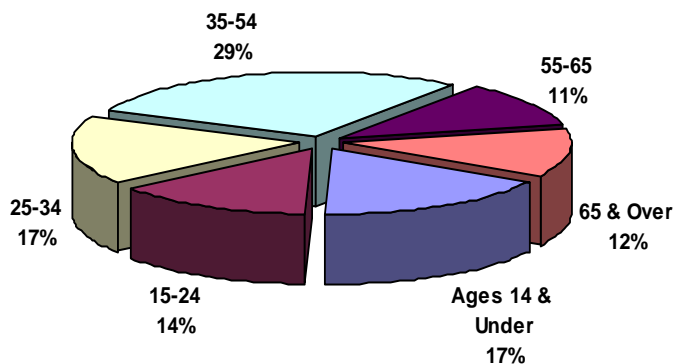


Edmonton is alive with the kind of energy, creativity and innovation that makes this city a world-class home for growing numbers of people. The provincial capital is Canada's fifth-largest municipality, with a culture, economy and history that fosters an unparalleled quality of life and opportunity for residents.

## People

Edmonton is home to 817,498 people (2011 census). More than 60 distinct cultures contribute to a rich multicultural tapestry that adds life and character to the community. Our population has been growing an average 2% annually over the last six years, with especially strong representation in the younger age groups.\*



\*From April 2012 Municipal Census. Assumption of pro-rata distribution made for 18% of surveyed population with no response.

## Working

Edmonton enjoys Canada's fastest-growing economy. Our province has the lowest unemployment rates, highest average incomes as well as most-competitive tax environment. These strengths make Edmonton an ideal location to build a career or launch a business.

Served by a world-leading school system and 10 post-secondary institutions Edmonton offers a broad, diverse talent pool. Assets include internationally recognized research facilities at the University of Alberta, the National Institute of Nanotechnology, the Edmonton Research Park as well as Canada's largest trainer of

skilled trades people at NAIT. Creative, entrepreneurial and educated, the regional workforce spurs advances in many sectors, establishing Edmonton's reputation as a premier research and education centre.

Advantages of talent and geography make Edmonton the research, supply and services hub for Canada's oil and gas sector. The city is at the centre of a region that is home to facilities upgrading and refining petrochemicals, pipelines, manufacturing, transportation, and logistics.

Edmonton also has one of Canada's most diversified economies. The government sector includes Alberta Health Services, the Province of Alberta, City of Edmonton and the Edmonton School Districts. Post secondary institutions such as University of Alberta, NAIT and Grant MacEwan University are some of the other large employers while private companies such as Stantec, ATB Financial and PCL Construction also provide diverse and exciting career opportunities for Edmontonians.

Edmonton is a hotspot for advanced companies and entrepreneurs alike. The technology sector is well represented with names like IBM, Telus, Intuit Canada, BioWare, Matrikon and General Electric. Edmonton is headquarters for more than 1,500 firms that manage operations in other branches or divisions, as well as 30 publicly traded companies. The city is also the birthplace of several successful international companies such as PCL Construction, Stantec Inc. and Capital Power Corporation, as well as retail successes such as The Running Room and Booster Juice.



## Scene

More than 35 annual festivals, 60 art galleries, dozens of performing arts companies and a booming restaurant and night-time economy nurture a lively local scene. From North America's largest International Fringe Theatre Festival, to innovative events such as the NHL's first Heritage Classic outdoor hockey game, to visits from music icons such as Sir Paul McCartney, Edmonton attracts the international stars and global tourists. The newly redesigned Art Gallery of Alberta, the acoustically magnificent Winspear Centre and renowned Citadel Theatre anchor a thriving downtown cultural district that offer something for all Edmontonians.

## Services

Edmonton's civic leadership provides residents with high value for tax dollars and enables programs that are models for communities around the world. From leading-edge environmental management, new recreational centres and libraries to an expanding public transit system and essential safety services, the City is responsive to citizen needs, promoting a green, safe and friendly atmosphere and a consistently high quality of service.

## Living

One of Canada's highest per capita incomes, low inflation and short commutes make Edmonton one of the Top 10 major cities for quality of life. With no provincial sales tax, very affordable housing and a thriving job market, Edmontonians can enjoy an unparalleled way of life.

The comforts of an urban lifestyle are balanced with the

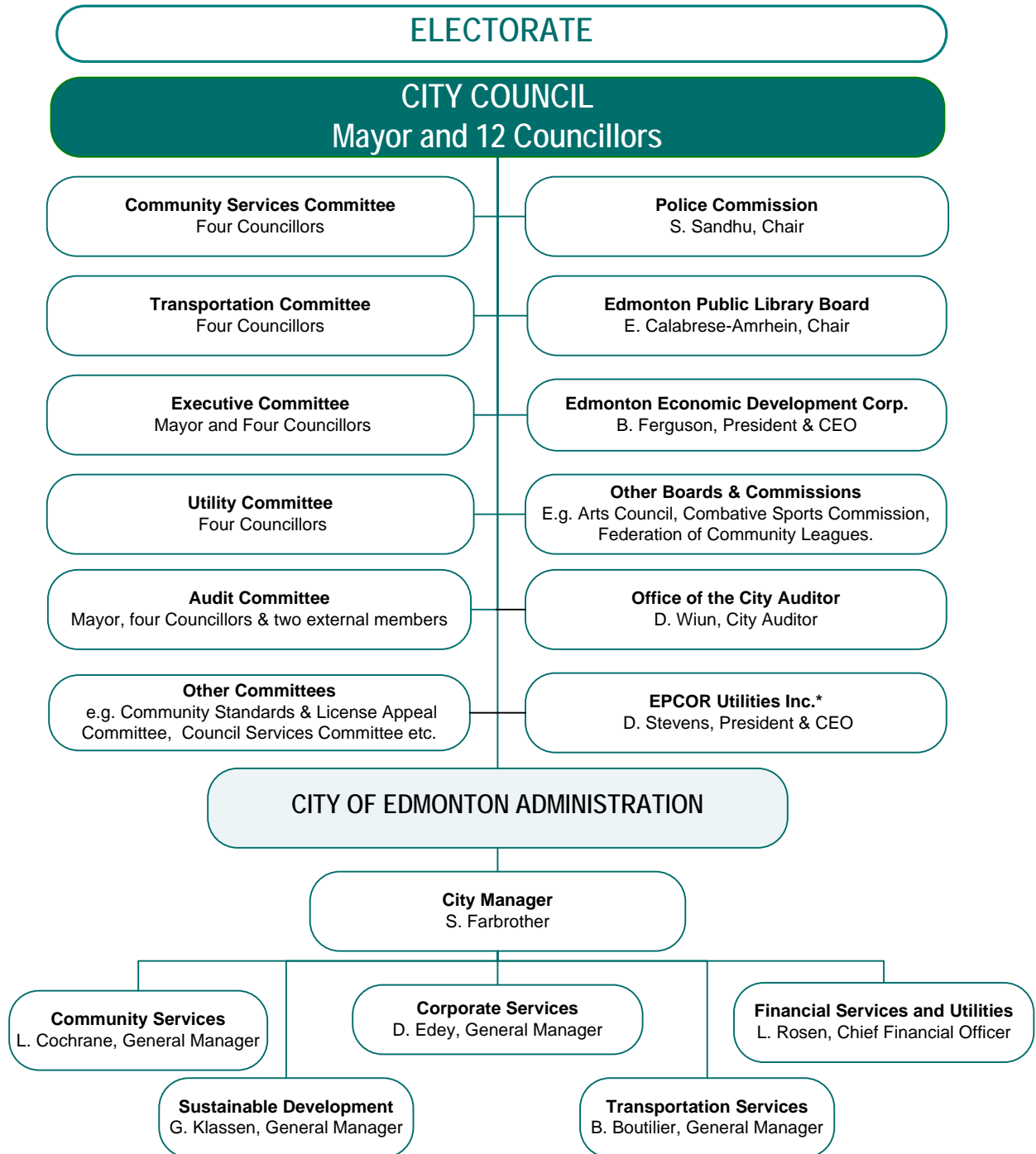


other treasured aspect of Edmonton's quality of life — a rich natural environment and expansive spaces. Edmonton's North Saskatchewan River Valley system is the largest urban park in North America, excellent for a multitude of physical activities as well as exploring a pristine natural area. With a land area of 684km<sup>2</sup> (264mi<sup>2</sup>), Edmonton's population density is just under 2,000 residents per km<sup>2</sup>, one of the lowest of all major North American cities.

The city's boutique shops, local markets, a vast array of restaurants and diverse family attractions enrich the community experience. Edmontonians' strong commitment to volunteering continues to attract events on a global scale and an enviable list of year-round festivals. Our citizens are proud to be part of a vibrant and rich community that combines the convenience and choices of a big city with wide open spaces, fresh air and a connection with the natural environment.



In order to deliver services to the citizens of Edmonton, the City of Edmonton is organized into the legislative and administrative structure shown below:



\* EPCOR Utilities Inc. is a wholly owned subsidiary of the City of Edmonton.

### City Council

Edmonton's City Council is made up of thirteen elected representatives including a Mayor and twelve City Councillors. The mayor is elected by all Edmontonians who vote in the civic election. Councillors are elected by voters in the wards they represent. Edmonton has twelve wards and each ward is represented by one Councillor for a three-year term. In October 2012, the provincial government announced its intent to extend terms of municipal officials to four years starting with the October 2013 general election.

City Council meetings are held two to three times a month. City Council has a number of standing committees that meet regularly. Meetings are open to the public.



## Budget Basis and Regulation

The City of Edmonton prepares its budget in accordance with Canadian public sector standards, using the modified accrual basis for accounting.

The operating budget lays out the revenues and expenses planned for the following year to deliver city services, using a program-based approach focused on service delivery and advancement towards the City's long-term goals. As directed by the *Municipal Government Act*, the City must approve a balanced annual budget.

From year to year, new services may be created when City Council identifies a clear need. Services may be enhanced or reduced to more closely align with goals and outcomes, due to costs or other factors.

There is an established budget adjustment process that provides the City with flexibility to adjust business plans and budgets to respond to changing economic, social, environmental and political circumstances. The adjustment process details are included toward the end of this section.

Non-cash budget for amortization and contributed assets is included in the 2013 budget under the section "Tables".

## Financial Reporting vs. Budgeting Bases

The City of Edmonton prepares its budget on a modified accrual basis while its basis of accounting (used to prepare City financials) is full accrual basis. Both are in accordance with Canadian Generally Accepted Accounting Principles for governments as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

The modified accrual basis of accounting is a hybrid of cash and accrual methods. It recognizes revenues as they become **available** and measurable, and recognizes expenditures generally when the fund liability is incurred.

The full accrual basis of accounting recognizes revenues in the period they are **earned** and become measurable in, and recognizes expenses when incurred.

These different accounting methods are used due to differing accounting measurement objectives. The Financials are measuring the substance of transactions and so include non-cash transactions. The City budget on the other hand is focused on current financial resources and matching budget year revenues with costs.

The two methods treat amortization, contributed assets and the gain/loss on asset disposals differently. Under the modified accrual basis:

- **Amortization**—Not recognized as it is a non-cash expense.
- **Contributed Assets**—Do not effect the budget except in context of associated operating expenses.
- **Gain/Loss on asset disposals**—Captured in the cash flow associated, if any.

## Reporting Entity

The following discussion attempts to give a more complete understanding of what is and what is not part of the City of Edmonton Operating Budget. The following pages will explain these in greater detail:

1. **Tax Levy Supported Operations**—Civic Departments, Boards & Commissions and all Corporate Programs. These are included in the budget.
2. **Enterprises**—Fleet Services, Land Enterprise, Drainage Design & Construction. These are included in the budget and identified separately.
3. **Utilities**—Sanitary Drainage, Stormwater Drainage and Waste Management. The budgets for utilities are brought forward separately and are therefore not included in this budget.
4. **Subsidiaries**—EPCOR is the City's main subsidiary. EPCOR's Board submits its budget directly to City Council and accordingly its budget is not included in this document. For budget purposes, only the amount paid by EPCOR to the City of Edmonton is shown.

## 1. TAX-SUPPORTED OPERATIONS

Tax-Supported Operations includes all operating activities provided through Civic departments, Corporate Programs and Boards & Commissions. These activities are primarily supported by a combination of property taxation, user fees, return on investment, and grants from other orders of government and can be categorized as follows:

### A. Civic Departments

These are the departments delivering services to residents and the support programs. These constitute the majority of this budget document.

### B. Corporate Programs

The City's Corporate Programs include common revenue sources and corporate costs that are not tied to any department or service delivery program. All Corporate Programs are included in this budget.

### C. Boards & Commissions (B&Cs)

These are autonomous organizations with separate boards/commissions, related to the City through operating agreements, which usually include financial obligations. Boards and commissions are each governed by an establishing document.

For budget purposes, the B&C's operations are provided to Council. Revenues and expenses are included as tax levy but identified separately in the City Budget. City Council approves B&C's total budgets – expenses, revenues, and net operating requirement.

For financial reporting purposes, the B&C's revenues, expenses, assets and liabilities are consolidated with the City of Edmonton's financial statements consistent with any other tax-supported operation. Inter-organizational transactions are eliminated.

The Police Commission, Public Library and Edmonton Economic Development Corporation (EEDC) are explained below. The section "Other" in the Budget document has more detail for all other B&C's:

### i. Edmonton Police Commission

This Commission is the policy-making and oversight body for the Edmonton police service. Made up of seven citizens who are appointed by City Council, and two City Councillors, it is responsible for overseeing the Edmonton Police Service, including allocating funds provided in its annual operating budget.

### ii. Edmonton Public Library (EPL)

The EPL operates under authority of the Libraries Act of Alberta. Its operations are administered by the independent Edmonton Public Library Board, made up of nine City Council appointed citizens and one City Councillor. The Board reports to City Council.

### iii. Edmonton Economic Development Corporation (EEDC)

EEDC is a not-for-profit company owned by the City, established under Part 9 of the Companies Act (Alberta) to promote economic development and tourism in Edmonton. It also operates and maintains the Shaw Conference Centre and Edmonton Research Park. Its funding includes an annual City subsidy.

### iv. Other Boards & Commissions

Other Boards & Commissions that are part of this budget are identified separately in the Document section "Other". However, the City partners with many organizations and though not identified separately, these relationships are reflected in the City departments that support and work with the partner agencies.

- Arts Council
- Edmonton Combative Sports Commission
- Edmonton Federation of Community Leagues
- Fort Edmonton
- Greater Edmonton Foundation
- Heritage Council
- Homeless Commission
- REACH Edmonton
- Space & Science Foundation
- Vehicle for Hire.

## 2. ENTERPRISES

All Enterprises are self-sustaining operations not directly funded by property taxes.

### A. Fleet Services

Fleet Services (previously Mobile Equipment Services) is responsible for integrated fleet management (acquisition, management, maintenance, and salvage) for all vehicles, equipment, transit buses, and emergency units (fire and police) used by the City of Edmonton. Additionally, the branch provides some services to external related parties such as EPCOR Utilities Inc.

Fleet Services generates revenues by charging fixed and variable rates to user departments (mostly tax-supported) for services provided with the ultimate objective being full life cycle costing of the City's fleet and equipment. Fixed fees are transferred to the Fleet Services Replacement Reserve, with any annual surplus remaining in the Fleet Services accumulated surplus.

### B. Land Enterprise

Land Enterprise is the City's land development and sales operation. It manages the land requirements of the corporation and positions the City to actively promote development from the perspectives of sustainability, revitalization, and urban form. The operations of the Land Enterprise is governed by City Policy C511- Land Development Policy. Annual surplus or deficits are added to or reduced from the Land Enterprise Fund Balance.

### C. Drainage Design & Construction

Drainage Design and Construction provides sanitary and storm-water drainage system design, construction and project management services and is the contractor of choice for the Drainage Services Utility.

In 2010, Drainage Design and Construction was financially separated from the Drainage Services Utility because the Section's activities are non-regulated and carry significant fluctuations in volume, business risks and net income depending on the local economy.

## 3. UTILITIES

Utilities are not funded by tax levy. They are funded only by rates charged directly to users, and in turn they provide a return on equity to The City. Council approves these rates.

### A. Drainage Services

Drainage Services provides for the management of Sanitary Utility and Land Drainage Utility for the residential, commercial, industrial, and institutional customers of Edmonton. The program operates based upon the principles provided in the regulations of the Alberta Utilities Commission (AUC). Utility rates are established to provide for the operating and capital requirements of the drainage systems. Both Utilities are operated as public utilities under a full cost recovery model without subsidy from Property Taxes. The Sanitary Utility provides a dividend to the City of Edmonton based on its prior year's actual net income.

The operations of the Utility are governed by the City of Edmonton's Utility Fiscal Policy (C304B).

### B. Waste Management Services

The Waste Management Utility was established under a public utility model in January 2009. Major services (collection, processing and disposal) are delivered as a fully integrated waste management system. Funding for the services is moving towards the principles provided in the regulations of the Alberta Utilities Commission (AUC). The approved 2013 utility rates do not currently include a return on rate base, and the full Shared Services and Corporate Overhead costs are being phased-in over 2011-2014. The operations of Waste Management Utility are governed by the Waste Management Strategic Plan and the Waste Management Policy (C527).

## 4. SUBSIDIARIES

These are companies owned by the City of Edmonton.

EPCOR is the City's main subsidiary. Others like the City of Edmonton Non-Profit Housing Corporation are included within the respective department while Edmonton Economic Development Corporation (EEDC) is covered under Board & Commissions.

### **EPCOR Utilities Inc. (EPCOR)**

EPCOR Utilities Inc. (EPCOR) is a wholly owned subsidiary governed by an independent Board of Directors. Headquartered in Edmonton, EPCOR builds, owns and operates electrical transmission and distribution networks, and water and wastewater treatment facilities and infrastructure in Canada.

The Board submits its budget directly to Council and accordingly its budget is not included in this document. For budget purposes, only the amount paid by EPCOR to the City of Edmonton is shown.

For financial reporting, EPCOR's operational results are reported in the annual financial statements using the modified equity method of accounting. Accounting principles are not adjusted to conform to the City's as a local government and inter-organizational transactions and balances are not eliminated.

## 5. INVESTMENTS, RESERVES & DEBT

### **A. Investments**

The City maintains investments as established under City Policy C212D. A significant portion of these investments is managed within the Ed Tel Endowment Fund, in accordance with City Bylaw 11713. Investment earnings as well as Ed Tel dividends are directed to Capital funding under the Pay-As-You-Go program, consistent with the budget strategy to shift volatility of certain revenue streams to Capital.

### **B. Reserves**

Reserves give the City of Edmonton financial sustainability and flexibility to address emerging issues. Governed by City Policy C217B, Reserve establishment and transfers to and from these accounts require Council approval through the Budget. Tables describing all Reserve funds and Approved budgeted transfers for each individual Reserve have been provided in this document.

### **C. Debt**

Working under debt and debt service cost limits in the MGA as well as the more conservative Debt Management Fiscal Policy (DMFP), debt is used as a financing source for the City's long-term capital plans and strategies to maintain long-term financial affordability, flexibility and sustainability.

The policy also provides for approval of multi-year debt guidelines with a corresponding debt repayment funding strategy, and added flexibility for the use of freed up debt servicing funding once debt is retired.

Debt principal repayments are accounted for as expenditures for budgetary purposes and as reductions on long-term debt liability for financial reporting purposes.



## Process for Budget Amendments

The budget adjustment process provides the authority to amend the budget after City Council has passed the year's budget. It provides flexibility to adjust budgets to respond to changing circumstances.

Per the Delegation of Authority Bylaw 12005, the City Manager can authorize budget adjustments of up to \$1 million from one branch or project to another within civic departments. Department General Managers can authorize budget adjustments of up to the lesser of \$250,000 or 15% of the departmental budget from one branch or project to another within the departmental budget. Branch Managers (where delegated by GMs) can authorize Program/Project budget transfers within a branch for up to the lesser of \$50,000 or 15% of the branch budget.

Corporate reorganizations are within the approval authority of the City Manager. Department General Managers can authorize department reorganizations within their approved budgets, with concurrence of the City Manager. The following is a graphical summary of the budget adjustment process:

### Budget Adjustment (BA) Authorization Chart

(Program/Branch/Project as defined in the Budget)

⇒ Project budget transfer within Branch up to \$50,000 or 15% of branch budget, whichever is less (where delegated from GM to Branch Manager)

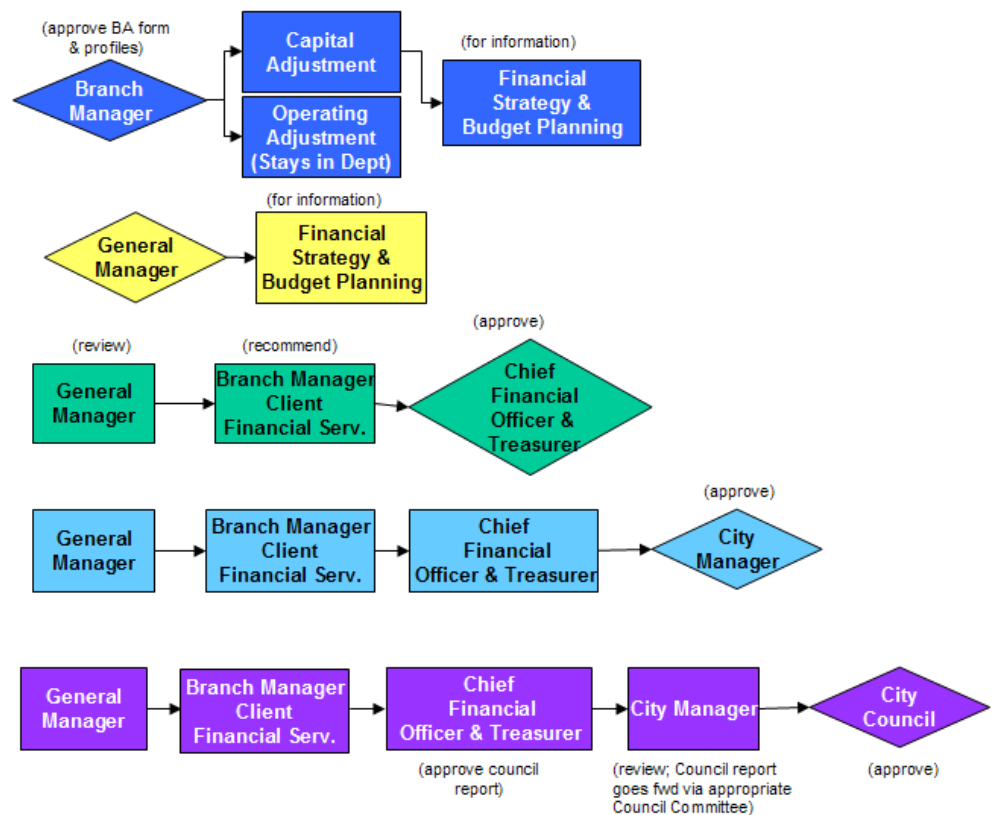
⇒ Branch/Project budget transfer within Department \$250,000 or 15%, whichever is less

⇒ Branch Restructuring\* (with concurrence of City Manager)

⇒ Changes to capital project financing, administrative budget adjustments that result in no increased budget expenditures and no overall impact on budget within a specific program.

⇒ Branch/Project budget transfer from \$250,000 to \$1 million  
 ⇒ Transfers between departments  
 ⇒ Departmental Restructuring

⇒ Branch/Project budget transfer Over \$1 million  
 ⇒ Transfers from/to reserves (City Policy C217A)  
 ⇒ New Program/Project (revenues & expenditures) must receive Council Approval regardless of the amount



\* Option to not provide BA to Financial Strategy & Budget Planning until following year budget produced.

**Special Notes:**

⇒ The Library Board and Police Commission have the authority to make adjustments within their total approved budget. Budget adjustments outside this authority go to City Council.

Revised March 11, 2013

The table below provides the year over year changes in source and use of funds.

### 2013 Approved Source and Use of Funds (\$ millions)

	2012 Budget	2013 Approved Budget	\$ Change
<b>Source of Funds</b>			
Property Taxes	\$ 994.6	\$ 1,054.1	\$ 59.5
Payment-in-lieu	32.7	33.3	0.6
	<u>1,027.3</u>	<u>\$ 1,087.4</u>	<u>\$ 60.1</u>
User Fees, Fines & Permits	360.7	382.0	21.3
EPCOR Dividends	141.0	141.0	-
Grants	116.8	104.7	(12.1)
Franchise Fees	128.1	131.6	3.5
Investment Earnings & Dividends for Capital Financing	65.5	54.3	(11.2)
Transfers from Reserves	10.1	12.5	2.4
Utility & Land Dividends	5.7	5.9	0.2
Other Revenues	25.5	29.5	4.0
One-time Items	8.7	-	(8.7)
<b>Total Source of Funds</b>	<b>\$ 1,889.4</b>	<b>\$ 1,948.9</b>	<b>\$ 59.5</b>
<b>Use of Funds</b>			
Civic Programs	\$ 1,162.1	\$ 1,199.9	\$ 37.8
Police Service	326.6	343.6	17.0
Corporate Programs	215.4	215.2	(0.2)
Boards & Commissions	114.2	119.5	5.3
Neighbourhood Renewal	60.2	70.7	10.5
One-time Items	10.9	-	(10.9)
<b>Total Use of Funds</b>	<b>\$ 1,889.4</b>	<b>\$ 1,948.9</b>	<b>\$ 59.5</b>

The following tables provide a summary of the major changes in the 2013 City Council Approved Budget showing changes in source and use of operating funds. Further details regarding the approved budget are provided under the Tables section.

### Changes in Source of Funds

Category	\$ Millions	Explanations
Taxation Revenue	\$ 60.1	Of the \$60.1 M, \$25.1 M is a projected tax revenue increase from real assessment growth. \$ 35 M is the revenue generated from the tax rate increase of 3.33%.
User Fees, Fines & Permits	\$ 21.3	The anticipated increase in User Fees, Fines and Permits is \$21.3 M. This represents an overall 3.2% increase in rates and 2.8% overall increase in volume.
EPCOR Dividends	\$ -	Based on the existing agreement, there is no change expected in the EPCOR dividends.
Grants	\$ (12.1)	The expected decrease of \$12.1 M in grant funding is mainly due a decrease in provincial portion of Cornerstone grant payments.
Franchise Fees	\$ 3.5	The anticipated increase of \$3.5 M in franchise fees is due to \$3.4 M increase in EPCOR franchise fees due to volume changes from the prior year and \$0.8 M increase in Drainage franchise fees due to projected volume and growth. These increase are offset by a decrease of \$0.7 M in Gas franchise fees
Investment Earnings & Dividends for Capital Financing	\$ (11.2)	The investment earnings expected decrease of \$11.2 M is due to \$6.3 M decrease in the Ed Tel Endowment Fund dividend, \$2.2 M decrease of the net amount of Goldbar transfer fees and a \$2.7 M decrease in regular investment earnings.
Transfers from Reserves	\$ 2.4	There is a \$2.9 M decrease in transfers from the Affordable Housing Reseve which is offset by a 2.5 M increase in transfer from the Current Planning Reserve to Urban Planning & Environment, a \$1.7 M increase in transfer from the Financial Stabilization Reserve(FSR) to provide interim financing for the Quarters Revitalization Levy project, a \$0.9 M increase in transfers from reserves among civic programs and \$0.25 M increase in transfer from the FSR for the StartUp Edmonton service package.
Utility & Land Dividends	\$ 0.2	The 2013 Land Enterprise dividends are expected to increase by \$2.3 M based on the anticipated land sales to the end of 2012. This increase is offset by a decrease of \$2.1 M due to the elimination of Drainage dividend in accordance with Utility Fiscal Policy approved by City Council.
Other Revenues	\$ 4.0	The expected increase of \$4.0 M in Other Revenues is due to \$2.0 M increase in supplementary tax, \$1.4 M increase in central management charges and \$0.6 M increase in various other revenue items such as Local Improvement tax.
One-time Items	\$ (8.7)	The \$8.7 M decrease results from the removal of 2012 one-time revenues.
<b>Total Change</b>	<b>\$ 59.5</b>	

The following tables provide a summary of the major changes contributing to the 2013 Approved Budget changes in source and use of operating funds. Further details regarding Approved Budget changes are provided under the Tables section.

### Changes in Use of Funds

Category	\$ Millions	Explanations
Civic Programs	\$ 37.8	Civic Programs increase in use of funds is due to: <ul style="list-style-type: none"> <li>- Program Cost increases of \$ 16.1 M;</li> <li>- Impact of Capital Projects, Contributed Assets and annualization of Transit services of \$9.4;</li> <li>- Approved Service Packages for a total of \$12.3 M.</li> <li>- See Branch and Program Overviews for detailed changes.</li> </ul>
Police Service	\$ 17.0	The increase of \$17.0 M maintains current police operations. This includes funding for movements within salary ranges, changes in benefits, the cost of inflation, the operating impact of capital and annualization of the violence reduction strategy.
Corporate Programs	\$ (0.2)	The Corporate Programs change is mainly due to various corporate expenditures (see Corporate Program Overview for details).
Boards & Commissions	\$ 5.3	The increase of \$5.3 M is due to a \$3.3 M increase in Public Library, a 1.5 M increase in Arts Council, a \$0.3 M decrease in the Edmonton Economic Development Corporation and a \$0.8 M increase among other Boards and Commissions.
Neighbourhood Renewal	\$ 10.5	The increase of \$10.5 M is equivalent to a 1% increase in tax rate for the Neighbourhood Renewal program as approved by Council December 2012. This program was approved by City Council in December 2008.
One-time Items	\$ (10.9)	The \$10.9 M decrease results from the removal of 2012 one-time items (\$2.0 M committed for Jerry Forbes Centre, \$1.0 M for FCSS Partner capital grant funding, and \$7.9 M in other one-time commitments).
<b>Total Change</b>	<b>\$ 59.5</b>	

The City of Edmonton uses debt as a transitional source of financing for investment in capital projects. Debt financing has allowed the City to move ahead on priority infrastructure growth and renewal projects at times of low interest rates and available resources at moderated costs. *The Municipal Government Act* (MGA) provides restrictions on the debt and debt servicing costs that municipalities in Alberta can take on. The City manages its debt under principles and more conservative limits outlined in City Policy C203C—Debt Management Fiscal Policy (DMFP).

The Policy Statement:

1. Debt is an ongoing component of the City's capital financing structure and is integrated into the City's long-term plans and strategies.
2. Debt must be Affordable and Sustainable. The City must maintain Flexibility to issue Debt in response to emerging financing needs.
3. Debt must be structured in a way that is fair and equitable to those who pay and benefit from the underlying assets over time.
4. Debt decisions must contribute to a sustainable and vibrant City by balancing quality of life and financial considerations.
5. The issuance of new Debt must be approved by City Council.
6. Debt must be managed, monitored and reported upon.

The debt limits set by both the MGA and the DMFP are based on the City's revenues, as reported in the prior year audited financial statements, with revenues as defined in Regulations to the MGA. As revenues increase, so does the limit for borrowing and the debt servicing. As debt is repaid, space within the limit is freed up and is available for new debt.

The City segregates debt between self-liquidating and tax-supported, based on the source of funding for the debt repayments. Self-liquidating debt servicing costs, interest only, are included in the 2013 Approved Utilities Budgets which are prepared on an accrual basis.

Tax-supported debt servicing costs, including both principal and interest are included in the 2013 Approved Operating Budget which is prepared on a modified cash basis. The debt servicing budget is included within the Capital Project Financing Program which can be found under the Corporate Expenditures and Revenues tab. Debt charges related to the South Light Rail Transit (SLRT) are shown separately, as these charges are financed primarily by the annual federal fuel tax transfer along with a small amount of tax revenues specifically directed to Light Rail Transit.

The City has initiated short-term debt with a term of up to five years, in order to fast-track expenditures to be funded by future provincial government transfers such as the Municipal Sustainability Initiative (MSI), GreenTrip or fuel tax funding. Related interest charges will be covered by the government transfers where eligible or otherwise absorbed within the pay-as-you-go or operating budgets.

The 2013 tax-supported budget for debt charges within corporate programs includes minimal change from the 2012 budget, due to capital project expenditure deferrals. The following approved tax-supported debt financed projects are currently in progress:

- Multi-purpose Recreation Centres
- Valley Zoo Master Plan Implementation
- Clareview Branch Library

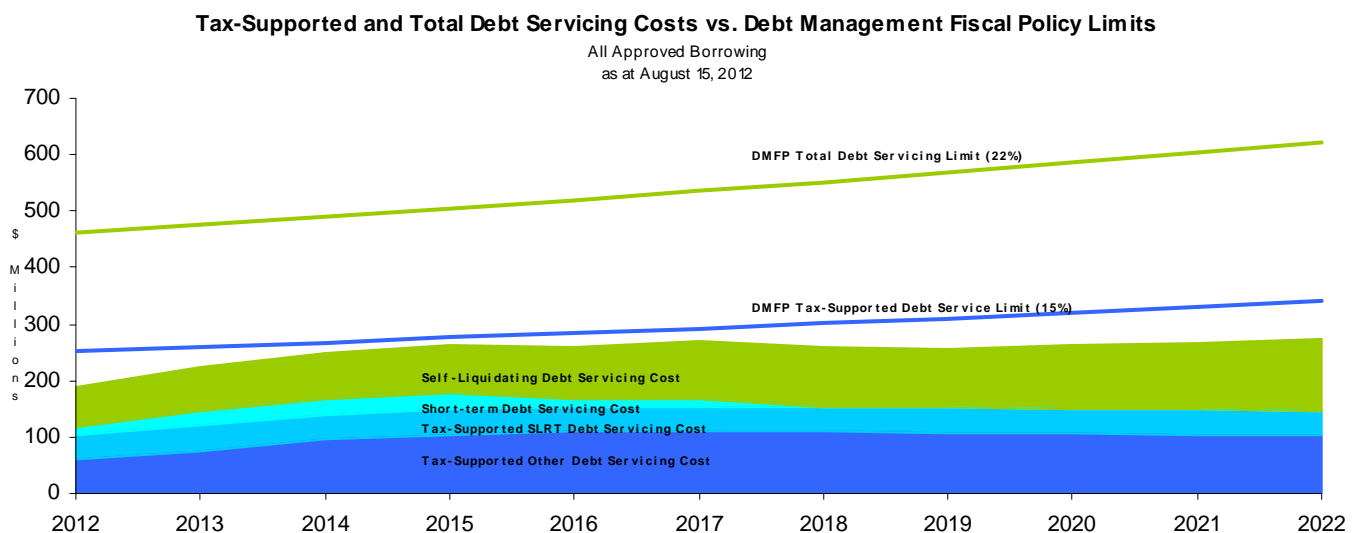
New tax-supported debt projects in the amount of \$315 million were approved as part of the 2012-2014 Capital Budget, as follows.

- Walterdale Bridge (\$132 million)
- Southeast to West LRT Land acquisition (\$102 million)
- Northwest Police Campus (\$81 million)

Tax levy to fund debt servicing for these projects is to be provided through a specific tax levy increase which was 0.75% for 2012 and will be 0.70% for 2013 and 0.67% for 2014.

In addition, approval has been provided to borrow for Phase I of The Quarters development (\$56 million), the Downtown Arena land acquisition and design (\$56 million) and continuation of the Great Neighbourhoods (\$45 million).

Debt charges for current borrowings and commitments for tax-supported debt and total debt (which includes self-liquidating debt) is shown in the chart below. The projected debt servicing costs are well below the City's Debt Management Fiscal Policy (DMFP) total debt service limit of 22% of City revenues and the tax-supported debt service limit of 15% of revenues for tax levy operations.



Notes:

1. Tax-supported debt servicing costs are based on current capital budget approvals. Self-liquidating debt servicing assumes ongoing borrowing consistent with the Utility 10 year capital plan.
2. Debt charges related to borrowings planned for future years are estimated and may change.

## Supplementary Information

## Debt Servicing Information (Unaudited)

The following is a summary of the principal and interest payments for the 2013 budget year and subsequent years for the City. This information is draft as it has not been audited yet.

Principal						
Year	Self-Liquidating	Tax-Supported	Gross Payment	Less: EPCOR Receivable	Less: Sinking Fund Principal	Net Payment
2013	54,150	56,194	110,344	7,855	6,049	96,440
2014	52,179	58,660	110,839	7,717	3,024	100,098
2015	52,630	121,239	173,869	7,554	3,024	163,291
2016	53,198	63,935	117,133	7,584	3,024	106,525
2017	52,764	126,753	179,517	7,426	3,024	169,067
Thereafter	632,456	1,038,330	1,670,786	70,262	3,024	1,597,500
	<b>897,377</b>	<b>1,465,111</b>	<b>2,362,488</b>	<b>108,398</b>	<b>21,169</b>	<b>2,232,921</b>

Interest					
Year	Self-Liquidating	Tax-Supported	Gross Payment	Less: EPCOR Receivable	Net Payment
2013	53,897	60,217	114,114	18,975	95,139
2014	47,201	57,748	104,949	14,048	90,901
2015	44,912	55,167	100,079	13,636	86,443
2016	42,576	50,728	93,304	13,221	80,083
2017	40,192	47,908	88,100	12,801	75,299
Thereafter	239,314	346,242	585,556	31,761	553,795
	<b>468,092</b>	<b>618,010</b>	<b>1,086,102</b>	<b>104,442</b>	<b>981,660</b>

Total Payments						
Year	Self-Liquidating	Tax-Supported	Gross Payment	Less: EPCOR Receivable	Less: Sinking Fund Principal	Net Payment
2013	108,047	116,411	224,458	26,830	6,049	191,579
2014	99,380	116,408	215,788	21,765	3,024	190,999
2015	97,542	176,406	273,948	21,190	3,024	249,734
2016	95,774	114,663	210,437	20,805	3,024	186,608
2017	92,956	174,661	267,617	20,227	3,024	244,366
Thereafter	871,770	1,384,572	2,256,342	102,023	3,024	2,151,295
	<b>1,365,469</b>	<b>2,083,121</b>	<b>3,448,590</b>	<b>212,840</b>	<b>21,169</b>	<b>3,214,581</b>

Payments on offsetting EPCOR receivable and Sinking Fund amounts relate to self-liquidating debt. The above amounts do not include annual Sinking Fund required earnings

From the Operating Budget perspective, the City budgets for Operating funds and Reserve funds. This document contains all the details of the Operating fund and Reserve funds. The Operating fund is captured within the Table “Approved 2013 Tax-Supported Operations” (Page 94). The Reserve fund is covered in the following section.

**Operating**—The Operating Fund balance represents the budget required to offset future operational revenue requirements. This budget book contains the details on Operating budget fund. A summary of the Operating fund can be found in the section Tables.

There are separate operation budgets within the Operating Fund which are summarized below:

- Tax supported operations
  - Civic/Corporate Programs
  - Boards and Commissions
- Non-tax supported operations
  - Drainage Design & Construction
  - Fleet Services
  - Land Enterprise
- Investment funds
  - Ed Tel Endowment Fund
  - Sinking Fund Excess Earnings

**Reserves**—Reserve funds are governed by City Policy C217B which states that the establishment and transfers to and from these accounts require Council approval through the Budget.

The City has various types of Reserves to serve a wide variety of purposes as follows:

- Stabilization - funds set aside for emergent, generally unanticipated needs.
- Planned Stabilization - planned transfers to deal with a known stabilization requirement in the future.
- General Operating and Capital - used to fund general operating and capital requirements.
- Specific Purpose - used to fund one-time or unique activities.
- Regulatory/Third Party Requirements - subject to external restrictions.

Transfers can be made to reserves from the operating budget and from other reserves. Transfers can also be made from the reserve to the capital budget, operating budget, and other reserves. One of the largest reserves at the City is the Financial Stabilization Reserve (FSR). One hundred percent of any annual general government operating surplus will be placed in the FSR.

Reserve amounts not used during the year remain in the reserve for future years use.

Certain reserves are interest bearing and accumulate interest on a monthly basis. Interest earnings from investment of the reserve balance are applied back to this reserve as they are earned. Interest earnings are intended to be applied to a reserve only if there are external requirements based on legislation or agreements, or if the reserve is intended to fund future capital expenditures. This allows the reserve to accumulate interest at the City’s short-term investment earnings rate to maintain purchasing power over time.



## Approved 2013 Reserves Budget

The City of Edmonton maintains reserves designated for specific purposes as approved by City Council and the Edmonton Public Library Board. Effective January 1, 2009, reserve funds are reported as part of the accumulated surplus on the Statement of Financial Position. This change is in accordance with section PS 1200 of the CICA Public Sector Accounting Handbook. The following pages provide details on the approved changes to each individual reserve. Reserves are listed in alphabetical order.

	2012 Projected	2013 Approved
<b>Opening balance, (\$000)</b>	<b>\$ 251,510</b>	<b>\$ 251,826</b>
Transfer (to) operating budget	(19,561)	(16,356)
Transfer from operating budget	59,883	34,544
Transfer (to) from capital budget	(42,502)	(24,677)
Transfer (to)/from Other Reserve	165	-
Transfer from surplus	1,802	12,675
Interest	530	377
<b>Net change in reserve balances</b>	<b>317</b>	<b>6,563</b>
<b>Projected ending balance</b>	<b>251,826</b>	<b>\$ 258,389</b>

It is important to note that the Approved 2013 opening balance is based upon the assumption that the 2012 additions and withdrawals from reserves occur as indicated in the 2012 Projected Column. The actual 2013 opening balance of individual reserves may be different.

## Accumulated Surplus (Library)

Accumulated surplus relating to Library operations, consists of unrestricted reserves for future expenditures. The funds are set aside to help in managing any risks associated with unforeseen revenue decreases and unexpected costs. The Library Board provides direction on use of the funds. No interest is applied to this reserve.

	2012 Projected	2013 Approved
<b>Opening balance</b>	<b>\$ 782</b>	<b>\$ 991</b>
Transfer (to) operating budget	-	-
Transfer from operating budget	44	-
Transfer (to) from capital budget	-	-
Transfer from other reserve	165	-
<b>Ending balance</b>	<b>\$ 991</b>	<b>\$ 991</b>

## Affordable Housing

This reserve was established to assist the Housing Branch in delivering Affordable Housing units as outlined in the Council approved "Road Map" for Cornerstones Plan implementation. Due to the unpredictable spending pattern of expenditures and involvement of other orders of government, this reserve permits unexpended funds to be retained and applied to support future funding requirements.

	2012 Projected	2013 Approved
<b>Opening balance</b>	<b>\$ 11,795</b>	<b>\$ 10,065</b>
Transfer (to) operating budget	(4,493)	(4,998)
Transfer from operating budget	2,855	2,536
Transfer (to) from capital budget	(92)	-
<b>Ending balance</b>	<b>\$ 10,065</b>	<b>\$ 7,603</b>

## Aggregate Site Development

The purpose of this reserve is to cover costs associated with aggregate site preparation; gravel pit equipment replacement; reclaiming and maintaining lands presently used for material recycling; and to purchase land for future site locations. A surcharge is assessed on recycled aggregates (gravel, concrete, asphalt, and sand from snow dumpsites) to cover expenditures for replacement of equipment and site preparation. The net amount of revenues and expenses for the year relating to this program is applied to or drawn from the reserve. Interest earnings are applied to the reserve.

	2012 Projected	2013 Approved
<b>Opening balance</b>	<b>\$ 1,418</b>	<b>\$ 1,335</b>
Transfer (to) operating budget	-	-
Transfer from operating budget	575	550
Transfer (to) from capital budget	(678)	(740)
Interest	20	6
<b>Ending balance</b>	<b>\$ 1,335</b>	<b>\$ 1,151</b>

## Belvedere CRL

Belvedere CRL (Station Pointe) is financed through borrowing Bylaw 14883 which was passed in 2008 that enabled the City to undertake infrastructure improvements and land development along Fort Road. In January 2012, Bylaw 15932 was passed to allow for the Belvedere Community Revitalization Levy to fund this project. The accumulated net deficit balance is due to timing of debt service payments and approval of the CRL. The deficit will be funded from future CRL revenues and net proceeds from sale of land.

	2012 Projected	2013 Approved
<b>Opening balance</b>	\$ -	\$ (2,993)
Transfer (to) operating budget	(2,993)	-
Transfer from operating budget	-	2,456
Transfer (to) from capital budget	-	-
Transfer from other reserve	-	-
Interest	-	-
<b>Ending balance</b>	\$ (2,993)	\$ (537)

## Commonwealth Stadium Enterprise Reserve

As a condition of an agreement between the City of Edmonton and the Edmonton Eskimos Football Club, annually \$200,000 of tax levy funding is allocated to the reserve for development of new revenue, marketing strategies, or capital programs. The City's portion of concession earnings are held in this reserve for concession capital projects. Interest earnings are applied to this reserve.

	2012 Projected	2013 Approved
<b>Opening balance</b>	\$ 1,644	\$ 1,487
Transfer (to) operating budget	(580)	(237)
Transfer from operating budget	405	301
Transfer (to) from capital budget	-	-
Transfer (to) from other reserve	-	-
Interest	18	-
<b>Ending balance</b>	\$ 1,487	\$ 1,551

## Current Planning Enterprise Reserve

On June 23, 2010, City Council approved the Current Planning Branch - Revised Business Model Policy C557. This included the establishment of the Current Planning Enterprise Reserve. The new business model will provide enhanced accountability, full cost recovery and a financial reserve. The reserve will be used to provide revenue levelling, stabilize resources across extended periods of time and fund initiatives to enhance planning services. No interest is applied to this Reserve.

	2012 Projected	2013 Approved
<b>Opening balance</b>	\$ 16,448	\$ 25,685
Transfer (to) operating budget	-	(2,750)
Transfer from operating budget	10,946	941
Transfer (to) from capital budget	(1,709)	(2,000)
<b>Ending balance</b>	\$ 25,685	\$ 21,876

## Development Incentive Reserve

Approved during the 2010 budget deliberations to facilitate the implementation of City Policy C553, Development Fund Program. This reserve will capture any unspent funding from the Development Incentive Program until December 31, 2013. The Development Incentive Program is designed to stimulate new infill development or redevelopment of existing buildings for commercial and/or multi-unit residential uses and fill vacant retail and commercial building storefronts with eligible commercial uses. No interest earnings are applied to this reserve.

	2012 Projected	2013 Approved
<b>Opening balance</b>	\$ 1,814	\$ 1,466
Transfer (to) operating budget	(348)	(250)
Transfer from operating budget	-	-
Transfer (to) from capital budget	-	-
<b>Ending balance</b>	\$ 1,466	\$ 1,216

**Enterprise Portfolio Reserve**

To facilitate the implementation of City Policy C479 - Fiscal Policy for the Enterprise Portfolio by managing revenue fluctuations and fund business development opportunities for all facilities managed by the Community and Recreational Facilities branch. Interest earnings from investment of the reserve balance are applied back to this reserve as they are earned.

	2012 Projected	2013 Approved
<b>Opening balance</b>	<b>\$ 2,741</b>	<b>\$ 4,649</b>
Transfer (to) operating budget	(80)	-
Transfer from operating budget	1,960	-
Transfer (to) from capital budget	(2)	-
Transfer (to) from other reserve	-	-
Interest	30	-
<b>Ending balance</b>	<b>\$ 4,649</b>	<b>\$ 4,649</b>

**Façade and Storefront Improvement Reserve**

To facilitate implementation of City Policy C216A - Retail and Commercial Façade and Storefront Improvement Program. This program provides matching grants to building owners who invest in approved projects to improve the appearance and function of street level retail and commercial buildings in targeted areas within eligible Business Revitalization Zones throughout the City. The program is funded through on-going annual tax levy funding and the net program timing difference for the year is applied to the reserve.

	2012 Projected	2013 Approved
<b>Opening balance</b>	<b>\$ 1,498</b>	<b>\$ 1,668</b>
Transfer (to) operating budget	(740)	(740)
Transfer from operating budget	910	-
Transfer (to) from capital budget	-	-
<b>Ending balance</b>	<b>\$ 1,668</b>	<b>\$ 928</b>

**Financial Stabilization Reserve (FSR) - Appropriated**

The Financial Stabilization Reserve (FSR) - Appropriated tracks amounts that have been appropriated from the FSR for specific purposes in current or future years. No interest is applied to this reserve.

	2012 Projected	2013 Approved
<b>Opening balance</b>	<b>\$ 43,931</b>	<b>\$ 33,009</b>
Transfer (to) operating budget	(3,827)	(1,670)
Transfer from operating budget	-	-
Transfer (to) from capital budget	(8,460)	-
Transfer from other reserve	1,365	1,670
<b>Ending balance</b>	<b>\$ 33,009</b>	<b>\$ 33,009</b>

**Financial Stabilization Reserve (FSR) - Unappropriated**

The FSR was established in 1997 to provide flexibility in addressing financial risks associated with revenue instability and unforeseen costs on a transitional basis, and to ensure the orderly provision of services to citizens. As per policy C217B - Reserve and Equity Accounts, a minimum balance of 5% with a target balance of 8.3% of current general government expenses (excluding non-cash amortization) has been established. The source of funding for the FSR has generally been tax-supported operating surplus.

	2012 Projected	2013 Approved
<b>Opening balance</b>	<b>\$ 91,138</b>	<b>\$ 91,825</b>
Transfer (to) operating budget	-	-
Transfer from operating budget	-	-
Transfer (to) from capital budget	-	-
Transfer (to) other reserve	(1,115)	(1,670)
Transfer from surplus	1,802	12,675
<b>Ending balance</b>	<b>\$ 91,825</b>	<b>\$ 102,830</b>

surplus. Therefore, it is primarily in positive economic times that the reserve has increased. No interest is applied to this reserve.

## Fleet Services Replacement Fund

Approved at the October 14, 2009 City Council Meeting, this reserve is used to fund replacement of fleet vehicles at the end of their life cycle. Funds to replenish the reserve come from an annual fixed charge. No interest earnings are applied to this reserve.

	2012 Projected	2013 Approved
<b>Opening balance</b>	\$ 10,986	\$ 15,314
Transfer (to) operating budget	-	-
Transfer from operating budget	23,138	22,178
Transfer (to) from capital budget	(18,810)	(16,668)
<b>Ending balance</b>	\$ 15,314	\$ 20,824

## Fort Edmonton Train Maintenance Reserve

As a condition of an ongoing agreement between the City of Edmonton and the Fort Edmonton Historical Foundation, annually a maximum of \$5,000 from the Fort Edmonton operations is set aside in this reserve to fund major maintenance expenses of the steam railway system within the Park.

	2012 Projected	2013 Approved
<b>Opening balance</b>	\$ 130	\$ 88
Transfer (to) operating budget	(49)	-
Transfer from operating budget	5	5
Transfer (to) from capital budget	-	-
Transfer (to) other reserve	-	-
Interest	2	1
<b>Ending balance</b>	\$ 88	\$ 94

## Funds in Lieu of Residential

To separate the residential portion from the commercial/industrial portion in the Parkland Purchase Reserve. Funds received from developers and from the sale of parkland in residential areas is used to purchase and develop parkland in residential areas. The funds are generated as a result of the 10% parkland dedication required in accordance with the Municipal Government Act (MGA).

	2012 Projected	2013 Approved
<b>Opening balance</b>	\$ 20,125	\$ 10,399
Transfer (to) operating budget	-	-
Transfer from operating budget	2,627	-
Transfer (to) from capital budget	(12,611)	(1,000)
Interest	258	205
<b>Ending balance</b>	\$ 10,399	\$ 9,604

## Heritage Conservation Reserve Fund

The purpose of the Heritage Conservation Reserve supports City Policy C450B - Policy to Encourage the Designation and Rehabilitation of Municipal Historic Resources in Edmonton. This policy sets process for the designation of historically significant structures and the payment of required compensation such as grants, tax cancellation, rebate of property taxes, or a

	2012 Projected	2013 Approved
<b>Opening balance</b>	\$ 2,920	\$ 3,179
Transfer (to) operating budget	-	(1,000)
Transfer from operating budget	273	-
Transfer (to) from capital budget	(14)	-
<b>Ending balance</b>	\$ 3,179	\$ 2,179

payment equal to the value of the amount of taxes payable on the designated historic building and substantial rehabilitation. This reserve also provides funding for maintenance grants, promoting heritage, and special heritage projects including limited demonstrative restoration projects. Annually, an amount is approved in the operating budget for this program, unspent funds are transferred into the reserve at the end of the year. Conversely, if there is a deficit in the program, draws are made on the reserve. No interest earnings are applied to this reserve.

**Industrial Servicing Fund Reserve**

The purpose of this reserve is to facilitate implementation of City Policy C533, Revolving Industrial Servicing Fund. This reserve will be used as a funding source to provide rebates to Front End Developers that undertake construction of cost shareable infrastructure. Front End Developers are eligible for a rebate if they do not recover their shareable front end costs through normal processes, providing they construct End-User

Development that increases the taxable property assessment by \$10 million or more (excluding machinery and equipment). The source of funding for this reserve will be 50% of the incremental property tax revenue from these End-User Developments. No applications have been received for this program to date. Interest earnings are applied to the reserve.

	2012 Projected	2013 Approved
<b>Opening balance</b>	\$ -	\$ (3,726)
Transfer (to) operating budget	(4,000)	-
Transfer from operating budget	274	-
Transfer (to) from capital budget	-	-
Interest	-	-
<b>Ending balance</b>	\$ (3,726)	\$ (3,726)

**Local Improvements Reserve**

Approved by Council on October 31, 2012, this reserve will accumulate the annual difference between local improvement revenues and debt servicing related to local improvements. The reserve will not earn interest.

	2012 Projected	2013 Approved
<b>Opening balance</b>	\$ -	\$ 116
Transfer (to) operating budget	-	-
Transfer from operating budget	116	120
Transfer (to) from capital budget	-	-
<b>Ending balance</b>	\$ 116	\$ 236

**LRT**

An annual funding level of \$5.0 million is provided from tax levy directed to LRT. This funding is used to cover any deficiency of Federal Fuel Rebate over SLRT debt charges annually with any residual added to the reserve. The reserve is to be made available for funding city-wide LRT expansion.

	2012 Projected	2013 Approved
<b>Opening balance</b>	\$ 14,181	\$ 18,334
Transfer (to) operating budget	-	-
Transfer from operating budget	4,153	4,160
Transfer (to) from capital budget	-	-
<b>Ending balance</b>	\$ 18,334	\$ 22,494

**Motor Vehicle Insurance Reserve**

The City self-insures the first \$1.0 million of each automobile liability claim with any amount in excess of this self-insured retention amount being insured by external commercial insurers. Pursuant to Section 825, Part 7 of the Alberta Insurance Act, the Corporation must maintain a separate insurance fund. The amount is approved annually by the Superintendent of Insurance for the Province, and the City is required to sign a statutory declaration indicating that a separate insurance fund of the required sum is maintained. The amount of \$2.5 million, in addition to the amount set

aside to satisfy third party liability and accident benefit claims, is the current approved requirement. Since the City records an ongoing liability for claim estimates, the established limit in the reserve has remained stable. The reserve balance is invested in the longer-term Balanced Fund. Its Interest earnings form part of the corporate investment earnings budget.

	2012 Projected	2013 Approved
<b>Opening balance</b>	\$ 2,500	\$ 2,500
Transfer (to) operating budget	-	-
Transfer from operating budget	-	-
Transfer (to) from capital budget	-	-
Interest	-	-
<b>Ending balance</b>	\$ 2,500	\$ 2,500

## Natural Areas Reserve Fund

Approved March 2, 1999, the Natural Area reserve was established to facilitate the acquisition and conservation of environmentally sensitive natural areas. Bylaw 15164, approved July 22, 2009 expanded the purpose of the reserve to facilitate the repayment of debt incurred in the purchase of natural areas. The expected sources of funding is \$1 million transferred annually from tax levy through the budget process. Interest earnings are applied to the reserve.

	2012 Projected	2013 Approved
<b>Opening balance</b>	\$ 7,166	\$ 7,870
Transfer (to) operating budget	(382)	(342)
Transfer from operating budget	1,000	1,000
Transfer (to) from capital budget	-	-
Interest	86	100
<b>Ending balance</b>	\$ 7,870	\$ 8,628

## Northlands Capital

As provided by the agreement (January 1, 2004 - December 31, 2013) between the City of Edmonton and Edmonton Northlands, the City is entitled to share in certain operating profits of Rexall Place, under a formula as outlined in the agreement. The profits are to be held in the reserve to assist in funding facility capital improvements as defined in the agreement. Interest is applied to this reserve.

	2012 Projected	2013 Approved
<b>Opening balance</b>	\$ 1,090	\$ 1,146
Transfer (to) operating budget	-	-
Transfer from operating budget	44	-
Transfer (to) from capital budget	-	-
Transfer to reserve	-	-
Interest	12	10
<b>Ending balance</b>	\$ 1,146	\$ 1,156

## Parkland Purchase Reserve

The reserve receives funds from developer levies, the sale of municipal reserve lands in industrial and commercial areas, proceeds from the sale of municipal reserve land in the river valley communities (where land was originally purchased with Parkland Reserve funds) and money received from the rental of city property on park land. The Municipal Government Act (MGA) requires that such funds must be used for "a public park,

a public recreation area, school authority purposes, or to separate areas of land that are used for different purposes". The funds collected can be used anywhere in the City for the required purposes. Interest earnings are applied to the reserve.

	2012 Projected	2013 Approved
<b>Opening balance</b>	\$ 8,833	\$ 11,746
Transfer (to) operating budget	-	-
Transfer from operating budget	4,884	-
Transfer (to) from capital budget	(2,075)	(2,000)
Interest	104	55
<b>Ending balance</b>	\$ 11,746	\$ 9,801

## Perpetual Care Reserve

The Perpetual Care Reserve is used for preservation, improvement, embellishment, and maintenance in perpetuity of the Municipal Cemeteries. 15% of specific cemetery revenue is applied to the reserve at the time revenue is recognized. Interest is applied monthly and is utilized for funding of the cemetery operating program. This reserve is currently being reviewed as part of the Cemeteries Master Plan.

	2012 Projected	2013 Approved
<b>Opening balance</b>	\$ 5,067	\$ 5,243
Transfer (to) operating budget	-	-
Transfer from operating budget	176	-
Transfer (to) from capital budget	-	-
Interest	-	-
<b>Ending balance</b>	\$ 5,243	\$ 5,243

## Public Works Local Improvement Reserve

Per Council's decision dated October 31, 2012, this Reserve will be closed and the balance of funds will be transferred to the Financial Stabilization Reserve.

	2012		2013	
	Projected		Approved	
<b>Opening balance</b>	\$	250	\$	-
Transfer (to) operating budget		-		-
Transfer from operating budget		-		-
Transfer (to) from capital budget		-		-
Transfer to reserve		(250)		-
<b>Ending balance</b>	\$	-	\$	-

## Quarters CRL Reserve

City Council approved Bylaw 15800, Schedule "A" - The Quarters Downtown Community Revitalization Levy (CRL) Plan on June 20, 2011. Incremental tax levy increases were proposed over 4 years to support debt servicing. Significant portions of the expenditures cannot be capitalized and are projected for 2012 / 2013 operating years. The resulting deficit balance is proposed to be financed through the FSR and repaid from future CRL revenues.

	2012		2013	
	Projected		Approved	
<b>Opening balance</b>	\$	-	\$	(1,453)
Transfer (to) operating budget		(1,453)		(3,637)
Transfer from operating budget		-		-
Transfer (to) from capital budget		-		-
Interest		-		-
<b>Ending balance</b>	\$	(1,453)	\$	(5,090)

## Recreational Arenas Reserve

Approved at the February 3, 2010 City Council meeting via an in-private report (2010FTF001), the Recreational Arenas Reserve will allow any life insurance gifts or other designated monetary donations to be collected and earmarked for use to build arenas, as set out in the City's 10-Year Arena Capital Development Strategy. No amounts have been collected or provided to this reserve to date. No interest is applied to this reserve.

	2012		2013	
	Projected		Approved	
<b>Opening balance</b>	\$	-	\$	-
Transfer (to) operating budget		-		-
Transfer from operating budget		-		-
Transfer (to) from capital budget		-		-
<b>Ending balance</b>	\$	-	\$	-

## Reserves For Future Expenditures (Library)

Reserves for future expenditures relating to Library Operations include amounts set aside by the Library Board for specific purposes. This will include amounts for Library facility projects, 2013 Library centennial projects and the Clareview Library Branch. No interest is applied to this reserve.

	2012		2013	
	Projected		Approved	
<b>Opening balance</b>	\$	1,215	\$	3,001
Transfer (to) operating budget		(165)		(732)
Transfer from operating budget		-		-
Transfer (to) from capital budget		1,951		(2,269)
Transfer from other reserve		-		-
Interest		-		-
<b>Ending balance</b>	\$	3,001	\$	-

### St. Francis Xavier Reserve

The St. Francis Xavier Reserve was established August 5, 2011 as a condition of an on-going agreement with the City of Edmonton and the Edmonton Catholic School Board to fund life/cycle maintenance for the St. Francis Xavier Sports Centre. Tax levy funding is approved annually in the amount of 78% of annual estimated maintenance costs, to fund the City's portion of major life cycle maintenance. Interest earnings are applied to this Reserve.

	2012 Projected	2013 Approved
<b>Opening balance</b>	\$ -	\$ 211
Transfer (to) operating budget	-	-
Transfer from operating budget	211	-
Transfer (to) from capital budget	-	-
Interest	-	-
<b>Ending balance</b>	\$ 211	\$ 211

### Tax-Supported Debt Reserve

Approved October 29, 2002 relating to the 2003 - 2007 \$250 million tax-supported debt strategy, this Reserve provides a clear segregation of tax revenues collected for tax-supported debt servicing requirements and accommodates the timing differences between receipt of taxes and debt servicing requirements. Any difference above the necessary committed debt servicing has been made available to fund certain capital projects. A minimum of \$500 balance is maintained in the reserve to manage any interest rate or cash flow fluctuation.

	2012 Projected	2013 Approved
<b>Opening balance</b>	\$ 1,628	\$ 6,199
Transfer (to) operating budget	-	-
Transfer from operating budget	4,573	247
Transfer (to) from capital budget	(2)	-
Transfer (to) other reserve	-	-
Interest	-	-
<b>Ending balance</b>	\$ 6,199	\$ 6,446

### Telus Field Capital

As provided by the License Agreement between the City of Edmonton and the Katz Baseball Corporation, the net rents and fees collected under the License Agreement are retained in a separate reserve account to be used for future structural repairs to Telus Field.

	2012 Projected	2013 Approved
<b>Opening balance</b>	\$ 296	\$ 303
Transfer (to) operating budget	-	-
Transfer from operating budget	7	50
Transfer (to) from capital budget	-	-
<b>Ending balance</b>	\$ 303	\$ 353

### Tree Management Fund Operating Reserve

A requirement of City Policy C456A - Corporate Tree Management. Funds are placed in the reserve to replace the trees and shrubbery with a view to protect the urban forest, upon removal in the course of construction or repairs to City-owned property. Funds are transferred out of the reserve to cover the operating costs incurred to replace trees and shrubbery.

	2012 Projected	2013 Approved
<b>Opening balance</b>	\$ 1,914	\$ 2,169
Transfer (to) operating budget	(451)	-
Transfer from operating budget	707	-
Transfer (to) from capital budget	-	-
<b>Ending balance</b>	\$ 2,169	\$ 2,169

### 2% Neighbourhood Renewal

Approved at the March 11, 2009 City Council meeting, the Neighbourhood Renewal Reserve will contain tax funding dedicated to the Neighbourhood Renewal Program (2%-2009 and 2010 and 1.5%-2011 and 2012) net of annual expenditures, as approved through the annual City budget process. Generally all tax levy funds approved for the year are utilized for neighbourhood renewal expenditures in the year. No interest is applied to this reserve.

	2012 Projected	2013 Approved
<b>Opening balance</b>	\$ -	\$ -
Transfer (to) operating budget	-	-
Transfer from operating budget	-	-
Transfer (to) from capital budget	-	-
Interest	-	-
<b>Ending balance</b>	\$ -	\$ -



The table below contains the listing of Council Motions that departments were directed to address during the 2013 Budget process and how each motion has been dealt with in the 2013 Approved Operating Budget.

Council Motions	Date	Responsible Department	Net Operating Requirement	Action
<b>1. River City Roundup</b>				
1. That Administration prepare a service package for the River City Round Up in the amount of \$100,000, on an ongoing basis, for consideration during the 2013 Operating Budget Deliberations.	July 9, 2012	Community Services Committee Financial Services and Utilities	\$100	Put forward as service package and approved with ongoing funding.
2. That the Mayor meet with representatives of Tourism Alberta to determine Provincial commitment to supporting the River City Round Up on an ongoing basis.				

### Strategic Plan (Council-approved)

*The Way Ahead (2009-2018) Updated 2011*

### Corporate Directional Plans (Council-approved)

*The Way We Grow: Municipal Development Plan (approved May 2012)*

*The Way We Move: Transportation Master Plan (approved September 2009)*

*The Way We Live: Edmonton's People Plan (approved July 2010)*

*The Way We Green: Edmonton's Environmental Strategic Plan (approved July 2011)*

*The Way We Finance: Edmonton's Financial Sustainability Plan (under development)*

*The Way We Prosper: Economic Development Plan (under development)*

### Active Plans Approved By Council

(does not include ASPs, NSPs, Bylaws, City Policies or Council Initiatives)

Name of Plan/Owner	Date Approved By Council
<b>Transportation Services</b>	
1 LRT Network Plan	Jun-09
<b>Sustainable Development</b>	
2 Capital Region Housing Plan: Strategy and Implementation Plan, Appendix 5, March 2009	Feb-09
3 CO2RE Strategy (updated)	Oct-02
4 Contaminated Gas Stations Task Force Strategy	Jul-10
5 Edmonton Area Community Plan on Housing and Supports	May-05 Updated Fall 2012
6 Edmonton's Industrial Land Strategy	Aug-02
7 First Place Program	Nov-06
8 Fort Road Old Town Master Plan	Nov-02
9 Natural Areas Acquisition Strategy	Jul-05
10 Neighbourhood Park Development Program Renewal	Updated 2008
11 North Saskatchewan River Valley and Ravine System Redevelopment Plan	1990
12 Quarters Urban Design Plan	Apr-09
13 Ribbon of Green Concept Plan	1990
14 A Plan of Action for the Capital Region River Valley Park	Jul-07
15 Roadways and Parks Naturalization Master Plan	1994
16 Rosedale Urban Design Plan	Aug-11
17 Smart Choices for Developing our Community Program	Mar-04
18 Urban Parks Management Plan 2006-2016	Jun-06
19 Urban Sustainability Action Plan	Aug-04
<b>Community Services</b>	
20 10-year Arena Capital Development Strategy 2009-2019	Jul-07
21 Art of Living	Sep-08
22 Artificial Turf Plan (2009-2015)	Updated Fall 2012

Name of Plan/Owner	Date Approved By Council
<b>Community Services (continued)</b>	
23 Cemeteries Master Plan	Oct-12
24 Child Friendly Edmonton Strategy	Jun-05
25 Elevate Report - Community Sustainability Task Force	Jun-12
26 Fort Edmonton Park 2010 Master Plan Update	May-10
27 Involving Edmonton: A Public Involvement Initiative	Jan-06
28 John Janzen Nature Centre Development Plan	Jun-05
29 Joint Use Agreement: Facilities and Lands	Jun-05
30 Kinsmen Sport Centre Master Plan	Fall 2012
31 Long-term Strategy for Funding Operating Costs for Seniors Centers	Jul-07
32 Medium Term Recreation Facility and Sports Field Plan	Jul-07
33 Muttart Conservatory Master Plan and Land Use Plan 2001	Jul-01
34 Neighbourhood Revitalization Framework	Dec-06
35 Outdoor Aquatic Strategy 2008-2017	Jan-08
36 Quality Management Plan (QMP)	July 2003 Updated August 2010
37 Racism-Free Edmonton Action Plan	Sep-08
38 Recreation Facility Master Plan 2005-2015	August 2004/5-Year Review/ Updated November 2009
39 Seniors' Center Plan (2011-2021)	May-11
40 Sports Field Strategy 2005-2015	May-05
41 Terwillegar Park Concept Plan (2009)	Feb-09
42 Valley Zoo Master Plan Update 2005	Nov-05
Name of Plan/Owner	Date Approved By Council
<b>Financial Services &amp; Utilities</b>	
43 Combined Sewer Overflow Control Strategy	Mar-00
44 Drainage Services Master Plan 2004-2014	Jan-04
45 Edmonton City Council's Infrastructure Strategy: Building the Capital City from the Infrastructure Up	Jan-06
46 Long Range Financial Plan 2007-2016	2006 Updated
47 Sanitary Servicing Strategy	Jul-98
48 Storm Water Quality Control Strategy	Jun-08
49 Waste Management Strategic Plan	1994 Updated 2008
50 Wastewater Treatment and Collection System Operations Plan	2007

## Financial Policies

City Policies are Council statements that set discretionary duties or standards of performance for the City, addressing recurring issues that provide guidelines setting out the level and manner the City will perform duties imposed on itself or those imposed on the City by legislation. The following key financial policies adopted by the City of Edmonton enable the City to be accountable and transparent in its management of public funds.

**Balanced Budget:** In accordance with the Municipal Government Act (MGA), the City of Edmonton's budget is balanced, with no projection of either a deficit or a surplus. Any year-end surplus remaining after specific projects' carry-forwards are approved by Council is transferred to the Financial Stabilization Reserve.

### **Business Revitalization Zone** (Policy #: C462B, Adopted March 2007)

The Business Revitalization Zone structure is a mechanism for organizing business interests, resources and opinions within a commercial district comprised of a diversity of business types and numbers. The City encourages and will facilitate the efforts of a business community to improve and promote its economic and physical well-being through the creation of a Business Revitalization Zone Association.

### **Debt Management Fiscal Policy** (Policy #: C203C, Adopted July 2008)

1. Debt is an ongoing component of the City's capital financing structure and is integrated into the City's long-term plans and strategies.
2. Debt must be Affordable and Sustainable. The City must maintain Flexibility to issue Debt in response to emerging financing needs.
3. Debt must be structured in a way that is fair and equitable to those who pay and benefit from the underlying assets over time.
4. Debt decisions must contribute to a sustainable and vibrant City by balancing quality of life and financial considerations.
5. The issuance of new Debt must be approved by City Council.
6. Debt must be managed, monitored and reported upon.

### **Drainage Services Utility Fiscal Policy – Sanitary & Land (Stormwater) Utilities** (Policy#: C304C, Adopted June 2011)

1. Each Utility is to be operated in a manner that balances the desire to provide the best service at the lowest cost (public utility) while employing private sector approaches to encourage innovation and customers (private utility).
2. Each Utility will be subject to Local Access Fee, similar to private utilities for the use of public right of ways and in lieu of property taxes. The Local Access Fee will be up to 8% of Qualifying Revenues, as determined by City Council.
3. The Utility is exempt from Dividend payment to the City of Edmonton.
4. Similar to private utilities accounting approach.
5. Where government transfers are not provided for the exclusive use of the Utility, access to government transfers is dependent upon the completion of a business case that take into account the overall needs of the community. The goal is to ensure that any government transfers have been best leveraged to achieve the City's overall priorities.
6. Where the Utility is contemplating the provision of non-regulated services and such services require significant capital investment and/or net operating costs, a business case is to be prepared such that the Utility Committee may make recommendations to City Council regarding the initial and/or ongoing funding of such activities from sources other than Rate Revenue.
7. Each Utility is to contribute towards achieving the City's Strategic Plan.

### **ETS Fare Policy** (C451F, Adopted December 2010)

The Transit Fare Structure shall:

1. Be based on the Corporate Business Plan and the Long Range Financial Plan guidelines.
2. Include regular Bus and LRT fares, Concession fares, DATS fares, Special Event fares, and Charter Rates.
3. The Transit System Fare Policy will be reviewed at least once per Council Term

### **Fiscal Policy for the Enterprise Portfolio – Community Services** (Policy# C479, Updated November 2000)

The enterprise portfolio model was endorsed by City Council on June 24, 1997 as the preferred option for the ownership and management of selected city facilities. The purpose of the enterprise portfolio is to:

1. Generate synergies through economies of scale and through collaboration (as opposed to competition) among the constituent facilities and lines of business;
2. Achieve effectiveness and efficiencies as a combined portfolio that would be less achievable as separate entities;
3. Create a cap of the tax levy support required for the operation and development of constituent facilities excluding corporate initiatives as defined in City Procedures.
4. Provide flexibility, incentive, and accountability for the portfolio to innovate and to seek new revenue streams, partnerships, and business opportunities within its mandate;
5. Allow for re-investment of any surpluses generated, to achieve the long-term sustainability of the portfolio;
6. Safeguard existing municipal investment in the infrastructure, and optimize accessibility for citizens and users. The enterprise portfolio shall operate as one financial and managerial unit in accordance and compliance with other financial policies.

The purpose of this policy is to: Formalize the fiscal management and operating principles of the Enterprise Portfolio to ensure long-term viability, growth, stability, and entrepreneurial spirit within the municipal environment.

### **Investment Policy** (Policy # C212D, Adopted September 2009)

Section 250 of the Municipal Government Act sets out the approved investment vehicles for all Alberta municipalities; additional Council-approved investment policies exist in The City of Edmonton Investment Policy (#C212D), updated most recently in September 2009. The City of Edmonton will invest, or cause to be invested, funds under its control in permitted capital markets to maximize returns at a prudent level of risk.

### **Land Enterprise Dividend Policy** (Policy #: C516B, Adopted November 2008)

The Land Enterprise will pay an annual dividend to the City of Edmonton based on the actual net income of the land development activity of the Land Enterprise. The Dividend will be based on 25% of actual net income of the land development activity of the Land Enterprise and paid in the second quarter of the following year. City Council will review this policy every three years or more often if material economic changes occur or at City Council's discretion.

### **Recreation User Fee** (Policy# C167A, Adopted September 2008)

The City of Edmonton provides a variety of recreation, culture, leisure and sporting opportunities for residents and visitors. While the delivery of recreation services addresses a basic human need and reflects the values of our community and the desire to present Edmonton as a vibrant centre, a user fee policy provides a balanced approach for establishing fees in consideration of the following objectives:

1. Reducing the reliance on property taxes, by recovering an appropriate portion of the costs for various services from the user(s) that primarily benefit from them.
2. Providing a fair and equitable process that encourages accessibility and participation.
3. Ensuring that fees contribute to the public's effective and efficient use of City resources.
4. Identifying the relative pricing provided to various user segments.

Establishing meaningful and realistic goals that provide enough flexibility to meet evolving social values and changing fiscal pressures.

### **Reserve and Equity Accounts** (Policy #: C217B, Adopted October 2009)

1. In compliance with this policy and the Municipal Government Act, the establishment of all Reserve and equity accounts and the transfers to and from these accounts require Council approval through the budget.
2. The financial stabilization Reserve must have a minimum balance of 5% with a target balance of 8.3% of current general government expenses (excluding non-cash amortization.) One hundred percent of any annual general government surplus will be placed in the financial stabilization Reserve. Any balance above the target will be applied evenly to the three subsequent years' operating budgets or applied to significant one-time operating expenses or capital priorities. In the event of a balance below the minimum level, a strategy will be adopted to achieve the minimum level over a period not to exceed three years, including replenishing the Reserve with any unplanned one-time revenues, previously committed one-time contingent funds or appropriated items that are no longer required for their original purpose. Other Reserve and equity account balances will be reassessed and where appropriate, amounts transferred to the financial stabilization Reserve.
3. Reserve and equity account balances will be reviewed on a periodic basis, with recommendations made to City Council.

### **Waste Management Utility Fiscal Policy** (Policy # C558, Adopted June 2011)

1. The Utility is to be operated in a manner that balances the desire to provide the best service at the lowest cost (public utility) while employing private sector approaches to encourage innovation and using a cost structure that sends the proper price signal to the customers (private utility).
2. The Utility is exempt from a Local Access Fee as the Utility does not have exclusive rights to the waste collection and disposal market, nor does it have exclusive use of the roadways.
3. The Utility is exempt from Dividend payment to the City of Edmonton.
4. Similar to private utilities, the Utility will account for the cost of service under a full cost accounting approach.
5. Where government transfers are not provided for the exclusive use of the Utility, access to government transfers is dependent upon the completion of a business case that takes into account the overall needs of the community. The goal is to ensure that any government transfers have been best leveraged to achieve the City's overall priorities.
6. Where the Utility is contemplating the provision of non-regulated services and such services require significant capital investment and/or net operating costs, a business case is to be prepared such that the Utility Committee may make recommendations to City Council regarding the initial and/or ongoing funding of such activities from sources other than Rate Revenue.
7. The Utility is to contribute towards achieving the City's Strategic Plan.

**Accrual Basis.** A method of accounting in which Revenue is recognized in the period realized and expenses are recognized when incurred.

**Amortization.** An expense calculated and recorded for all Tangible Capital Assets annually to account for the decreasing value of the asset over time.

**Annualization.** Represents the financial impact of implementing an approved service package over the full fiscal year.

**Appropriate.** To approve funds for specific purpose or project.

**Area Structure Plans (ASPs).** Lay out an area's long-term development plan. They generally apply to new developing suburban areas.

**Assessment.** The valuation of a property for property taxation purposes. Property Taxes are calculated by multiplying the property assessment by the tax rate expressed in terms of mills (thousands). The MGA directs municipalities to prepare assessments every year.

**Assessment Base.** Total value of all assessed properties in the City.

**Assessment Classes.** Classed all assessed property within the City of Edmonton is divided into:

- Residential,
- Farmland,
- Other Residential,
- Non-Residential and
- Machinery and Equipment.

**Boards & Commissions.** Autonomous organizations with separate boards/commissions, but related to the City through operating agreements, which usually include financial obligations.

**Bond Rating.** The rating given by external rating agencies as an assessment of the City's creditworthiness.

**Branch.** A distinct operating unit within the City, subset of a department.

**Branch Manager.** Head of a City Branch.

**Budget.** A financial plan and a service delivery guide for a given period of time.

**Budget Adjustment.** Amendment to the approved operating and capital budgets. To be made in accordance to the budget adjustment process, as outlined in Bylaw 12005, Delegation of Authority.

**Budget Guidelines.** Overall parameters set by City Council that must be followed in budget preparation.

**Bylaws.** Legislation enacted by City Council under the provisions of the Municipal Government Act.

**Cash Basis.** Accounting method that recognizes revenues and expenses at the time physical cash is actually received or paid out.

**Capital Asset.** A City-owned asset used in operations with an initial useful life exceeding one year.

**Capital Budget.** Provides the statutory approval to expend funds in the undertaking of specified capital improvements or developments and to appropriate the required financing. Approval is granted on a three-year basis for projects beginning the first year of the planned period. The budget is adjusted annually as projects advance and funding sources are confirmed.

**Capital Expenditure.** Cost associated with purchasing, building and significantly improving or maintaining capital assets.

**Capital Financing.** The funding provided to capital projects through operating budget contributions, reserves, debt, and grants from other orders of government or other sources.

**Capital Investment Agenda.** A 10 Year Capital Long Range Financial Plan.

**Capital Priorities Plan (CPP).** Represents the City's five year plan for capital investment in existing infrastructure and new growth.

**Capital Project.** Expenditures relating to the acquisition, construction, upgrade or rehabilitation of a City's asset that is prioritized through the Capital Priorities Plan process.

**Census.** An official enumeration of a population—municipal census is held every three years and the national census is every five years.

**Census Metropolitan Area (C.M.A.).** The threshold as defined by Statistics Canada where census data is being gathered for an agglomeration that has an urban core of 100,000 people.

**Civic Departments.** Refers to services provided by City Departments. Excludes Corporate Programs, Neighbourhood Renewal or Boards & Commissions.

**City (The).** Refers to the City of Edmonton

**City Council.** A group of elected representatives with powers given by the Provincial Government to provide good government to a community under the Municipal Government Act (See MGA).

**City Manager.** An individual appointed by City Council to serve as the Chief Administrative Officer of the municipality.

**Civic Program.** Departments that directly report to the City Manager.

**Committed.** Committed fund balances and reserves designates funding that has been earmarked or set-aside for a specific project or operating program.

**Committees.** A group of individuals delegated to perform a specific function or functions. The general purpose of the **City's committees** and commissions is to provide advice to Council on matters referred to them by Council

**Community Revitalization Levy (CRL).** A community revitalization levy bylaw authorizes the council to impose a levy in respect of the incremental assessed value of property in a community revitalization levy area to raise revenue to be used toward the payment of infrastructure and other costs associated with the redevelopment of property in the community revitalization levy area.

**Consumer Price Index (CPI).** Reflects the impact of inflation on the purchasing power for goods and services.

**Contributed Assets.** Assets that have been transferred or donated to the City by another entity.

These assets provide a future economic benefit controlled by the City.

**Core Infrastructure.** Municipal roads, bridges, public transit vehicles & facilities, water and wastewater systems & facilities, emergency service vehicles & facilities, and infrastructure management systems.

**Corporate Expenditures.** Expenditures which cannot be directly associated with a specific program/department and therefore are budgeted under the Corporate Program.

**Corporate Leadership Team (CLT).** Refers to the working team consisting of the City Manager and the Department General Managers.

**Corporate Programs.** Contain revenues and expenditures of a nature which are not tied to a specific service delivery program but do accrue to the entire Corporation.

**Corporate Revenues.** Revenues which cannot be directly associated with a specific program/department and therefore are budgeted under the Corporate Program.

**Cost Impacts.** Cost increases due to inflation, personnel contract settlements, annualization, and historical performance. Represent re-costing of current year's budget in terms of next year's dollars.

**Credit Rating.** See Bond Rating.

**Debenture.** Debt backed by the City's credit and not any other collateral. Consists of a sale of a municipal bond to the Alberta Capital Financing Authority.

**Debt.** An obligation resulting from the borrowing of money. The City of Edmonton categorizes debt as follows:

- **Tax-supported debt** is debt issued to fund capital expenditures, the retirement of which is paid for using tax levy revenues.
- **Self-liquidating debt** is debt issued generally for municipal enterprise operations that is repaid through the fees generated from the operations.



**Debt Service Limit.** The Provincially-legislated borrowing limit by which a municipality may incur. The debt service limit is calculated at 0.35 times of the revenue net of capital government transfers. Incurring debt beyond these limits requires approval by the Minister of Municipal Affairs.

**Debt Servicing.** Interest and Principal payments related to debentures.

**Deliberations.** Annual process for Council to discuss and weigh alternatives before making budget decisions.

**Demographics.** Various statistics used to characterize human populations.

**Department.** City administration is divided into departments, each responsible for a particular aspect of public service and headed by a General Manager. In 2013, the City has 5 Departments—Community Services, Corporate Services, Financial Services & Utilities, Sustainable Development and Transportation Services.

**The Ed Tel Endowment Fund.** The Ed Tel Endowment Fund was established to manage the proceeds from the sale of the municipal telephone utility in 1995. Earnings from the Fund are applied to support municipal operations. The Fund is governed by City Bylaw #11713.

**Education Property Tax.** Taxes that fund education in Alberta pooled from all municipalities. Each year the province calculates the amount that every Alberta municipality must contribute towards the public education system. The City then applies its local education tax rate to the assessed value of each property to determine the amount of education taxes each property owner is required to pay for the year.

**EPCOR.** Edmonton Power Corporation, a wholly owned subsidiary of the City of Edmonton.

**EPL.** Edmonton Public Library.

**ETS.** Edmonton Transit System.

**Expenditures.** Costs associated with the provision of municipal services

**Franchise Fees.** Fees in lieu of taxes or compensation for exclusive rights, based on an agreement with the

holder of a special franchise. e.g. ATCO Gas.

**Full-Time Equivalents (FTEs).** The hours and associated costs one full-time employee would work in a year. or a combination of positions that provide the same number of hours.

**Fund Balance.** Measures the net financial resources available to finance expenditures of future periods.

**General Financing.** As approved by Council in June 2009, the funding source for Capital Budget general financing is changed from tax levy to investments earnings, the Ed Tel Endowment Fund dividends and the EPCOR Goldbar transfer fee/dividends.

**General Manager.** Head of a City Department.

**Grants.** Funding provided by a senior order of government to the City. The City provides grants to the community as well.

**Inflation.** See CPI or MPI

**Infrastructure.** Facilities on which the continuance and growth of a community depends (e.g. roads, sewers, public buildings, parks, storm sewers, etc.).

**Infrastructure Gap.** A term used to describe the funding shortfall between capital investment requirements and funding availability.

**Intra-Municipal Services**—Internal support to Departments to implement services and programs for citizens.

**Local Improvements.** The construction or replacement of roads, sidewalks, lanes and underground services for which a portion is paid by the abutting property owner.

**Long Range Financial Plan.** A financial document for the City, setting out financial strategies and goals, as well as projecting capital and operating requirements over the next 10 years.

**Market Value Assessment.** Provincial government legislation requires that properties must be assessed on an annual basis to reflect current market conditions. Starting in 1999, all properties were assessed at market or on the basis of provincial regulations and were taxed on this value by the City of Edmonton.

**Mill Rate.** See Tax Rate

**Modified Accrual Basis.** A hybrid of cash and accrual methods of Accounting in which Revenues are recognized when earned, measurable and available. Expenditures are recognized when liability is incurred, except for certain liabilities such as debt services (when due), and compensated absences to the extent they affect current outflow.

**Municipal Enterprises.** These are financially self-funded operations established to provide management and control of major activities of the City. Enterprises include Drainage Design & Construction, Land Enterprise and Fleet Services are Municipal Enterprises.

**Municipal Equity.** The amount calculated as the excess of Total Assets less Total Liabilities and any funding set aside for specific purposes in Reserves.

**Municipal Government Act (MGA).** Provincial legislation setting out the powers and responsibilities of Alberta municipalities.

**Municipal Price Index (MPI).** A measure of the average increase in the price of goods and services that the city would purchase over the year.

**Neighbourhood Renewal program.** A part of the Building Great Neighbourhoods initiative which outlines a cost effective, long-term plan to address the needs of Edmonton's neighbourhoods. The program involves the renewal and rebuilding of roads, sidewalks and streetlights in existing neighbourhoods and collector roadways balancing the rebuild need in some neighbourhoods with a preventative maintenance approach in others.

**Net Operating Requirement.** Revenues less expenditures is the net budget required for the year.

**Non-Residential Construction Price Index.** Measures the cost of construction materials and labour used for industrial, and institutional development.

**Neighbourhood Structure Plans (NSPs).** The NSP outlines land use and provides conceptual information regarding road networks, sewer and drainage systems, and water networks.

**One-time Items.** Expenditures associated with a limited term (typically one operating period) that will not become an ongoing part of the base budget in future years.

**Operating Budget.** Planned revenues and expenses associated with the delivery of services during an annual operating cycle (January through December).

**Outcome.** Outputs quantify the amount of work completed, while outcomes (or effectiveness) report the results achieved as expressed in the eyes of the customer, or in the case of the City, Citizens.

**Output.** Goods or services created by inputs. E.g. units produced and hours of service provided.

**Pay-As-You-Go (PAYG).** A source of funding for capital projects through contributions transferred from the current operating budget.

**Payment-in-Lieu of Taxes.** Payments equivalent to municipal property taxes, made by the federal and provincial governments for Crown-owned properties.

**Performance Measures.** Qualitative or quantitative measures or indicators of progress toward specified outcomes or goals. A means for determining how a program is accomplishing its mission through the delivery of products, services, or processes by measuring quantity, effectiveness, and/or efficiency. City Policies are Council statements that set discretionary duties or standards of performance for the City.

**Policies.** Council statements that set discretionary duties or standards of performance for the City.

**Program.** A stand alone activity or entity at the level below the branch.

**Project.** A single project is a non-routine capital work with a "singular" identity. The location, time and design of a single project are clearly identifiable. A composite project is the grouping of routine capital improvements.

**Property Tax.** Revenue generated through the collection of taxes levied on real property assessment. Authorized by the Municipal Government Act.

**Reserves.** Represent amounts appropriated for designated requirements as established by City Council. Part of best practices management used for fund accumulation to replace capital assets and to provide financial flexibility in times of budget shortfall.

**Priority Based Budgeting.** A strategic management tool in which priorities are identified, services ranked based on their alignment to the priorities and resources are allocated accordingly.

**Retained Earnings.** Equity accounts representing the accumulated surpluses from operations, that are not for general distribution, but are used to fund capital projects, leverage debt, or are reinvested in service delivery.

**Revenue.** Funds the City receives and records as income. Major revenue sources are: property tax, user fees, fines, permits, grants from other orders of government, utility dividends, franchise fees, Ed Tel Endowment fund, and investment earnings.

**Self-liquidating Debentures.** Debt issued by municipal enterprise operations that is repaid through the fees generated by operations.

**Service.** Delivering a benefit to community members

**Service Package.** New service or service increase from growth that require funds. Are presented to for Council approval through the annual budget process.

**Shared Services.** See Intra-Municipal Services

**Sinking Fund:** The City of Edmonton makes annual payments into the Sinking Fund as required by each debenture issue. These funds are invested by the Sinking Fund in securities as approved by existing legislation. The annual rate of return required by the issue is allocated to meet the future debt requirements. Earnings in excess of those requirements are maintained within the fund as unappropriated surplus, which may be used if approved by Council.

**Strategic Plan (The Way Ahead).** The City of Edmonton Strategic Plan 2009-2018, "The Way Ahead" provides a focus to the City's efforts to deliver the greatest value of services and infrastructure that are most important to Edmontonians while managing the opportunities and challenges of our ever changing city. The plan provides a framework to help establish priorities and make informed decisions for the future.

**Tangible Capital Asset.** Non-financial assets having physical substance that meet all of the following criteria:

- are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other tangible capital assets;
- have useful economic lives extending beyond an accounting period;
- Were acquired for use on a continuing basis; and
- are not intended for sale in the ordinary course of business.

**Tax Rate.** Municipal property tax revenue is calculated by applying the tax rate to the projected assessment base. The tax rate is expressed in terms of mills. One mill is one thousandth of the assessment base. Additional property tax revenue is generated through an increase in the tax rate and/or growth in the assessment base.

**Tax-Supported Operations.** Civic Departments and Boards & Commissions are funded in whole or in part through revenue from property tax and payment-in-lieu of taxes.

**Taxation.** Process of applying a tax rate to a property's assessed value to determine the taxes payable by the owner of that property.

**The Ways:** See Strategic Plan

**The Way We Finance( TWWF):** The Way We Finance is one of six strategic plans setting the course for the City to achieve its 10-year goals and the vision for the City in 2040. The Vision and goals provide a clear focus for City activities and are set out in The Way Ahead, Edmonton's Strategic Plan

**Transfers.** Refers to transfers from and to Reserves.

**Uncommitted.** Uncommitted Operating Fund balances and reserves designates funding that is not earmarked or set aside for a specific capital project or operating program initiative and is available for allocation.

**U-Pass (Universal Transit Pass).** An Edmonton Transit partnership with regional transit service providers St. Albert Transit (StAT) and Strathcona County Transit (SCT), to offer unlimited travel on ETS, StAT and SCT. Program to eligible students at the University of Alberta, MacEwan University, and the Northern Alberta Institute of Technology (NAIT).

**User Fees.** Payment for a service or facility provided by the City.

**Utility Operations.** Services funded solely by Council-approved rates charged directly to users, which provide a return on equity to The City. Refers to Drainage Services (include Sanitary Utility and Land Drainage Utility) and Waste Management Services where tax dollars are not needed to support the operations. The operations of the Drainage services are governed by the City of Edmonton's Utility Fiscal Policy (C304B). The operations of Waste Management Utility are governed by the Waste Management Strategic Plan and the Waste Management Policy (C527).