,839	223,074	266,231
Corporate administration, general municipal and other	**649,074**	555,345	505,134	476,014	467,008
Fleet services	**41,897**	42,073	38,809	45,755	36,249
	$ 3,658,741	$ 3,425,981	$ 3,093,503	$ 3,023,450	$ 3,189,683

Operating Expenses by Object	2023	2022 Restated	2021	2020	2019
Salaries, wages and benefits	**$ 1,790,672**	$ 1,669,501	$ 1,590,910	$ 1,577,596	$ 1,636,498
Materials, goods and utilities	**398,438**	375,452	298,161	284,160	300,780
Contracted and general services	**426,028**	349,361	297,018	275,852	347,781
Interest and bank charges	**171,934**	132,786	116,655	143,915	142,108
Grants and other	**145,993**	159,287	158,818	125,483	118,292
Amortization of tangible capital assets	**661,037**	653,839	620,337	591,167	558,462
Loss on disposal, impairment and transfer of tangible capital assets	**64,639**	85,755	11,604	25,277	85,762
	$ 3,658,741	$ 3,425,981	$ 3,093,503	$ 3,023,450	$ 3,189,683

Source: City of Edmonton Financial and Corporate Services

STATISTICAL REVIEW FOR THE YEARS 2019 TO 2023
CONSOLIDATED REVENUE AND CAPITAL FINANCING

Unaudited (in thousands of dollars)

Revenues	**2023**	2022	2021	2020	2019
Net taxes available for municipal purposes	**$ 1,927,510**	$ 1,807,124	$ 1,745,774	$ 1,726,220	$ 1,671,800
User fees and sale of goods and services	**713,048**	588,892	506,676	461,682	623,326
Subsidiary operations - EPCOR	**361,250**	379,855	387,730	275,699	231,054
Franchise fees	**206,844**	208,465	183,021	177,120	171,840
Government transfers - operating	**140,294**	198,070	144,879	277,454	121,950
Investment earnings	**138,313**	70,048	208,089	78,160	102,246
Licences and permits	**74,484**	80,286	77,618	69,072	74,311
Fines and penalties	**69,454**	69,528	67,223	81,858	97,898
Developer and customer contributions - operating	**42,880**	31,579	37,531	23,284	25,558
Revenues before capital	**$ 3,674,077**	$ 3,433,847	$ 3,358,541	$ 3,170,549	$ 3,119,983
Government transfers - capital	**643,903**	532,815	413,405	565,516	571,432
Contributed tangible capital assets	**80,556**	81,563	95,448	118,245	146,932
Developer and customer contributions - capital	**24,903**	6,689	6,770	8,873	18,418
Local improvements	**13,160**	12,384	11,468	24,723	12,968
	$ 4,436,599	$ 4,067,298	$ 3,885,632	$ 3,887,906	$ 3,869,733

Capital Additions by Financing Source	**2023**	2022	2021	2020	2019
Capital Additions	**$ 1,512,625**	$ 1,396,658	$ 1,231,918	$ 1,497,579	$ 1,406,174
Financing Sources Applied:					
Pay-As-You-Go	**115,749**	135,565	85,167	135,937	109,623
Debt	**280,508**	452,655	316,276	369,107	332,571
Government transfers - Provincial	**431,255**	310,344	302,751	354,231	413,328
Government transfers - Federal	**212,648**	222,471	110,654	211,285	158,104
Developer/partnership	**103,746**	87,424	113,934	148,410	178,239
Reserves/user fees/other	**368,719**	188,199	303,136	278,609	214,309
	$ 1,512,625	$ 1,396,658	$ 1,231,918	$ 1,497,579	$ 1,406,174

Source: City of Edmonton Financial and Corporate Services

STATISTICAL REVIEW FOR THE YEARS 2019 TO 2023
FINANCIAL POSITION, ANNUAL SURPLUS AND RESERVES

Unaudited (in thousands of dollars)

	2023	2022 Restated	2021	2020	2019
Financial assets	**$ 8,873,664**	$ 8,511,069	$ 8,093,766	$ 7,527,483	$ 7,284,013
Liabilities	**6,041,676**	5,804,011	5,370,784	5,027,496	4,796,537
Net financial assets	**2,831,988**	2,707,058	2,722,982	2,499,987	2,487,476
Non-financial assets	**15,161,740**	14,443,687	13,839,086	13,272,936	12,440,995
Accumulated surplus - ending	**$ 17,993,728**	$ 17,150,745	$ 16,562,068	$ 15,772,923	$ 14,928,471
Annual excess of revenues over expenses	**$ 777,858**	$ 641,317	$ 792,129	$ 864,456	$ 680,050
Other changes to Accumulated Surplus	**$ 65,125**	$ (52,640)	$ (2,984)	$ (20,004)	$ (48,065)
Reserves					
Financial stabilization - unappropriated	**$ 151,629**	$ 68,402	$ 121,746	$ 129,015	$ 123,886
Light rail transit	**151,573**	114,759	86,567	56,110	40,486
Local improvement	**142,730**	140,564	138,880	137,940	123,003
Pay-As-You-Go capital	**133,074**	140,956	180,143	122,725	185,874
Sanitary servicing strategy fund	**103,417**	70,614	56,009	56,584	66,320
Financial stabilization - appropriated	**100,003**	192,360	180,952	213,320	51,291
Affordable housing	**69,121**	59,513	55,834	49,731	44,956
Planning and development	**45,600**	41,177	29,512	16,558	16,156
Funds in lieu - residential	**37,608**	35,581	29,447	21,936	26,582
Fleet services - vehicle replacement	**35,739**	38,972	36,411	25,249	28,418
Parkland	**16,844**	18,949	19,572	18,613	20,647
Neighbourhood renewal	**16,084**	24,174	19,579	18,477	2,042
Developer recoveries	**12,788**	10,525	10,959	11,848	12,078
Tree management	**11,800**	8,533	9,793	9,463	8,161
Revolving industrial servicing fund	**11,502**	11,002	8,631	2,535	923
Rogers Place Arena capital	**11,435**	9,880	8,665	6,954	5,439
Traffic safety and automated enforcement	**10,538**	901	7,375	20,347	16,903
Community Safety and Well Being	**10,178**				
Natural areas	**9,257**	8,842	8,710	8,750	8,722
Pay-As-You-Go capital - Edmonton Police Services	**8,229**	13,569	17,422	7,009	13,734
Commercial Revitalization	**7,095**	6,088	4,830	1,594	616
Perpetual care	**6,365**	5,465	4,650	3,555	3,719
Heritage resources	**6,336**	6,036	5,032	3,724	2,324
Vehicle for hire	**4,248**	2,690	1,966	2,465	2,353
St. Francis Xavier	**3,036**	2,774	2,488	2,245	1,934
Public Art Reserve	**2,901**	4,252	3,420		
Motor vehicle insurance	**2,500**	2,500	2,500	2,500	2,500
Enterprise portfolio/Commonwealth Stadium	**2,169**	2,135	1,991	2,911	4,012
Tax-supported debt	**1,000**	14,513	16,707	5,456	5,380
Development incentive				1,999	1,699
Edmonton Police Service	**(1,102)**	312	(2,895)	7,034	2,245
Brownfield redevelopment	**(2,047)**	(3,131)	(2,850)	(2,329)	(2,900)
Community revitalization levy - Downtown	**(10,529)**	(10,247)	(11,770)	(13,839)	(19,872)
Community revitalization levy - Belvedere	**(16,401)**	(15,209)	(14,205)	(11,025)	(10,093)
Community revitalization levy - Quarters	**(19,265)**	(16,401)	(14,211)	(12,214)	(8,650)
Interim financing	**(34,765)**	(36,137)	(37,749)	(37,838)	(40,556)
Other	**820**	632	902	389	417
	1,041,510	975,545	987,013	889,791	740,749
City of Edmonton Library Board	**15,598**	12,672	12,488	6,968	8,680
Non-Profit Housing Corporation	**3,120**	4,928	6,511	6,680	5,918
Fort Edmonton Management Company			30	30	30
Edmonton Economic Development Corporation					2,853
	$ 1,060,228	$ 993,145	$ 1,006,042	$ 903,469	$ 758,230

Source: City of Edmonton Financial and Corporate Services

RELATED BOARDS AND AUTHORITIES

Further information regarding the Related Boards and Authorities can be obtained from the following sources:

Explore Edmonton

3rd Floor, World Trade Centre Edmonton
9990 Jasper Avenue
Edmonton, Alberta T5J 1P7
Phone: 780-401-7696
E-mail: info@exploreedmonton.com
Web: www.exploreedmonton.com
Chair: Karen Oshry
CEO: Traci Bednard

Edmonton Police Commission

Suite 1803 Rice Howard Place, Tower 2
10060 Jasper Avenue
Edmonton, Alberta T5J 3R8
Phone: 780-414-7510
E-mail: info@edmontonpolicecommission.ca
Web: www.edmontonpolicecommission.com
Chair: John McDougall
Chief of Police: Dale McFee

The City Of Edmonton Non-Profit Housing Corporation (HomeEd)

11604 - 145 Street NW
Edmonton, Alberta T5M 1V8
Phone: 780-474-5706
E-mail: info@myhomeed.ca
Web: www.myhomeed.ca
Chair: Dave Rumbold
CEO: Nick Lilley

Edmonton Unlimited

10107 Jasper Avenue
Edmonton, Alberta T5J 1W8
Phone: 780-868-3233
E-mail: hello@edmontonunlimited.com
Web: www.edmontonunlimited.com
Chair: Lindsay Dodd
CEO: Dr. Launa Aspeslet (Interim CEO)

Epcor Utilities Inc.

2000 - 10423 101 Street NW, Epcor Tower
Edmonton, Alberta T5H 0E8
Phone: 780-412-3414
Web: www.epcor.com
Chair: Janice Rennie
President and CEO: John Elford

Edmonton Public Library

7 Sir Winston Churchill Square NW
Edmonton, Alberta T5J 2V4
Phone: 780-496-7000
Web: www.epl.ca
Chair: Kenna Houncaren
CEO: Pilar Martinez

Fort Edmonton Management Company

Fort Edmonton Park
7000 - 143 Street NW
P.O. Box 2359
Edmonton, Alberta T5J 2R7
E-mail: hello@fortedmanagementco.ca
Web: www.fortedmanagementco.ca
Chair: Jim McKillop
President and CEO: Darren Dalgleish

Edmonton Combative Sports Commission

3 Sir Winston Churchill Square NW
Edmonton, Alberta T5J 2C3
Phone: 780-218-2966
E-mail: ecsc@edmonton.ca
Chair: Trevor Kelly
Executive Director: Forrest Gavins

For more information visit: edmonton.ca

If you have inquiries about the 2023 Annual Report,
direct them by mail or phone at:

The City of Edmonton, Financial and Corporate Services
5th Floor, Chancery Hall, 3 Sir Winston Churchill Square NW,
Edmonton, AB, Canada T5J 2C3 **Phone: 311**

ANNUAL REPORT 2023

Edmonton, Alberta, Canada
for the year ended December 31, 2023

Edmonton