

ANNUAL REPORT 2025

Edmonton

CITY OF EDMONTON, ALBERTA
FOR THE YEAR ENDED
DECEMBER 31, 2025



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



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City of Edmonton, Alberta, Canada
for the year ended December 31, 2025

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INTRODUCTION



OUR ORGANIZATION

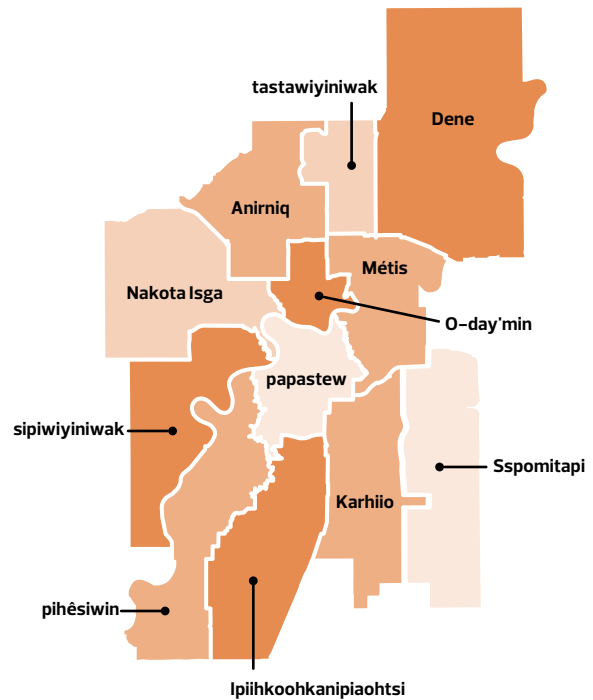
The City of Edmonton is investing in the things that matter to Edmontonians every day—programs and services, places to go and ways to get there.

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

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

INTRODUCTION

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



In 2025, the City invested \$2 million in partnerships to support the Downtown Action Plan implementation.

INTRODUCTION

FINANCIAL HIGHLIGHTS

Statement of Operations

(millions of \$)

	2025 Actual	2024 Actual	2023 Actual	2022 Actual Restated	2021 Actual
Operating Revenues	\$ 4,383.1	\$ 4,001.6	\$ 3,674.1	\$ 3,433.8	\$ 3,358.5
Capital Revenues	957.6	800.3	762.5	633.5	527.1
Operating Expenses	4,044.0	3,819.8	3,658.7	3,426.0	3,093.5
Excess of Revenues over Expenses	\$ 1,296.7	\$ 982.1	\$ 777.9	\$ 641.3	\$ 792.1

Operating Revenues: Where does the money come from?

(millions of \$)

	2025 Budget	2025 Actual	2024 Actual
Taxation	\$ 2,317.8	\$ 2,333.0	\$ 2,136.9
User fees and sales of goods and services	685.8	711.9	652.3
Subsidiary operations - EPCOR	520.1	533.5	426.5
Franchise fees	238.3	248.9	222.4
Investment earnings	138.8	221.9	201.7
Government transfers - operating	146.6	153.8	165.8
Licenses and permits	91.7	98.5	94.0
Fines and penalties	51.0	60.2	69.2
Developer/customer contributions - operating	20.9	21.4	32.8
Operating Revenues	\$ 4,211.0	\$ 4,383.1	\$ 4,001.6

Capital Revenues: Where does the money come from?

(millions of \$)

	2025 Budget	2025 Actual	2024 Actual
Government transfers - capital	\$ 1,539.5	\$ 887.0	\$ 701.5
Contributed tangible capital assets	119.3	46.0	61.6
Developer and customer contributions - capital	42.7	17.7	30.2
Local improvements	15.0	6.9	7.0
Capital Revenues	\$ 1,716.5	\$ 957.6	\$ 800.3

Expenses: Where does the money go?

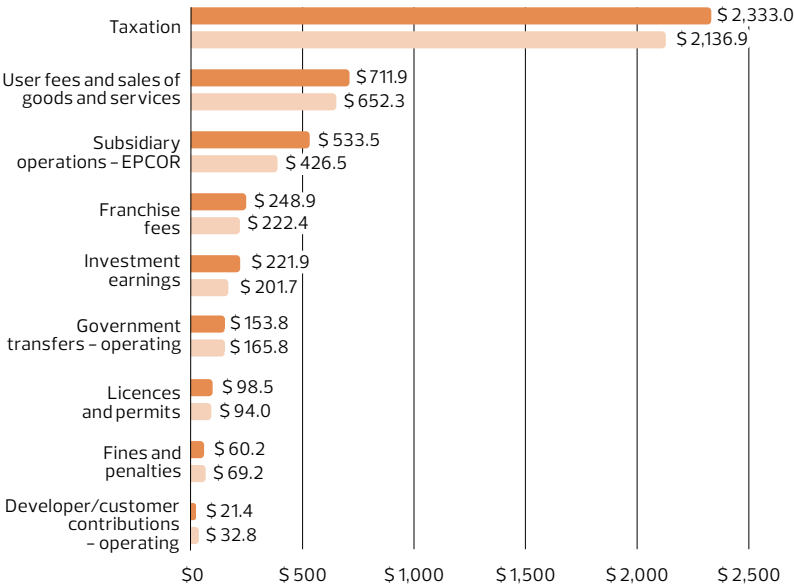
(millions of \$)

	2025 Budget	2025 Actual	2024 Actual
Transportation services	\$ 1,219.5	\$ 1,158.9	\$ 1,114.0
Protective services	958.6	983.9	909.2
Community services	912.3	901.2	839.8
Administration, general and other	714.1	660.9	643.1
Utilities and enterprise	284.0	292.1	270.5
Fleet services	33.9	47.0	43.2
Operating Expenses	\$ 4,122.4	\$ 4,044.0	\$ 3,819.8

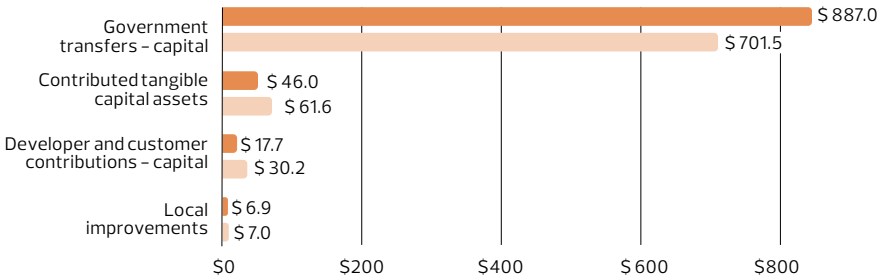


INTRODUCTION

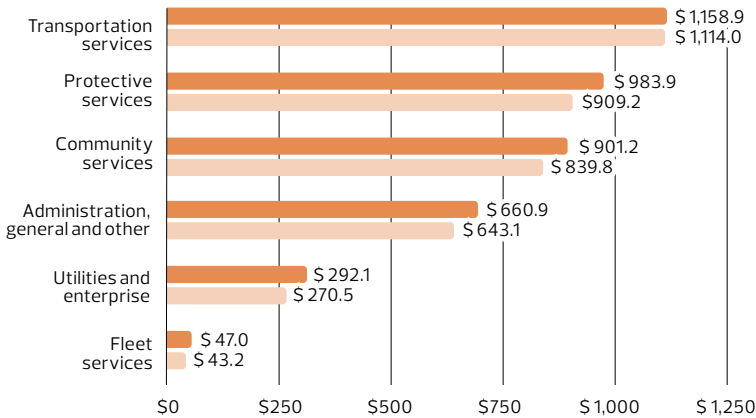
Operating Revenues: Where does the money come from?
(millions of \$)



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



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



■ 2025 Actual ■ 2024 Actual

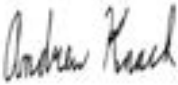
INTRODUCTION

MESSAGE FROM MAYOR

Looking back on 2025, I am proud of the work that both the outgoing and incoming City Council and employees across the organization have done to continue to manage our finances responsibly, ensuring we protect the City's long-term financial health while actively serving Edmontonians and building our fantastic city.

We continued to navigate the pressures of inflation and a rapidly growing population through an ongoing commitment to efficiency and continual improvement. Together with Administration, we made meaningful progress by carefully monitoring our revenues and managing expenses to ensure we are maintaining, sustaining and growing a city for all Edmontonians.

I look forward to continued collaboration with our partners, and working together to achieve our shared goals, including increasing affordability, preparing for growth, building a safer Edmonton and ensuring our city's needs are met as we build a stronger Edmonton, together.



Andrew Knack, Mayor

MESSAGE FROM CITY MANAGER

The City of Edmonton's 2025 Annual Financial Report helps our teams reflect on the past year and plan for the future. This year's report provides an opportunity to renew the City's ongoing commitment to managing public funds responsibly and transparently. In 2025, we focused on managing our City's rapid growth, planning for financial sustainability and delivering the services that over a million Edmontonians rely on and enjoy every day.

Together with City Council, Administration continued to make meaningful progress in managing the City's financial health to ensure we are in the best position to grow sustainably as we begin to wrap up the four-year budget cycle. As a community-minded organization, we are focused on making strategic financial adjustments to areas that are seeing rising costs or lower-than-anticipated revenue. In 2025, Council approved spending reductions to align the budget with actualized service delivery costs, meaning a stronger Edmonton for everyone.

It takes a lot of people, time and equipment to deliver the services that over a million Edmontonians depend on every day, and to support the infrastructure projects we need now and in the future. It's the emergency services like fire and police that people count on. It's the roads, bridges, pathways and transit that allow people to get around. It's the attractions, recreation centres, sports fields and parks that make Edmonton a great place to live.

I am proud of the work we do on behalf of and in service to Edmontonians. This report tells the story of what it takes to build a great city.



Eddie Robar, City Manager



POLITICAL AND ADMINISTRATIVE STRUCTURE

City Council

Mayor and 12 Councillors

Audit Committee

Mayor, four Councillors and two external members

Community and Public Services Committee

Four Councillors

Council Services Committee

12 Councillors

Executive Committee

Mayor and four Councillors

Infrastructure Committee

Five Councillors

Urban Planning Committee

Four Councillors

Utility Committee

Five Councillors

Other Committees

Council has other committees to handle specific tasks (i.e. Council Services)

Office of the City Auditor

Janine Mryglod, City Auditor

City of Edmonton Public Library

Shawna Vogel, Chair

Edmonton Combative Sports Commission

Andrew Soto, Chair

Edmonton Police Commission

Ben Henderson, Chair

Edmonton Unlimited

Lindsay Dodd, Chair

EPCOR

Janice Rennie, Chair

Explore Edmonton Corporation

Karen Oshry, Chair

Fort Edmonton Management Company

Jim McKillop, Chair

The City of Edmonton Non-Profit Housing Corporation (HomeEd)

Colin Brenneis, Chair

Other Commissions, Agencies, Boards and Authorities

In 2025, Council voted to extend the Downtown Community Revitalization Levy (CRL) an additional 10 years.



CITY COUNCIL

Edmonton's City Council consists of a Mayor and 12 Councillors. The Mayor is chosen by all electors and Councillors are elected in the wards they represent. 2025 was also an election year that saw Edmontonians welcome four new councillors and a new mayor.

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

Audit Committee – helps Council meet its responsibility by reviewing reports from the City Auditor, external auditor and Administration relating to financial statements, enterprise risk management, internal controls, fraud, misconduct and policy compliance.

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

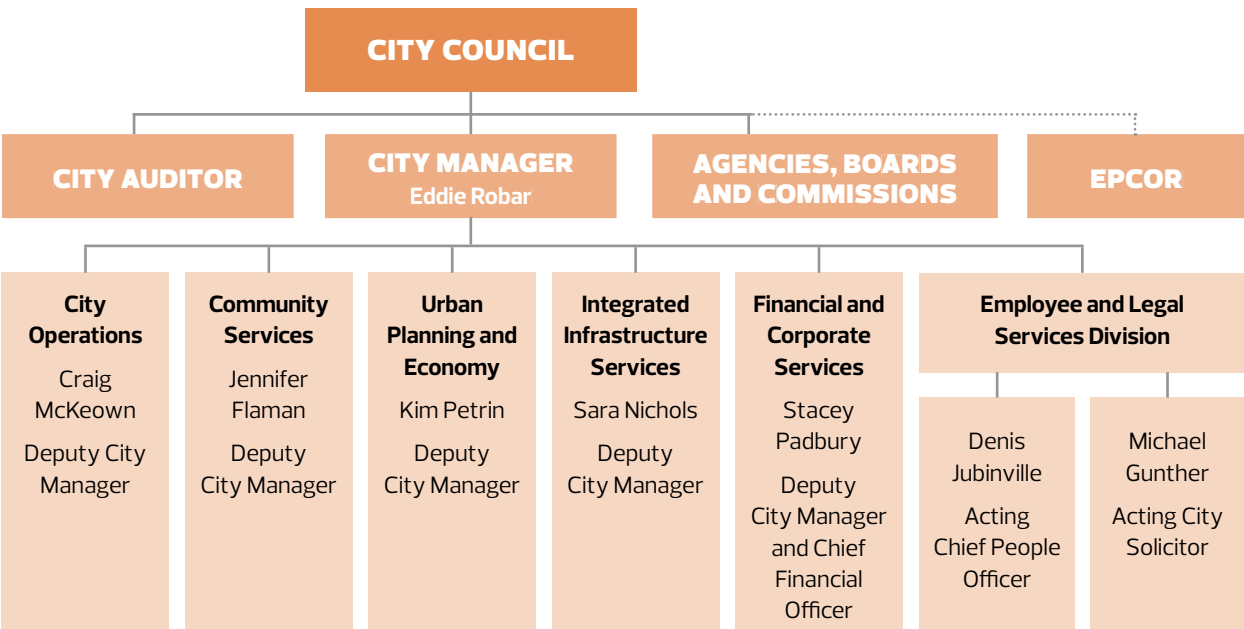
Executive Committee – oversees financial and corporate issues including governance, communications and public engagement, financial, economic, and business management, certain assessment and taxation related items, information technology and intergovernmental affairs.

Infrastructure Committee – oversees delivery, renewal, and decommissioning of City infrastructure, including: financial implications of capital projects, and capital project design and delivery.

Urban Planning Committee – makes recommendations to Council related to sustainable city planning, including: growth, development and management of the urban form; urban transportation; parks; municipal reserve; environmental, housing and real estate planning, and community engagement for urban planning matters.

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

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



OFFICE OF THE CITY AUDITOR

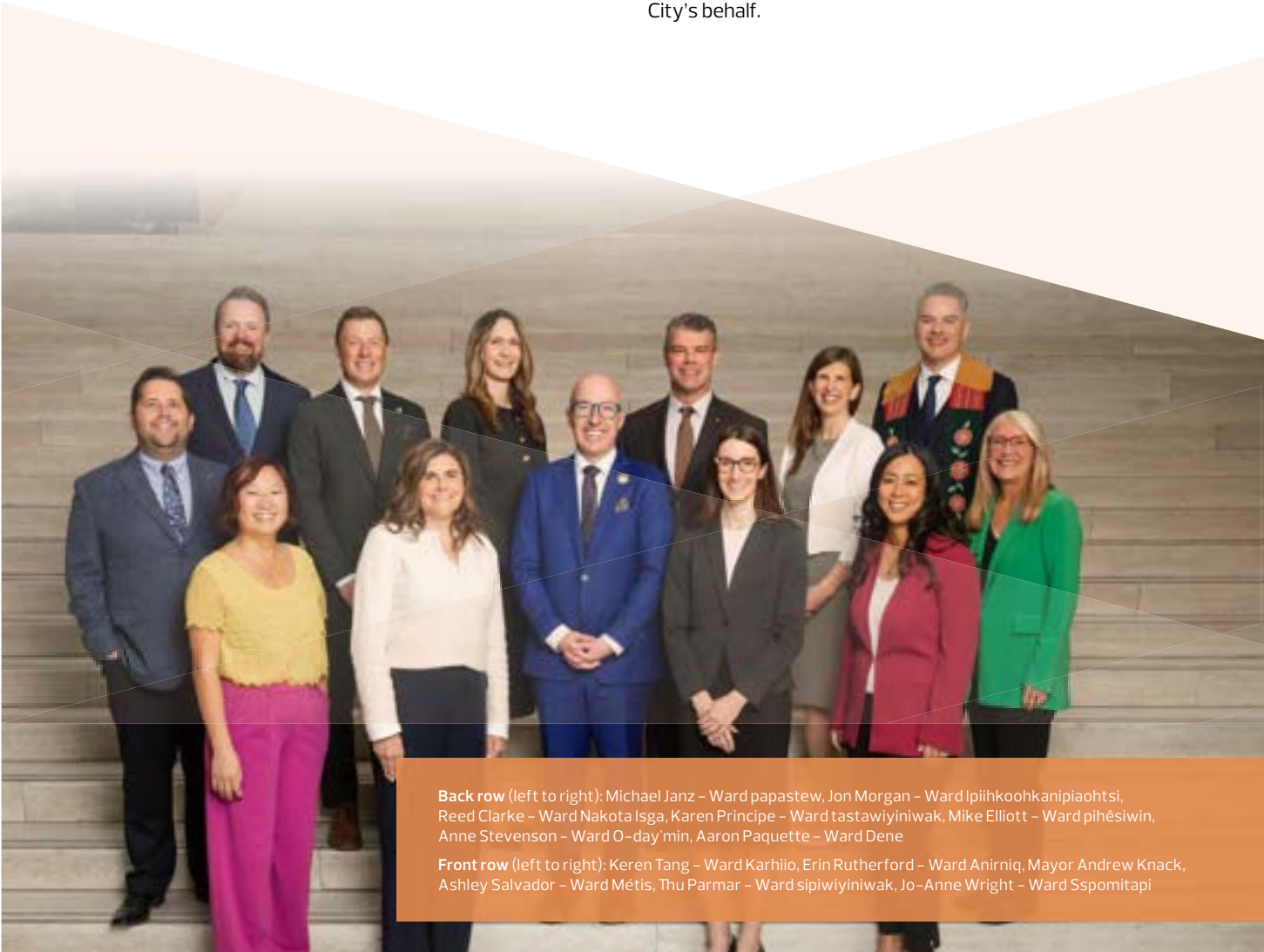
The City Auditor is appointed by City Council and with the City Manager, is one of City Council's two employees to provide internal audit services. This includes independent audits and studies of civic departments and programs. This helps to improve work done by Administration and to guide Council's decision-making. The delegated powers, duties and functions of this position are established under Bylaw 12424 City Auditor.

CITY ADMINISTRATION

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

Reporting to the City Manager are five departments, each led by a Deputy City Manager, that work closely with each other in delivering public services and infrastructure. A department is made up of areas that have similar corporate functions.

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



Back row (left to right): Michael Janz – Ward papastew, Jon Morgan – Ward Ipiihkookhanipiahtsi, Reed Clarke – Ward Nakota Isga, Karen Principe – Ward tastawiyiniwak, Mike Elliott – Ward pihésiwin, Anne Stevenson – Ward O-day'min, Aaron Paquette – Ward Dene

Front row (left to right): Keren Tang – Ward Karhilo, Erin Rutherford – Ward Anirniq, Mayor Andrew Knack, Ashley Salvador – Ward Métis, Thu Parmar – Ward sipiwiyiniwak, Jo-Anne Wright – Ward Sspomitapi

EXPLORE EDMONTON CORPORATION

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

Explore Edmonton elevates the city's story on the national and international stage by attracting business, sport and arts and cultural events, managing the Edmonton EXPO Centre and Edmonton Convention Centre (ECC), and producing iconic events such as KDays, Canadian Finals Rodeo and Farmfair International.

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

EDMONTON POLICE COMMISSION

The Edmonton Police Commission is the governance board that provides civilian oversight of the Edmonton Police Service (EPS). By supervising the Chief of Police and governing the EPS through policy, the board creates an essential balance between public accountability and police independence. The Commission is not involved in day-to-day policing and cannot direct police operations. The board currently has 14 members: seven public members and two Councillors appointed by City Council, and five public members appointed by the Government of Alberta. Commissioners are the voice of the community on policing matters.

The Commission holds statutory roles and responsibilities under Alberta's Police Act, which prescribes the powers, duties and functions of a municipal police commission, as well as the Edmonton Police Commission Bylaw 14040. One of the Commission's main responsibilities is to ensure Edmonton has adequate and effective policing by allocating funds from City Council to the EPS.





In 2025, the Library's 21 locations and epl2go Literacy Vans saw over 5 million visits and engaged more than 646,000 people through classes and events.

EDMONTON PUBLIC LIBRARY

The award-winning Edmonton Public Library (EPL) ignites curiosity, fosters civil discourse and cultivates creativity by providing barrier-free access to diverse ideas, tools and resources. Its commitment to lifelong learning, community development and technological innovation makes the Library Edmonton's best place to learn, explore and experience.

In 2025, the Library's 21 locations and epl2go Literacy Vans saw over 5 million visits and engaged more than 646,000 people through classes and events. The Library's physical and digital collections generated over 12.3 million uses. As a vital gathering place for people of all backgrounds and abilities, EPL offers life-enriching programs and services that reflect the evolving needs of Edmontonians.

EPL is a registered charity that operates under Alberta's Libraries Act and is governed by a 10-member board of trustees appointed by City Council. The board consists of nine community leaders and one City Councillor.

EPCOR

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

EPCOR is wholly owned by the City of Edmonton. The organization operates as a commercial entity and is governed by an independent board of directors, appointed by the City. Headquartered in Edmonton, EPCOR employs about 3,700 employees across its operations.

OTHER BOARDS

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

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

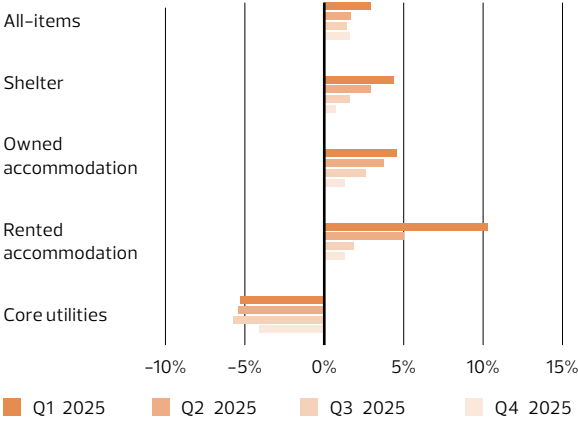
ECONOMIC PERFORMANCE

Continued robust construction activity, moderating uncertainty and improving household finances (e.g. moderating price growth, rising wages) led to strengthening in the Edmonton and census metropolitan area (CMA) economies in 2025.

A surge in employment growth in the second half of 2025 resulted in robust annual employment growth of 2.7 per cent in the Edmonton CMA in 2025. This growth was only marginally less than labour force growth (+2.9 per cent), which led to a modest increase in the unemployment rate, which averaged 7.7 per cent in 2025, up from 7.5 per cent in 2024. Both goods and services employment expanded, but the growth was really a story of two sectors. Construction employment grew 12.1 per cent in 2025, reflecting the strength in housing starts and non-residential investment, and the public sector grew 7.2 per cent, which captured significant strength in health and social assistance employment in the second half of the year.

The strength in the Edmonton CMA labour market was accompanied by solid wage growth. Annualized average weekly wage growth surpassed 4.0 per cent in the second half of 2025, lifting annual wage growth in 2025 to 2.4 per cent after negligible annualized growth of 0.5 per cent in the first half of the year. This wage growth surpassed a 1.9 per cent growth in consumer prices in 2025, which, in the aggregate, helped increase purchasing power for Edmonton CMA households. This was the slowest pace for consumer inflation since 2020, driven significantly by rented and owned accommodation inflation moderating throughout the year and core utilities (-5.2 per cent) seeing price deflation.

Annualized consumer inflation – Edmonton CMA



Slowing population growth and a second consecutive year of record housing construction likely helped with the easing in shelter inflation in 2025. Between 2024 and 2025, Edmonton’s population grew 3.4 per cent to reach an estimated 1,238,295 by July 1, 2025.¹ This marked a notable moderation in growth, especially compared to annualized growth in 2023 (+4.9 per cent) and 2024 (+6.3 per cent), but was the fastest among cities with over one million population and more than a percentage point higher than Edmonton’s average growth over the 20 years prior to 2023. The CMA population grew 3.1 per cent between 2024 and 2025. Net migration was also the largest contributor to both the city and the CMA’s population change. However, for the CMA, where more detailed data on population change components is available, both net domestic² and international migration was lower compared to the 2023 to 2024 period. The reduction in net international migration was solely attributed to lower net temporary immigration, a result of changes in federal immigration policy.³ These developments aligned with national and provincial demographic trends.

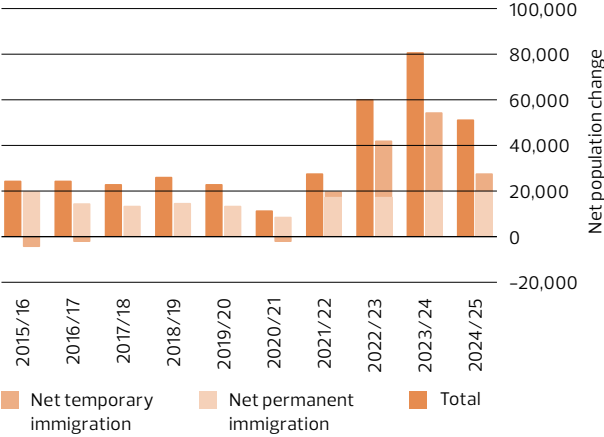
¹ Statistics Canada’s 2025 sub-provincial population estimates release contained preliminary postcensal population estimates as of July 1, 2025, and revised estimates as of July 1 for the years 2021 to 2024.

² Net domestic migration is the sum of net interprovincial (between Alberta and other provinces) and net intraprovincial (between regions within Alberta) migration. Net international migration includes permanent immigration, less net emigration, and temporary immigration, which includes international students and temporary foreign workers.

³ [Supplementary Information for the 2026–2028 Immigration Levels Plan](#)

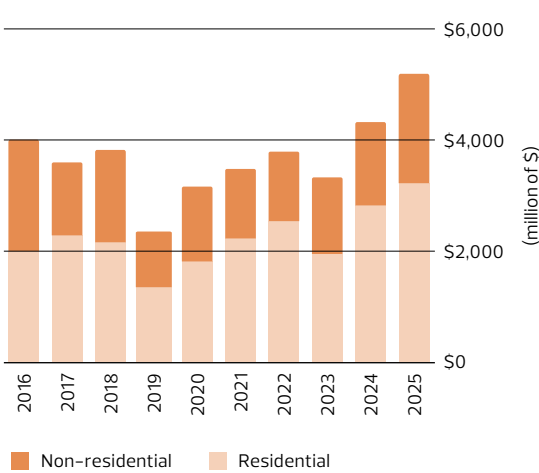
Population change – Edmonton CMA

Source: Statistics Canada



Value of Building Permits Issued – Edmonton

Source: City of Edmonton



In 2025, the value of residential and non-residential building permits issued by the City of Edmonton gained 29.3 per cent over 2024 to reach \$5.1 billion, with double-digit growth in both residential and non-residential permit values.⁴ Growth was strongest in institutional building permit values, which more than doubled in 2025 from the previous year. This was followed by commercial building permit values, which increased 60.4 per cent in 2025. Residential building permit values grew 18.6 per cent in 2025. A key driver of residential permit value growth came from permits for new dwellings, which rose 18.3 per cent over 2024. The growth in building permits contributed to 15,902 housing starts in Edmonton in 2025. This not only represents a 17.9 per cent increase over 2024, but the highest annual level of starts since at least 1990 as residential construction activity continued to catch up to the strength in population growth in recent years.



A key driver of residential permit value growth came from permits for new dwellings, which rose 18.3 per cent over 2024.

⁴ City of Edmonton building permit analysis in prior reports was based on data from City of Edmonton Monthly Building Permit Summary reports, which provide a point-in-time snapshot of building permit data. The figures in those reports are static and not updated to reflect subsequent changes or revisions to building permit records, including permit revisions, cancellations, or other administrative changes. The analysis in this report draws from an internal master dataset that is periodically updated to capture all historical and ongoing changes made to City of Edmonton building permit records. As a result, there may be differences in data references contained in this report and prior versions.

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS



FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

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

In addition to providing an overview of the City's 2025 financial performance and position, this report describes significant fiscal policies, strategies and plans related to financial control, accountability, long-term sustainability and risk management.

Included in the 2025 Annual Report are the City's consolidated financial statements and notes, which have been prepared in accordance with Canadian public sector accounting standards (PSAS). KPMG LLP has audited the City's

financial statements and provided an Independent Auditor's Report. The financial statements and auditor's report satisfy the legislative reporting requirement set out in the *Municipal Government Act* (MGA) of Alberta.

The following financial statement discussion and analysis, dated April 15, 2026, should be read in conjunction with the financial statements. Both have been prepared by and are the responsibility of the Management of the City of Edmonton. A section for Climate-related Financial Disclosures has been included as well as the five-year statistical review of key information.

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

2025 FINANCIAL HIGHLIGHTS

The City of Edmonton has a multi-year budget policy in which operating budgets are developed and approved for a four-year period. The 2023–2026 Operating Budget was approved on December 16, 2022.

The multi-year budget process provides for adjustments to the four-year capital budget on a semi-annual basis, in the spring and in the fall, and to the four-year operating budget in the spring through the municipal tax confirmation with more significant budget adjustments made once a year in the fall. Operating budget information for 2025 is consistent with the amounts approved by City Council (Council) in April 2025 with the passing of Bylaw 21068 – 2025 Property Tax and Supplementary Property Tax Bylaw.

Edmonton's general government (tax-supported) operations ended the fiscal year with a \$31.1 million surplus, or 0.8 per cent of the tax-supported expense budget.

Favourable tax-supported budget variance included within the overall corporate results include:

Lower than expected budget required for risk-adjusted estimates for centrally managing volatile costs (fuel, utilities, inflation and collective bargaining).

Higher than budgeted EPCOR Power franchise fee revenue as a result of increased consumption from colder winter temperatures and high summer temperatures, as well as franchise fee revenues attributable to the City from the previous franchise fee agreement. A new EPCOR Power franchise agreement was approved by Council effective August 19, 2025.

Higher membership and admissions revenue driven by increased demand for City recreation, attraction facilities and special events.

Lower than budgeted increase in the City's long-term disability post-employment benefit obligation due to less than expected employees on the City's long-term disability program. The City must continue to pay the employer portion of benefit costs (i.e. continuation of pension, medical, dental and other benefits coverage) for employees on long-term disability and this is recognized as a long-term disability obligation within employee benefit obligations on the Statement of Financial Position.

Higher tax penalties due to a larger number of properties with outstanding property tax balances.

Lower than budgeted fuel expenses as a result of lower prices and volumes.

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

These were partially offset by unfavourable tax-supported budget variances, including:

Increased personnel costs due to increased overtime in Edmonton Transit Services and Fire Rescue Services to maintain service levels while staff were on leave (sick leave and WCB).

Increases in personnel and security costs in Community Recreation and Culture as a result of higher demand.

Higher snow and ice control costs due to unbudgeted cul-de-sac clearing in the first quarter, contaminated sand removal and extensive December snowfall.

Higher than budgeted operational expenses as a result of increased demand for recreation and attraction facilities, including equipment purchases, cost of materials, facility custodial costs, and special event and concert expenses, partially offset by higher revenues.

Less than budgeted on street construction and maintenance (OSCAM) permit revenue as a result of lower industry demand.

Slower than expected market recovery for transit advertising revenues.

Lower ATCO Gas franchise revenue due to reduced customer usage and lower delivery rates.

Starting in 2023, the City began making adjustments to the 2023–2026 budget in response to challenges like inflationary pressures, rapid population growth and evolving service needs. These budget challenges have made service delivery much more expensive than what was forecast when the four-year budget was developed and approved in 2022. In 2025, the City continued to respond to these budget challenges by carefully monitoring our revenues and managing expenses. The City will continue to manage these challenges through an ongoing commitment to efficiency and continual improvement in 2026 and the next budget cycle.

With an overall accumulated surplus of \$20,427.9 million, the City's financial position remains strong and resilient. The City will continue to monitor its financial performance and will implement strategies to address growth and increased service demand through the multi-year budget process. These areas are expanded upon in the Long-Term Sustainability section of this report.



FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

FINANCIAL POSITION

Consolidated Statement of Financial Position (millions of \$)

	2025	2024	2023	2022 Restated*	2021
Financial Assets	\$ 9,964.1	\$ 9,433.6	\$ 8,873.7	\$ 8,511.1	\$ 8,093.8
Liabilities	6,763.3	6,348.3	6,041.7	5,804.0	5,370.8
Net Financial Assets	\$ 3,200.8	\$ 3,085.3	\$ 2,832.0	\$ 2,707.1	\$ 2,723.0
Non-Financial Assets	17,227.1	16,069.4	15,161.7	14,443.7	13,839.1
Accumulated Surplus	\$ 20,427.9	\$ 19,154.7	\$ 17,993.7	\$ 17,150.8	\$ 16,562.1

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

The City ended the year with **net financial assets** of \$3,200.8 million, an increase of \$115.5 million, or 3.7 per cent, compared to the 2024 balance. The primary components of the net financial asset balance are the City's investment in EPCOR of \$5,476.5 million and investments of \$2,958.2 million, partially offset by long-term debt of \$4,592.2 million, and accounts payable and accrued liabilities of \$1,223.8 million.

The City's **non-financial assets** at the end of 2025 were \$17,227.1 million, an overall increase of \$1,157.7 million, compared to 2024. Non-financial assets consist primarily of tangible capital assets such as roadways, buildings, land and light rail transit that are carried at a net book value of \$17,095.1 million. The City's non-financial assets have grown over the last five years, driven by continued investments in infrastructure. These investments include constructing new assets to meet the needs of a growing population and renewing existing infrastructure to extend its service life and reduce the risk of failure. In 2025, the City had the largest capital spend over the last five years. This was due to large infrastructure investments including the Lewis Farms Community Recreation Centre and Library, Valley Line West LRT, Capital Line South LRT, Terwillegar Drive Expressway Upgrade and Yellowhead Trail Freeway Conversion. The ability to build and maintain these assets ensures the City can deliver the services and programs residents rely on daily while also attracting new residents and businesses.

Accumulated surplus is an indicator of the City's overall financial viability that reflects the net economic resources the City has built up over time. The City ended 2025 with a total accumulated surplus of \$20,427.9 million, an increase of 6.6 per cent compared to 2024. This surplus includes the City's equity in tangible capital assets, investments including its investment in the EPCOR subsidiary and Ed Tel Endowment Fund, and a number of reserves, including the Financial Stabilization Reserve. The City maintains a stable accumulated surplus balance due to its continued investments in Edmonton's infrastructure, its growing investment in EPCOR and prudent reserve management.

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

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

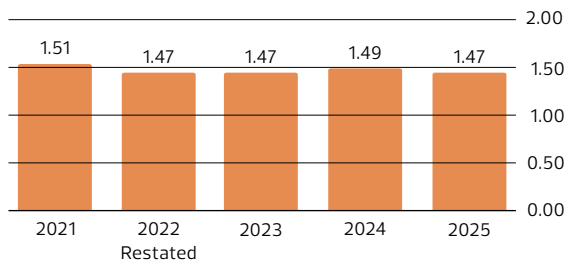


In 2025, accelerated roadwork was completed at key intersections, reducing the overall timeframe of traffic disruptions by more than half.

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

FINANCIAL ASSETS

Financial Assets to Liabilities



The financial assets-to-liabilities ratio is used to assess the sustainability of the City's financial position. A ratio lower than one indicates that future revenues will be required to pay for past transactions and events. A result higher than one indicates the City currently holds sufficient financial resources to meet its financial obligations. The City's financial assets-to-liabilities ratio over the past five years has remained stable, ranging from 1.47 to 1.51. The ratio slightly decreased in 2025 to 1.47, mainly due to an increase in long-term debt and deferred revenue (largely composed of capital grants from other orders of government that are restricted by agreement until used for the purpose specified).

CASH

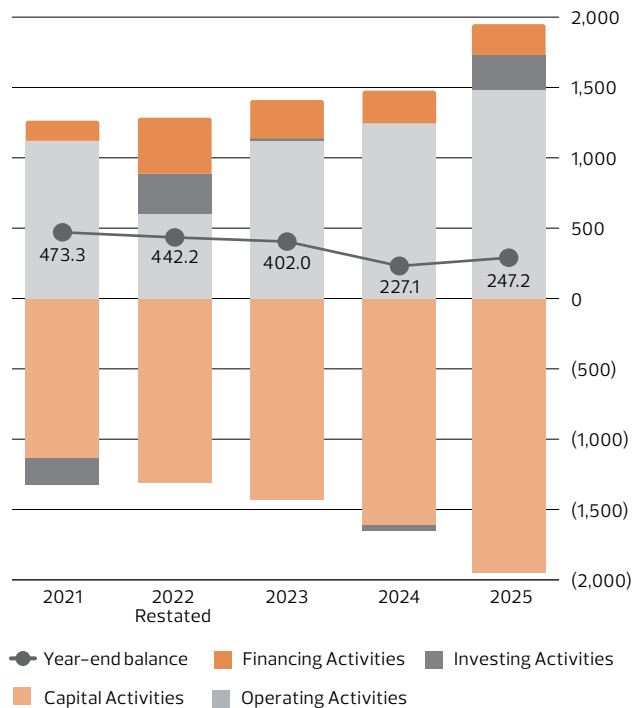
The City's cash position includes both cash and cash equivalents such as bankers' acceptances, treasury bills and commercial paper, which is used to ensure that sufficient cash and liquid assets are available to manage the timing of payments for the City's operating, capital, investing and financing activities. In 2025, the City's cash position increased to \$247.2 million from \$227.1 million in 2024, an overall increase of \$20.1 million, or 8.9 per cent.

The Consolidated Statement of Cash Flows summarizes the sources and uses of cash by the City in 2025. During the year, the City's raised \$1,493.2 million in cash from operations, \$231.8 million from investing activities, mainly due to a \$201.0 million dividend from EPCOR, and \$223.7 million from financing activities, largely due to net

debenture borrowings to finance capital. The City used \$1,928.6 million in cash to fund capital activities, primarily the acquisition of tangible capital assets.

Cash and cash equivalents fluctuate throughout the year based on working capital needs. The City regularly monitors its working capital requirements to determine the optimal mix of cash and cash equivalents, which generally mature within 90 days and are capable of prompt liquidation (including cash on deposit, bankers' acceptances, treasury bills and commercial paper), and short-term and long-term investments. The City maintains a strong financial assets-to-liabilities ratio, a robust accumulated surplus, and monitors working capital to ensure sufficient cash funds are available to manage expenditures.

Cash Flow (millions of \$)



FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

RECEIVABLES

The 2025 receivables balance of \$998.4 million increased by \$41.8 million, or 4.4 per cent, from the prior year balance of \$956.6 million. A majority of the increase is related to increases in government transfers and taxes receivable, partially offset by a decrease in the GST receivable compared to prior year.

Government transfers receivable increased by \$34.7 million, primarily due to a net \$73.4 million increase in the Investing in Canada Infrastructure Program (ICIP) grant funding receivable, which corresponds to expenditures incurred in 2025 for both the Valley Line West and Capital Line Southeast LRT projects for which the corresponding grant funding will be received in future periods. This increase in receivables was partially offset by the receipt of Canada Community-Building Fund and Alberta Transportation Grant funding which were in receivable positions at the end of 2024 and related to eligible 2024 expenditures for the Yellowhead Trail Freeway Conversion.

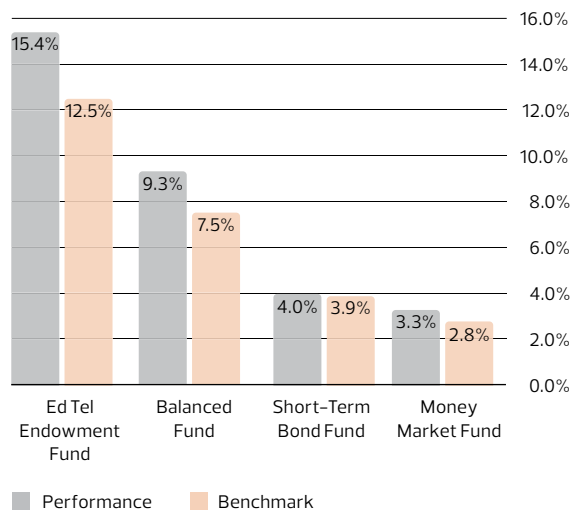
Taxes receivable increased by \$21.6 million, driven by a greater number of accounts in arrears. The increase in taxes receivable is directly influenced by economic conditions and tax tolerance. A slower economy and property owners reaching the limits of their tax tolerance results in an increase in unpaid taxes.

GST receivables decreased by \$17.7 million, primarily due to a timing variance, as the prior year's balance included two months of GST receivables, compared to only one month in 2025.

PORTFOLIO INVESTMENTS

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

2025 Performance vs. Benchmark



Included in investments of \$2,958.2 million are Canadian and global equities, fixed income and private pooled funds, which includes real estate funds and other investments. The majority of these investments are held within the Money Market Fund, Short-Term Bond Fund, the Balanced Fund and the Ed Tel Endowment Fund.

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

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

The Short-Term Bond Fund is an investment vehicle for working capital that will be required within the next five years. The fund holds fixed income securities with an investment horizon of less than five years.

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

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

In 2025, the Ed Tel Endowment Fund contributed \$48.1 million in dividends to the City. Since 1995, the Ed Tel Endowment Fund has contributed a total of \$1,108.2 million to the City in the form of annual dividends. The fund ended the year with a market value of \$1,149.6 million.

Overall the City's portfolio investments increased over the prior year by \$149.0 million, or 5.3 per cent, largely due to positive performance in the City's equity and fixed income funds.

Performance of the City's investment funds ranged from 3.3 per cent (Money Market Fund) to 15.4 per cent (Ed Tel Endowment Fund), reflecting each fund's asset mix.

In terms of general market conditions, global equities grew 18.1 per cent for the year, and US equities gained 17.9 per cent. Canadian equities were up 31.7 per cent. The Canadian dollar appreciated about 5 per cent against the US dollar. Finally, Canadian fixed income securities increased 2.6 per cent for the year.

As a result, the Ed Tel Endowment Fund and Balanced Fund, both of which are invested in a mix of fixed income and equity markets in accordance with the City's investment policy, saw returns of 15.4 per cent and 9.3 per cent, respectively. Conversely, the Money Market Fund and Short-Term Bond Fund, which are invested solely in less volatile fixed income securities, had returns of 3.3 per cent and 4.0 per cent, respectively. Overall, the market value of the City's investment portfolio at year-end was \$3,004.2 million. By December 31, 2025, the unrealized gains on equity investments held was \$199.8 million (2024 - \$138.1 million).

More detailed information about the investment performance and benchmarks is available in the 2025 Investment Committee Annual Report on the City of Edmonton's website.

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

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

INVESTMENT IN EPCOR

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

The City applies a modified equity method of accounting and reporting for EPCOR, a wholly owned subsidiary, as a government business enterprise. EPCOR's management has prepared their 2025 consolidated financial statements in accordance with International Financial Reporting Standards. EPCOR's accounting principles are not adjusted to conform to those used by the City as a local government; therefore, inter-organizational transactions and balances are not eliminated.

In 2025, the City's investment in EPCOR increased to \$5,476.5 million from \$5,172.1 million in 2024, a net increase of \$304.4 million, or 5.9 per cent. The net increase is due to EPCOR's reported net income of \$533.5 million for 2025, and \$51.6 million of tangible capital assets contributed to EPCOR by the City. This is offset by \$4.7 million in amortization of contributed assets, other comprehensive loss of \$75.0 million and a dividend of \$201.0 million paid to the City. Summary financial information for EPCOR is included in Note 23 to the financial statements.

Additional details on EPCOR's strategies, financial performance, health and significant events that occurred in 2025 are available in EPCOR's 2025 annual report, which is available on the company's website.



FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

LIABILITIES

PROMISSORY NOTES

The City has the ability to issue promissory notes for a term of one year or less to a maximum of \$250.0 million to manage cash flow requirements. As at December 31, 2025, the City had three promissory notes totalling \$60.0 million with a discounted value of \$59.3 million and maturity dates ranging from June 3 to June 17, 2026.

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities include the categories of trade, developer obligations, payroll and remittances, provision for self-insured claims, accrued interest and liabilities for contaminated sites. The balance of \$1,223.8 million at year-end increased over the prior-year balance of \$1,178.8 million by \$45.0 million, or 3.8 per cent.

Trade payables reflect a net increase of \$142.7 million over the prior years, due to large capital infrastructure projects in the third year of the capital budget cycle, including Valley Line West and Capital Line Southeast LRT projects and Yellowhead Trail Freeway Conversion.

Payroll and remittance liabilities decreased by \$73.7 million, as salary adjustments accrued at the end of 2024 were paid in 2025 when collective bargaining agreements were approved.

Developer obligations are a mechanism to share in the costs of construction for new developments, including new arterial roads, and water and wastewater infrastructure. These funds are collected from developers and then used to reimburse developers that front-end the costs of this infrastructure. Developer obligations decreased by \$23.1 million over the prior year largely due to the timing of collections and disbursements and the annual pace of construction development.

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

DEFERRED REVENUE

Deferred revenue is largely made up of government transfers provided to fund operating and capital expenditures. The use of these revenues is externally restricted until the service is performed or when the funds are used for the purposes specified. The deferred revenue balance of \$396.0 million increased by \$123.6 million, or 45.4 per cent, from the prior year balance of \$272.4 million. The increase is mainly due to capital funding received in advance of eligible expenditures for the Local Government Fiscal Framework. Additional funding received in advance was from the Housing Accelerator Fund, a federal funding program administered by Canada Mortgage and Housing Corporation (CMHC) to rapidly create affordable housing for vulnerable populations. This was partially offset by a decrease in Canada Community Building Fund, as funds were used for a variety of capital projects, including 50th Street CPR grade separation and Wellington Bridge replacement.

EMPLOYEE BENEFIT OBLIGATIONS

Employee benefit obligations include accrued vacation, post-employment benefits, banked overtime, balances in the City-sponsored major medical, dental and other employee benefit plans, supplementary management retirement plans and unused health-care spending.

Employee benefit obligations rose by \$14.4 million, or 6.8 per cent compared to 2024, reaching a year-end balance of \$227.2 million. The majority of this increase stemmed from higher accrued vacation and major medical and dental plan obligations.

Accrued vacation increased by \$8.3 million from the prior year. This was primarily due to an increase in unused vacation hours and an adjustment to unused vacation time to reflect higher hourly rates as a result of the settlement of all collective bargaining agreements to the end of 2026.

Major medical and dental plan obligations increased by \$6.3 million compared to 2024. The City sponsors these plans, along with other employee benefit

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

plans, which are funded through employee and/or employer contributions. Premium contributions, interest earnings, payments for benefit entitlements and administrative costs are applied to each respective plan. Although the City implemented increases to medical and dental premiums to meet the minimum funding requirements per the collective bargaining agreements, the benefit claim experience did not accelerate as much as expected. This resulted in excess funds within the plans available for future employee benefit payments.

ASSET RETIREMENT OBLIGATIONS

Asset Retirement Obligations represent the estimated future obligation related to the removal of asbestos in City buildings at their retirement, landfill closure and post-closure care costs from the Clover Bar and Rundle Park landfill sites and remediation of underground storage tanks. As of December 31, 2025, the liability was \$190.7 million, a decrease of \$1.5 million, or 0.8 per cent, from the 2024 balance of \$192.2 million. The decrease in the obligation was mainly due to asset retirement expenditures incurred during the year of \$11.1 million, partly offset by increases to the liability of \$9.6 million resulting from changes in estimates, accretion expense and disposal of assets. Further information on the asset retirement obligation is included in Note 13 to the financial statements.

LONG-TERM DEBT

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

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

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

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

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

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

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

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

Borrowing Terms and Interest Rates

Term	Interest Rates
10 years	4.30% to 4.88%
15 years	4.61% to 5.06%
20 years	4.79% to 5.17%
25 years	4.88% to 5.24%
30 years	4.91% to 5.22%

The City's net long-term debt was \$4,592.2 million at December 31, 2025, an increase of \$223.7 million, or 5.1 per cent, compared to the 2024 balance. Long-term debt consists of debentures, mortgages and P3 term debt. The gross amount of debentures, mortgages payable and P3 term debt of \$4,987.3 million is offset by \$395.1 million in amounts receivable from EPCOR. The amounts receivable from EPCOR are for debentures issued in the name of the City on behalf of EPCOR relating to the Gold Bar Wastewater Treatment Facility, transferred to EPCOR in 2009, and the Drainage Utility, transferred to EPCOR in 2017.

Debt Schedule (millions of \$)

	Tax-Supported	Self-Liquidating	Total Debt (net)
Opening	\$ 3,848.2	\$ 520.2	\$ 4,368.4
Borrowings	432.3	38.3	470.6
Principal Payments	(208.6)	(38.2)	(246.8)
Ending	\$ 4,071.9	\$ 520.3	\$ 4,592.2

Of the total net long-term debt of \$4,592.2 million, \$4,071.9 million is tax-supported and \$520.3 million is self-liquidating. Tax-supported debt includes \$441.2 million of P3 term debt related to the portion of deferred capital costs owing to TransEd from 2025 to 2050 for the construction of the Valley Line Southeast LRT.

During the year, the City added a total of \$470.6 million through new debenture borrowings and mortgages; \$432.3 million is considered tax-supported and \$38.3 million is considered self-liquidating. Tax-supported debt was borrowed to finance various capital projects, including: the Valley Line, Metro Line and Capital Line LRT construction (\$113.5 million), Lewis Farms and Coronation Community Recreation Centres (\$107.5 million), continued progression of Downtown and Quarters Community Revitalization Levy funded projects (\$40.6 million), William Hawrelak Park Rehabilitation (\$32.3 million), Ambleside Integrated Site (\$30.5 million), Terwillegar Drive Expressway (\$25.9 million), Active Transportation Implementation Acceleration (\$21.6 million) and Yellowhead Trail Freeway Conversion (\$15.3 million). Self-liquidating borrowings during the year include \$22.0 million in Non-Profit Housing Corporation mortgages, \$9.4 million for Waste Management and \$6.9 million related to local improvement projects.

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

Debt principal repayments of \$246.8 million were made during the year, comprising \$208.6 million for tax-supported debt (including \$9.5 million of P3 term debt) and \$38.2 million for self-liquidating debt.

The City's DMFP sets limits more restrictive than those legislated in the MGA, limiting the City's total debt servicing to 21.0 per cent of City revenues and up to a maximum of 26.0 per cent of revenues

for emergency purposes, compared to the MGA limit of 35.0 per cent. Revenues are consolidated annual revenues net of capital government transfers and developer contributed tangible capital assets. The DMFP further restricts the use of debt for tax-supported debt servicing to 18.0 per cent of tax-supported net expenditures.

Debt Service Limits – DMFP* (millions of \$)

	2025	2024	2023*	2022*	2021*
Total debt servicing limit – emergency purposes (26%)	\$ 1,007.3	\$ 939.2	\$ 871.2	\$ 799.0	\$ 777.2
Debt servicing limit	\$ 418.4	\$ 391.9	\$ 420.7	\$ 341.9	\$ 289.1
Percentage used (%)	41.5	41.7	48.3	42.8	37.2
Total debt servicing limit (21%)	\$ 813.6	\$ 758.6	\$ 703.7	\$ 645.3	\$ 627.7
Debt servicing limit	\$ 418.4	\$ 391.9	\$ 420.7	\$ 341.9	\$ 289.1
Percentage used (%)	51.4	51.7	59.8	53.0	46.1
Tax-supported debt servicing limit (18%)	\$ 541.6	\$ 514.6	\$ 481.7	\$ 446.1	\$ 406.5
Tax-supported debt servicing	\$ 363.6	\$ 337.1	\$ 366.8	\$ 270.0	\$ 239.6
Percentage used (%)	67.1	65.5	76.1	60.5	58.9

*The limits outlined in the table above for 2021 – 2023 comparatives have been restated from previous years reporting to reflect the revised City Policy C203D Debt Management Fiscal Policy, 2022 has been restated related to the adoption of PS3280 *Asset Retirement Obligation*, and 2023 has been restated to reflect changes in debt servicing classification between self-liquidating debt and tax-supported debt.

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

NON-FINANCIAL ASSETS

TANGIBLE CAPITAL ASSETS

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

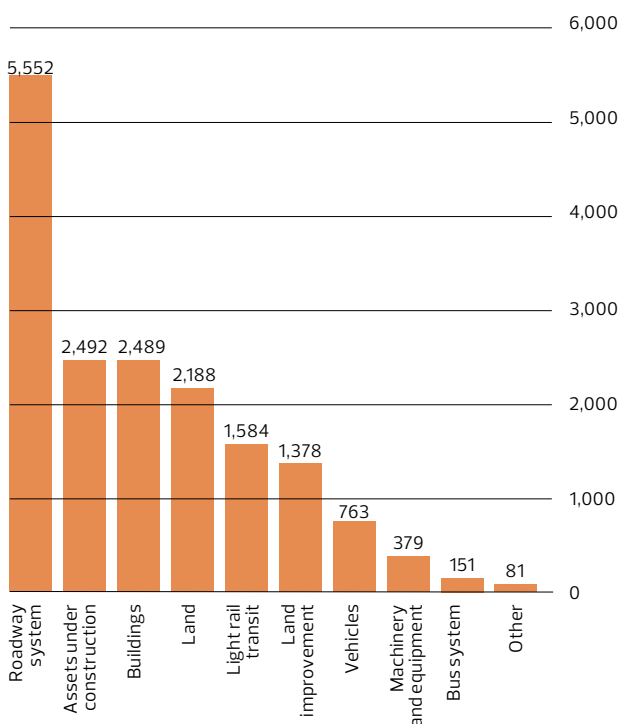
Compared to the 2024 balance of \$15,956.0 million, tangible capital assets of \$17,095.1 million have increased by 7.1 per cent. The net increase of \$1,139.1 million is a result of acquisitions of tangible capital assets of \$1,920.8 million (excluding a \$0.8 decrease in asset retirement estimates) and contributed tangible capital assets of \$46.0 million, partially offset by annual amortization of \$735.8 million and disposals and transfers of assets with a net book value of \$91.1 million.

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

During 2025, the third year of the 2023–2026 capital budget, spending focused on key growth projects and infrastructure maintenance. The capital additions and contributions of \$1,966.0 million in 2025, compared to \$1,647.9 million in 2024, reflect the City's continued commitment to investing in

infrastructure to accommodate both growth and renewal. Capital expenditures have increased, attributed to ongoing construction projects including the Valley Line West and Capital Line South LRT, Yellowhead Trail Freeway Conversion, Lewis Farms Community Recreation Centre, Terwillegar Drive, William Hawrelak Park Rehabilitation and Ambleside Integrated Site Phase 1. Roadways remain the largest asset category, with a net book value of \$5,552.4 million. These are followed by assets under construction and buildings with net book values of \$2,492.1 million and \$2,448.9 million, respectively.

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



FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

RESERVES

The City's reserve policy, C217F, Reserve and Equity Accounts, directs the establishment of and processes related to reserves. Establishing reserves and transferring funds to and from reserves requires Council's approval.

In accordance with City Policy C217F, a review is required every three years to ensure that City reserves continue to support the City's financial goals and serve the highest priority needs of the City and its residents. The reserve policy and balances are monitored on an ongoing basis. The most recent review was completed in 2024 and the next formal review is planned for 2027.

A schedule of reserves and their balances has been provided in Note 18 to the financial statements. In addition, a Reserve Register, which is part of Council Policy C217F Reserve and Equity Accounts Policy and available on the City's website, provides further descriptions of all reserves and is updated annually. Total reserves of \$1,021.0 million at the end of 2025 decreased by \$7.6 million over the 2024 balance of \$1,028.6 million.

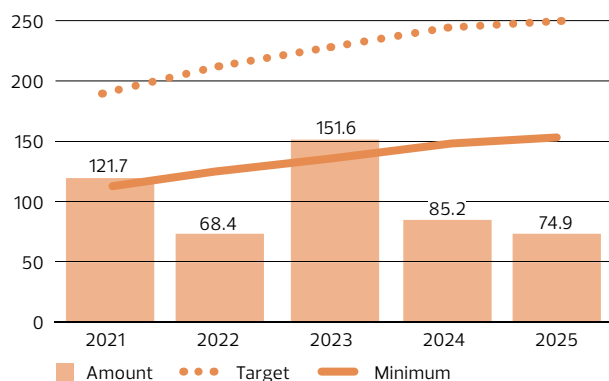
The unappropriated and appropriated Financial Stabilization Reserve, along with deficit reserves and any reserves that experienced significant balance changes from the previous year are discussed below.

The **Financial Stabilization Reserve (FSR)** was established in 1997 to provide flexibility in addressing financial risks associated with revenue instability and emergent financial issues and to ensure the orderly provision of services to residents. The appropriated balance of the reserve represents funds that have been set aside by Council to fund future commitments. The unappropriated balance of the FSR is uncommitted and provides the City with flexibility to address significant emergent financial issues. The reserve is not intended to be used to stabilize future tax rate increases.

City Policy C629A, Financial Stabilization Reserve, requires that a risk-based review of the unappropriated FSR be completed every three years to ensure the sufficiency of the minimum and target percentages. Administration conducted a risk-based review of the unappropriated FSR balance in 2024 and confirmed that the respective minimum and target balances of 5.0 per cent and 8.3 per cent of current general government expenses (excluding non-cash amortization and gain/loss on sale of tangible capital assets) were appropriate. Any annual general government surplus would be applied to the reserve in the subsequent year. Any annual tax-supported deficit would draw on the reserve.

Since 2024, the FSR has been below the minimum required balance. In accordance with Policy C629A, when the reserve balance is below the minimum, a strategy is required to restore the FSR to its minimum balance within a maximum of three years, starting with the subsequent year's operating budget. This strategy can involve several measures including, using unplanned one-time revenues, achieving savings through one-time cost reduction strategies, repurposing previously committed one-time appropriated FSR items no longer needed and transferring funds from other reserves that are no longer required for their original purposes. In December 2024, as part of the Fall Supplemental Operating Budget Adjustment process, Council approved \$10.0 million in one-time savings for 2025 to support FSR replenishment and approved tax increases of 0.5 per cent in 2025 and an additional 0.6 per cent in 2026. These measures aim to restore the FSR to its minimum

Financial Stabilization Reserve
(millions of \$)



FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

balance over a five-year period, from 2025 to 2029. To implement this longer timeline, Council approved an exemption to Policy C629A, allowing the repayment strategy to span five years instead of three years.

As of December 31, 2025, the unappropriated FSR balance was \$74.9 million, representing a \$10.3 million decrease from the 2024 balance of \$85.2 million. The decrease in the reserve during 2025 was due to several factors including, funding the \$4.2 million general government deficit from 2024, appropriating an additional \$23.3 million within the FSR for 2025 projects and initiatives that were not completed in 2024, and utilizing \$9.3 million from the unappropriated FSR to fund priority items for 2026 and 2027 on a one-time basis. Contributions to the reserve included \$20.7 million in funding transferred into the FSR as part of the replenishment strategy previously discussed (comprising \$10.0 million in one-time savings and 2025 tax levy funding from the 0.5 per cent tax levy increase), and \$5.8 million in funding for previously appropriated FSR projects that were released back to the unappropriated FSR after being deemed no longer necessary. Consequently, the reserve concluded the year with a balance of \$74.9 million as of December 31, 2025.

After accounting for the \$31.1 million 2025 tax-supported surplus, Council-approved operating budget carry-forwards of \$12.1 million, and the use of \$6.5 million to fund priority items in 2026, the projected unappropriated FSR balance for 2026 is \$87.4 million. This amount is \$63.0 million below the required minimum balance of \$150.4 million. Considering the 2025 tax-supported surplus, the recommended carry-forwards, and the FSR replenishment strategy, the FSR is forecasted to reach its minimum balance in 2028. Once the FSR achieves its minimum balance, the funds used for replenishment will be reallocated to a dedicated renewal fund to address the City's capital infrastructure renewal deficit.

The **Pay-As-You-Go (PAYGO) Capital Reserve** is funded through investment earnings, tax-levy and other operating sources. The reserve is used to fund capital projects, as approved by Council through the capital budget process. The balance in the reserve at year-end of \$211.0 million is fully allocated to

capital and reflects the approved PAYGO funding for capital projects with expenditures in future years.

The **Planning and Development Reserve** is a financial stabilization reserve established to ensure the long-term fiscal sustainability of the Planning and Development Business. The reserve balance reflects the accumulated, appropriated surplus of the Planning and Development Business over time. The balance increased by \$13.6 million from 2024, reaching \$69.9 million by year-end. This growth is primarily attributable to sustained development activity, particularly residential construction and infill redevelopment, and higher per-permit revenues. The current balance exceeds the target of \$52.7 million, which is calculated as 75 per cent of budgeted expenditures. In accordance with City Policy C610, Fiscal Policy for the Planning and Development Business, if the balance exceeds the target, Administration is required to develop and implement a strategy to reduce the fund balance over a period not to exceed three years, beginning with the subsequent year's operating budget. The City is currently pursuing strategies to manage the reserve balance, including increasing staffing levels to meet business demands, shifting eligible expenses previously covered by the tax levy to Planning and Development revenues (subject to Council approval), and conducting a cost of service study. This study will help determine the true cost of providing these services and may lead to revised minimum and target balances for the reserve.

The **Light Rail Transit Reserve** ended the year with a balance of \$125.3 million, a decrease of \$13.5 million from 2024. Funds in the reserve come from a dedicated tax-levy as well as other operating sources and are made available for city-wide LRT expansion. The balance decreased as funds from the reserve were used as intended to pay for P3 debt repayments, passenger service operating costs, and to offset passenger service revenue shortfall.

The **Neighbourhood Renewal Reserve**, funded by dedicated tax revenue, is designed to cover the Neighbourhood Renewal Program's net annual expenditures. In 2025, the reserve ended the year with a \$10.4 million deficit, a reversal from the \$2.4 million surplus recorded in 2024. This

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

deficit is primarily attributable to the timing of neighbourhood renewal capital projects, as capital expenditures funded by the reserve in 2025 surpassed the incoming tax-levy funding. This situation is anticipated to be temporary, with tax-levy funding projected to exceed capital expenditures in future years, thereby resolving the deficit.

The **Edmonton Police Service Reserve** was established to manage operational surpluses and deficits of the Edmonton Police Service (EPS) over time. At the end of 2025, the balance in the EPS operating reserve is a deficit of \$4.9 million. In accordance with Policy C605 Edmonton Police Reserve, in the event the reserve falls into a deficit position, a strategy will be developed by EPS and Edmonton Police Commission (EPC), to be approved by Council, to achieve a balanced position over a period not to exceed three years, starting with the subsequent year's operating budget.

The City maintains reserves that are used to accommodate differences between expenses and related funding sources. These include the Interim Financing and the Community Revitalization Levy reserves (Capital City Downtown, Belvedere and Quarters). In accordance with City Policy C217F Reserve and Equity Accounts, reserves that are expected to have deficit balances will only be established if future funding to offset the deficit balance has been identified at the time of the reserve's creation.

The **Interim Financing Reserve** is used to accommodate timing differences between operating impacts of capital projects and related external funding sources and differences that arise between the timing of cash outflows (budget) and recognition of expenses (accounting) to ensure that the City can levy taxes in a manner that matches the cash outflow. At the end of 2025, the reserve had a deficit balance of \$32.1 million compared to a deficit of \$33.4 million in 2024. The deficit will be repaid through external funding sources.

A **Community Revitalization Levy (CRL)** is a provincially legislated financing tool that provides a stable funding for public infrastructure investments in the approved

redevelopment areas for the life of the CRL. The City has three CRL's: the Quarters CRL, the Belvedere CRL and the Capital City Downtown (Downtown) CRL. The Quarters and Belvedere CRLs each have terms of 20 years from their start dates, ending in 2031 and 2032, respectively. On June 27, 2025, Council approved Bylaw 21158, to amend the Capital City Downtown CRL Plan by extending the duration of the CRL by 10 years to 2044 (total term of 30 years), and adding new catalyst projects. This amendment was approved by the Government of Alberta on July 31, 2025.

Within each CRL area, a baseline property assessment is established in the year that the plan is approved. Subsequent increases in property tax revenue above the baseline (both municipal and equivalent provincial school taxes) that result from new development and property value growth make up the CRL revenue. The CRL funds are dedicated to CRL plan projects within the CRL area. There is a timing difference between project expenses and CRL revenue generation. In each of the three levy areas, debt (referred to as CRL debt) is used to finance City-owned projects. Debt-servicing (principal and interest) associated with capital investment began immediately, before there was sufficient revenue generated to fully cover those costs. These annual shortfalls have resulted in a negative reserve position for each of the three CRL Reserves for a total deficit of \$64.5 million in 2025 compared to \$49.5 million in 2024.

These reserves will begin to be repaid when annual levy revenues start to exceed annual expenditures. The intent is for the reserves to be replenished over the life of the CRL (20 or 30 years from start date). If the reserve deficit is not repaid by the end of the term, funding from annual tax-levy is required until the deficit balance in the reserve is repaid. An annual update on the progress of the CRLs was presented to Executive Committee on March 26, 2026. The annual update projects that the Quarters CRL will end its 20 year term in a deficit position, the Belvedere CRL will break even over its 20-year term, and the Downtown CRL will end its 30 year term with a surplus based on currently approved projects.

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS



At the end of 2025, \$36.1 million of capital funding was in place in advance of incurring capital expenditures. The debt proceeds will be used early in 2026 to finance related project expenditures.

EQUITY IN TANGIBLE CAPITAL ASSETS

As summarized in Note 17 to the financial statements, equity in tangible capital assets represents the investment made in tangible capital assets, after deducting the portion financed by outstanding long-term debt, net of long-term debt for land redevelopment and debt recoverable. With an increase of \$910.8 million for 2025, as a result of the net acquisition of tangible capital assets partially offset by net additional debt, the ending balance of equity in tangible capital assets for the year is \$12,591.2 million.

ADVANCES FOR CONSTRUCTION (CAPITAL TO BE FINANCED)

At the end of 2025, \$36.1 million of capital funding was in place in advance of incurring capital expenditures. The debt proceeds will be used early in 2026 to finance related project expenditures.

OBLIGATIONS TO BE FUNDED IN FUTURE YEARS

Obligations to be funded in future years ended at \$143.1 million. This balance represents an estimate of funding required for asset retirement obligations associated with retirement related abatement and monitoring costs of the City's buildings and equipment. The decrease year-over-year is mainly due to changes in the estimated costs for future asset retirement obligations. For further details, refer to Note 13 to the financial statements.

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

FINANCIAL OPERATIONS

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

Consolidated Statement of Operations (millions of \$)

	2025 Actual	2024 Actual	2023 Actual	2022 Actual Restated	2021 Actual
Operating Revenues	\$ 4,383.1	\$ 4,001.6	\$ 3,674.1	\$ 3,433.8	\$ 3,358.5
Capital Revenues	957.6	800.3	762.5	633.5	527.1
Operating Expenses	4,044.0	3,819.8	3,658.7	3,426.0	3,093.5
Excess of Revenues over Expenses	\$ 1,296.7	\$ 982.1	\$ 777.9	\$ 641.3	\$ 792.1

Consolidated revenues exceeded expenses for the year by \$1,296.7 million after accounting for government transfers for capital, contributed tangible capital assets, developer and customer contributions for capital and local improvements.

Operating revenues increased 9.5 per cent from the prior year, with increases in revenue from property taxes, subsidiary operations – EPCOR, user fees and sales of goods and services, franchise fees and investment earnings. These revenue increases were partially offset by decreases in operating developer and customer contributions and operating government transfers.

Capital revenues vary from year-to-year based on the timing of capital projects and the recognition of capital revenues to fund capital expenses. The largest increase was in capital government grants required to fund expenditures related to advancement in significant capital projects during 2025, including Valley Line West and Capital Line South LRT, Yellowhead Trail Freeway Conversion, Lewis Farms Community Recreation Centre, Terwillegar Drive, William Hawrelak Park Rehabilitation and Ambleside Integrated Site Phase 1.

Operating expenses have increased since 2021, reflecting the costs to maintain and improve existing infrastructure and core services associated with

a growing population, personnel increases for wage progression and cost-of-living adjustments, operating impacts related to new capital projects and prolonged periods of high inflation.

Significant year-over-year variances and variances from budget are discussed in the following sections.

The operating budget is based on the original 2023–2026 operating budget approved by Council in December 2022, including supplementary budget adjustment via the 2025 Tax Levy Confirmation (formerly the Spring Supplemental Operating Budget Adjustment) approved by Council on April 22, 2025 which incorporates the 2024 operating budget carry-forwards, and related adjustments made in December 2024 and finalizes the 2025 operating budget. The capital budget line items are based on the 2023–2026 capital budget approved in December 2022, as part of the overall 2023–2026 capital budget, plus carry-forward of unspent capital budget from previous years. Budgets are approved on a modified cash basis and adjusted to conform with the Canadian public sector accounting standards for inclusion in the Consolidated Statement of Operations and Accumulated Surplus. A reconciliation between the budget approved by Council and the budget for financial statement purposes is provided in Note 33.

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

OPERATING REVENUES

Operating Revenues (millions of \$)

	2025 Budget (A)	2025 Actual (B)	Variance (B-A)	2024 Actual (C)	Variance (B-C)
Net taxes available for municipal purposes	\$ 2,317.8	\$ 2,333.0	\$ 15.2	\$ 2,136.9	\$ 196.1
User fees and sales of goods and services	685.8	711.9	26.1	652.3	59.6
Subsidiary operations - EPCOR	520.1	533.5	13.4	426.5	107.0
Franchise fees	238.3	248.9	10.6	222.4	26.5
Investment earnings	138.8	221.9	83.1	201.7	20.2
Government transfers - operating	146.6	153.8	7.2	165.8	(12.0)
Licences and permits	91.7	98.5	6.8	94.0	4.5
Fines and penalties	51.0	60.2	9.2	69.2	(9.0)
Developer and customer contributions - operating	20.9	21.4	0.5	32.8	(11.4)
Operating Revenues	\$ 4,211.0	\$ 4,383.1	\$ 172.1	\$ 4,001.6	\$ 381.5

COMPARISON TO BUDGET

Operating revenues were higher than budgeted by \$172.1 million, or 4.1 per cent of the revenue budget, mainly due to higher than budgeted investment earnings, income from user fees and sale of goods and services, property taxes and subsidiary operations (EPCOR).

Investment earnings were higher than budgeted as a result of investment funds being rebalanced to capitalize on the robust equity markets, alongside overall stronger-than-anticipated world market conditions.

User fees and sales of goods and services revenues were higher than budgeted, primarily due to increased attendance at recreation facilities and other city attractions, resulting in higher than expected membership and admission revenues. Additionally, Waste Services' utility revenues were higher than anticipated, driven by customer growth.

Property taxes were higher than budgeted due to several factors. These include greater-than-expected assessment growth, primarily resulting from new construction, upzoning and subdivision. There were also fewer non-residential complaints and fewer mid-year exemption changes than anticipated.

COMPARISON TO PRIOR YEAR

Overall, operating revenues were higher when compared to last year by \$381.5 million, due to increases in revenue from property taxes, subsidiary operations - EPCOR, user fees and sales of goods and services, franchise fees and investment earnings. These increases were partially offset by a decrease in operating government transfers and developer and customer contributions.

Net taxes available for municipal purposes increased from the prior year, mainly due Council approving a 5.7 per cent tax increase for 2025. As well, property taxes increased due to assessment growth (growth resulting from new construction, upzoning and subdivision).

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

Subsidiary operations (EPCOR) increased from the prior year due to several factors, including a one-time transfer fee of \$84 million upon the transfer of the Blue Sky Water Reclamation Facility (located in Taylor, Texas) to Samsung Austin Semiconductor. Both Energy Services and Water Services experienced increased revenue due to higher rates, increased usage, and customer growth, as well as higher transmission system access service changes (net of collections, distribution and transmission rates) and distribution volumes. This increase was partially offset by higher amortization from the placement of new assets into service and higher income tax payments associated with increased taxable income.

User fees and sales of goods and services increased from the previous year, principally due to higher land sales within Land Enterprise compared to the prior year, an increase in membership and admission revenues at the recreation facilities and other city attractions due to increased attendance and higher transit fare revenue as ridership increased from last year and for the first time surpassed pre-pandemic levels. Waste Services experienced an increase in utility services revenue, driven by customer growth. This is partially offset by a decrease in wildfire support cost recoveries, as the request for, and subsequent refunding of, costs related to wildfire assistance is highly variable from year to year.

Franchise fees increased compared to the previous year, driven by several factors including, higher consumption due to population growth leading to increased site counts; abnormal weather conditions, specifically unusually cold weather in February and December, and prolonged high summer temperatures, which also increased consumption.

Investment earnings increased compared with the prior year, mainly due to funds being rebalanced to capitalize on strong equity market performance.

Government transfers – operating decreased compared to the prior year due to higher grant revenues recognized in 2024, including the Alberta Transit System Cleanup Grant and the 2 Billion Trees Program.

Developer and customer contributions – operating saw a decline due to the temporary halt in fee collection during the review of the Sanitary Servicing Strategy Fund program.

Fines and penalties decreased compared to prior year due to lower traffic safety and automated enforcement fines revenue, related to changes in provincial legislation, which included certain prohibitions. This was partially offset by an increase in arrears and tax penalties in 2025 due to a large number of accounts with outstanding balances from previous years.



FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

CAPITAL REVENUES

Capital Revenues (millions of \$)

	2025 Budget (A)	2025 Actual (B)	Variance (B-A)	2024 Actual (C)	Variance (B-C)
Government transfers – capital	\$ 1,539.5	\$ 887.0	\$ (652.5)	\$ 701.5	\$ 185.5
Contributed tangible capital assets	119.3	46.0	(73.3)	61.6	(15.6)
Developer and customer contributions – capital	42.7	17.7	(25.0)	30.2	(12.5)
Local improvements	15.0	6.9	(8.1)	7.0	(0.1)
Capital Revenues	\$ 1,716.5	\$ 957.6	\$ (758.9)	\$ 800.3	\$ 157.3

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

COMPARISON TO BUDGET

Capital revenues of \$957.6 million were \$758.9 million lower than budget due to lower capital government transfers, contributed tangible capital assets and developer and customer contributions.

Government transfers – capital were lower than budget by \$652.5 million due to timing of spending related to LRT projects (Metro Line, Century Line and Valley Line West) and recognition of the Investing in Canada Infrastructure Program (ICIP) grant used to fund a portion of the LRT projects. Grant eligible spending related to Yellowhead Freeway Conversion projects, Terwilligar Drive Expressway Upgrades, Housing Accelerator Fund Initiatives as well as various projects funded by the Local Government Fiscal Framework (LGFF) funding, occurred at a slower rate than originally planned.

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

Developer and customer contributions were lower than budget, largely due to the timing of capital expenditures that are partner or developer funded.

COMPARISON TO PRIOR YEAR

Capital revenues were higher than 2024 by \$157.3 million, mainly due to increases in government transfers, partly offset by lower contributed tangible capital assets and developer and customer contributions.

Government transfers – capital revenues increased due to an overall increase in capital activity in 2025, with the increased grant revenue primarily related to LRT construction on Valley Line West, the extension of the Capital Line South and the Yellowhead Freeway Conversion project.

Contributed tangible capital assets were lower than prior year due to the contribution of the Citadel Theatre building in 2024, partially offset by an increase in contributed infrastructure assets such as roads, sidewalks and streetlights for new neighbourhoods during 2025.

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

OPERATING EXPENSES

Operating Expenses by Function (millions of \$)

	2025 Budget (A)	2025 Actual (B)	Variance (A-B)	2024 Actual (C)	Variance (B-C)
Transportation services	\$ 1,219.5	\$ 1,158.9	\$ 60.6	\$ 1,114.0	\$ 44.9
Protective services	958.6	983.9	(25.3)	909.2	74.7
Community services	912.3	901.2	11.1	839.8	61.4
Waste services utility	233.1	237.2	(4.1)	236.9	0.3
Land enterprise	47.0	50.0	(3.0)	30.4	19.6
Renewable energy systems utility	3.9	4.9	(1.0)	3.2	1.7
Fleet services	33.9	47.0	(13.1)	43.2	3.8
Corporate administration, general municipal and other	714.1	660.9	53.2	643.1	17.8
Operating Expenses	\$ 4,122.4	\$ 4,044.0	\$ 78.4	\$ 3,819.8	\$ 224.2

COMPARISON TO BUDGET

Consolidated operating expenses of \$4,044.0 million were higher than budget by \$78.4 million, or 1.9 per cent of the consolidated expenses budget, primarily related to Protective services, Fleet services and Corporate administration, general municipal and other, partially offset by lower than budgeted costs in Transportation services and Community services.

Protective services, largely comprising of Fire Rescue Services and Police Services, exceeded budget primarily due to higher than budgeted salary costs due to collective bargaining settlements and increased overtime to meet required service levels. A part of the variance from budget is due to operating expenditures incurred by Police Services during the year, for which the original budget is included within the City's capital budget. This is partially offset by lower amortization due to fewer assets being placed into service, a result of ongoing supply chain issues.

Fleet services expenses exceeded budget primarily due to increased amortization resulting from increased costs for equipment and vehicles than originally budgeted. The purchase costs were higher than expected due to cost escalation on equipment and vehicles experienced over the last two years.

Corporate administration, general municipal and other is lower than the budget for a variety of factors, including: collective bargaining settlements held corporately, with actual expenses recognized in other areas across the corporation; lower than budgeted employee benefit obligation costs (continuation of benefits for staff on long-term disability), mainly due to fewer staff than expected on long-term disability; and lower than expected budget required for risk-adjusted estimates for centrally managing volatile costs (fuel, utilities, inflation and collective bargaining). These favorable variances are offset by higher disposal charges related to contributed assets and higher amortization expenses reflecting new facilities, such as the Coronation Community Recreation Centre and the Peter Hemingway Leisure Centre, being placed into service.

Transportation services expenses were under budget, largely due to lower amortization. This reduction stemmed primarily from slower than anticipated construction progress on the Yellowhead Trail and Terwillegar Drive assets, as well as less than expected developer contributed roadway assets. However, these savings were partially offset by higher personnel costs due to increased overtime required to maintain service levels amid staff shortages.

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

Benefit expenses also rose for Short-Term and Long-Term Disability, along with a sustained increase in Workers Compensation Board (WCB) claims that require further overtime to fill shifts. Furthermore, snow and ice control expenses exceeded the budget due to significant snowfall events in late 2025.

Community services experienced lower than budgeted costs primarily due to delays in grant and rebate programs. These delays stemmed from slower than anticipated project progress, driven by supply chain issues and general construction delays, resulting in missed project milestones and therefore delayed grant payments towards these projects. Additionally, numerous housing grants were reclassified as capital expenses due to the nature of the costs, resulting in a favourable variance compared to the original approved budget, which included the expenses within the operating budget. This was partially offset by higher personnel and material costs at the City's facilities driven by higher than expected demand for recreation programs and services, including bookings, rentals and special events. Expenses related to the Federal 2 Billion Trees Program were recognized as operating expenses, however, the budget was originally approved in capital. This resulted in an unfavourable budget variance due to the differing recognition of costs compared to budget. Lastly, amortization expense was higher than budgeted due to higher than expected capitalized assets over the last two years.

COMPARISON TO PRIOR YEAR

In 2025, operating expenses increased by \$224.2 million from the prior year, mainly due to higher expenditures in Protective services, Community services, Transportation services and Land enterprise.

Protective services experienced increased personnel costs stemming from several factors, including collective bargaining agreements for both Edmonton Police Association and Edmonton Fire Fighters Union, increased benefit and Workers' Compensation Board (WCB) premiums and higher overtime and staffing needs to address growing population demand. This was partially offset by lower wildfire cost recovery, reflecting lower wildfire activity in 2025.



In 2025, 792 events took place across the city for a total of 2,040 event days, with a combined attendance of over 3.86 million people.

Community services experienced increased recreation facility costs, driven by higher than expected demand for programs and services, including bookings, rentals and special events, as well as higher personnel costs due to collective bargaining agreements. Additionally, there were higher borrowing costs associated with capital work, including recreational facilities and higher grant payments.

Transportation services costs increased from the previous year, primarily due to higher wages due to collective bargaining settlement, increased overtime hours due to staff shortages and the need to maintain required service levels, and rises in Short-Term and Long-Term Disability (STD/LTD) costs alongside sustained increases in WCB claims further increasing overtime to fill shifts. In addition, increased capitalization of transportation-related assets led to higher amortization, including significant ongoing LRT construction, the Yellowhead Trail Freeway Conversion, the Terwilligar Drive Expressway and neighbourhood road renewal.

Land enterprise costs were higher than the previous year due to the timing of land sales.

Corporate administration, general municipal and other costs were greater than prior year largely due to higher wages resulting from collective bargaining agreements, and associated benefit costs, as well debt interest charges increased due to greater borrowing undertaken for various capital infrastructure projects.

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

Operating Expenses by Object (millions of \$)

	2025 Actual (A)	2024 Actual (B)	Variance (A-B)
Salaries, wages and benefits	\$ 2,074.2	\$ 1,885.0	\$ 189.2
Materials, goods and utilities	420.3	378.7	41.6
Contracted and general services	422.7	524.9	(102.2)
Interest and bank charges	188.6	164.4	24.2
Grants and other	168.8	151.5	17.3
Amortization of tangible capital assets	735.8	686.6	49.2
Loss on disposal, impairment and transfer of tangible capital assets	33.6	28.7	4.9
Operating Expenses	\$ 4,044.0	\$ 3,819.8	\$ 224.2

When considering operating expenses by object category, the operating expense increase of \$224.2 million compared to prior year was largely due to higher salaries, wages and benefits, amortization of tangible capital assets, and an increase in materials, goods and utilities, and interest and bank charges. This is partially offset by a decrease in contract and general services compared to the prior year.

Salaries, wages and benefits increase is primarily attributed to higher salaries resulting from settlement of collective bargaining agreements in 2025, as well as increased Workers' Compensation Board (WCB) premiums throughout the City. Edmonton Transit Services (ETS) and Fire Rescue Services experienced increased overtime costs to maintain service levels during periods of staff shortages related to short-term and long-term disability. ETS also incurred additional overtime to fill shifts as a result of sustained increase in WCB claims.

Amortization of tangible capital assets was higher than the previous year as the City continued to progress in its capital plan and more assets are capitalized, including for ongoing major projects in LRT construction, the Yellowhead Trail Freeway Conversion, Terwillegar Drive Expressway and neighbourhood road renewal. This also includes additional assets placed in service related to Coronation Community Recreation Centre, Peter Hemingway Leisure Centre and Blatchford Fire Station.

Materials, goods and utilities increase primarily due to higher land sales and expanded forestry, landscaping and naturalization efforts across the city. Furthermore, general inflationary pressures led to higher costs for fleet maintenance and software.

Interest and bank charges increased, driven by borrowing to finance various capital projects, including Valley Line West, Lewis Farms Community Recreation Centre, William Hawrelak Park Rehabilitation and Ambleside Integrated Site Phase 1.

Contracted and general services decreased from the prior year, primarily because the estimated costs related to unsettled collective bargaining agreements were accrued centrally in 2024 within contracted and general services. In 2025, upon settlement of the agreements for all union groups, these cost impacts were then recognized within salary, wages, and benefits. The City centrally manages the budget and estimated salary settlement impacts (year-end accruals) until the agreements are finalized. Additionally, a 2025 adjustment reduced the estimated cost for the Clover Bar Landfill post-closure liability due to revised estimates. These decreases from the prior year were partially offset by an increase in contract costs due to inflation.

Schedule 2 – Consolidated Schedule of Segment Disclosures provides a summary of revenues and expenses (by object) for each significant business grouping. A description of each of the segments is provided in Note 32 to the financial statements.

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

FINANCIAL CONTROL AND ACCOUNTABILITY

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

FISCAL POLICIES

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

City Policy, C217F, Reserve and Equity Accounts. This policy outlines the governance, accountability, administration, monitoring and reporting of all City reserves and equity accounts. The City has policies in place for various reserves, including the Financial Stabilization Reserve, Traffic Safety and Automated Enforcement Reserve, Edmonton Police Services Reserve and Planning and Development Reserve, that ensure sufficient funds are in place to satisfy the financial needs of the operations being supported by the reserve.

City Policy, C629A, Financial Stabilization Reserve. This policy outlines the governance, administration and reporting of the appropriated and unappropriated Financial Stabilization Reserve (FSR). The appropriated

FSR balance is designated for specific purposes, including operating and capital projects, as approved by Council. The purpose of the unappropriated FSR balance is to manage one-time unexpected emergent financial needs and should not be used to address ongoing pressures or to mitigate tax-levy increases. Every three years, Administration performs a risk based review of the unappropriated FSR, adjusting the minimum balance if required. The results of the review are submitted to Council for approval, if necessary. A review was completed in 2024, and the next scheduled review will be carried out in 2027. Currently, the unappropriated FSR has a minimum balance of 5.0 per cent and a target balance of 8.3 per cent of current tax-supported operating expenses.

City Policy, C624, Fiscal Policy For Revenue Generation.

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

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

City Policy, C212E, Investment. This policy establishes a set of investment objectives and beliefs giving consideration to the type of fund, its characteristics, investment return considerations,

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

financial obligations, the objective of preservation of capital, liquidity and a prudent level of risk given the investment time horizon. This ensures that the City's investments comply with statutory requirements.

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

City Policy, C610A, Fiscal Policy for the Planning and Development Business. This policy formalized the fiscal management and operating principles of the City's planning and development operations to ensure long-term fiscal sustainability and service stability while enabling growth within Edmonton. The policy defines the purpose of the Planning and Development Reserve, which is to be used to stabilize the planning and development business across extended periods of time.

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

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

Council's Waste Management Utility Fiscal Policy, C558C. This policy governs the financial relationship between the City and the municipally owned and operated utility. This policy requires the utility

to operate in a manner that balances the best service at the lowest cost while employing private sector approaches to rate setting. The utility is required to charge rates that are sufficient to meet expenditures and cash flow requirements, repay capital debt and ensure financial sustainability.

City Policy C578A, Multi-year Budgeting Policy. This policy enshrines the use of a multi-year budget cycle for budgeting operating and capital programs, unless otherwise directed by Council, with the end of of this four-year budget term to be coincidental with the calendar year-end of the year after the year in which a new Council is elected. The purpose of this policy is to establish guidelines and the approach for the planning and approval of multi-year budgets to ensure greater certainty for future expenditures and revenue increases and the related impact on future tax increases.

City Policy C631, Downtown District Energy Utility Fiscal Policy. The purpose of this policy is to ensure the Downtown District Energy Utility is operated in a manner that reflects Council's overall vision and philosophical objectives, establish a consistent approach for financial planning, budgeting and rate setting and long-term financial sustainability. This is further intended to support the objectives of The City Plan and the Community Energy Transition Strategy. The utility shall base customer rates on the cost of service in consideration of "Business As Usual" costs. It is anticipated that positive net income and robust cash flow will be achieved through a phased implementation strategy, with debt financing reserved solely for capital expenditures.

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

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

REGULATORY

EPCOR water and wastewater rates are approved through Performance Based Regulation (PBR) Plans, which set these rates for the term of the PBR. The PBR framework and annual PBR progress reports allow Council to have oversight and governance over water and wastewater rates over a longer term, providing incentives to ensure that EPCOR operates more efficiently with appropriate

service levels. Bylaw 19626 sets the rates for water services charged by EPCOR for the period April 1, 2022 to March 31, 2027, with annual review of rates. Bylaw 20865 sets the rates for wastewater services charged by EPCOR for the period April 1, 2025 to December 31, 2027 with annual review of rates. For 2027 only, EPCOR water will prepare a rate filing for April 1, 2027 to December 31, 2027 including new rates. Beginning January 1, 2028 both rate filings will be combined and submitted together under the One Water strategy.



FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

STRATEGIC PLANNING

The City uses the Strategic Planning Framework to manage overall corporate direction. It is the collection of plans and processes that guide how the City works to demonstrate the corporate promise to enable a better life for all Edmontonians. The City's Strategic Planning Framework is composed of six interconnected plans and processes that direct the growth and evolution of Edmonton: ConnectEdmonton, The City Plan, the Corporate Business Plan, the Budget, Enterprise Performance Management and Enterprise Risk Management. Broadly, the framework answers three main questions: Where are we now? Where are we going? How will we get there?

City Administration puts ConnectEdmonton (direction), and The City Plan (choices) into action each four-year planning and budget cycle through the Corporate Business Plan which integrates the corporation's work, resource allocation, performance measurement and risk management. The 10-year Operating and Capital Investment Outlooks provide a longer-term financial planning framework that informs the development of the four-year Operating and Capital Budgets.

Strategic Planning Framework



FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

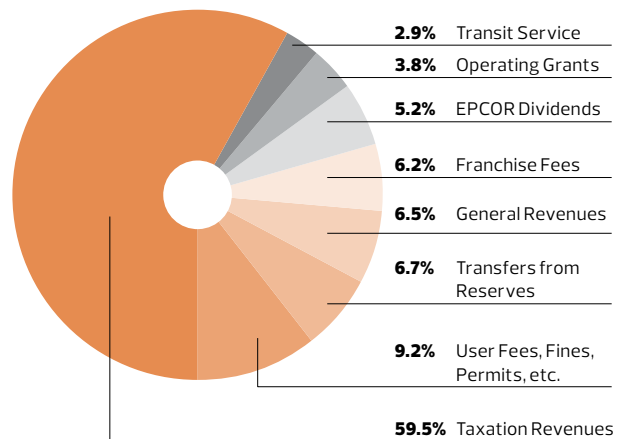
BUDGETING

Guided by Edmonton's strategic plans ConnectEdmonton and The City Plan, the 2023–2026 Operating and Capital Budgets guide Council in making strategic decisions about how to allocate City resources. This multi-year approach, governed by City Policy C578A, Multi-year Budgeting, allows the City to align strategic plans, business plans and operating and capital budgets, to ensure the dollars are spent to achieve Council's vision. It also allows for better alignment with Council's election terms, providing the foundation for more informed and strategic financial decision-making. Funding can be reallocated across different years of the budget and needs can be assessed over a longer term to allow for more prudent and informed financial decision-making, while building stable program and service delivery and infrastructure development.

The multi-year process includes opportunities to adjust the budget through a supplemental budget adjustment process approved by Council. During the supplemental budget adjustment process, Council can adjust the capital and operating budgets in response to changing project needs, new funding opportunities, changes in federal and provincial budgets, changes imposed by legislation, Council directed changes in priorities, operating impacts of capital projects, unforeseen impacts to economic forecasts and emerging issues. In December 2022, Council approved the original 2023–2026 Operating and Capital Budgets. In April 2025, Council finalized the 2025 budget through the spring tax levy confirmation process.

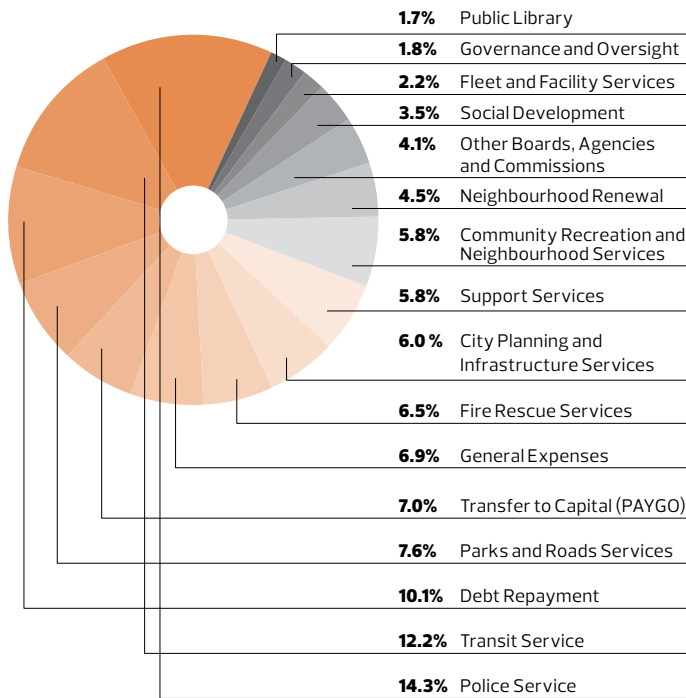
The operating budget identifies how resources for the day-to-day costs required to run the City are allocated for services such as maintaining roads and public transit, police, bylaws and fire rescue services, as well as parks and waste services. The approved budget resulted in a 5.7 per cent general property tax increase in 2025. The chart below shows the City's total revenue budget by category followed by a further breakdown of the total tax supported expenditure budget that is spent on each major expense category:

2025 Revenue Budget
\$3,845,555 (\$000)



FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

2025 Expenditure Budget \$3,845,555 (\$000)



Certain Expenditure Budget groupings consist of multiple departments:

Governance and Oversight includes Offices of the City Auditor, City Manager, City Clerk and Mayor and Council.

City Planning and Infrastructure Services includes Integrated Infrastructure Services and Urban Planning and Economy.

Community Recreation and Neighbourhood Services includes Community Recreation and Culture and Community Standards and Neighbourhoods.

General Expenses include Automated Enforcement, Capital Project Financing and corporate wide expenditures.

Support Services includes Communications and Engagement, Employee Services and Financial and Corporate Services.

The revenue and expenditure pie charts reflect the revenues and expenses as approved by Council in the 2025 operating budget. The budget presentation in the financial statements is adjusted for various items to adhere to public sector accounting requirements, including the elimination of internal revenues, transfers to and from reserves and other transactions (i.e. EPCOR and Ed Tel Endowment fund dividends), recognition of EPCOR's budgeted net income, elimination of debt principal payments and consolidation of other entities controlled by the City but not included in the budgeting process. Net taxes available for municipal purposes reflected within the legislated financial statements include property taxation revenue for tax-supported operations, community revitalization areas and supplementary taxes. The net taxes figure is reduced by tax appeals and allowances. The expenses are reflected by functional areas for financial statement reporting purposes, which may differ from the City's organizational hierarchy as reflected in the budget.

Bylaw to establish the 2026 municipal tax rate for all property types will be set by Council in April 2026. Changes to the operating budget that will impact the tax levy will be completed prior to the taxation bylaw approval.

As a part of the 2023–2026 budget deliberations, Council directed the removal of \$60.0 million and the reallocation of \$240.0 million towards housing, climate change, public transit and core services between 2023–2026. This was implemented through a seven-stream project, which included a review of past work, organizational structure changes and an idea generation process. The \$60.0 million reduction has been achieved, and in 2024 the \$240.0 million reallocation options were identified for Council. The work now continues as part of ongoing continuous improvement and addressing structural budget issues.

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

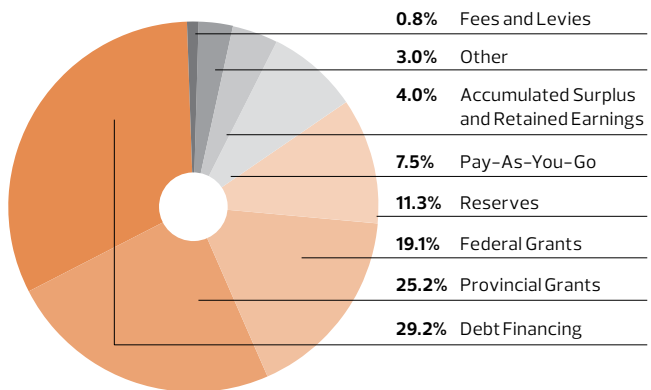
In 2025, Council continued discussions on implementation of action plans to address structural budget variances, which are defined as recurring deficits or surpluses that can be attributed to an event or circumstance that fundamentally changes business operations. Recurring budget shortfalls left unaddressed could erode the long-term financial sustainability of the City. These structural budget variances include inflationary pressures, revenue shortfalls, external factors impacting city operations, as well as previous decisions that were insufficiently funded. Addressing these structural budget variances requires an approach to resolve their systemic impact, as they are not temporary or timing-related discrepancies that will balance over time. Instead, they require analysis to identify and address their root cause. These action plans specify the steps and timeline for identifying the root cause and identifying potential solutions with the intention of resolving the budget issues. Actions to remedy the budget for many of the structural budget variances will take time to implement. Administration's focus is on aligning actual expenditures with the budget once identified solutions are implemented. Administration is conducting a variety of actions to remedy the budget variances including initiating program reviews, completing cost of service studies, exploring methods to increase revenues and examining service delivery options. The length of time to implement action plans and realize the expenditure reductions will vary, with some implementation taking up to two to three years. As of December 31, 2025, approximately \$42.0 million in structural budget variances have been managed through a combination of action plans, reallocation of budget from other areas of the corporation and additional tax levy funding.

The capital budget strikes a balance between investments in infrastructure growth and the requirement to maintain and renew existing City assets. It determines the investment in Edmonton's infrastructure, including the construction of buildings such as recreation centres and libraries, and transportation assets including LRT lines and bridges. The foundation of the 2023-2026 Capital

Budget is the 2023-2032 Capital Investment Outlook, a high level overview of the City's capital investment requirements over the next ten years that supports the strategic direction of Council.

The four-year capital budget saw investments of \$11.7 billion on infrastructure based on the approved capital budget with cash flows extending beyond 2026, with \$9.2 billion falling within the four-year budget cycle. Capital requirements directly related to EPCOR are not included in the capital budget. The funding and financing sources are as follows:

2023-2026 Funding Sources \$9,179,654 (\$000)



Administration is implementing two key initiatives to enhance fiscal sustainability, optimize resources, and improve strategic planning and decision-making: Total Cost of Ownership (TCO) and Capital Infrastructure Plan Program (CIPP).

The City is integrating the TCO approach into its capital planning process to enhance fiscal resilience and long-term financial sustainability by accounting for an asset's full life-cycle costs—including initial construction, operations, maintenance, renewal and disposal—not just the upfront capital cost. By embedding TCO analysis, the City aims to develop a consistent methodology for monitoring the Operating Impact of

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

Capital (OIC), improve business case development, promote sustainable growth by balancing new investment with renewal, and enable informed Council decisions, with phased implementation focusing on OIC starting in the 2027–2030 budget cycle.

To enhance fiscal sustainability by improving and coordinating long-term infrastructure planning for both capital growth and ongoing renewal, Administration has initiated the development of the CIPP. The CIPP is designed to be a proactive, integrated capital investment strategy that will develop city-wide plans,

support transparent project prioritization and inform future capital budgets and outlooks. It aims to align infrastructure development and renewal with The City Plan, balancing growth aspirations with financial and operational realities, and will guide investment decisions with a focus on being financially viable, environmentally responsible and socially equitable. CIPP recommendations will be limited in the 2027–2030 budget as the program is in development but will support where data and analysis has been completed.



FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

ACCOUNTING AND FINANCIAL REPORTING

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

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

Administration reviews operating financial update reports on a monthly basis for areas that report to the City Manager. This process includes comparing year-to-date and year-end projected results relative to corresponding budgets and reporting on significant City reserves. Council reviews operating and capital reporting at the second, third and fourth quarter. Capital reporting includes reporting on major projects in comparison to originally approved budgets and timelines, as well as forecast updates on debt for capital project funding. Both operating and capital performance reports include an economic update

and are reviewed by Administration and provided to Council along with recommendations to address opportunities and challenges, as necessary. The City's financial reports are key in guiding budget strategies.

In addition, the operating budget is adjusted to conform to Canadian public sector accounting standards (PSAS) for the purpose of the audited financial statements. The objective is to provide Council and other users of the financial statements and budget documents with an understanding of the budget approved by Council compared to the actual results reported in the audited financial statements.

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



The City continued its transition to digital, paperless waste collection calendars in 2025, leading to a 99% reduction in calendars being printed and mailed to residents and eliminating associated shipping and production costs.

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

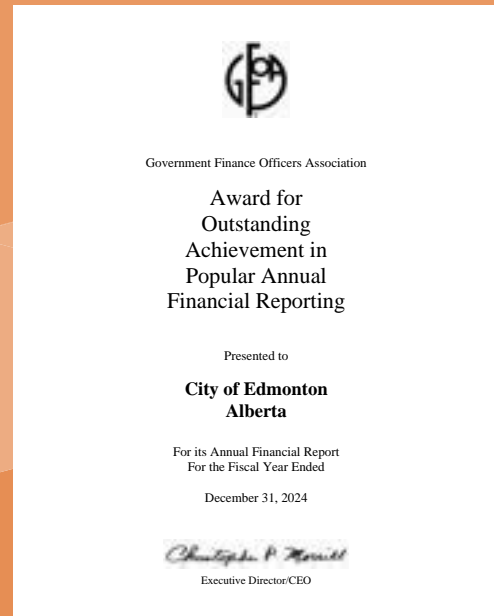
RECOGNITION FOR ACHIEVEMENT

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

For the 32nd consecutive year, the Government Finance Officers Association (GFOA) of the United States and Canada awarded a Canadian Award for Financial Reporting to the City of Edmonton for its annual financial report for the fiscal year-ended December 31, 2024. The Canadian Award for Financial Reporting program was established to encourage Canadian municipal governments to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports. To receive a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report that conforms to program standards. Such reports should go beyond the minimum requirements of Canadian public sector accounting standards and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments and address user needs.

The GFOA established the Popular Annual Financial Reporting Awards Program to recognize local governments that produce high quality summarized annual financial reports. The reports must be readily accessible and easily understandable to the general public and other interested parties without a background in public finance. The City received the Popular Annual Financial Reporting Award for the 2024 Financial Report to Residents for the 11th consecutive year.

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



FINANCIAL STATEMENT DISCUSSION AND ANALYSIS



ETS introduced tap-to-pay technology (the ability to directly pay for transit with contactless payment methods) as another transit fare payment option.



AUDITING PROCESS

The MGA requires municipal councils to appoint an independent auditor. In 2025, a tender for audit services was completed and Council appointed the firm of KPMG LLP, Chartered Professional Accountants, as External Auditor for a five-year term. The auditor must report to Council on the annual consolidated financial statements. KPMG also audits the City's Municipal Financial Information Return and each pension and benefit plan administered by the City. Certain government transfer programs also require external audits.

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

The City has an internal audit function independent of the City Administration. The Office of the City Auditor reports directly to Council through the Audit Committee, empowered by Bylaw 21111, City Auditor. This bylaw establishes the position of City Auditor and delegates powers, duties and functions to this position. The City Auditor has two roles:

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

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

LONG-TERM SUSTAINABILITY

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

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

The City's top risks to achieving the City's strategic goals currently are focused on economic prosperity and financial constraints, environment and climate, infrastructure and technology, and the public sphere.

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

ECONOMIC RISKS

Continued robust construction activity, moderating uncertainty and improving household finances (e.g. moderating price growth, rising wages) led to strengthening in the Edmonton and census metropolitan area (CMA) economies in 2025. Employment grew 2.7 per cent in 2025, marginally trailing labour force growth, which led to a modest increase in the Edmonton CMA unemployment rate from 7.5 per cent in 2024 to 7.7 per cent in 2025. The strength in the Edmonton CMA labour market was accompanied by solid wage growth, which helped increase purchasing power for households amid slowing consumer price inflation. New housing construction in Edmonton reached its highest annual level in 2025 since at least 1990 with apartments playing a large role, particularly rentals.

Policy uncertainty related to housing and international relations are key risks to the City's economic outlook for Edmonton and the CMA in 2026. On housing, federal policy choices intended to expand housing supply in recent years through new home construction have been effective in Edmonton, particularly in the apartment segment. This presents an upside risk to the City's housing starts forecast should the current strength in apartment construction persist. Regarding international relations, trade policy announcements from the U.S. government since early 2025 have increased uncertainty, affecting consumer and business confidence. While the revised, narrower scope of tariff action in 2025 could support economic growth in 2026, a full restoration of confidence will take time and substantial reassurance. Uncertainty will likely remain high until a reliable and permanent resolution to the Canada-U.S. trade dispute is achieved, with the upcoming Canada-U.S.-Mexico trade agreement review in summer 2026 being a key factor. Additionally, geopolitical conflicts intensifying or expanding pose risks to trade and commodity prices that could materially impact expenditures for the City of Edmonton and economic activity, including in the broader region.

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

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

ASSET RENEWAL INVESTMENT

The City owns an inventory of assets with a combined replacement value of over \$39.8 billion, which includes facilities, roads, open spaces, vehicles, technology and equipment. These assets support the delivery of services to Edmontonians, such as public transit, recreation, police and fire rescue services. The most recent asset condition report indicates 54.2 per cent of City assets are in very good/good condition, 33.2 per cent are in fair condition, 10.2 per cent are in poor or very poor condition and 2.3 per cent are not rated.

While the capital budget makes the most of available funding, the current level of funding is not sufficient to maintain the City's inventory of assets. Continued underinvestment in renewal will impact the condition of the City's assets and could shorten asset lifespans, cause service disruptions and create more urgent maintenance needs later on and potentially impact the City's long term financial sustainability.

The 2027–2036 Capital Investment Outlook presented to Council in January 2026 identified a \$10.0 billion infrastructure gap, with an ideal 10-year renewal investment of \$17.6 billion compared to a forecasted \$7.6 billion. Currently, the renewal investment shortfall in 2027–2030 is approximately \$2.7 billion. Excluding renewal programs that are fully funded at 100 per cent (such as bridges and assets with constrained funding from neighbourhood renewal and fleet reserve), the unconstrained remainder of the renewal program is funded at 30.1 per cent of its ideal investment. To begin to address this shortfall, in December 2024, Council endorsed a strategy (subsequently approved in March 2025) to establish a dedicated capital renewal fund to supplement existing renewal funding with the goal of narrowing the overall funding gap. The capital renewal fund will fund the renewal of all City-owned assets

not covered by other dedicated funding sources, such as the Neighbourhood Renewal Reserve or Fleet Reserve. The new dedicated capital renewal fund will be funded through successive tax increases starting at 0.5 per cent in 2029, 0.75 per cent from 2030 to 2032 and 1.0 per cent starting in 2033 and beyond until target renewal funding levels are achieved.

Administration continues to monitor the state and condition of its assets and prioritizes investment in assets with the most critical need for investment. The City is using an Asset Rationalization Framework to evaluate facility assets that are approaching major lifecycle events, such as major renewals or end of life. With this methodology, an assessment can be made of the asset's value and the full implications of keeping, redeveloping or disposing of the asset. This will enable the City to right size its asset base by investing in and maintaining assets that support service delivery and make the most of the available budget. Additionally, Administration is pursuing other avenues to address the shortfall of renewal investment funding, including setting up dedicated funding sources and recommending priority for capital investment to be made in renewal before growth.



After two years of renewal, Beaver Hills House Park and Michael Phair Park are now open for public use in Downtown Edmonton. The parks offer improved amenities, sight lights, safety and accessibility.

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

INTERGOVERNMENTAL CONTEXT

Edmonton's intergovernmental landscape is dynamic, complex and constantly evolving, requiring close collaboration with provincial and federal governments, other municipalities and the City's Indigenous partners. These relationships are essential, particularly in areas where jurisdictional limitations affect our fiscal capacity and policy authority, and also for advancing the City's policy goals and securing the funding necessary to serve our diverse and growing population.

The City Plan emphasizes the importance of leveraging these relationships to meet the City's long-term strategic goals. As a regional service hub and a gateway to the north, Edmonton faces a disproportionate fiscal burden as social issues, such as homelessness, addiction and mental health, concentrate within the City. Addressing these complex challenges requires sustained support from other orders of government and regional partners. Changing dynamics have reduced regional-level collaboration, but new MGA requirements for Intermunicipal Development Plans and Intermunicipal Collaboration Frameworks offer new opportunities to work with neighbouring municipalities to address challenges facing our region.

While the role of municipalities has expanded significantly over the last few decades, the fiscal and legislative frameworks in which municipalities operate have not kept pace. The City continues to face fiscal sustainability pressures, made worse by inflation, rising labour costs and previous reductions to provincial Grants in Place of Taxes (GIPOT), which removed a cumulative total of \$80.0 million

from the City's budget from 2019 through to 2024. Although the restoration of GIPOT to 100.0 per cent in the 2026 provincial budget is a positive step, historical funding gaps remain a challenge.

Furthermore, Edmonton has seen declining per capita levels of unconstrained capital funding in recent years.¹ While project-specific funding for large growth initiatives like the LRT expansion is at historical highs, unconstrained funding for infrastructure renewal remains insufficient. To address these needs, the City has advocated for increased unconstrained funding and dedicated programs for municipal infrastructure maintenance and renewal through the Local Government Fiscal Framework (LGFF) and other federal and provincial funding programs.

The new federal government's policy agenda, including the \$51.0 billion Build Communities Strong Fund, offers significant opportunities for investment in infrastructure and economic growth. To fully leverage these programs, Administration continues to work with the provincial government to ensure the prompt review and approval of federal agreements as required by the *Provincial Priorities Act*.

Finally, the City remains mindful of rising global volatility, such as the international "tariff wars" and the potential trade impacts from the upcoming 2026 Canada-United States-Mexico Agreement (CUSMA) review. These developments underscore the importance of collaborating with other municipalities to advocate for modernized fiscal frameworks that reflect Edmonton's responsibilities as a fast-growing city.

¹ Provincial unconstrained grant funding per capita, reflected in inflation-adjusted terms. Provincial unconstrained capital funding includes Municipal Sustainability Initiative (MSI) and Local Government Fiscal Framework (LGFF). MSI concluded in 2023, and was replaced with the LGFF beginning in 2024.

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

FINANCIAL SUSTAINABILITY

In 2024, Council was presented with a report discussing the City of Edmonton's fiscal gap and challenges, *Fiscal Gap: An Assessment of Factors Contributing to the City of Edmonton's Operating and Capital Funding Shortfalls*.² The fiscal gap report outlined the significant fiscal challenges facing the City. The core issue is a growing fiscal gap, defined as the persistent shortfall between the City's revenue-raising capacity and its expenditure needs on both operating and capital fronts. This gap is driven by a confluence of factors, including limitations in revenue generation (e.g. over-reliance on property tax, declining share of non-tax revenues), infrastructure funding challenges (e.g. reliance on provincial and federal transfers for capital projects, lack of funding certainty and risk of budget cuts at higher levels of government), a lagging non-residential tax base, increasing expenditure pressures (e.g. population growth, inflation, unique policing needs, expansive strategic goals) and approaching debt servicing limits. If unaddressed, this fiscal gap threatens service levels, infrastructure integrity, the advancement of strategic objectives and could lead to substantial tax increases. While some contributing factors are external, the report emphasized the need for the City to proactively implement strategies within its control to narrow this gap, focusing on revenue growth and expenditure reduction.

In 2025, Council was presented with the *Fiscal Gap Strategies Work Plan*, which outlined several broad strategies the City needs to pursue to address the

fiscal gap which include growing the non-residential tax base, increasing non-tax revenues, balancing new infrastructure with renewal needs, exploring funding mechanisms for the renewal deficit, divesting underutilized assets, prioritizing renewal spending and core services, advocating for modernized fiscal frameworks and increased funding, negotiating intergovernmental service delivery, prioritizing strategic goals and reviewing policy requirements.³

The City faces a multifaceted fiscal gap that demands attention and strategic action. Addressing this challenge requires a comprehensive approach involving both revenue enhancement and expenditure management, as well as strong advocacy efforts with other levels of government. The *Fiscal Gap and Fiscal Gap Strategies Work Plan* reports emphasize that while some contributing factors are external, the City has considerable scope to influence the fiscal gap through informed decision-making and proactive implementation of the outlined strategies. Failure to address this gap will have detrimental consequences for the quality of life of Edmontonians and the long-term financial sustainability of the City.

The City's fiscal gap report is available on the City's website (*Financial Sustainability: Addressing Budget and Growth Challenges*) and provides a more comprehensive discussion of the City's risks and financial long-term sustainability.

² October 9, 2024 Executive Committee meeting, Report FCS02218 Capital and Operating Funding Shortfall Analysis, Attachment 1

³ March 5, 2025, Executive Committee meeting, report FCS02746 Fiscal Gap Strategies Work Plan and Operating Funding Shortfall Analysis, Attachment 1

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

MANAGING OTHER RISKS

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

Climate and environmental risks are significant for the City, potentially affecting City assets, finance and services. These risks include the impacts of a changing climate, such as extreme weather events and rising temperatures, as well as operational risks like failing to meet environmental regulations or experiencing environmental releases. Council's Climate Resilience Policy C627A and the City's Climate Strategies focus on both reducing greenhouse gas emissions and adapting to a changing climate. Additionally, the City maintains an ISO 14001 registered Environmental Management System to manage environmental aspects of the City's operations and uphold environmental commitments identified in Environmental Management System Policy C505 and in the City's Environmental Policy C512.

The corporate Insurance and Claims Management area provides risk management advice, claims adjusting, purchase of insurance and risk control inspections.

Ongoing proactive analysis of the physical, contractual and insurance risks associated with capital projects or major initiatives and establishment of appropriate measures to identify and control project risk.

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

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

The City has a Financial Stabilization Reserve (FSR) that may be used to address emergent needs without impacting the City's financial position in the long-term. A financial risk based review was completed for the City in 2024, identifying potential risks faced by the City and the probable financial cost of each risk. The review substantiated the minimum and target balances of the reserve established through City policy. The next review will take place in 2027.

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

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



The 50 Street Bridge over Whitemud Drive Rehabilitation project was completed in fall 2025. Rehabilitation work included the replacement of the existing bridge deck joints, drainage upgrades, pedestrian and bicycle barriers and minor repair work on the bridge. Construction was completed a year earlier than anticipated.

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

CONCLUSION

The City of Edmonton maintained a strong and healthy financial position throughout 2025. This resilience is a direct result of our commitment to prudent financial management, underpinned by robust policies, strategies, and guiding principles designed for sound fiscal stewardship and long-term sustainability.

In July 2025, Edmonton's credit rating was upgraded by the credit agency Standard and Poor's (S&P) from 'AA' to 'AA+', with a stable outlook. This rating reflects the City's strong budgetary performance despite facing pressures from rising capital project costs and the increasing debt required to meet the City's ambitious capital program. The stable outlook reflects S&P's confidence that the City can maintain its strong financial position and execute its large capital program, thanks to a steady economy and prudent management, without materially increasing its debt.

Despite facing financial challenges, including sustained inflationary pressures, rapid population growth, and evolving demands for City services, we have navigated these challenges with a steadfast focus on financial discipline. Our strategy prioritizes the delivery of core municipal services and essential capital projects, ensuring we maintain and enhance the quality of life that Edmontonians expect. The solid financial foundation we have built is absolutely essential for delivering the services and hundreds of construction projects required to support our current population and prepare for future growth.

Although we ended 2025 in a healthy state, the structural and systemic financial challenges facing the City are growing. We recognize there is much more work to do to manage these increasing pressures and ensure our financial health endures. Moving forward, we will continue to protect this financial foundation through rigorous financial processes, ongoing efforts to address systemic challenges, and the strategic and responsible management of all City revenues and expenses. Our commitment remains to safeguard the City's finances for today and for future generations of Edmontonians.



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

April 15, 2026

CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED FINANCIAL STATEMENTS

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

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



Eddie Robar,
City Manager

April 15, 2026
Edmonton, Canada



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

April 15, 2026
Edmonton, Canada

INDEPENDENT AUDITOR'S REPORT

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

OPINION

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

- the consolidated statement of financial position as at December 31, 2025;
- the consolidated statement of operations and accumulated surplus for the year then ended;
- the consolidated statement of remeasurement gains and losses for the year then ended;
- the consolidated statement of changes in net financial assets for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- and notes and schedules to the consolidated financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2025, and its consolidated results of operations, its consolidated remeasurement gains and losses, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BASIS FOR OPINION

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

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

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

OTHER INFORMATION

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

- the information, other than the financial statements and the auditor’s report thereon, included in the “2025 Annual Report”.

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

We have nothing to report in this regard.

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

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and performance of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.



Chartered Professional Accountants

Edmonton, Canada

April 15, 2026

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

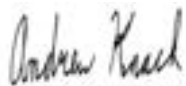
As at December 31 (in thousands of dollars)

	2025	2024
Financial Assets		
Cash and cash equivalents (Note 2)	\$ 247,202	\$ 227,144
Receivables (Note 3)	998,350	956,601
Portfolio investments (Note 4)	2,958,198	2,809,230
Debt recoverable (Note 7)	21,308	21,613
Land for resale (Note 8)	262,591	246,888
Investment in EPCOR (Note 23)	5,476,500	5,172,092
	9,964,149	9,433,568
Liabilities		
Promissory notes payable (Note 9)	59,312	59,311
Accounts payable and accrued liabilities (Notes 10)	1,223,820	1,178,751
Deposits	68,904	63,760
Deferred revenue (Note 11)	395,978	272,444
Employee benefit obligations (Note 12)	227,234	212,801
Asset retirement obligations (Note 13)	190,712	192,187
Derivative liabilities (Note 5)	5,228	593
Long-term debt (Note 14)	4,592,150	4,368,432
	6,763,338	6,348,279
Net Financial Assets	3,200,811	3,085,289
Non-financial Assets		
Tangible capital assets (Note 15 and Schedule 1)	17,095,141	15,956,039
Inventory of materials and supplies	40,550	45,001
Prepays	72,422	54,640
Other assets (Note 16)	18,999	13,763
	17,227,112	16,069,443
Accumulated Surplus	\$ 20,427,923	\$ 19,154,732
Accumulated Surplus is comprised of:		
Accumulated Operating Surplus (Note 19)	20,050,191	18,758,233
Accumulated Remeasurement Gains	377,732	396,499
	\$ 20,427,923	\$ 19,154,732

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

See accompanying notes to consolidated financial statements.

Approved on behalf of City Council:



Mayor Andrew Knack



Councillor Jon Morgan

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

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

	Budget (Note 33)	2025	2024
Revenues (Schedule 2)			
Net taxes available for municipal purposes (Note 20)	\$ 2,317,789	\$ 2,332,958	\$ 2,136,888
User fees and sale of goods and services	685,782	711,942	652,311
Subsidiary operations - EPCOR (Note 23)	520,060	533,517	426,479
Franchise fees (Note 24)	238,280	248,919	222,436
Investment earnings	138,838	221,919	201,723
Government transfers - operating (Note 21)	146,621	153,794	165,793
Licences and permits	91,696	98,486	93,958
Fines and penalties	51,071	60,171	69,225
Developer and customer contributions - operating	20,884	21,440	32,787
	4,211,021	4,383,146	4,001,600
Expenses (Schedule 2)			
Transportation services:			
Bus and light rail transit	619,009	644,344	623,513
Roadway and parking	600,508	514,573	490,482
	1,219,517	1,158,917	1,113,995
Protective services:			
Police	615,081	631,478	587,580
Fire rescue	259,314	271,167	239,633
Bylaw enforcement	84,193	81,260	82,033
	958,588	983,905	909,246
Community services:			
Parks and recreation	293,939	366,499	342,819
Planning and corporate properties	237,135	190,232	171,579
Convention and tourism	102,377	101,338	98,381
Community and family	79,950	80,035	73,090
Public library	73,923	73,711	72,034
Public housing	124,992	89,394	81,889
	912,316	901,209	839,792
Utility and enterprise services:			
Waste services utility	233,103	237,186	236,861
Land enterprise	46,978	50,017	30,388
Renewable energy systems utility	3,912	4,872	3,236
	283,993	292,075	270,485
General municipal	434,478	365,703	372,114
Corporate administration	274,885	289,982	266,713
Fleet services	33,883	46,952	43,227
Ed Tel endowment fund	4,744	5,195	4,250
	4,122,404	4,043,938	3,819,822
Excess of Revenues over Expenses before Other	88,617	339,208	181,778
Other			
Government transfers - capital (Note 21)	1,539,497	886,977	701,483
Contributed tangible capital assets (Schedule 1)	119,343	45,957	61,611
Developer and customer contributions - capital	42,684	17,651	30,235
Local improvements	14,996	6,910	6,993
Excess of Revenues over Expenses	1,805,137	1,296,703	982,100
Accumulated Operating Surplus, beginning of year	18,758,233	18,758,233	17,780,018
Amortization of tangible capital assets contributed to EPCOR (Note 23)		(4,745)	(3,885)
Accumulated Operating Surplus, end of year	\$ 20,563,370	\$ 20,050,191	\$ 18,758,233

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES

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

	2025	2024
Accumulated remeasurement gains - beginning of year	\$ 396,499	\$ 213,710
Unrealized (losses) gains attributable to:		
Foreign exchange	(2,070)	(1,075)
Derivatives	10,980	15,230
Portfolio investments - quoted in an active market	179,122	146,217
Amounts reclassified to the Consolidated Statement of Operations and Accumulated Surplus:		
Foreign exchange	1,205	2,159
Derivatives	(15,615)	(10,986)
Portfolio Investments - quoted in an active market	(117,398)	(85,070)
Net change for the year, before other comprehensive (loss) gain - Subsidiary operations - EPCOR	56,224	66,475
Other comprehensive (loss) gain - Subsidiary operations - EPCOR (Note 23)	(74,991)	116,314
Accumulated remeasurement gains - end of year	\$ 377,732	\$ 396,499
Accumulated remeasurement (losses) gains, end of year is comprised of:		
Foreign exchange	(17)	848
Derivatives (Note 5)	(5,228)	(593)
Portfolio Investments - quoted in an active market (Note 4)	199,826	138,102
Accumulated other comprehensive income - EPCOR (Note 23)	183,151	258,142
	\$ 377,732	\$ 396,499

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

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

	Budget	2025	2024
Excess of Revenues over Expenses	\$ 1,805,137	\$ 1,296,703	\$ 982,100
Acquisition of tangible capital assets, less asset retirement additions	(3,681,987)	(1,920,754)	(1,586,324)
Contributed tangible capital assets (Schedule 1)	(119,343)	(45,957)	(61,611)
Proceeds on disposal of tangible capital assets		3,198	11,196
Amortization of tangible capital assets (Schedule 1)	807,187	735,836	686,572
Loss on disposal, impairment and transfer of tangible capital assets (Schedule 2)		33,608	28,662
Tangible capital assets contributed to EPCOR (Note 23)		51,627	34,472
Change in asset retirement obligations assets (Schedule 1)		668	24
Gain (loss) on asset retirement obligation revaluation		2,672	(179)
	(2,994,143)	(1,139,102)	(887,188)
Net acquisition of inventory of materials and supplies		4,451	(455)
Increase in prepaid expenses		(17,782)	(19,008)
Net change in other assets		(5,236)	(1,052)
		(18,567)	(20,515)
Amortization of contributed capital assets transferred to EPCOR (Note 23)		(4,745)	(3,885)
(Decrease) increase in accumulated remeasurement gains		(18,767)	182,789
		(23,512)	178,904
(Decrease) increase in net financial assets	(1,189,006)	115,522	253,301
Net Financial Assets, beginning of year	3,085,289	3,085,289	2,831,988
Net Financial Assets, end of year	\$ 1,896,283	\$ 3,200,811	\$ 3,085,289

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

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

	2025	2024
Net inflow (outflow) of cash and cash equivalents:		
Operating Activities		
Excess of revenues over expenses	\$ 1,296,703	\$ 982,100
(Deduct) add items not affecting cash and cash equivalents:		
Subsidiary operations - EPCOR (Note 23)	(533,517)	(426,479)
Amortization of tangible capital assets (Schedule 1)	735,836	686,572
Loss on disposal, impairment and transfer of tangible capital assets (Schedule 2)	33,608	28,662
Contributed tangible capital assets (Schedule 1)	(45,957)	(61,611)
Asset retirement obligations cost and accretion	12,953	21,157
Gain on sale of portfolio investments	(118,027)	(77,930)
Public-private partnership (P3) term debt modification		(13,071)
Change in non-cash items:		
Receivables	(41,749)	25,870
Debt recoverable	305	293
Land for resale	(15,703)	(15,138)
Inventory of materials and supplies	4,451	(455)
Prepaid expenses	(17,782)	(19,008)
Other assets	(6,101)	(1,052)
Accounts payable and accrued liabilities	45,069	31,987
Deposits	5,144	8,655
Deferred revenue	123,534	58,251
Employee benefit obligations	14,433	13,880
	1,493,200	1,242,683
Capital Activities		
Acquisition of tangible capital assets, less asset retirement changes	(1,920,754)	(1,586,324)
Proceeds on disposal of tangible capital assets	3,198	11,196
Settlement of asset retirement obligations	(11,088)	(33,036)
	(1,928,644)	(1,608,164)
Investing Activities		
Dividend from subsidiary (Note 23)	201,000	193,000
Net increase in portfolio investments	30,783	(226,335)
	231,783	(33,335)
Financing Activities		
Promissory notes issued	217,735	98,810
Repayment of promissory notes	(217,734)	(88,874)
Debenture borrowings	470,644	446,186
Repayment of long-term debt	(237,457)	(223,109)
Decrease in P3 term debt	(9,469)	(9,060)
	223,719	223,953
Increase (decrease) in cash and cash equivalents	20,058	(174,863)
Cash and cash equivalents, beginning of year	227,144	402,007
Cash and cash equivalents, end of year	\$ 247,202	\$ 227,144

Operating activities for 2025 include \$73,344 (2024 - \$79,851) of interest received and \$173,733 (2024 - \$161,660) of interest paid.

See accompanying notes to consolidated financial statements.

SCHEDULE 1 - CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2025 (in thousands of dollars)

	Opening Balance	Additions, Adjustments and Transfers	Disposals, Impairments and Transfers	Closing Balance
Cost				
Land	\$ 2,195,294	\$ (1,112)	\$ (6,010)	\$ 2,188,172
Land improvements	2,097,555	149,173	(15,838)	2,230,890
Buildings	4,187,522	313,002	(1,519)	4,499,005
Vehicles	1,664,211	77,743	(55,423)	1,686,531
Machinery and equipment	1,118,753	59,598	(75,719)	1,102,632
Engineering structures:				
Roadway system	10,004,728	503,301	(64,966)	10,443,063
Light rail transit system	2,169,265	128,288	(1,347)	2,296,206
Waste	157,326			157,326
Bus system	299,553	2,916	(526)	301,943
Other	97,086	7,042		104,128
	23,991,293	1,239,951	(221,348)	25,009,896
Assets under construction	1,840,805	726,092	(74,750)	2,492,147
	25,832,098	1,966,043	(296,098)	27,502,043
Accumulated Amortization				
Land Improvements	797,097	71,423	(15,782)	852,738
Buildings	1,852,806	158,561	(1,306)	2,010,061
Vehicles	895,583	82,480	(54,357)	923,706
Machinery and equipment	722,298	73,642	(72,467)	723,473
Engineering structures:				
Roadway system	4,680,314	269,978	(59,591)	4,890,701
Light rail transit system	648,672	64,243	(1,203)	711,712
Waste	117,823	2,538		120,361
Bus system	140,069	10,746	(287)	150,528
Other	21,397	2,225		23,622
	9,876,059	735,836	(204,993)	10,406,902
Net Book Value	\$ 15,956,039	\$ 1,230,207	\$ (91,105)	\$ 17,095,141

Additions to assets under construction are reported net of those tangible capital assets placed in service during the year, which are shown in their respective asset classifications. In 2025, a total of \$45,957 in land, land improvements and roadway systems were contributed to the City and were recorded at their fair value at the time received. Also included in additions, adjustments and transfers of land was a net decrease in the estimate of expropriated land of \$18,983. Asset retirement obligation assets decreased by \$668 due to a reduction in estimates, partly offset by a \$26 change in amortization.

Included in disposals, impairments and transfers in 2025 are \$51,627 of tangible capital assets contributed to EPCOR (Note 23). See Note 15 for the net book value of each tangible capital asset category.

SCHEDULE 1 - CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

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

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

Additions to assets under construction are reported net of those tangible capital assets placed in service during the year, which are shown in their respective asset classifications. In 2024, a total of \$61,611 in land and land improvements were contributed to the City and were recorded at their fair value at the time received. In 2024, asset retirement obligation assets decreased by \$24 due to a reduction in estimates of \$95 offset by additions of \$71. As well, asset retirement obligation assets decreased by \$239 due to amortization and \$271 from disposals.

Included in disposals, impairments and transfers in 2024 are \$34,472 of tangible capital assets contributed to EPCOR (Note 23). See Note 15 for the net book value of each tangible capital asset category.

SCHEDULE 2 - CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURES

For the year ended December 31, 2025 (in thousands of dollars)

	Tax-Supported											
	Transportation Services	Protective Services	Community Services	Fleet Services	Other Tax-Supported	Total Tax-Supported	Waste Services Utility	Land Enterprise	Renewable Energy Systems Utility	EPCOR	Ed Tel Endowment Fund	2025
Revenues												
Net taxes available for municipal purposes	\$ 525,405	\$ 886,292	\$ 493,622	\$ 10,524	\$ 447,115	\$ 2,332,958						\$ 2,332,958
User fees and sale of goods and services	127,659	46,588	186,748	8,445	25,030	394,470	248,672	68,236	564			711,942
Subsidiary operations - EPCOR											533,517	533,517
Franchise fees					248,919	248,919						248,919
Investment earnings			6,206		105,738	111,944	2,108				107,867	221,919
Government transfers - operating	5,831	52,386	51,798		43,779	153,794						153,794
Licences and permits	3,072	3,049	81,113		11,252	98,486						98,486
Fines and penalties		15,649	179		44,343	60,171						60,171
Developer and customer contributions - operating	428	196	19,824	990		21,438	2					21,440
Appropriation of earnings					48,085	48,085					(48,085)	
	662,395	974,160	839,490	19,959	974,261	3,470,265	250,782	68,236	564	533,517	59,782	4,383,146
Expenses												
Salaries, wages and benefits	420,799	814,633	338,635	84,481	349,017	2,007,565	64,610	2,056	8			2,074,239
Materials, goods and utilities	117,911	49,000	90,903	64,552	43,181	365,547	11,199	43,256	316			420,318
Contracted and general services	167,231	82,514	219,664	(161,674)	(18,365)	289,370	121,124	4,901	2,013			422,603
Interest and bank charges	73,916	3,615	55,152	44	44,718	177,445	8,402	1,627	1,097			188,571
Grants and other	60	887	125,410		42,406	168,763						168,763
Amortization of tangible capital assets	371,421	30,064	67,311	60,720	174,921	704,437	29,961		1,438			735,836
Loss (gain) on disposal, impairment and transfer of tangible capital assets	7,579	3,192	4,134	(1,171)	19,807	33,541	1,890	(1,823)				33,608
(Shortfall) excess of Revenues over Expenses before Other	1,158,917	983,905	901,209	46,952	655,685	3,746,668	237,186	50,017	4,872	533,517	5,195	4,043,938
Other	(496,522)	(9,745)	(61,719)	(26,993)	318,576	(276,403)	13,596	18,219	(4,308)		54,587	339,208
Government transfers - capital	798,006	2,354	55,573	155	30,889	886,977						886,977
Contributed tangible capital assets	9,538		28,956		7,463	45,957						45,957
Developer and customer contributions - capital	7,628	452	9,431			17,511			140			17,651
Local improvements					6,910	6,910						6,910
	815,172	2,806	93,960	155	45,262	957,355			140			957,495
Excess (shortfall) of Revenues over Expenses	\$ 318,650	\$ (6,939)	\$ 32,241	\$ (26,838)	\$ 363,838	\$ 680,952	\$ 13,596	\$ 18,219	\$ (4,168)	\$ 533,517	\$ 54,587	\$ 1,296,703

SCHEDULE 2 - CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURES

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

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

SCHEDULE 3 - SUPPLEMENTARY FINANCIAL INFORMATION OF INTERNALLY RESTRICTED AND OTHER ENTITIES

The assets, liabilities and the operations of the following related authorities are included in the City's consolidated financial statements. The amounts are reported before any inter-organizational transactions are eliminated.

For the year ended December 31, 2025 (in thousands of dollars)

	City of Edmonton Library Board	Explore Edmonton Corporation	Non-Profit Housing Corporation	Fort Edmonton Management Company	Edmonton Combative Sports Commission	Edmonton Unlimited Corporation
Financial Position						
Financial Assets	\$ 26,687	\$ 17,091	\$ 17,431	\$ 2,326	\$ 354	\$ 7,791
Liabilities	10,906	21,338	193,541	3,103	4	4,844
Net Financial Assets (Debt)	15,781	(4,247)	(176,110)	(777)	350	2,947
Non-financial Assets	34,846	7,948	203,193	901		2,430
Accumulated Surplus	\$ 50,627	\$ 3,701	\$ 27,083	\$ 124	\$ 350	\$ 5,377
Operations						
Revenues	66,549	95,189	19,671	14,775	9	8,271
Expenses	74,132	95,775	16,669	15,002	33	7,292
Other	5,839	2,306	1,097			
(Shortfall) excess of Revenues over Expenses	(1,744)	1,720	4,099	(227)	(24)	979
Accumulated Surplus, beginning of year	52,371	1,981	22,984	351	374	4,398
Accumulated Surplus, end of year	\$ 50,627	\$ 3,701	\$ 27,083	\$ 124	\$ 350	\$ 5,377

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

	City of Edmonton Library Board	Explore Edmonton Corporation	Non-Profit Housing Corporation	Fort Edmonton Management Company	Edmonton Combative Sports Commission	Edmonton Unlimited Corporation
Financial Position						
Financial Assets	\$ 28,373	\$ 13,101	\$ 19,072	\$ 4,500	\$ 394	\$ 5,583
Liabilities	7,833	20,530	153,525	5,146	20	4,227
Net Financial Assets (Debt)	20,540	(7,429)	(134,453)	(646)	374	1,356
Non-financial Assets	31,831	9,410	157,437	997	-	3,042
Accumulated Surplus	\$ 52,371	\$ 1,981	\$ 22,984	\$ 351	\$ 374	\$ 4,398
Operations						
Revenues	64,321	89,898	20,521	14,159	191	10,445
Expenses	72,384	89,645	17,039	14,995	27	9,024
Other	7,279		1,176			
(Shortfall) excess of Revenues over Expenses	(784)	253	4,658	(836)	164	1,421
Accumulated Surplus, beginning of year	53,155	1,728	18,326	1,187	210	2,977
Accumulated Surplus, end of year	\$ 52,371	\$ 1,981	\$ 22,984	\$ 351	\$ 374	\$ 4,398

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025 (in thousands of dollars)

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

01 SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements (the financial statements) of the City are prepared by management in accordance with Canadian public sector accounting standards (PSAS). Significant aspects of the accounting policies adopted by the City are as follows:

A. REPORTING ENTITY

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

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

Interdepartmental and inter-organizational transactions are eliminated.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025 (in thousands of dollars)

B. BASIS OF ACCOUNTING

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

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

C. USE OF ESTIMATES

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

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

D. FOREIGN CURRENCY

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

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

E. REVENUE RECOGNITION

i. Tax Revenue

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025 (in thousands of dollars)

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

ii. **Government Transfers**

Government transfers are the transfer of monetary assets or tangible capital assets from other orders of government that are not the result of an exchange transaction and for which there is no expectation of repayment or direct financial return to the transferor in the future. The City receives government transfers from the Federal and Provincial governments to fund operating and capital expenditures. These transfers to the City are recognized as revenues when the transfers are authorized and all the eligibility criteria, if any, have been met, except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for the recipient. Prior to that time, any amounts received, along with restricted interest thereon are recorded as deferred revenue.

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

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

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

iv. **Franchise Fees**

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

v. **Licences and Permits**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025 (in thousands of dollars)

vi. **Fines and Penalties**

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

F. LOCAL IMPROVEMENTS

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

G. FINANCIAL INSTRUMENTS

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

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

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

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

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

Transaction costs are a component of cost for financial instruments measured using cost or amortized cost.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025 (in thousands of dollars)

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

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

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

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

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

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

H. CASH AND CASH EQUIVALENTS

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

I. PORTFOLIO INVESTMENTS AND INVESTMENT EARNINGS

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

J. DEBT RECOVERABLE

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

K. LAND FOR RESALE

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025 (in thousands of dollars)

L. LIABILITY FOR CONTAMINATED SITES

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

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

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

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

M. DEPOSITS

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

N. DEFERRED REVENUE

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

O. EMPLOYEE BENEFIT OBLIGATIONS

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025 (in thousands of dollars)

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

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

P. ASSET RETIREMENT OBLIGATIONS

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025 (in thousands of dollars)

Q. PUBLIC-PRIVATE PARTNERSHIPS

A public-private partnership (P3) is a contractual agreement between a public authority and a private entity for the provision of infrastructure and/or services. The City's P3 with TransEd Partners General Partnership is assessed based on the substance of the underlying agreement. Costs incurred during construction or acquisition are recognized as tangible capital assets (classified as assets under construction), with a corresponding liability, both based on the estimated percentage of project completion. The asset is amortized over the estimated useful life once in service. The liability is reduced by progress payments and capital payments made to the P3 partner. The present value of future construction payments is recognized as long-term debt using the implicit interest rate at the time the agreement is signed. If the terms of the arrangement are renegotiated the effective interest method is used in accounting for the liability.

R. NON-FINANCIAL ASSETS

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

i. **Tangible Capital Assets**

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

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

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

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

ii. **Contributed Tangible Capital Assets**

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

iii. **Prepaids**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025 (in thousands of dollars)

iv. **Leases**

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

v. **Land Under Roads**

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

vi. **Inventory of Materials and Supplies**

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

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

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

S. FUTURE ACCOUNTING STANDARD PRONOUNCEMENTS

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

The Conceptual Frameworks for Financial Reporting

The conceptual framework is the foundation for principles-based standards. It is a coherent set of interrelated objectives and fundamentals leading to consistent standards or application of consistent concepts in the absence of specific standards. This standard is effective for the City's fiscal year ending December 31, 2027.

Financial Statement Presentation

PS1202, *Financial Statement Presentation*, will replace PS1201, *Financial Statement Presentation*. PS1202 sets out the general and specific requirements of the presentation of financial information and is based on the concepts in the conceptual framework. This standard is effective for the City's fiscal year ending December 31, 2027.

Employee Benefits

PS3251, *Employee Benefits*, will replace PS3250, *Retirement Benefits* and PS3255, *Post-employment Benefits, Compensated Absences and Termination Benefits*. PS3251 introduces various key changes to the accounting for employee benefits including focusing on the immediate recognition of revaluation gains and losses, updates to discount rate guidance, and formalizing constructive obligations. This standard is effective for the City's fiscal year ending December 31, 2030.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025 (in thousands of dollars)

02 CASH AND CASH EQUIVALENTS

	2025	2024
Cash	\$ 65,984	\$ 62,610
Cash equivalents	181,218	164,534
	\$ 247,202	\$ 227,144

Cash equivalents have effective interest rates of 2.3 per cent to 2.8 per cent (2024 - 3.4 to 4.1 per cent) and generally mature within ninety days from the date of purchase.

The City has access to an unsecured line of credit of up to \$250,000 CDN and \$10,000 USD (2024 - \$250,000 CDN and \$10,000 USD) to cover any bank overdrafts arising from day-to-day cash transactions. As of December 31, 2025, the availability on the line of credit was reduced by \$388 CDN (2024 - \$388) due to letters of credit.

03 RECEIVABLES

	2025	2024
Trade	\$ 160,004	\$ 159,481
Local improvements	112,806	117,606
Taxes	137,963	116,370
Government transfers:		
Investing in Canada Infrastructure Program	403,081	329,728
Canada Mortgage and Housing Corporation Fund	49,621	43,933
Alberta Transportation Grant	36,719	52,602
Building Canada Fund	20,260	27,217
National Trade Corridors Fund	12,769	11,335
Canada Community-Building Fund		29,471
Other	11,487	4,986
GST receivable	11,122	28,788
Pension fund asset (Note 25)	42,518	35,084
	\$ 998,350	\$ 956,601

Trade is net of allowance for doubtful accounts of \$5,000 (2024 - \$4,522). Taxes is net of allowance for doubtful accounts of \$6,352 (2024 - \$4,728). GST is a non-financial asset. The pension fund asset relates to the City's share of the Fire Fighters' Supplementary Pension Plan asset balance and the Fire Chief Plan net fund asset (Note 25).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025 (in thousands of dollars)

04 PORTFOLIO INVESTMENTS

	2025		2024	
	Market Value	Carrying Value	Market Value	Carrying Value
Portfolio investments carried at fair value:				
Equity:				
Canadian	\$ 293,399	\$ 293,399	\$ 248,002	\$ 248,002
Global	714,016	714,016	662,006	662,006
	1,007,415	1,007,415	910,008	910,008
Portfolio investments carried at cost/amortized cost:				
Cash	4,702	4,702	8,437	8,437
Fixed income funds:				
Short-term notes and deposits	298,750	298,846	352,526	352,622
Government guaranteed bonds	782,989	813,518	695,747	716,085
Corporate bonds and debentures	431,557	434,385	451,094	454,835
Pooled fund	144,640	124,072	121,958	108,074
Private pooled funds	334,179	275,243	308,601	259,052
Other investments	17	17	117	117
	1,996,834	1,950,783	1,938,480	1,899,222
	\$ 3,004,249	\$ 2,958,198	\$ 2,848,488	\$ 2,809,230

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

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

The cost of equity portfolio investments at December 31, 2025, is \$807,589 (2024 - \$771,906).

Short-term notes and deposits have effective interest rates of 1.0 to 3.2 per cent (2024 - 0.3 to 5.0 per cent) and mature in less than one year. Government, government guaranteed bonds and corporate bonds and debentures have effective interest rates of 2.3 to 5.3 per cent (2024 - 2.9 to 5.5 per cent) with maturity dates from 2026 to 2062 (2024 - 2025 to 2062).

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

Investments with a cost of \$980,357 (2024 - \$925,780) and fair value of \$1,149,560 (2024 - \$1,045,563) are managed within the Ed Tel Endowment Fund, in accordance with City Bylaw 11713. An annual appropriation from the earnings of the Fund of \$48,085 (2024 - \$46,439) was withdrawn to support municipal operations, based upon a spending formula set out in the Bylaw. In accordance with the Bylaw, the fund is in a position to pay a special dividend when the market value of the fund as at June 30 of the preceding year is more than 15 per cent above the inflation-adjusted principal. There were no special dividends in 2024 and 2025. Any amendment to the Bylaw requires advertisement and a public hearing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025 (in thousands of dollars)

05 DERIVATIVES

The City enters into derivative forward foreign currency contracts to manage its portfolio investment exposure to foreign currencies. As at December 31, 2025, the City held forward foreign exchange contracts for a net purchase of \$16,496 (2024 - \$10,795) in various currencies and fixed rates that mature at dates that vary until September 15, 2027. The fair value of these contracts at December 31, 2025, is a liability of \$4,389 (2024 - \$632) and they are fair valued using level 2 inputs (Note 1g).

The City enters into derivative forward fuel price contracts with various banking institutions to manage its exposure to fuel price fluctuations. As at December 31, 2025, the City held forward fuel price contracts for 22.2 million liters (2024 - 22.0 million litres) of heating oil at prices that range from \$0.75 to \$0.82 per liter (2024 - \$0.79 to \$0.90 per litre) and mature at various dates until December 31, 2026. The fair value of these contracts outstanding at December 31, 2025, is a liability of \$839 (2024 - asset of \$39) and they are fair valued using level 2 inputs (Note 1g).

06 FINANCIAL RISK MANAGEMENT

The City is exposed to a variety of financial risks associated with its financial instruments. These financial risks include market risk, credit risk and liquidity risk. There have been no significant changes to risk exposures, objectives and policies compared to 2024.

A. MARKET RISK

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

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

i. Price Risk

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

Common and preferred share funds have a fair value of \$1,007,415 (2024 - \$910,008) and comprise 34.1 per cent (2024 - 32.4 per cent) of the City's total portfolio investments (Note 4). As at December 31, 2025, if equity prices increased or decreased by 10 per cent with all other factors remaining constant, the City's fair value of portfolio investments and accumulated remeasurement gains and losses would have increased or decreased by approximately \$100,742 (2024 - \$91,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025 (in thousands of dollars)

ii. Interest Rate Risk

Interest rate risk is the risk that future cash flows or fair values will fluctuate due to the volatility of market interest rates. The City is exposed to interest rate risk through its investments in fixed income securities. If interest rates increased (decreased) by 25 basis points (0.25 per cent) as at December 31, 2025, and all other variables are held constant, the fair value of portfolio investments would increase (decrease) by approximately 1.17 per cent or \$17,532 (2024 - 1.14 per cent or \$17,159). Interest rate risk on the City's long-term debt is managed through fixed-rate agreements, thereby mitigating interest rate risk from rate fluctuations over the term of the outstanding debt (Note 14).

iii. Foreign Currency Risk

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

At December 31, 2025, the total foreign currency denominated equities and fixed income securities currency exposure represents approximately 22.2 per cent of the portfolio investment balance which include 18.7 per cent in US dollars, 1.8 per cent in Japanese yen, and 1.7 per cent in Hong Kong dollars. A 10 per cent strengthening (weakening) of the Canadian dollar versus these currencies as at December 31, 2025, and all other variables are held constant, would have decreased (increased) the portfolio investment fair value and accumulated remeasurement losses (gains) by \$35,790 (2024 - \$35,563).

B. CREDIT RISK

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

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

	2025	2024
AAA	42.6%	36.2%
AA	22.6%	24.0%
A	21.8%	26.1%
BBB	13.0%	13.7%
	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025 (in thousands of dollars)

C. LIQUIDITY RISK

Liquidity risk is the risk that the City will encounter difficulty under both normal and stressed conditions in meeting obligations associated with financial liabilities that are settled by delivery of cash and cash equivalents or another financial asset. The City manages liquidity risk by regularly monitoring its working capital and reserve assets to determine the optimum mix of short-term and long-term investments and ensure it has sufficient liquidity while also maximizing returns on a prudent basis. The City has access to an undrawn \$10,000 US line of credit. City Bylaw 19302 allows the City access to short-term borrowing in the sum of \$500,000 CAD with a term no greater than three years. Therefore, the City has access to an undrawn \$250,000 CAD to meet current and forecasted financial requirements in a cost-effective manner. The ability also exists to issue promissory notes for a term of one year or less to a maximum of \$250,000 CAD.

07 DEBT RECOVERABLE

Debt recoverable of \$21,308 (2024 - \$21,613) consists of amounts borrowed by the City and provided to the Edmonton Catholic Separate School District and Francis Winspear Centre for Music to be recovered through agreements. The financial arrangements are in accordance with section 264 of the Municipal Government Act and are authorized by City bylaws. The arrangements have the same general repayment terms as the respective debt with interest accrued on outstanding amounts. As of December 31, 2025, the Edmonton Catholic Separate School District and Francis Winspear Centre for Music are in compliance with the terms of the financial arrangement. The receivables bear an implicit annual interest rate ranging between 2.5 to 4.3 per cent (2024 - 2.5 to 4.3 per cent) and will be fully recovered between the years 2041 and 2043, respectively.

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

	Principal	Interest	Total
2025	\$ 1,091	\$ 737	\$ 1,828
2026	1,043	630	1,673
2027	1,074	599	1,673
2028	1,106	567	1,673
2029	1,140	534	1,674
Thereafter	15,854	3,419	19,273
	\$ 21,308	\$ 6,486	\$ 27,794

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025 (in thousands of dollars)

08 LAND FOR RESALE

	2025	2024
Land for Resale, beginning of year	\$ 246,888	\$ 231,750
Additions and transfers	52,636	35,824
Sales	(36,933)	(20,686)
Land for Resale, end of year	\$ 262,591	\$ 246,888

09 PROMISSORY NOTES PAYABLE

As at December 31, 2025, The City has three (2024 - three) promissory notes payable with maturity dates ranging from June 3, 2026 to June 17, 2026 (2024 - January 14, 2025 to June 11, 2025) with an interest rate of 2.4 per cent (2024 - 3.2 per cent to 3.8 per cent). The promissory notes are being accounted for at amortized cost, with the amount for the three notes at maturity totaling \$60,000 and (2024 - \$60,000) and a discounted value of \$59,312 (2024 - \$59,311).

10 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2025	2024
Trade	\$ 794,388	\$ 651,670
Developer obligations	214,251	237,368
Payroll and remittances	132,122	205,754
Provision for self-insured claims	32,311	33,316
Accrued interest	29,639	30,260
Contaminated sites (Note 27)	21,109	20,383
	\$ 1,223,820	\$ 1,178,751

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025 (in thousands of dollars)

11 DEFERRED REVENUE

	2024	Contributions Received / Transferred Between Operating and Capital	Revenue Recognized	2025
Operating:				
Revenue in advance of service performed and other	\$ 44,338	\$ 83,359	\$ 87,777	\$ 39,920
Development permits	33,091	57,520	53,264	37,347
Deferred lease incentive	10,983		1,159	9,824
Canada Mortgage and Housing Corporation Fund	6,751	8,172	9,094	5,829
	95,163	149,051	151,294	92,920
Capital:				
Canada Mortgage and Housing Corporation Fund	91,347	67,581	25,114	133,814
Local Government Fiscal Framework	25,086	181,080	81,533	124,633
Canada Community Building Fund	46,039	62,263	76,899	31,403
Other	14,809	81,260	82,861	13,208
	177,281	392,184	266,407	303,058
	\$ 272,444	\$ 541,235	\$ 417,701	\$ 395,978

The following details the deferred revenue movement in 2024.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025 (in thousands of dollars)

12 EMPLOYEE BENEFIT OBLIGATIONS

	2025	2024
Accrued vacation	\$ 117,750	\$ 109,420
Post-employment benefits	52,864	55,146
Banked overtime	17,254	15,881
Major medical and dental plans	14,632	8,373
Group Life Insurance Plan	11,034	11,169
Supplementary Management Retirement Plan	8,461	8,116
Health care spending	4,098	3,729
Other	1,141	967
	\$ 227,234	\$ 212,801

Post-employment benefits represent the City's cost, includes the continuation of benefits for employees on long-term disability, and the City's share of pensioners' eligible medical, dental and other obligations until pensioners reach the age of 65 as set out below:

	2025	2024
Long-term disability benefit obligation	\$ 49,902	\$ 52,018
Eligible medical obligation	916	943
Eligible dental obligation	864	932
Other post-employment benefits	1,182	1,253
	\$ 52,864	\$ 55,146

For the long-term disability plan, an actuarial valuation was completed as at December 31, 2025, regarding the continuation of benefit coverage while eligible employees are on long-term disability. The discount rate used in the valuation is 3.0 per cent (2024 – 3.0 per cent). The accrued benefit obligation as at December 31, 2025 and 2024 and the changes during the year are as follows:

	2025	2024
Balance, beginning of year	\$ 52,018	\$ 50,977
Current service cost	13,701	11,232
Interest cost	1,867	1,758
Benefits paid	(6,983)	(7,223)
Actuarial (gain)	(10,701)	(4,726)
Balance, end of year - long-term disability benefit obligation	\$ 49,902	\$ 52,018

Eligible medical and dental obligations are estimated based on a five-year average of pensioners' claim costs in excess of contributions until the pensioners reach age 65.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025 (in thousands of dollars)

A supplementary management retirement plan (SMRP) for designated management employees was implemented effective for service beginning January 1, 2003. The accrued benefit liability for total current and past service costs of \$8,461 (2024 - \$8,116) has been based upon an extrapolation of an actuarial valuation completed as at December 31, 2023. The extrapolation was based upon a number of assumptions about future events, which reflect management's best estimates. The expected inflation rate is 2.0 per cent (2024 - 2.0 per cent). The discount rate used to determine the accrued benefit obligation is 3.0 per cent (2024 - 3.0 per cent). The expected salary increase is 3.0 per cent (2024 - 3.0 per cent), plus a merit and promotion increase of 0.5 per cent. Unamortized net loss of \$1,502 (2024 - \$1,585) will be amortized over the sixteen (2024 - fifteen) year average remaining service period of active plan participants. The next full valuation of the SMRP will be performed as of December 31, 2026.

All permanent employees are entitled to a health care spending account providing reimbursement up to established limits for eligible expenses not covered under the supplementary health care and dental plans. An estimate has been included in 2025 expenses of amounts not used in the current year that are eligible to be carried forward under the terms of the plan.

13 ASSET RETIREMENT OBLIGATIONS

	2025	2024
Balance, beginning of year	\$ 192,187	\$ 203,911
Net change for the year:		
Liability incurred		71
Liability settled	(11,088)	(33,036)
Accretion expense	5,352	2,969
Assets disposed	(2,049)	(369)
Change in estimate	6,310	18,641
Net change for the year	(1,475)	(11,724)
Balance, end of year	\$ 190,712	\$ 192,187

The City has identified various tangible capital assets where asset retirement obligations exist and mainly relate to buildings and equipment. The City estimated the nature and extent of hazardous materials in its buildings based on the potential square footage and the average costs per square foot to remove and dispose of the hazardous materials. Similarly, cost estimates were obtained for legislated removal of equipment at the end of its life. The estimate of these obligations is based on assessments provided by third-party experts, internal experts and engineers. These obligations are discounted using a present value technique. The undiscounted amount of estimated future cash flows required to settle these obligations is \$178,997 (2024 - \$185,888). The discount rates used for the present value technique ranged from 3.5 to 4.0 per cent (2024 - 3.2 to 4.7 per cent), and these obligations are expected to be settled between 2026 and 2087.

Included in asset retirement obligations are liabilities for landfill closure and post-closure care of \$47,646 (2024 - \$48,821). Under Provincial legislation, the City has liability for closure and post-closure care costs for its landfill sites. The undiscounted amount of estimated future cash flows required to settle these obligations is \$65,850 (2024 - \$62,289).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025 (in thousands of dollars)

The Clover Bar landfill site was closed to the public in August 2009. The City used the landfill internally until 2018 with final closure in 2025, after which time the post-closure period is expected to be 25 years. The costs to maintain a closed solid waste landfill site are based on estimated future expenses in current dollars by applying a discount rate of 5.7 per cent (2024 - 6.2 per cent) and inflation rate of 2.0 per cent (2024 - 2.0 per cent). An amount of \$40,332 (2024 - \$46,764) has been accrued and Waste Services currently maintains restricted cash of \$22,200 for the Clover Bar landfill liability. The remaining required funds for this liability will be funded through the collection of utility rates.

The Rundle Park landfill site was closed in 1973 and the post-closure care period ended in 1998. Although the former landfill is no longer regulated under an Alberta Environmental Protection and Enhancement Act approval, the City is obligated to ensure the site is safe for the environment and public use. The liability associated with this landfill includes the development of long-term landfill gas emission and mitigation strategies, a planned retrofit to the landfill flare facility and the annual cost of maintaining the landfill gas management system. An amount of \$1,216 (2024 - \$2,056) has been accrued.

14 LONG-TERM DEBT

A. DEBT PAYABLE

Debt payable includes the following amounts:

	2025	2024
Debentures	\$ 4,413,557	\$ 4,233,626
Mortgages	132,552	111,733
Public-private partnership (P3) term debt	441,152	450,621
	4,987,261	4,795,980
Less debt attributed to and secured by offsetting amounts receivable from:		
EPCOR Utilities Inc.	395,111	427,548
	\$ 4,592,150	\$ 4,368,432
Long-term debt comprises:		
Self-liquidating debt	520,245	520,113
Tax-supported debt		
Debenture debt	3,630,753	3,397,698
Public-private partnership (P3) term debt	441,152	450,621
	\$ 4,592,150	\$ 4,368,432

The amount receivable from EPCOR relates to debentures issued in the name of the City on behalf of EPCOR. The repayment terms are the same as the respective debt with the exception of debt relating to the Gold Bar Wastewater Treatment Facility which is based on a blended semi-annual repayment schedule.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025 (in thousands of dollars)

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

Principal:	Self-Liquidating	Tax-Supported	Gross Payment	Less: EPCOR Receivable	Net Payment
2026	\$ 71,375	\$ 225,080	\$ 296,455	\$ 33,155	\$ 263,300
2027	63,275	227,406	290,681	32,396	258,285
2028	61,890	223,878	285,768	32,321	253,447
2029	61,667	209,462	271,129	32,338	238,791
2030	61,263	202,546	263,809	31,879	231,930
Thereafter	595,886	2,983,533	3,579,419	233,022	3,346,397
	\$ 915,356	\$ 4,071,905	\$ 4,987,261	\$ 395,111	\$ 4,592,150

Interest:	Self-Liquidating	Tax-Supported	Gross Payment	Less: EPCOR Receivable	Net Payment
2026	\$ 30,437	\$ 163,081	\$ 193,518	\$ 14,194	\$ 179,324
2027	27,742	154,193	181,935	12,815	169,120
2028	25,442	145,379	170,821	11,498	159,323
2029	23,200	136,818	160,018	10,206	149,812
2030	21,006	129,008	150,014	8,957	141,057
Thereafter	170,043	1,129,905	1,299,948	34,681	1,265,267
	\$ 297,870	\$ 1,858,384	\$ 2,156,254	\$ 92,351	\$ 2,063,903

Total Payments:	Self-Liquidating	Tax-Supported	Gross Payment	Less: EPCOR Receivable	Net Payment
2026	\$ 101,812	\$ 388,161	\$ 489,973	\$ 47,349	\$ 442,624
2027	91,017	381,599	472,616	45,211	427,405
2028	87,332	369,257	456,589	43,819	412,770
2029	84,867	346,280	431,147	42,544	388,603
2030	82,269	331,554	413,823	40,836	372,987
Thereafter	765,929	4,113,438	4,879,367	267,703	4,611,664
	\$ 1,213,226	\$ 5,930,289	\$ 7,143,515	\$ 487,462	\$ 6,656,053

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025 (in thousands of dollars)

B. DEBT SERVICING LIMITS

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

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

	2025	2024
Total debt servicing limit - emergency purposes (26% of City revenue)	\$ 1,007,289	\$ 939,211
Total debt servicing	418,368	391,900
Percentage used (%)	41.5	41.7
Total debt servicing limit (21% of City revenue)	\$ 813,580	\$ 758,593
Total debt servicing	418,368	391,900
Percentage used (%)	51.4	51.7
Tax Supported debt servicing limit (18% of tax-supported net operating expenditures)	\$ 541,564	\$ 514,567
Tax Supported debt servicing	363,606	337,068
Percentage used (%)	67.1	65.5

C. MATURITIES AND INTEREST RATES

Existing long-term debt matures in annual amounts in years 2026 through 2055 and debenture interest is payable at rates ranging from 1.0 to 6.4 per cent (2024 - 1.0 to 7.9 per cent). The average annual interest rate is 3.9 per cent for 2025 (2024 - 3.9 per cent).

D. INTEREST ON LONG-TERM DEBT

	2025	2024
Self-liquidating debt	\$ 31,760	\$ 33,744
Tax-supported debt	135,000	124,828
Public-private partnership (P3) term debt	19,783	20,193
	186,543	178,765
Less payments on offsetting amounts receivable	15,405	16,741
Long-term debt interest included in interest and bank charges	\$ 171,138	\$ 162,024

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025 (in thousands of dollars)

E. PUBLIC-PRIVATE PARTNERSHIP (P3) OBLIGATION

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

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

During construction of the Valley Line LRT, the City recognized capital costs as assets under construction. The assets are being amortized over their useful life now that the assets are in service. During the construction period, the City made progress payments on 50.0 per cent of the capital costs, based on a percentage of completion. Payments on the remaining 50.0 per cent of the capital costs are deferred and recognized as a P3 obligation to TransEd of which 16.7 per cent were settled in November 2023 upon substantial construction completion of the project. The remaining 33.3 per cent, which represents P3 term debt, is to be repaid by monthly interest and principal payments starting in the operating period. The effective interest rate of the P3 term debt is 4.4 per cent.

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

	Principal	Interest	Total
2026	\$ 9,897	\$ 19,355	\$ 29,252
2027	10,345	18,907	29,252
2028	10,813	18,439	29,252
2029	11,302	17,950	29,252
2030	11,813	17,439	29,252
Thereafter	386,982	196,720	583,702
	\$ 441,152	\$ 288,810	\$ 729,962

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025 (in thousands of dollars)

15 TANGIBLE CAPITAL ASSETS

	Net book value	
	2025	2024
Land	\$ 2,188,172	\$ 2,195,294
Land improvements	1,378,152	1,300,458
Buildings	2,488,944	2,334,716
Vehicles	762,825	768,628
Machinery and equipment	379,159	396,455
Engineering structures:		
Roadway system	5,552,362	5,324,414
Light rail transit	1,584,494	1,520,593
Waste	36,965	39,503
Bus system	151,415	159,484
Other	80,506	75,689
	14,602,994	14,115,234
Assets under construction	2,492,147	1,840,805
	\$ 17,095,141	\$ 15,956,039

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

16 OTHER ASSETS

	2025	2024
Benefit plan assets	\$ 15,408	\$ 11,226
Other	3,591	2,537
	\$ 18,999	\$ 13,763

17 EQUITY IN TANGIBLE CAPITAL ASSETS

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

	2025	2024
Cost of tangible capital assets (Schedule 1)	\$ 27,502,043	\$ 25,832,098
Accumulated amortization (Schedule 1)	(10,406,902)	(9,876,059)
Long-term debt (Note 14)	(4,592,150)	(4,368,432)
Debt recoverable (Note 7)	21,308	21,613
Long-term debt for land redevelopment	66,906	71,164
	\$ 12,591,205	\$ 11,680,384

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025 (in thousands of dollars)

18 RESERVES FOR FUTURE EXPENDITURES

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

	2025	2024
General Government:		
Pay-As-You-Go capital	\$ 210,991	\$ 151,423
Local improvement	134,202	138,504
Light rail transit	125,314	138,831
Sanitary servicing strategy fund	113,554	115,800
Affordable housing	79,861	80,757
Financial stabilization - unappropriated	74,910	85,204
Planning and development	69,940	56,343
Financial stabilization - appropriated	50,165	75,540
Funds in lieu - residential	47,217	46,799
Fleet services - vehicle replacement	40,784	42,910
Developer recoveries	29,601	23,097
Traffic safety and automated enforcement	19,468	11,308
Industrial Infrastructure Cost Sharing Program	19,269	14,942
Rogers Place Arena capital	13,987	12,930
Parkland	11,940	10,428
Natural areas	9,917	9,670
Vehicle for hire	8,965	5,806
Tree management	7,971	11,753
Tax-supported debt	6,577	5,217
Heritage resources	5,798	6,630
Public Art Reserve	5,601	1,336
Community Safety and Well Being	4,873	5,577
Perpetual care	4,342	7,279
Pay-As-You-Go capital - Edmonton Police Services	3,714	8,149
St. Francis Xavier	3,348	3,003
Motor vehicle insurance	2,500	2,500
Commercial Revitalization	2,302	7,016
Edmonton Elections Reserve	2,147	1,054
Commonwealth Stadium	2,146	1,389
Brownfield redevelopment	396	(866)
Edmonton Police Service	(4,870)	(580)
Neighbourhood renewal	(10,359)	2,356
Community revitalization levy - Belvedere	(17,107)	(17,015)
Community revitalization levy - Downtown	(20,935)	(9,453)
Community revitalization levy - Quarters	(26,495)	(23,031)
Interim financing	(32,119)	(33,438)
Other	205	41
	1,000,120	999,209
City of Edmonton Library Board	11,286	16,502
Non-Profit Housing Corporation	7,637	12,873
Explore Edmonton Corporation	2,000	
	\$ 1,021,043	\$ 1,028,584

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025 (in thousands of dollars)

19 ACCUMULATED OPERATING SURPLUS

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

	2025	2024
General government operations	\$ 31,052	\$ (4,241)
Restricted surplus:		
EPCOR Utilities Inc. (Note 23)	5,476,500	5,172,092
Less: EPCOR Accumulated other comprehensive income	(183,151)	(258,142)
Reserves for future expenditures (Note 18)	1,021,043	1,028,584
Ed Tel Endowment Fund	980,357	925,770
Land Enterprise	157,234	120,389
Pension and benefits	57,926	46,310
Waste Services Utility	24,817	20,400
Explore Edmonton	6,721	6,807
City of Edmonton Library Board	6,245	5,925
Edmonton Unlimited	4,235	2,976
Edmonton Combative Sports Commission	351	374
Fort Edmonton Management Company	(614)	1,728
Renewable Energy Systems Utility	(16,735)	(12,968)
Equity in tangible capital assets (Note 17)	12,591,205	11,680,384
Advances for construction	36,071	165,211
Obligation to be funded in future years	(143,066)	(143,366)
	\$ 20,050,191	\$ 18,758,233

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025 (in thousands of dollars)

20 NET TAXES AVAILABLE FOR MUNICIPAL PURPOSES

	Budget	2025	2024
Taxes:			
Property taxes	\$ 2,833,885	\$ 2,832,576	\$ 2,616,340
Community revitalization levy ("CRL")	43,021	43,643	40,729
Revenue in lieu of taxes	34,530	35,776	25,710
Special tax - alley lighting	743	760	897
Tax appeals and allowances	(18,739)	(14,652)	(26,549)
Supplementary taxes and business revitalization levy	5,593	15,037	13,473
	2,899,033	2,913,140	2,670,600
Less taxes on behalf of:			
Education	581,244	575,075	529,120
Business improvement area and other		5,107	4,592
	581,244	580,182	533,712
Net taxes available for municipal purposes	\$ 2,317,789	\$ 2,332,958	\$ 2,136,888

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

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

Provincial education taxes collected on incremental tax revenue within the CRL are retained to offset development costs in the related area. As at December 31, 2025, the City has three active CRL areas: the Quarters, Belvedere and Capital City Downtown. The CRL taxes collected include property taxes, revenue in lieu of taxes and other taxes. In 2025, \$5,819 (2024 - \$5,740) incremental tax levy was collected in the Quarters CRL, including \$1,109 (2024 - \$1,076) in education taxes. The Belvedere CRL collected \$1,951 (2024 - \$1,683) in incremental tax levy during the year, including \$364 (2024 - \$304) in education taxes. The Capital City Downtown CRL collected \$35,873 (2024 - \$33,306) in incremental tax levy during the year, including \$8,164 (2024 - \$7,665) in education taxes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025 (in thousands of dollars)

21 GOVERNMENT TRANSFERS

	Budget	2025	2024
Operating:			
Federal	\$ 60,134	\$ 62,264	\$ 60,082
Provincial	86,487	91,530	105,711
	146,621	153,794	165,793
Capital:			
Federal	647,145	429,988	290,385
Provincial	892,352	456,989	411,098
	1,539,497	886,977	701,483
Total Government Transfers	\$ 1,686,118	\$ 1,040,771	\$ 867,276

Operating - Provincial

In 2025, the City received a grant of \$23,329 (2024 - \$23,329) from the Province for Family and Community Support Services funding. In 2025, \$23,329 (2024 - \$23,329) was recognized as operating government transfers, while \$0 was recorded as deferred revenue in 2024 and 2025.

Capital - Federal

In 2024, the Government of Canada renewed the Canada Community Building Fund agreement. In 2025, the City received \$90,920 (2024 - \$29,471) and earned interest of \$814 (2024 - \$778). In 2025, the City recognized \$33,294 (2024 - \$14,313) as capital government transfers and \$43,605 (2024 - \$43,605) as operating government transfers, to fund debt servicing costs related to the South LRT. In 2025, \$31,403 of deferred revenue was recorded (2024 - \$16,568 deferred revenue net of receivables).

Through the Building Canada Fund, an agreement was signed for the Valley Line LRT expansion in 2017. In 2018, agreements for the Fort Edmonton Park Expansion project and the Yellowhead Trail Freeway Conversion project were also signed. In 2025, the City received \$55,563 (2024 - \$31,720) and recognized \$48,606 (2024 - \$33,557) as capital government transfers. A receivable was recorded for \$20,260 (2024 - \$27,217).

In 2019, through the National Trade Corridors Fund, the government of Canada signed an agreement to fund the CP Railway grade separation at 50 Street. In 2025, the City received \$11,226 (2024 - \$19,854) and recognized \$12,660 (2024 - \$11,937) as capital government transfers. A receivable of \$12,769 (2024 - \$11,335) was recorded.

The City and Canada Mortgage and Housing Corporation signed agreements to acquire affordable housing for those experiencing homelessness, support the renovation of affordable housing for vulnerable Canadians, and address the housing shortage which is reducing the availability of affordable housing. In 2025, the City received \$70,065 (2024 - \$4,696) and recognized \$25,114 (2024 - \$14,116) of capital government transfers and \$9,094 (2024 - \$3,659) of operating government transfers. In 2025, \$90,022 in deferred revenue net of receivables was recorded (2024 - \$54,165).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025 (in thousands of dollars)

Capital - Provincial

In 2020, the Ministry of Transportation signed an agreement with the City for the Tewilligar Drive Expansion. Subsequently, the Ministry awarded another agreement for the 50th Street CP Railway Grade Separation and Yellowhead Trail Freeway Conversion. In 2025, the City received \$81,342 (2024 - \$68,076). The City recognized \$65,459 (2024 - \$58,643) as capital government revenue and recorded a receivable of \$36,719 (2024 - \$52,602).

In 2011, the Minister of Transportation approved initial projects under the Green Transit Incentives Program (Green TRIP) to support the provincial public transportation initiatives that contribute towards environmental benefits. In 2025, the City received \$0 (2024 - \$2,316), net of \$135 (2024 - \$89) received on behalf of regional transit partners and earned interest of \$93 (2024 - \$127). In 2025, the City recognized \$871 (2024 - \$896) as capital government transfers and deferred revenue of \$2,364 (2024 - \$3,277) was recorded.

In 2024, the Province introduced the Local Government Fiscal Framework (LGFF) Capital Program to replace the Municipal Sustainability Initiative (MSI) Program to continue providing municipalities with sustainable funding to support infrastructure and economic prosperity. In 2025, the City received \$179,067 (2024 - \$158,135) from the Province, earned interest of \$2,013 (2024 - \$126) and recognized \$81,533 (2024 - \$133,175) as capital government transfers. In 2025, the City recorded \$124,633 (2024 - \$25,086) deferred revenue.

Through the Investing In Canada Infrastructure Program, the governments of Canada and Alberta signed an agreement to provide funds to build inclusive and prosperous communities while supporting a low-carbon, green economy. In 2025, the City received \$525,193 (2024 - \$233,677) and earned interest of \$404 (2024 - \$44). The City recognized \$598,950 (2024 - \$420,423) as capital government transfers and \$403,081 (2024 - \$329,728) was recorded as a receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025 (in thousands of dollars)

22 EXECUTIVE SALARIES AND BENEFITS

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

	Salaries	Benefits	2025	2024
Mayor:				
Sohi	\$ 172	\$ 26	\$ 198	\$ 247
Knack	29	5	34	-
	201	31	232	247
Councillors:				
Salvador	126	33	159	154
Wright	126	31	157	151
Principe	126	36	162	156
Stevenson	126	34	160	155
Janz	126	34	160	155
Rutherford	126	31	157	153
Tang	126	33	159	152
Paquette	126	32	158	154
Knack	110	29	139	153
Cartmell	110	42	152	150
Hamilton	110	56	166	155
Rice	110	27	137	154
Morgan	15	6	21	
Clarke	15	9	24	
Elliott	15	5	20	
Parmar	15	9	24	
	1,508	447	1,955	1,842
Chief Administrative Officer (City Manager)	339	45	384	941
Designated Officers	1,056	114	1,170	1,194
	\$ 3,104	\$ 637	\$ 3,741	\$ 4,224

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

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

The new mayor was sworn in on October 29, 2025, after transitioning from the previous position as Councillor. The City's designated officers are designated by City bylaws and include the City Assessor, City Auditor, Chief of Police, Executive Director of Edmonton Combative Sports Commission and the Integrity Commissioner.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025 (in thousands of dollars)

23 SUBSIDIARY OPERATIONS - EPCOR

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

The following table provides condensed supplementary financial information for EPCOR.

	2025	2024
Financial position:		
Current assets	\$ 719,930	\$ 853,255
Capital assets	15,203,871	14,408,238
Other assets	1,087,367	1,153,323
Total assets	17,011,168	16,414,816
Current liabilities (including current portion of long-term debt of \$166,560 (2024 - \$185,138))	1,061,306	1,129,853
Non-current liabilities	5,730,807	5,521,064
Long-term debt	5,116,730	4,919,100
Total liabilities	11,908,843	11,570,017
Accumulated other comprehensive income	183,151	258,142
Share capital	797,529	797,528
Retained earnings	4,121,645	3,789,129
Shareholder's equity	\$ 5,102,325	\$ 4,844,799
Results of operations:		
Revenues	\$ 2,933,539	\$ 3,394,722
Expenses	(2,400,022)	(2,968,243)
Net income	\$ 533,517	\$ 426,479
Changes in shareholder's equity:		
Shareholder's equity - opening	\$ 4,844,799	\$ 4,495,006
Net income	533,517	426,479
Other comprehensive (loss) income	(74,991)	116,314
Dividend to shareholder (City of Edmonton)	(201,000)	(193,000)
Shareholder's equity - ending	\$ 5,102,325	\$ 4,844,799

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025 (in thousands of dollars)

During 2025, the City contributed \$51,627 (2024 - \$34,472) in tangible capital assets to EPCOR and recorded \$4,745 (2024 - \$3,885) of amortization. The difference between the City's investment in EPCOR and EPCOR's shareholder's equity represents the accumulated tangible capital assets contributed to EPCOR from the City less the related amortization as follows:

	2025	2024
EPCOR's shareholder's equity	\$ 5,102,325	\$ 4,844,799
Accumulated contributed tangible capital assets to EPCOR	394,985	343,358
Accumulated amortization over useful life	(20,810)	(16,065)
Investment in EPCOR	\$ 5,476,500	\$ 5,172,092

The difference of \$374,175 (2024 - \$327,293), representing the accumulated tangible capital assets contributed to EPCOR from the City and the related amortization, will be amortized over the useful life of the assets contributed.

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

2026	\$ 33,992
2027	33,090
2028	32,887
2029	182,783
2030	282,148
Thereafter	4,578,484
	\$ 5,143,384

EPCOR has issued letters of credit for \$31,525 (2024 - \$92,981) to meet the credit agreements of electricity market participants, as conditions of certain agreements or to satisfy legislated reclamation requirements.

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

	2025	2024
Dividend paid to the City	\$ 201,000	\$ 193,000
Franchise fees paid to the City	145,110	129,908
Financing expenses paid or payable to the City	14,629	15,881
Sales of administrative and construction services from the City	4,500	5,292
Property taxes and other taxes paid to the City	35,208	31,026
Costs of capital construction paid or payable to the City	60,572	65,751
Power and water purchased by the City	5,058	4,133
Other services purchased by the City	24,657	27,293

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025 (in thousands of dollars)

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

	2025	2024
Trade and other receivables	\$ 20,848	\$ 42,014
Property, plant and equipment	60,572	65,751
Trade and other payables	33,367	30,711
Loans and borrowings issued in the name of the City	395,111	427,548
Deferred revenue and other liabilities	75,656	63,682

The City's financial statements include the net balance receivable from EPCOR within receivables (Note 3). The City's consolidated Long-term Debt (Note 14) is presented on a PSAS basis, net of offsetting receivables from EPCOR of \$395,111 (2024 - \$427,548).

24 UTILITY FRANCHISE AGREEMENT FEES

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

	Budget	2025	2024
EPCOR Distribution Inc. - Power	\$ 93,206	\$ 105,682	\$ 80,780
ATCO Gas and Pipelines Ltd. - Gas	100,055	95,943	95,167
EPCOR Water Services Inc. - Water	21,612	23,072	21,280
EPCOR Water Services Inc. - Drainage	12,530	13,013	13,781
EPCOR Water Services Inc. - Wastewater	10,877	11,209	11,429
	\$ 238,280	\$ 248,919	\$ 222,437

25 PENSION AND LONG-TERM DISABILITY PLANS

A. LOCAL AUTHORITIES PENSION PLAN

All employees of the City, with the exception of police officers, are members of the Local Authorities Pension Plan (LAPP), which is a public sector pension plan in Alberta registered under the Alberta Employment Pension Plans Act (EPPA). The LAPP plan is a multiemployer defined benefit plan accounted for as a defined contribution plan because the City's share of the obligation is not determinable. The LAPP plan provides an annual retirement benefit of 1.4 per cent of pensionable salary up to the year's maximum pensionable earnings (YMPE) and 2.0 per cent of pensionable salary over YMPE. Under the Alberta Public Sector Pension Plans Act, the City and members of the LAPP plan made the following contributions:

	2025 Employer	2025 Employee	2024 Employer	2024 Employee
Current service contributions	\$ 114,567	\$ 102,534	\$ 97,099	\$ 86,477
Contribution rates up to YMPE (%)	8.45	7.45	8.45	7.45
Contribution rates above YMPE (%)	11.65	10.65	11.65	10.65

As of December 31, 2024, the LAPP reported the value of its asset at \$70,699,000 and a surplus for the overall plan of \$19,557,000. The asset value and surplus/deficit information as at December 31, 2025 was not available at the time of preparing these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025 (in thousands of dollars)

B. SPECIAL FORCES PENSION PLAN

Police officers employed by the City are participants in the multiemployer Special Forces Pension Plan (SFPP). The SFPP plan is a multiemployer defined benefit plan accounted for as a defined contribution plan because the City's share of the obligation is not determinable. The SFPP provides an annual retirement benefit of 1.4 per cent of pensionable earnings up to YMPE, 2.0 per cent of pensionable earnings over YMPE, a bridge benefit of 0.60 per cent of YMPE to age 65, and improved early retirement and death benefits, up to maximum pension limits of the Income Tax Act (ITC). Under the Alberta Public Sector Pension Plans Act, the City and members of the SFPP made the following contributions:

	2025 Employer	2025 Employee	2024 Employer	2024 Employee
Current service contributions	\$ 40,363	\$ 37,274	\$ 36,239	\$ 33,515
Contribution rates (%)	14.30	13.20	14.55	13.45

As at December 31, 2024, the SFPP reported the value of its assets at \$4,758,000 and a surplus for the overall plan of \$624,000. The asset value and surplus/deficit information as at December 31, 2025, was not available at the time of preparing these financial statements.

C. CITY-SPONSORED PENSION PLANS

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

The following summarizes plans sponsored by the City.

i. Police Supplementary Pension Plan

The Police Supplementary Pension Plan (PSPP) provides benefits supplementary to the LAPP for 4 pensioners and beneficiaries. There are no active police officers enrolled in the PSPP and no further contributions are expected to be made to the Fund.

Total benefits paid during the year were \$14 (2024 - \$14).

ii. Fire Fighters' Supplementary Pension Plan

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

Total benefits paid during the year were \$9,871 (2024 - \$10,137). The City's and members' cash contributions to the external trust are made in compliance with the minimum funding requirements pursuant to the most recent actuarial funding valuation report as follows:

	2025 Employer	2025 Employee	2024 Employer	2024 Employee
Current service contributions	\$ 4,951	\$ 4,051	\$ 5,853	\$ 5,000
Contribution rates (%)	2.80	2.20	3.30	2.70

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025 (in thousands of dollars)

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

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

Total benefits paid during the year were \$292 (2024 - \$270). The City's and members' cash contributions to the external trust are made in compliance with the minimum funding requirements pursuant to the most recent actuarial funding valuation report as follows:

	2025 Employer	2025 Employee	2024 Employer	2024 Employee
Current service contributions	\$ 115	\$ 71	\$ 93	\$ 55
Contribution rates (%)	4.38	4.38	3.22	3.22

Accounting Methodology

Annual valuations for accounting purposes are completed for the City-sponsored registered and non-registered defined-benefit pension plans (PSPP, FFSP and Fire Chief) and post-retirement benefits using the projected unit credit actuarial cost method prorated on service to determine the accrued benefit obligation and the expense to be recognized in the consolidated financial statements. The significant actuarial assumptions used for the valuations reflect the City's best estimates at December 31 and are as follows:

	2025	2024
Year end obligation discount rate (%)	5.9	5.9
Inflation rate (%)	2.0	2.0
Expected rate of return on plan assets (%)		
PSPP	5.9	5.9
FFSP	5.9	5.9
Fire Chief	5.9	5.9

In accordance with regulations, actuarial valuations for funding purposes are performed at least triennially for registered plans, except for the SFPP, to determine the City's required contributions to the plan trusts. The most recent actuarial valuations for the purposes of developing funding requirements were prepared as of the following dates:

Pension Plan	Latest Valuation Date
PSPP	December 31, 2024
FFSP	December 31, 2023
Fire Chief	December 31, 2023

Each pension fund's assets are valued at fair value. The fair value actual rate of return is 15.4 per cent (2024 - 17.2 per cent). The net actuarial gain is amortized on a straight line basis over the expected average remaining service life (EARSL) of the Fire Fighters' plan of 15.0 years (2024 - 15.0 years) and of the Fire Chief plan of 8.0 years (2024 - 3.0 years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025 (in thousands of dollars)

The following table sets out the results of the most recent valuations for accounting purposes of the City sponsored registered pension plans:

	PSPP	FFSPP	Fire Chief	2025	2024
Fair value of plan assets, beginning of year	\$ 21,401	\$ 382,427	\$ 5,461	\$ 409,289	\$ 350,781
Contributions - employer		4,951	115	5,066	5,908
Contributions - employee		4,051	71	4,122	5,055
Expected return on plan assets	1,252	22,347	316	23,915	20,537
Less benefits paid	(14)	(9,871)	(292)	(10,177)	(10,420)
Actuarial gain	2,502	32,124	499	35,125	37,428
Fair value of plan assets, end of year	25,141	436,029	6,170	467,340	409,289
Accrued benefit obligation, beginning of year	51	237,490	4,680	242,221	243,415
Current period benefit cost		9,684	126	9,810	8,607
Interest on accrued benefit obligation	3	13,888	269	14,160	14,187
Less benefits paid	(14)	(9,871)	(292)	(10,177)	(10,420)
Actuarial loss (gain)	5	5,097	114	5,216	(13,568)
Accrued benefit obligation, end of year	45	256,288	4,897	261,230	242,221
Funded status - plan surplus	\$ 25,096	\$ 179,741	\$ 1,273	\$ 206,110	\$ 167,068

The accrued benefit asset for the FFSP is shared 55.0 per cent by the City as the employer and 45.0 per cent by employees. Included in Receivables (Note 3) is the net employer share of the fund asset balance for the FFSP and the net fund asset for the Fire Chief Plan as follows:

	PSPP	FFSPP	Fire Chief	2025	2024
Funded status - plan surplus	\$ 25,096	\$ 179,741	\$ 1,273	\$ 206,110	\$ 167,068
Unamortized net actuarial gain		(103,447)	(717)	(104,164)	(82,258)
Accrued benefit asset	25,096	76,294	556	101,946	84,810
Valuation allowance	25,096			25,096	21,350
Employee portion of accrued benefit asset		34,332		34,332	28,376
Net fund asset		\$ 41,962	\$ 556	\$ 42,518	\$ 35,084

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

	PSPP	FFSPP	Fire Chief	2025	2024
Current period benefit cost		\$ 9,684	\$ 126	\$ 9,810	\$ 8,607
Amortization of actuarial gains	(2,497)	(5,459)	(47)	(8,003)	(4,602)
Less purchase of service contributions			(71)	(71)	(266)
Increase in valuation allowance	3,746			3,746	3,268
Benefit expense	1,249	4,225	8	5,482	7,007
Interest on accrued benefit obligation	3	13,888	269	14,160	14,187
Less expected return on plan assets	(1,252)	(22,347)	(316)	(23,915)	(20,537)
Benefit interest income	(1,249)	(8,459)	(47)	(9,755)	(6,350)
Total (income) expense		\$ (4,234)	\$ (39)	\$ (4,273)	\$ 657

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025 (in thousands of dollars)

D. LONG-TERM DISABILITY PLAN

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

An actuarial valuation of the Plan was completed as at December 31, 2025. The Plan's assets are valued at fair value.

	2025	2024
Fair value of assets	\$ 207,378	\$ 182,090
Less: Accrued benefit obligation	151,939	155,802
Net assets	\$ 55,439	\$ 26,288

26 COMMITMENTS

A. CONTRACTUAL OBLIGATIONS

The City entered into a contract with ENMAX Commercial Services Inc. expiring December 31, 2028, to purchase electricity at a fixed price and volume per hour in order to meet its estimated annual consumption requirements. The estimated commitment for 2026 is \$44,648 of the estimated remaining commitment of \$135,663. Estimates are subject to change from variances in volume and distribution charges.

The City entered into a contract with ENMAX Energy Corporation expiring December 31, 2029, to purchase natural gas at a fixed price and volume per hour in order to meet its estimated annual consumption requirements. The estimated commitment for 2026 is \$9,191 of the estimated remaining commitment of \$37,400. Estimates are subject to change from variances in volume and distribution charges.

The City entered into two 20-year Virtual Power Purchase Agreements (VPPA), related to wind and solar renewable energy attributes, that end in 2044. VPPAs are instruments under which the City receives or pays the difference between fixed contracted prices per megawatt-hour (MWh) of electricity and settled market prices. In addition, the City receives contracted Renewable Energy Certificates (RECs) generated by the renewable facilities. MWh and RECs may vary annually based on the facilities generation. The solar project commenced in April 2024 and the City paid \$7,468 from the commencement to December 31, 2025 in relation to the solar agreement. The wind project commenced in September 2025 and the City paid \$1,463 in 2025 in relation to the wind agreement. Payments or receipts may fluctuate year over year depending on the settled market price of electricity. As permitted under PS3450 Financial Instruments, these contracts were not accounted for as embedded derivatives because on transition to PS3450, on January 1, 2023, the City made an accounting policy choice to identify embedded derivatives on contracts entered into on a prospective basis.

The City entered into a P3 agreement with TransEd Partners General Partnership (TransEd) for the design, construction, operation, and maintenance of the Valley Line Southeast LRT. The construction period ran from 2016 to 2023 and the operating period runs from 2023 to 2050. The total commitment for the service level payments and maintenance payments to be made during the operating period is based on current estimated ridership levels and inflation. The total commitment for the service level payments is \$933,894 and as at December 31, 2025, \$52,024 of operations costs have been recognized by the City. The remaining estimated commitment for the service level payments is \$881,870. The total commitment for the maintenance payments is \$279,263 and as at December 31, 2025, \$17,641 of operations costs have been recognized by the City. The

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025 (in thousands of dollars)

remaining estimated commitment for the maintenance payments is \$261,622. The City is also committed to pay for the P3 term debt payments over the operating period, which are estimated to be \$729,964 from 2026 to 2050. Additional details on this P3 agreement are provided in Note 14e.

The City entered into an agreement with Marigold Infrastructure Partners Limited Partnership for the design, build and finance of the Valley Line West LRT. The construction period is anticipated to run from 2021 to 2028. The total commitment for construction over the life of the contract is \$1,623,471. As at December 31, 2025, \$986,511 of construction costs have been recognized by the City, with an estimated remaining commitment of \$636,960.

The City entered into an agreement with Hyundai Rotem Company for the supply of low-floor light rail vehicles. The total commitment for this contract is \$280,250. As at December 31, 2025, \$105,551 of contract costs have been recognized by the City, with an estimated remaining commitment of \$174,699.

The City entered into an agreement with Capital Line Design-Build Ltd. as the Design-Build contractor for Phase 1 of the Capital Line South Extension project. Capital Line Design-Build Ltd. is a member of the Ledcor Group of Companies, with AECOM as their design partner. The project is anticipated to run from 2024 to 2029. The total commitment for this contract is \$1,011,946. As at December 31, 2025, \$251,694 of construction costs have been recognized by the City, with an estimated remaining commitment of \$760,252.

The City entered into a cost-sharing agreement with Station Lands Ltd. and Qualico Developments West Ltd. for the Green and Walkable catalyst project under the Capital City Downtown Community Revitalization Levy. The agreement includes funding for streetscape improvements and publicly accessible amenity spaces. As of December 31, 2025, the expenditure of \$10,600 for Phase 1 has been incurred. The remaining commitment for Phase 2 public amenity spaces is \$7,200.

The City entered into several agreements for the purchase of transit and emergency response vehicles to meet service requirements over the next three years. These include contracts for the purchase of buses totaling approximately \$36,827, fire pumpers totaling approximately \$9,669 and fire tankers totaling approximately \$5,339. As at December 31, 2025, the full amount remains outstanding for the buses and fire tankers, with \$7,511 of fire pumper costs incurred to date and an estimated remaining commitment of \$2,158.

To meet future site water demand and fire flow requirements, the City entered into a contract with PME Inc. to upgrade the Edmonton Waste Management Centre (EWMC) water distribution system. The agreement, expiring December 31, 2026, has a total commitment of \$10,497. As of December 31, 2025, no payments have been made against this contract.

In accordance with landfill gas management and safety requirements, an agreement is in place with PCL Construction Management Inc. for the construction of the LFG Control Building at the Clover Bar Landfill. The contract is anticipated to be completed by September 30, 2026, with a total commitment of \$4,744. As of December 31, 2025, expenditures of \$908 have been incurred, with an estimated remaining commitment of \$3,836.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025 (in thousands of dollars)

B. LEASE COMMITMENTS

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

2026	\$ 29,632
2027	28,831
2028	25,945
2029	22,415
2030	20,860
Thereafter	128,306
	<hr/>
	\$ 255,989

27 LIABILITY FOR CONTAMINATED SITES

As of December 31, 2025, the liability for contaminated sites includes sites associated with former and current City operations, sites acquired through tax forfeiture and purchase, and former unofficial waste disposal sites from early in the City's history. The nature of contamination includes heavy metals, salts, biosolids and other organic and inorganic contaminants. The sources of contamination include underground fuel storage tanks, fuel handling, vehicle storage and maintenance, metal manufacturing, stockyards, incinerators, wastewater treatment plants and lagoons as well as fill of unknown origin deposited in unauthorized landfills.

Liability estimates are based on environmental site assessments or are derived by extrapolating remediation costs incurred by the City for similar sites. The City has recognized a net increase in the liability of \$726 over the prior year, representing a total liability for the remediation of contaminated sites of \$21,109 (2024 - \$20,383). The liability is reported in Accounts payable and accrued liabilities (Note 10) in the Consolidated Statement of Financial Position.

28 CONTINGENT LIABILITIES

The City is the defendant in various lawsuits as at December 31, 2025. Where the occurrence of future events is considered likely to result in a loss with respect to an existing condition, and the amount of loss can be reasonably estimated, amounts have been included within accrued liabilities. Where the resulting losses, if any, cannot be determined or the occurrence of future events is unknown, amounts have not been recorded, and the City's Administration believes there will be no material adverse effect on the financial position of the City.

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

29 CONTINGENT ASSETS

The City has outstanding legal claims against third parties of \$2,680 (2024 - \$2,400) for which the probability of settlement in favour of the City is likely. The eventual recovery of legal claims is subject to risk and uncertainties that may arise from the settlement process. Contingent assets are not recorded in the financial statements but are recognized once a settlement is reached.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025 (in thousands of dollars)

30 CONTRACTUAL RIGHTS

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

The following table summarizes the contractual rights related to government transfers and long-term leases:

	Government transfers	Future lease revenue	Total
2026	\$ 1,320,563	\$ 17,909	\$ 1,338,472
2027	715,305	16,406	731,711
2028	322,584	16,126	338,710
2029	95,331	15,936	111,267
2030	110,954	14,961	125,915
Thereafter		200,356	200,356
	\$ 2,564,737	\$ 281,694	\$ 2,846,431

The City enters into service agreements, partnership agreements and other developer agreements that result in either contributed assets or contributed funds that historically averaged annual revenues of \$158,843.

31 RELATED PARTY DISCLOSURE

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

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

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

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

For the year ended December 31, 2025, there were no material transactions to disclose that occurred between related parties at a value other than or terms different from that which would have been arrived at if the parties were unrelated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025 (in thousands of dollars)

32 SEGMENT DISCLOSURES

The Consolidated Schedule of Segment Disclosures – Schedule 2 has been prepared in accordance with PS 2700 *Segment Disclosures*. Segment disclosures are intended to enable users to better understand the government reporting entity as well as the major expense and revenue activities of the City. For each reported segment, revenues and expenses represent amounts directly or reasonably attributable to the segment.

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

Segments include:

A. TAX-SUPPORTED PROGRAMS

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

i. Transportation Services

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

ii. Protective Services

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

iii. Community Services

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

iv. Fleet Services

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

v. Other Tax-Supported

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

B. WASTE SERVICES

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025 (in thousands of dollars)

C. LAND ENTERPRISE

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

D. RENEWABLE ENERGY SYSTEMS UTILITY

The Renewable Energy Systems Utility comprises the Blatchford Renewable Energy Utility and Downtown District Energy Utility. Both of these City-owned utilities operate distinct District Energy Sharing Systems with the long-term vision of providing low-carbon heating and cooling services in Blatchford community and downtown Edmonton.

E. EPCOR

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

F. ED TEL ENDOWMENT FUND

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

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

33 2025 BUDGET

The City prepared a multi-year 2023-2026 operating budget, which was presented and approved by Council in December 2022. The operating budget reflected in these financial statements is consistent with amounts approved by Council with passing Bylaw 21068 - 2025 Property Tax and Supplementary Property Tax on April 30, 2025, which incorporates the 2024 operating budget carry-forwards, and adjustments made in December 2024 and ratifies the 2025 operating budget.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025 (in thousands of dollars)

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

	Operating Revenues	Operating Expenses	Capital Revenues
Budget approved by Council in December 2024	\$ 4,170,291	\$ 4,087,093	\$ 787,363
Supplemental budget adjustments	27,352	27,352	
Carry forward of prior year unspent budget	87,829	87,829	914,161
Amortization		767,942	
EPCOR net income	520,060		
Other controlled entities	17,516	18,436	
Consolidation adjustments	510	490	
Transfers from/to reserves	(279,561)	(574,168)	
Debt principal repayment		(255,317)	
Dividends from subsidiaries	(246,900)		
External entity recoverable debt servicing	(52,341)	(18,513)	
Local Improvement	(14,996)		14,996
Tax appeals and allowances	(18,739)	(18,740)	
Budget for financial statement purposes	\$ 4,211,021	\$ 4,122,404	\$ 1,716,520

34 SUBSEQUENT EVENTS

Fort Edmonton Management Company (FEMCO) is a non-profit organization incorporated to manage the historical park assembled by the City. A management agreement with the City gave FEMCO the exclusive right to use and manage the park. FEMCO is a fully controlled entity of the City and therefore is consolidated in these financial statements (Note 1a). On July 18, 2025, the City informed FEMCO of its decision not to renew the existing management agreement that was expiring on December 31, 2025. As a result, effective January 1, 2026, the City assumed all direct operation and management of the park and all assets, liabilities, responsibilities and obligations of FEMCO were transferred to the City. This transfer constitutes a restructuring transaction as defined by PS3430, *Restructuring Transactions*, and all assets and liabilities transferred were done so at their carrying amount. Schedule 3 of these financial statements provides the carrying value of all assets and liabilities of FEMCO as at December 31, 2025.

On February 23, 2026, the City of Edmonton entered into a revised Social Objectives Agreement (SOA) with Capital Power Corporation, which included several key terms. Capital Power has committed to two direct payments to the City of Edmonton totaling \$75,000 over the course of 2026 and 2027. Additionally, the agreement includes a 10-year commitment for Capital Power's Head Office or Canadian Head Office to remain in Edmonton, along with a defined guaranteed employee contingent. Finally, the agreement authorizes the assignment of a single non-dividend paying Special Limited Voting Share from EPCOR to Capital Power. The financial impact of the committed direct payments will be recognized in the City's future financial statements.

35 COMPARATIVE INFORMATION

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

**CLIMATE-RELATED
FINANCIAL DISCLOSURES**

4

CLIMATE-RELATED FINANCIAL DISCLOSURES

ABOUT CLIMATE-RELATED FINANCIAL DISCLOSURES

In 2015, the Financial Stability Board (FSB) created the Task Force on Climate-related Financial Disclosures (TCFD). Recognizing that climate change is a significant risk to many organizations, the TCFD was tasked with developing a framework for organizations to disclose climate-related financial impacts to investors, lenders, insurers and other key interested and affected parties to guide informed decision-making.

In 2017, the TCFD released its recommendations on best practices for the disclosure of risks and opportunities associated with climate change. The recommendations are centered around four pillars: governance, strategy, risk management, and metrics and targets. The TCFD's framework and recommendations are aimed at promoting transparency and consistency in disclosing climate-related risks and opportunities in financial reporting.

In 2023, TCFD was disbanded, and the International Sustainability Standards Board (ISSB) released IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*. These are both based on the framework and recommendations of the TCFD.

The Canadian Sustainability Standards Board (CSSB) was formed in 2023 and released the Canadian Sustainability Disclosure Standard (CSDS) CSDS1 *General Requirements for Disclosure of Sustainability-related Financial Information* and CSDS2 *Climate-related Disclosures* which are based on IFRS 1 and IFRS 2. The City of Edmonton continues to use the TCFD framework (framework) and will look to implement public sector climate-related disclosure standards as they become effective through the International Public Sector Accounting Standards Board (IPSASB) or the Public Sector Accounting Board (PSAB).



INTRODUCTION

Climate change is a global issue that affects the weather, environment, economy and health. The impacts of climate change are already being felt in cities like Edmonton. Climate change is affecting Edmonton's weather patterns, leading to more frequent extreme weather events and those impacts are expected to worsen as climate change continues.

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

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

This report shows the City's progress with including climate-related disclosures within its financial reporting, and moving the City and community towards a lower-carbon and climate resilient future.

CLIMATE-RELATED FINANCIAL DISCLOSURES

OUR COMMITMENT

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

When Council signed onto the Global Covenant of Mayors for Climate and Energy in 2015, they committed the City to take action on climate change and disclose environmental activities through the Carbon Disclosure Project (CDP). The City discloses data and information related to climate change mitigation and adaptation (including climate risks) through [Open Data](#). Each year, the City reports to the CDP on the Greenhouse Gas emissions inventory, climate risk and vulnerability assessments, energy transition targets, and information on climate adaptation and mitigation.

In 2018, Council confirmed their commitment to act on climate change by signing on to the [Edmonton Declaration](#), which at the time was a bold call to action for mayors to take the lead on climate change with over 3,400 municipalities endorsing it.

Council embedded their commitment to climate change in [ConnectEdmonton \(2019–2028\)](#) which outlined four strategic goals, including one on climate resilience. Through this plan, the City has set a goal stating that “Edmonton is transitioning to a low-carbon future, has clean air and water and is adapting to a changing climate.”

In 2019, Council declared a Climate Emergency, further reaffirming the City's commitment to becoming a climate resilient city. Since then, the City has updated [Edmonton's Community Energy Transition Strategy and Action Plan](#) and adopted the [Climate Resilient Edmonton: Adaptation Strategy and Action Plan](#). These strategies chart Edmonton's path to reduce GHG emissions and adapt to climate change risks and impacts.



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

Excerpt from the [Edmonton Declaration](#), 2018

CLIMATE-RELATED FINANCIAL DISCLOSURES

OUR APPROACH

The City has taken a phased approach to implement climate-related disclosures and recommendations over the last several years and continues to evolve over time. While the City has been working on adaptation and mitigation of climate-related issues for many years, there is less maturity in reporting on the financial implications; the City hopes to add more robust financial implications in future reports.

The content below summarizes the City's progress to date on climate-related disclosures using guidelines from Chartered Professional Accountants (CPA) Canada's, [Enhancing Climate-related Disclosure by Cities: A Guide to Adopting the Recommendations of the Task Force on Climate-Related Financial Disclosures \(TCFD\)](#). Additional details are provided by our four pillars (governance, strategy, risk management, and metrics and targets) in the remainder of this document, including highlights of key accomplishments and upcoming priorities that will move the City forward in our journey to fully adopt a climate-related financial disclosures framework.



GOVERNANCE

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

MANAGEMENT AND CITY COUNCIL'S ROLE

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

Updates on the progress of climate strategy, goals and targets are presented to Council regularly as plans, budgets and strategic documents are updated. Both climate strategies are required to be reviewed every five years by the City of Edmonton Charter Regulation. Administration will complete an update of the action plans to improve accountability and ensure the right actions are determined to achieve Edmonton's climate ambitions ahead of the upcoming 2027-2030 budget process. Administration engaged with the community and targeted partners to help renew the action plan, before it is presented to Council for decision later in 2026. Our [Climate Action Report Card](#) shows how we are moving our actions forward, and an impact based dashboard is in development to track progress on meeting the goals in our climate strategies.

The City of Edmonton's Executive Leadership Team established and approved a new Climate Governance Framework in 2026.

CLIMATE-RELATED FINANCIAL DISCLOSURES

MANAGEMENT GOVERNANCE

Urban Planning and Economy

Environment and Climate Resilience Team

Climate Resilient Building Team

Climate Disclosures Reporting Group

Financial and Corporate Services

Climate Disclosures Reporting Group

Enterprise Risk Management

Carbon Budget

ELT Climate Task Force (transitioned to Climate Committee in Q1 2026)

External

Energy Transition Climate Resilience Committee

TCFD RECOMMENDED DISCLOSURES:

GOVERNANCE 1

Describe mayor and Council's oversight of climate-related risks and opportunities

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

Edmonton's Strategic Plan ConnectEdmonton

The City Plan

Climate Resilient Edmonton: Adaptation Strategy and Action Plan

Edmonton's Community Energy Transition Strategy and Action Plan

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

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

2023-2026 Carbon Budget and Fall Annual Carbon Budget Updates

All Council Reports include an Environment and Climate Review as of September 2024, ensuring that a climate resilience lens is applied to municipal assessments and decisions.

GOVERNANCE 2

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

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

Climate action is a shared responsibility across the organization. The Executive Leadership Team has established a cross-corporate Climate Committee to provide corporate oversight and improve accountability.

CLIMATE-RELATED FINANCIAL DISCLOSURES

KEY ACCOMPLISHMENTS

The City made strides in 2025 to support energy transition and build resilience to climate impacts. Climate considerations have been further embedded in the City's governance structure through:

Environment and Climate Review section in council reports: Since September 2024, all standard council reports now include an Environment and Climate Review section. This section provides Council with information that highlights the environment and climate implications of the report topic. The related process also ensures that City projects, strategies, plans and policies consider climate resilience and other environmental implications in its work to ensure alignment with the City's strategic goals. The June 2024 [Growth Management Framework Update](#) report provided an overview of the intersection points between the proposed growth management approach and the City's goals for energy transition, adaptation to a changing climate, food system resilience and natural areas protection. By the end of 2025, 236 Council Reports included an Environmental and Climate review since implementation of the new requirement.

Climate Task Force and Climate Committee: In 2023, the Executive Leadership Team created a Climate Task Force, adopting a corporate-wide, integrated approach to effectively implement actions needed to meet the City's climate strategies. The Task Force mandate was focused on the foundational work of incorporating environment and climate change into City work, operations and culture. In 2025, the Climate Task Force continued working on its deliverables in each of its seven focus areas: Governance and Decision-Making, Policy and Bylaw,

Building Capacity, Culture, Partnership and Advocacy, Green Economy and Intersectionality. One of the Climate Task Force's most significant accomplishments in 2025 was the creation of the Climate Governance Framework, which received approval from Executive Leadership Team in December. Since climate action is a shared responsibility across the organization, a corporate governance approach is crucial to formally assign and communicate roles and responsibilities for clear accountability and integration. Key to the Framework is the creation of a Climate Committee, a cross-corporate team that replaces the Climate Task Force. With delegated authority from Executive Leadership Team, the Committee's mandate is to provide ongoing stewardship of the climate action plans and remaining work from the Climate Task Force; make decisions on the allocation of corporate (composite) funding for climate projects; and provide recommendations on critical climate-related matters.

Understanding Edmonton's Changing Climate: Observed Climate Trends: In 2025, the City continued to advance its climate knowledge base through [Understanding Edmonton's Changing Climate 2025: Observed Climate Trends](#), a City-led scientific assessment that provides a clear, evidence-based account of how Edmonton's climate is changing based on observed data. The assessment identifies key historical trends, including rising temperatures, declining cold extremes, changes in precipitation patterns and air quality impacts associated with wildfire smoke. The report supports evidence-based decision-making by improving understanding of climate-related risks and potential implications for City operations, infrastructure, ecosystems and public health.

CLIMATE-RELATED FINANCIAL DISCLOSURES

CARBON BUDGET AND ACCOUNTING FRAMEWORK

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

To understand what the transition to a low-carbon future looks like, two carbon budgets were calculated. The target carbon budget describes the amount of GHG emissions that the municipality of Edmonton can incur over a period of time based on targets set in the Energy Transition Strategy, which is aligned to the Paris Agreement's overall goal to limit the increase of global temperature to 1.5 degrees Celsius. The local fair share budget was created based on the theory that cities with above average GHG emissions and with high per capita GDP need to reduce emissions on a steeper decline to do their fair share and be equitable to other countries with lower per capita.

The carbon budget shows how far and how fast we have to move in terms of emission reductions, and the magnitude of change required. Meeting Edmonton's local carbon budget requires rapid reduction of GHG emissions and carbon neutrality by 2050.

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

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



In 2025, the City launched its Industrial Carbon Capture Facility Tax Incentive, a new municipal program offering qualifying facilities up to \$2.4 million per year in property tax exemptions for 10 years to support the deployment of carbon capture, utilization and storage (CCUS) technology.

CLIMATE-RELATED FINANCIAL DISCLOSURES

EDMONTON'S CARBON BUDGET

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

The community carbon target budget, which is the maximum allowable community emissions for Edmonton from 2022 to 2050, is 176 million tonnes CO₂e. Based on the adjusted forecast, the entire community carbon budget would be used by 2036. The City's carbon budgeting process is based on its existing community and corporate GHG inventories, which are updated annually. The starting point for the 2023–2026 Carbon Budget is the City's 2021 GHG Inventory and its scope only includes operational GHG emissions. This means that GHGs emitted during construction and from building materials (embodied emissions) are not captured in the carbon budget project-level assessments.

In 2019, utilizing a convergence and contraction model derived from C40 cities, the global fair share carbon budget was localized to Edmonton. The result was 135 million tonnes allocated to Edmonton. This means that between 2019 and 2050, Edmonton must emit no more than 135 million tonnes of GHG emissions in order to reduce Edmonton's contribution to global warming in alignment with the 1.5 degrees Celsius global average temperature goal.

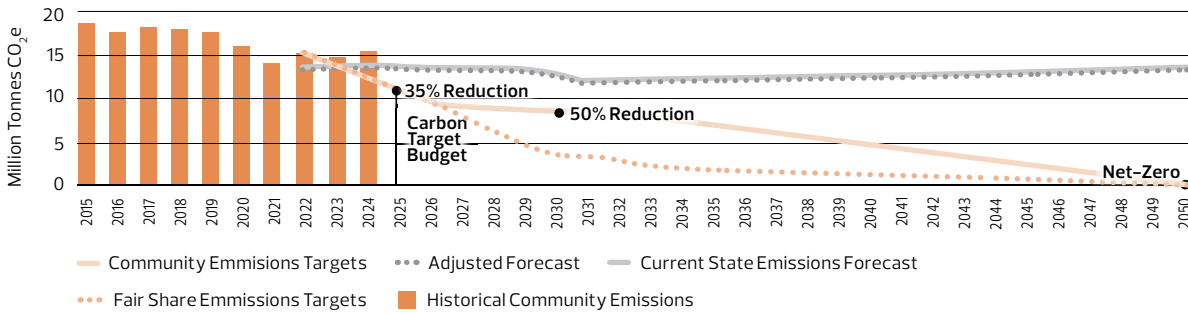
In 2022, the City released the 2023–2026 Carbon Budget to inform how the City's financial investment decisions impact the achievement of emissions reductions targets. This first iteration of completing a carbon budget alongside financial budgets provided valuable learnings that will be incorporated into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

In the fall of each year within the four-year budget cycle, the City provided updates to the 2023–2026 Carbon Budget and adjusted its emission forecasts. As a result of this adjusted forecast, the community and corporate carbon budgets are forecasted to be depleted one year earlier – 2036 for Community and 2032 for Corporate – than originally forecast, this remains unchanged in the 2025 Carbon Budget Update. This shift was caused primarily due to 2022 emissions being higher than expected because of increases in building energy use, as well as industrial and transportation sector emissions growing as the pandemic recovery continues. Although emissions have been increasing due to recovery from the pandemic, 2024 emissions remain 14 per cent below pre-pandemic levels in 2019.



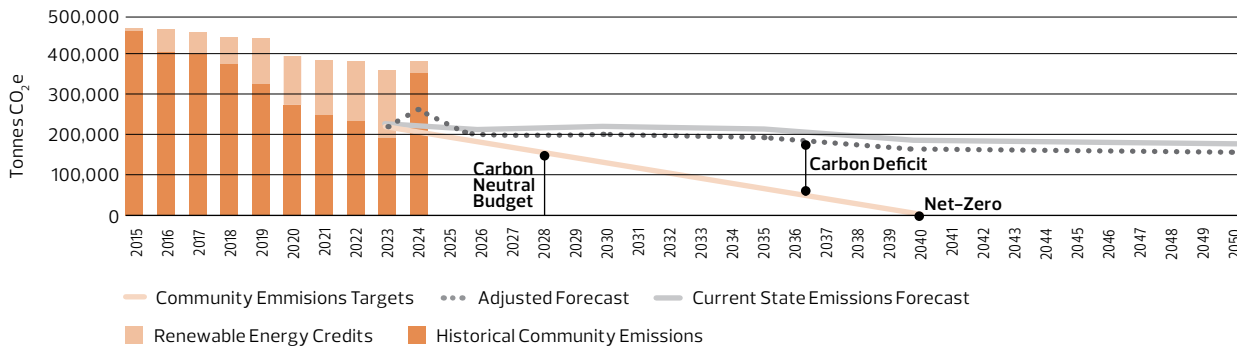
CLIMATE-RELATED FINANCIAL DISCLOSURES

Community Carbon Budgeting (based on approved budgets)



	Carbon Budget 2025-2050 (Available GHG Emissions)	Year Carbon Budget is Depleted (Based on Adjusted Forecasts)
Community Carbon Budget (targets that align with the Paris Agreement)	133 million tonnes CO ₂ e	2036*

Corporate Carbon Budgeting (based on approved budgets)



	Carbon Budget 2025-2040 (Available GHG Emissions)	Year Carbon Budget is Depleted (Based on Adjusted Forecasts)
Corporate Carbon Budget	1.25 million tonnes CO ₂ e	2032*

*This is one year earlier than reported in the 2023-2026 Carbon Budget. This shift is due to the 2022, 2023 and 2024 actual emissions being higher than forecasted.

UPCOMING PRIORITIES

The Carbon Accounting Framework will continue implementation throughout 2026 and will allow for the integration of climate-focused decision-making into the financial and organizational planning process, including budget development and prioritization, asset management analysis and operational business decisions that incorporate climate-related impacts with financial implications. In the upcoming 2027-2030 budget cycle, improvements are planned to the Carbon Accounting Framework which will add adaptation considerations to budgetary decisions.

CLIMATE-RELATED FINANCIAL DISCLOSURES

STRATEGY

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

The City incorporates the assessment of climate risks and opportunities within its major strategic planning documents, such as [The City Plan](#) and [ConnectEdmonton](#), as well as within specific climate action strategic documents that incorporate the use of scenario analysis to inform strategy and action setting.

TCFD RECOMMENDED DISCLOSURES:

STRATEGY 1

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

Edmonton's climate vulnerability and risk assessment identifies climate-related risks for both City-owned assets and services, and for the community at large, from the 2050s to the 2080s.

The [Energy Transition Strategy](#) outlines investment opportunities for the City to achieve low carbon goals.

STRATEGY 2

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

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

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

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

STRATEGY 3

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

Climate modelling to assess Edmonton's climate change vulnerability and risk is now supported through LCAP (Localized Climate Analysis and Projections), a probability-based climate risk tool. LCAP uses an ensemble of statistically downscaled CMIP6 climate model projections across multiple Shared Socioeconomic Pathway (SSP) scenarios to evaluate plausible future climate conditions and estimate the likelihood and timing of critical climate threshold exceedances relevant to community assets and infrastructure.

Both the [Climate Resilient Edmonton: Adaptation Strategy and Action Plan](#) and the [Energy Transition Strategy](#) have also completed a technical review in 2025. The [Energy Transition Strategy](#) aims to reduce Edmonton's emissions to align with the Paris Agreement targets to keep global warming below 1.5 degrees Celsius.

CLIMATE-RELATED FINANCIAL DISCLOSURES

OUR CLIMATE STRATEGY WORK

The City Plan

Council approved The City Plan in 2020. The document combines the City's Municipal Development Plan and Transportation Master Plan, and builds on the climate resilience direction outlined in ConnectEdmonton. It identifies the need for a shift in how Edmonton grows to sustain a healthy, urban, and climate resilient city and to achieve the target of net zero per-person GHG emissions by 2050. Additionally, The City Plan has several climate-related policy directions and intentions embedded throughout this statutory document, providing further direction for climate change considerations in the development of Edmonton.

Edmonton's Community Energy Transition Strategy

In 2021, the City updated the Community Energy Transition Strategy to align Edmonton's climate change mitigation efforts to the Paris Agreement overarching goal. The strategy consists of goals, strategies and actions around four climate pathways: a renewable and resilient energy transition; emissions neutral buildings; low carbon city and transportation, and carbon capture and nature-based solutions. Underlying the entire approach is a foundation of climate solutions leadership, building off Edmonton's previous and ongoing work in energy transition and climate mitigation. The strategy outlines targets for a carbon-neutral corporation by 2040 and a carbon-neutral community by 2050, with accelerating actions to reduce community based GHG emissions by 50 per cent (compared to 2005 levels) by 2030.

Climate Resilient Edmonton: Adaptation Strategy and Action Plan

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

Climate Strategies Review

The Municipal Government Act, via the City of Edmonton Charter (2018 Regulation), requires the City to establish both a climate change mitigation and adaptation plan, and that the plan(s) be reviewed and adopted by Council every five years. As required, the City completed a review of both foundational strategies in 2025. Proposed amendments are currently under development, and will be presented to City Council for consideration in 2026.

CLIMATE-RELATED FINANCIAL DISCLOSURES

SCENARIO ANALYSIS

Climate-related scenario analysis helps Council and the corporation assess current and future climate conditions, identify climate-related risks and opportunities, as well as make informed decisions when setting strategies for Edmonton. The City uses climate projections from global climate models and applies climate modelling to different emissions scenarios to plan for multiple plausible climate futures.

General trends show that Edmonton can expect:

Continued warming trends, including more extreme heat events.

Changing precipitation patterns, including warmer, wetter winters, hotter drier summers and more extreme rainfall events.

An increase in frequency and severity of extreme weather events.

An overall warming and drying trend in our region, which could lead to changes in Edmonton's ecosystems.

CLIMATE-RELATED RISKS AND OPPORTUNITIES

Climate-Related Risks

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

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

Health and safety

Community and culture

Emergency management

Food and agriculture

Stormwater, drinking water and wastewater

Buildings and property

Waste management

Transportation systems

Information and communication technology

Electricity

Fuel supply

Natural environment

Economy

The consequence of the risk impacts combined with the likelihood of the climate risks was the basis of the City's risk and vulnerability assessment, informing the City's overall climate risk profile.

CLIMATE-RELATED FINANCIAL DISCLOSURES

Climate Opportunities

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

CLIMATE AND FINANCIAL STRATEGIES

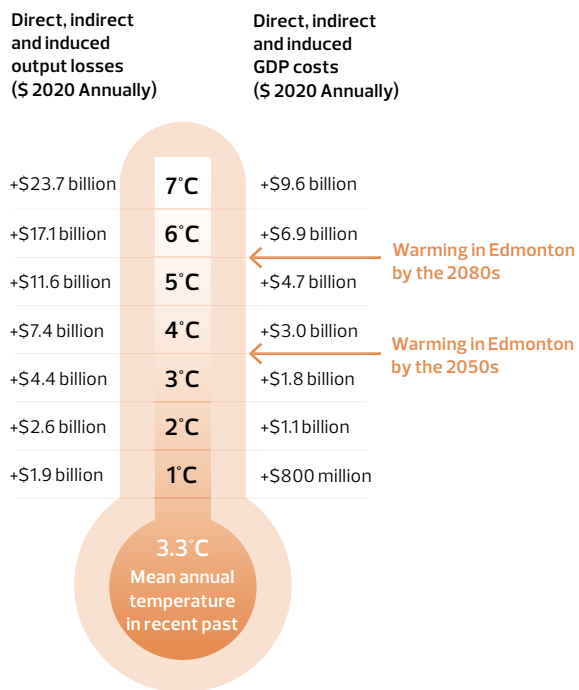
The City is in the first phase of understanding the financial implications of climate change on our infrastructure, programs, economy and community. The following is a summary of work that has been completed to date, including some of the steps the City is taking to advance investment, organizational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

Edmonton's Economic Assessment of Climate Change Impacts

To better understand what climate change costs mean for Edmonton, the City conducted a study in 2022 to model and understand the local economic consequences of climate change. Two types of economic consequences were assessed as part of this study: one type included the costs arising from the physical impacts of climate change on tangible goods and services that could be

monetized, such as the cost of replacing damaged infrastructure, and the other quantified costs due to the impact on intangible goods and services, such as travel delays due to damaged infrastructure.

This study found that climate change could cause overall annual losses projected to be \$5.5 billion by the 2050s and \$15.4 billion by the 2080s. Annual gross domestic product (GDP) losses due to climate-related impacts on Edmonton are estimated at \$2.2 billion by the 2050s and \$6.2 billion by the 2080s. This illustrates that climate change will have real financial consequences for Edmonton, and that there will be a cost incurred by future Edmontonians if climate change action is not taken. The study also found that both social and GDP costs increase with each degree of additional warming.



CLIMATE-RELATED FINANCIAL DISCLOSURES

Investment in Energy Transition and Adaptation

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

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

Energy Transition Strategy Implementation Composite, to advance at least one “Big Win” action from each of the strategy’s four energy transition pathways.

Supplemental Community Energy Transition Implementation service package, to further support accelerating energy transition in the community.

The Climate Adaptation Strategy Implementation composite, to focus on preparing the community for a changing climate through proactive risk management, as well as supporting critical operational changes to reduce the corporation from the vulnerabilities to most significant climate changes.

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

Climate resilient facility upgrades

Emissions neutral city fleet and equipment

District energy network strategy and district energy nodes

Active Transportation Implementation



In March 2025, the Task Force announced a Climate and Environment Action Fund supporting internal City energy transition and environmental projects with \$4.25 million in grants.



CLIMATE-RELATED FINANCIAL DISCLOSURES

The following are examples of the way that the City is supporting climate change action in the community and embedding it into the corporation's strategic and financial planning processes.

Clean Energy Improvement Program (CEIP)

CEIP provides eligible property owners access to long term, fixed financing for energy efficiency and renewable energy upgrades to their privately owned buildings.

The financing is repaid over a period of up to 20 years through a CEIP tax placed on the owner's property tax account.

In 2022, a pilot program was implemented with up to \$9.7 million loan/grant from the Federation of Canadian Municipalities Green Municipal Fund. As of December 2025, the pilot program has 60 residential and three commercial completed projects with the corresponding carbon emission reductions helping the City meet climate change goals.

A permanent CEIP program was launched in October 2024 with the initial allocation of \$20.0 million in financing to support building owners from 2024 to 2028. As of December 2025, 172 residential and six non-residential files were in progress or completed, with a corresponding value of \$8.6 million.

Neighbouring for Climate

Launched in April 2024, the Neighbouring for Climate program has grown significantly, engaging over 150 Climate Connector participants across more than 100 city neighbourhoods as of January 2026.

The program facilitates neighbour-to-neighbour connections to identify local community assets and climate risks, encouraging collective action to adapt neighbourhoods to a changing climate.

A free toolkit, including action cards and resources, is provided to make climate resilience action accessible and adaptable for residents.

Climate Resilience Planning and Development Action Plan

In October 2024, the Climate Resilience Planning and Development Action Plan was presented to and accepted by Council's Urban Planning Committee.

The Action Plan identifies the first 15 priority actions to incorporate strategic, regulatory and procedural climate resilience measures throughout the City's land use planning and development continuum.

These actions are intended to be implemented from 2024 to 2026 in order to lay a strong foundation for ongoing climate resilience building. The plan focuses on neighbourhoods, buildings, site design and landscaping, and City processes surrounding development and planning.

Application of Policy C627 (Climate Resilience)

The purpose of the Climate Resilience Policy C627 is to provide clear and consistent governance and accountability for achieving a climate resilient community, and to demonstrate commitment to climate solution leadership in all aspects of City planning, development and business decisions.

Currently, there are six administrative procedures to provide direction on how the Corporation is expected to activate Policy C627. These procedures focus on City buildings, including new construction, existing buildings, acquisitions, City's role as a landlord or tenant of buildings and any city-funded external building projects.

As part of this work, there is also a Climate Resilient Buildings Team which provides oversight and is composed of representatives from various business areas of the City who have the expertise

CLIMATE-RELATED FINANCIAL DISCLOSURES

and resources necessary to achieve the goals of Policy C627. The team meets quarterly to ensure policy implementation, evaluation in the form of compliance reporting and periodic evaluation of the effectiveness of the procedures.

Integration into Financial Planning and Asset Management

Capital Planning: The City's capital planning process for new assets includes a system of scoring against strategic goals that helps prioritize capital investment. Scoring criteria includes building sustainable infrastructure that ensures the continuity of critical services by being more resilient to climate-related impacts; sourcing of sustainable energy and responsible energy consumption; and managing operations and engaging Edmontonians to reduce the production of GHG emissions.

Renewal Asset Management Planning: Infrastructure Asset Management Policy C598 requires that the City consider proactive climate resilience when making infrastructure asset investment decisions, including capital renewal and operational maintenance. Climate risk assessments have been completed using a high-level Public Infrastructure Engineering Vulnerability Committee (PIEVC) protocol for 6 asset classes (Facilities, Open Space, Urban Forests, Active Modes of Transportation, Bridges and Paved Roads and Unpaved Roads), and recommendations from these assessments are used to inform life cycle management activities. The Facilities Climate Risk Assessment was completed in 2025 to identify the climate strengths and weaknesses of all City-owned buildings and to prioritize building adaptation measures.

Financial Operational Plans: The City's operational programs and services are scored during the budget process on their ability to sustain and conserve the environment. The City is continuing to integrate climate resiliency and sustainability into the City's financial planning as demonstrated in the recently approved 2023-2026 budget.





CLIMATE-RELATED FINANCIAL DISCLOSURES

SPOTLIGHT: CITY OF EDMONTON GREEN ENERGY PURCHASE COMMITMENTS

As of October 2025, the City of Edmonton has successfully transitioned to receiving 100 per cent of the electricity required for its corporate operations from sustainable green energy sources. This significant milestone is underpinned by two comprehensive twenty-year power purchase agreements.

These contracts ensure the City can reliably utilize 100 per cent renewable electricity, with the energy profile comprising a blend of 80 per cent sourced from wind energy and 20 per cent from solar energy. Crucially, these strategic purchases are a major step in the City's commitment to achieve its ambitious goal of becoming a net zero GHG generator by the year 2040.

Together, these two landmark projects are projected to produce in excess of 300,000 MWh of energy annually. This production effectively avoids the release of 150,000 tonnes of CO₂ emissions per year, contributing substantially to a cleaner environment.



CLIMATE-RELATED FINANCIAL DISCLOSURES

In 2025, Blatchford's first affordable housing development was confirmed, with the builder planning to start construction in 2026.

BLATCHFORD FIRE STATION #8

Blatchford Fire Station #8 opened in November 2025. This station is emissions-neutral and incorporates sustainability with a rooftop solar installation and Low Impact Development (LID) stormwater management system. It is also connected to the Blatchford district energy sharing system, which provides renewably-sourced heating, cooling and hot water services to the community's homes and buildings. The fire station is anticipated to achieve LEED® Silver or higher certification.



CLIMATE-RELATED FINANCIAL DISCLOSURES

RISK MANAGEMENT

The climate change landscape is complex, fluid and poses risks to our community and way of life. It is crucial the City not only understands these risks, but proactively manages them through a robust risk management program.

ENTERPRISE RISK MANAGEMENT

The City conducts three levels of risk assessment in the ERM program to determine the holistic impacts on the organization: strategic risks, operating risks and service risks. The ERM framework integrates environmental related risks into the City's identified three levels of risk. The City's strategic climate risks were identified and assessed through the Vulnerability and Risk Assessment (VRA). The VRA prioritizes climate-related risks and opportunities; it determines levels of concern and priorities for specific natural and built assets, public and private services, populations segments and the pathways through which they are impacted. Climate risks have been further defined for some business areas through detailed risk assessments at an asset-level. Further operational and service based risks of climate change are identified and assessed through the ERM framework to translate strategic goals and challenges into actionable responses at a business unit level.

ERM levels of organizational risk

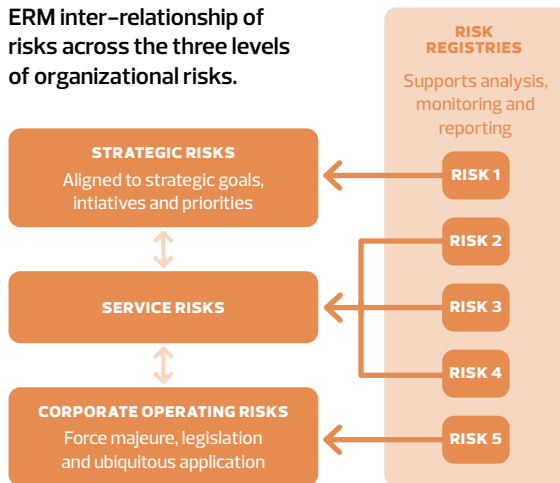


The ERM program gathers information and data impacting each layer of the organization, with the intention of aligning actions to respond effectively in a co-ordinated manner to climate-related risks and to support our climate change strategies. This integration aligns business planning, budget planning, emergency management plans, climate change impacts and insurance risks to create a more robust approach for proactive action and prepared responses.

Specialized risk assessments for potential environmental disasters are developed by the Office of Emergency Management leveraging the Government of Alberta's Hazard Identification and Risk Assessment (HIRA) methodology. The Office of Emergency Management continues to collaborate with the Alberta Emergency Management Agency (AEMA) on all aspects of emergency management, including prevention/mitigation, preparedness, response and recovery.

CLIMATE-RELATED FINANCIAL DISCLOSURES

ERM inter-relationship of risks across the three levels of organizational risks.



TCFD RECOMMENDED DISCLOSURES:

RISK MANAGEMENT 1

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

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

RISK MANAGEMENT 2

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

The Climate Resilient Edmonton: Adaptation Strategy and Action Plan and the Community Energy Transition Strategy guide policy development and City departments. Department branches determine tactical business area actions to translate the strategic climate plans into tangible outcomes and integrate climate risks at the service level. The City's

seven focus areas for climate actions are Governance and Decision-Making, Policy and Bylaw, Building Capacity, Culture, Partnership and Advocacy, Green Economy and Intersectionality. The City is taking action on climate by factoring extreme weather into the reserve fund and emergency responses during extreme weather events.

RISK MANAGEMENT 3

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

The ERM framework is evolving to address a consistent process for integrating climate-related risks. Currently this is done through the annual ERM process for evaluating strategic, operating and service risks, plus using a case-by-case basis evaluation driven by specific corporate policies, such as the Infrastructure Asset Management Policy C598. The Office of Emergency Management is updating its risk management practices related to environmental disasters through the updated Government of Alberta Hazard Identification and Risk Assessment (HIRA) process.



CLIMATE-RELATED FINANCIAL DISCLOSURES

TRANSITIONAL RISKS

The risks associated with transitioning to a low-carbon economy continue to be evaluated and developed with the ongoing development of the ERM framework. Further integration of data from the Carbon Budget will support decision-making and resourcing, from risk assessments to mitigation actions. Further development work continues on risks impacting the seven focus areas for climate, as described within the Climate Task Force mandate, as follows: Governance and Decision Making, Policy and Bylaw, Building Capacity, Culture, Partnership and Advocacy, Green Economy and Intersectionality. Assessing risks and prioritizing mitigation actions by these focus areas will provide a roadmap for the City to reach our climate goals.

KEY ACCOMPLISHMENTS

The 2025 Strategic Risk Profile outlines environmental risks from current energy systems, as well as risks from climate-related events and extreme weather that can disrupt City services, strain assets, and increase demands for support, shelter and recovery of displaced populations.

Although the City's Emergency Social Services (ESS) program did not respond to any large-scale displacements due to environmental hazards in 2025, the team focused on capacity building in compliance with the Government of Alberta's updated ESS Framework. To support this, the City increased its baseline staffing within the emergency management program and developed a standardized Request for Assistance (RFA) agreement. The RFA facilitates expedient and equitable service delivery to displaced people while ensuring the more timely recovery of financial resources expended on behalf of Edmontonians and Albertans.

The City participated in the Resilience Hubs Research Project by the University of Alberta, to further explore the development of resilience hubs for Edmonton. The [final report](#) was published in February 2024, and focused on transportation to/from resilience hubs and urban evacuation choice-making.

UPCOMING PRIORITIES

Identifying four key themes for strategic focus in the City's 2026 Corporate Strategic Risk Profile, including Environment and Climate Change. It emphasizes the severity of climate risks faced by the City, like extreme weather disrupting services and straining assets.

Continuing to create integration points between risk management and carbon budgeting to support effective financial decision-making.

Aligning and integrating risk management with the application of climate resilience adaptation standards and specifications, to allow the City to advance asset management adaptation and sustainability.

Supporting development of climate risks from strategic to tactical impacts on operations, services and financials.

Researching potential development of risk tolerance and appetite statements to support improved decision-making and opportunities to leverage innovation and investment.

With the Office of Emergency Management receiving additional funding for six new positions to support a redesigned organizational structure, significant attention in 2026 will shift toward the underpinning conditions of program success. Key priorities include comprehensive process reviews, enhanced training and exercising, and a modernized update of the City's Hazard Identification and Risk Assessment (HIRA) system. This will enable the Office, and its public safety and civic services partners, to better support Edmonton's growing population and changing demands for services as a result of a changing climate.

CLIMATE-RELATED FINANCIAL DISCLOSURES

METRICS AND TARGETS

The City relies on a variety of metrics and targets to measure progress being made towards climate resilience goals and strategies. This metrics and targets framework approach takes into account operational and corporate reporting on activities as well as indicators associated with our strategic plans and with impacts at the community level.

TCFD RECOMMENDED DISCLOSURES:

METRICS AND TARGETS 1

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

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

METRICS AND TARGETS 2

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

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

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

METRICS AND TARGETS 3

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

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

The City Plan targets and measures are used to help understand how Edmonton's planning and development actions achieve climate targets. The City annually reports the progress on GHG reduction targets.

In 2022, the City released the 2023-2026 Carbon Budget to show how the City's financial investment decisions impact the achievement of emissions reductions targets.

The Fall 2025 Carbon Budget Update highlighted that Edmonton's carbon budget will be depleted one year earlier than forecasted in the 2023-2026 Carbon Budget - 2036 for the Community Carbon Budget and 2032 for the Corporate Carbon Budget.

CLIMATE-RELATED FINANCIAL DISCLOSURES

ENVIISO

The City of Edmonton corporation is ISO 14001:2015 certified. The City's corporate ISO environmental management system is termed "Enviso" and this system provides the corporation with a formal "Plan, Do, Check, Act" approach to manage environmental risks and continually improve environmental performance. This system is also critical for integrating environmental aspects into processes throughout the corporation, as well as operationalizing environmental strategies and policies. Through the Enviso system, a set of key performance indicators (KPIs) have been determined across different environmental aspects, including energy and climate change. These KPIs are also in the process of being integrated into the City's Enterprise Performance Management system. Climate resilience metrics and targets are included in this system.

THE CITY PLAN TARGETS

Embedded within The City Plan are long-term targets and metrics related to climate change including:

Achieve a total community-wide fair share carbon budget of 135 megatonnes of total GHGs from 2019 to 2050, including net zero per-person GHG emissions by 2050.

Plant two million new urban trees.

50 per cent of trips are made by transit and active transportation.

Planning communities that allow people to easily complete their daily needs within a 15-minute walk, transit or bike ride.

The City Plan's performance on meeting these indicators, targets and measures will be communicated regularly, with more robust analysis undertaken at certain population thresholds.

CLIMATE RISK INDEX

Edmonton has developed a Neighbourhood Climate Risk Index to assess and track exposure, vulnerability, risk and resilience to climate change at the neighbourhood scale in Edmonton. The indicators represent a mix of human and natural systems as well as the built environment. Upon completion of this work, the outcomes of the Index can help to shape planning, policy and capital decisions at the local level to enable more equitable and targeted resilience-building measures.

GREENHOUSE GAS EMISSIONS

In 2021, the City of Edmonton updated emissions reductions targets in Edmonton's Energy Transition Strategy to align with global efforts to decarbonize established by the Intergovernmental Panel on Climate Change. For community emissions, targets include a 35 per cent reduction by 2025, 50 per cent reduction by 2030 and to become a carbon neutral community by 2050. Additionally, Edmonton has a target of becoming a carbon-neutral corporation by 2040. Progress is measured against a 2005 baseline year of 16.7 million tonnes and 419,000 tonnes of carbon dioxide equivalent (tCO₂e) for the community and corporation respectively. This puts Edmonton among pioneering municipalities worldwide in combating climate change.

CLIMATE-RELATED FINANCIAL DISCLOSURES

GREENHOUSE GAS (GHG) EMISSIONS – INVENTORIES

The City has prepared both community and corporate GHG emissions inventories since the 1990s, and relies on these emissions inventories for energy transition and emissions reduction planning and tracking. Edmonton follows the latest international greenhouse gas emissions accounting protocols for preparing greenhouse gas inventories. These inventories report on Scope 1, Scope 2, and select Scope 3 Community and Corporate Greenhouse Gas Emissions sources to understand and manage emissions. Scope 1 emissions result from the combustion of fuel within the City Limits, generally referred to as Direct Emissions. Scope 2 emissions are indirect emissions sources from the generation of electricity outside of the City Limits. Scope 3 includes emissions that are induced due to activities taken by the City or Community. Edmonton's community inventory currently includes emissions from line losses from electricity transmission, transboundary traffic and emissions from waste disposal and treatment outside of the City as Scope 3 emissions. Investigation of additional Scope 3 emissions sources for inclusion in the GHG inventory is underway to improve the City's tracking and management of these sources.

Edmonton reports the results of the Community emissions inventories on [Edmonton's Open Performance Dashboard](#) under the Climate Resilience goal of ConnectEdmonton. Edmonton has also been awarded the "Full Compliance" badge from the Global Covenant of Mayors for Climate and Energy for the City's climate planning. The City also participates in the Carbon Disclosure Project (CDP), a not-for-profit charity that runs the global climate disclosure system for investors, companies, cities, states and regions. Edmonton's 2023 CDP reporting resulted in Edmonton maintaining an A-grade, demonstrating Edmonton's ongoing leadership and transparency in climate planning and action.

HIGHLIGHTS FROM EDMONTON 2024 GHG INVENTORY RESULTS

Community Greenhouse Gas Emissions

In 2024, Edmonton's total community emissions were 15.2 million tCO₂e (a 3 per cent increase from 2023) and 12.8 tonnes per person (a 3 per cent decrease from 2023).

Community emissions have decreased by 9 per cent since the 2005 baseline.

Per capita community emissions have decreased by 46 per cent since the 2005 baseline.

Transportation emissions comprise the largest proportion (34 per cent) of the total community emissions with Industry (25 per cent) and commercial buildings (19 per cent) being the next largest sources of emissions.

While this demonstrates that progress has been made on reducing Edmonton's emissions, accelerated emissions reduction actions are still needed to meet Edmonton's net zero per person target by 2050.

Corporate Greenhouse Gas Emissions

The City's corporate GHG emissions inventory represents approximately 2 per cent of the community GHG emissions.

In 2024, Edmonton's total gross corporate emissions, which report the total GHGs emitted before any offsets, were 374,000 tCO₂e (a 5 per cent increase from 2023).

Net corporate emissions were 350,000 tCO₂e (a 61 per cent increase from 2023). This rise resulted from an 85 per cent reduction in renewable energy certificate (REC) purchases compared to the previous year. The net emissions included a 4,000 tCO₂e reduction due to urban forest sequestration and a 20,000 tCO₂e reduction due to the purchase of RECs.

CLIMATE-RELATED FINANCIAL DISCLOSURES

Buildings and Facilities make up the largest proportion of the corporate inventory (47 per cent). Transit Fleet (21 per cent) and Landfills (13 per cent) are the next largest contributors.

Total emissions have historically been trending downwards, but increased in 2024. This was due to a rise in emissions from facilities and fleet compared to 2023, and increasing trend in emissions in transit post-pandemic. Streetlights saw a continued decrease. Other sectors remained relatively stable compared to the previous year and all sectors are below baseline values.

Going forward, the corporation plans to use 100 per cent renewable electricity, as the Wheatcrest Solar and Wild Rose Wind projects are now operational under the City's 20-year renewable electricity contract.

The changes in the corporate GHG emissions by reporting sector are summarized below:

Change in Corporate GHG Emissions by Reporting Category

Reporting Category	Baseline 2005 GHG Emissions (tCO ₂ e) *	2022 GHG Emissions (tCO ₂ e) *	2023 GHG Emissions (tCO ₂ e) *	2024 GHG Emissions (tCO ₂ e) **
Buildings and Other Facilities	172,000	177,000	162,000	175,000
Streetlights and Traffic Signals	73,500	28,200	24,100	21,900
Vehicle Fleet	25,000	32,300	31,300	33,300
Transit Fleet	62,300	76,000	76,300	79,600
Waste Management Facilities and Landfills	88,600	66,900	63,900	64,100
Subtotal	421,400	380,400	357,600	373,900
Urban Forest Sink	-	(3,590)	(3,660)	(3,800)
Renewable Energy Credit (REC) Purchases	-	(139,000)	(137,000)	(20,300)
Total	421,400	237,810	216,940	349,800

*Figures were updated from previously reported.

** 2024 Figures are preliminary.

CLIMATE-RELATED FINANCIAL DISCLOSURES



Phase 1 of the Downtown District Energy Initiative opened in September 2025 and provides heat to the Winspear, including its expansion, Century Place and Chancery Hall.

2024 KEY ACCOMPLISHMENTS

In 2024, the City offset 16 per cent of corporate emissions from electricity usage through the use of renewable energy credits. The City did not offset all electricity emissions with renewable energy credits in 2024 due to reductions in the related budget to minimize City property tax increases. The purchase of the renewable energy credits equates to a reduction of 5 per cent of the 2024 corporate emissions.

As of the end of 2024, 5,238 kilowatts of solar capacity was installed on City buildings and properties, which is estimated to have reduced 2024 annual emissions by 1,690 tCO₂e.

In 2024, the City's net corporate GHG emissions were 16 per cent below Edmonton's 2005 baseline emissions. The City also saw a 61 per cent increase from 2023 net emissions levels, due to an 85 per cent reduction in the use of renewable energy credits.

Capital Budget was allocated to the Kathleen Andrews Transit Garage Solar PV and Battery project in 2024. This project aims to increase the instantaneous charging capacity of the facility which supports the operation of the City's Electric Bus fleet. The project will also pilot the integration of battery systems to address electricity supply limitations. Construction proceeded in 2025, with the systems expected to be fully operational in 2026.

UPCOMING PRIORITIES

Updating and refining carbon budgeting to enable greater quantification of budget profiles and include consideration of climate risk.

Corporate Climate Resilience Targets are under development and will provide a pathway for the Corporation to become carbon-neutral by 2040 and include adaptation targets to guide business areas in their climate resilience efforts.

Developing a revised Climate Action Plan for the Edmonton community, which will include actions for reducing corporate emissions and climate risk.





STATISTICAL REVIEW FOR THE YEARS 2021 TO 2025

GENERAL MUNICIPAL DATA

Unaudited

	2025	2024	2023	2022	2021
Population¹ (Note 1)	1,238,295	1,197,771	1,127,183	1,074,178	1,050,945
Population age distribution¹ (%) (Note 1)					
0-4	5.50	5.54	5.71	5.89	6.07
5-19	17.57	17.44	17.30	17.24	17.00
20-29	15.38	15.49	15.19	15.00	15.09
30-39	17.92	17.96	17.67	17.44	17.57
40-49	14.51	14.29	14.06	13.86	13.69
50-59	10.35	10.55	10.96	11.39	11.63
60-64	5.07	5.23	5.44	5.58	5.64
65+	13.70	13.50	13.67	13.60	13.31
Area²					
in hectares	78,247	78,247	78,247	78,247	78,247
in square kilometres (rounded)	782	782	782	782	782
Number of housing starts³	15,902	13,484	9,665	11,401	9,947
Value of building permits⁴ (\$000) (Note 2)	\$ 7,417,309	\$ 6,618,556	\$ 4,920,731	\$ 5,136,929	\$ 4,493,392
Household median total income⁴ (Note 3)					
Metro Edmonton	\$ 114,130	\$ 114,130	\$ 114,130	\$ 111,110	\$ 108,390
Alberta	\$ 114,220	\$ 114,220	\$ 114,220	\$ 110,350	\$ 106,960
Canada	\$ 105,370	\$ 105,370	\$ 105,370	\$ 101,840	\$ 98,390
Consumer price inflation⁴ (%) – 2002 base year					
Metro Edmonton	1.9	2.8	2.8	6.3	3.0
Alberta	2.0	2.9	3.3	6.4	3.2
Canada	2.1	2.4	3.9	6.8	3.4
Unemployment rate⁴ (%) – annual average					
Metro Edmonton	7.7	7.5	6.1	5.9	8.8
Alberta	7.2	7.0	5.9	5.8	8.6
Canada	6.8	6.3	5.4	5.3	7.5
City of Edmonton employees (Note 4)	16,264	16,064	15,682	15,166	14,741

Sources: ¹ Alberta Treasury Board and Finance ² City of Edmonton Urban Planning and Economy

³ Canada Mortgage and Housing Corporation ⁴ Statistics Canada

Notes

1. Estimates of population and age distribution are as of July 1. Historical revisions, for census and estimates, resulted in updates to data for 2021-2024 inclusive compared to figures presented in the 2024 Annual Report.
2. Value reflects the metropolitan area of Edmonton. Revisions resulted in an update to 2024 figures compared to what was presented in the 2024 Annual Report.
3. The household median income reflects the "median total income, all families" per Statistics Canada. At the date of this report, the most recent reference year for which median family income data were available was 2023. Median family income data for subsequent years were held flat since data are not yet available. As such, compared to the figures in our 2024 Annual Report, 2023 was revised to reflect official data and 2024 was revised to reflect the official data for 2023.
4. Positions are stated in full time equivalents, as budgeted and exclude EPCOR.

STATISTICAL REVIEW FOR THE YEARS 2021 TO 2025

ASSESSMENT AND TAX LEVY

Unaudited (in thousands of dollars, except per capita)

	2025	2024	2023	2022	2021
Assessment:					
Total taxable assessment	\$ 205,700,216	\$ 190,923,220	\$ 186,363,903	\$ 175,116,508	\$ 168,434,321
Percentage of total assessment represented by:					
Residential properties (%)	80.2	78.9	78.7	78.8	77.3
Commercial properties (%)	19.8	21.1	21.3	21.2	22.7
Taxable assessment per capita	\$ 166,116	\$ 160,378	\$ 163,429	\$ 163,658	\$ 173,247
Assessment for principal taxpayers (%) (Note 1)	4.2	4.4	4.5	4.4	4.4
Rates of taxation (mills):					
Single family residences	10.14	10.17	9.45	9.39	9.59
Other residential property	10.83	11.09	10.50	10.42	10.64
Mature area derelict residential (Note 2)	26.74	25.17			
Commercial and industrial	28.27	26.46	24.47	25.18	24.15
Property tax levy, collections, and arrears:					
Arrears at January 1 (net)	\$ 115,279	\$ 99,920	\$ 88,128	\$ 80,913	\$ 104,240
Tax Levy	2,934,284	2,704,268	2,452,674	2,327,762	2,259,343
Appeals and adjustments	(14,473)	(20,288)	(13,387)	(12,314)	(14,424)
Collections:					
Regular	(2,766,300)	(2,552,619)	(2,318,871)	(2,212,175)	(2,164,436)
Community Revitalization Levy	(43,643)	(40,729)	(36,967)	(36,129)	(34,614)
Arrears	(121,682)	(102,565)	(95,016)	(83,555)	(90,013)
Penalties on prior year arrears	32,734	27,292	23,359	23,626	20,817
Arrears at December 31 (net)	\$ 136,199	\$ 115,279	\$ 99,920	\$ 88,128	\$ 80,913
Percentage of current property taxes collected (%)					
	96.2	96.6	96.6	97.1	98.0
Percentage of net property tax arrears collected (%)					
	121.8	102.6	107.8	103.3	86.4
Property tax arrears per capita (gross)	\$ 115.28	\$ 100.97	\$ 92.29	\$ 87.61	\$ 89.48
Property tax arrears per capita (net)	110.15	97.00	87.79	82.54	83.22
Property tax levy per capita	2,369.62	2,271.62	2,150.83	2,175.44	2,323.89
Business improvement area tax levy	\$ 5,089	\$ 4,519	\$ 4,080	\$ 3,727	\$ 3,426
Education requisitions	\$ 575,075	\$ 529,120	\$ 497,110	\$ 497,033	\$ 493,416

Source: City of Edmonton Financial and Corporate Services

Notes

1. Includes the ten highest property owners by assessment value.
2. New tax subclass in 2024 for residential properties in mature neighbourhoods that show serious signs of neglect, are falling into significant disrepair or are unlivable.

STATISTICAL REVIEW FOR THE YEARS 2021 TO 2025 INVESTMENT FUNDS (NOTE 1)

Unaudited (in thousands of dollars)

	2025	2024	2023	2022	2021
Balanced Fund					
Net assets – market value	\$ 1,174,530	\$ 1,079,968	\$ 888,966	\$ 819,440	\$ 888,741
Net assets – cost	1,104,296	1,031,498	883,775	857,979	840,732
Net earnings	72,800	56,614	25,796	17,247	67,595
Fund rate (%)	7.1	6.4	3.0	2.1	8.8
Market (%)	9.3	11.1	9.0	(7.4)	6.2
Ed Tel Endowment Fund					
Net assets – market value	\$ 1,149,560	\$ 1,045,563	\$ 936,456	\$ 891,660	\$ 996,922
Net assets – cost	980,357	925,780	877,087	867,378	891,958
Net earnings	102,671	95,121	54,378	29,420	119,542
Fund rate (%)	11.1	10.8	6.3	3.3	14.7
Market (%)	15.4	17.2	11.1	(4.6)	14.4

Source: City of Edmonton Financial and Corporate Services

Notes

1. This schedule summarizes significant investment funds maintained by the City of Edmonton.
 - a. Net earnings are realized earnings of the fund as calculated in accordance with Canadian Public Sector Accounting Standards.
 - b. Fund return is the rate expressed as the net earnings over prior year net assets at cost.
 - c. Market return is based on the time-weighted method, in accordance with industry standards.

STATISTICAL REVIEW FOR THE YEARS 2021 TO 2025

LONG-TERM DEBT

Unaudited (in thousands of dollars)

	2025	2024	2023	2022 Restated	2021
Borrowing (Note 1)					
Self-liquidating	\$ 38,320	\$ 24,789	\$ 97,302	\$ 45,716	\$ 92,088
Tax-supported	432,324	421,397	415,609	567,407	227,308
	\$ 470,644	\$ 446,186	\$ 512,911	\$ 613,123	\$ 319,396
Total debt servicing limit (26% of City revenue)	\$ 1,007,289	\$ 939,211	\$ 871,231	\$ 798,997	\$ 777,153
Total debt servicing	418,368	391,900	420,745	341,907	289,066
Percentage used (%)	41.5	41.7	48.3	42.8	37.2
Total debt servicing limit (21% of City revenue)	\$ 813,580	\$ 758,593	\$ 703,687	\$ 645,344	\$ 627,700
Total debt servicing	418,368	391,900	420,745	341,907	289,066
Percentage used (%)	51.4	51.7	59.8	53.0	46.1
Tax-supported debt servicing limit (18% of tax-supported net operating expenditures)	\$ 541,564	\$ 514,567	\$ 481,738	\$ 446,077	\$ 406,545
Tax-supported debt servicing (Note 1)	363,606	337,068	366,798	269,981	239,596
Percentage used (%) (Note 1)	67.1	65.5	76.1	60.5	58.9
General government debt service (Note 2)	\$ 379,266	\$ 368,954	\$ 388,133	\$ 275,884	\$ 256,510
General government debt service as a percentage of general government operating expenses (%) (Note 2)	10.1	10.4	11.5	8.6	8.9
Long-term debt (gross) (Note 1)					
Self-liquidating	\$ 915,356	\$ 947,661	\$ 992,523	\$ 963,163	\$ 1,006,080
Tax-supported	4,071,905	3,848,319	3,634,125	3,467,293	3,063,839
Long-term debt (net of EPCOR) (Note 1)					
Self-liquidating	\$ 520,245	\$ 520,113	\$ 533,361	\$ 473,036	\$ 482,732
Tax-supported	4,071,905	3,848,319	3,634,125	3,467,293	3,063,839
Net debt per capita (Note 1 and 3)					
Self-liquidating	\$ 420	\$ 434	\$ 473	\$ 440	\$ 459
Tax-supported	3,288	3,213	3,224	3,228	2,915
	\$ 3,708	\$ 3,670	\$ 3,701	\$ 3,671	\$ 3,374
Percentage of total debt to be retired (%)					
Within 5 years	27.1	27.6	27.8	29.6	29.3
Within 10 years	54.6	54.7	52.3	54.0	55.2

Source: City of Edmonton Financial and Corporate Services

Notes

1. Non Profit Housing debt was reclassified from self-liquidating debt to tax-supported debt and 2021 to 2023 have been presented accordingly. Also, 2022 was restated for the implementation of PS 3280 (Asset Retirement Obligations).
2. Debt servicing includes principal and net interest.
3. Historical revisions made by Alberta Treasury Board and Finance, for census and estimates, resulted in updates to data for 2021-2024 inclusive compared to figures presented in the 2024 Annual Report.

STATISTICAL REVIEW FOR THE YEARS 2021 TO 2025 CONSOLIDATED EXPENSES

Unaudited (in thousands of dollars)

Operating Expenses by Function	2025	2024	2023	2022 Restated	2021
Transportation services	\$ 1,158,917	\$ 1,113,995	\$ 1,038,686	\$ 1,028,422	\$ 908,266
Protective services	983,905	909,246	846,059	793,781	789,587
Community services	901,209	839,792	803,888	774,897	623,868
Utility and enterprise services	292,075	270,485	279,137	231,463	227,839
Corporate administration, general municipal and other	660,880	643,077	649,074	555,345	505,134
Fleet services	46,952	43,227	41,897	42,073	38,809
	\$ 4,043,938	\$ 3,819,822	\$ 3,658,741	\$ 3,425,981	\$ 3,093,503

Operating Expenses by Object	2025	2024	2023	2022 Restated	2021
Salaries, wages and benefits	\$ 2,074,239	\$ 1,885,034	\$ 1,790,672	\$ 1,669,501	\$ 1,590,910
Materials, goods and utilities	420,318	378,726	398,438	375,452	298,161
Contracted and general services	422,603	524,957	426,028	349,361	297,018
Interest and bank charges	188,571	164,391	171,934	132,786	116,655
Grants and other	168,763	151,480	145,993	159,287	158,818
Amortization of tangible capital assets	735,836	686,572	661,037	653,839	620,337
Loss on disposal, impairment and transfer of tangible capital assets	33,608	28,662	64,639	85,755	11,604
	\$ 4,043,938	\$ 3,819,822	\$ 3,658,741	\$ 3,425,981	\$ 3,093,503

Source: City of Edmonton Financial and Corporate Services

Note: 2022 was restated for the implementation of PS 3280 (Asset Retirement Obligations).

STATISTICAL REVIEW FOR THE YEARS 2021 TO 2025 CONSOLIDATED REVENUE AND CAPITAL FINANCING

Unaudited (in thousands of dollars)

Revenues	2025	2024	2023	2022	2021
Net taxes available for municipal purposes	\$ 2,332,958	\$ 2,136,888	\$ 1,927,510	\$ 1,807,124	\$ 1,745,774
User fees and sale of goods and services	711,942	652,311	713,048	588,892	506,676
Subsidiary operations - EPCOR	533,517	426,479	361,250	379,855	387,730
Franchise fees	248,919	222,436	206,844	208,465	183,021
Investment earnings	221,919	201,723	140,294	198,070	144,879
Government transfers - operating	153,794	165,793	138,313	70,048	208,089
Licences and permits	98,486	93,958	74,484	80,286	77,618
Fines and penalties	60,171	69,225	69,454	69,528	67,223
Developer and customer contributions - operating	21,440	32,787	42,880	31,579	37,531
Revenues before capital	\$ 4,383,146	\$ 4,001,600	\$ 3,674,077	\$ 3,433,847	\$ 3,358,541
Government transfers - capital	886,977	701,483	643,903	532,815	413,405
Contributed tangible capital assets	45,957	61,611	80,556	81,563	95,448
Developer and customer contributions - capital	17,651	30,235	24,903	6,689	6,770
Local improvements	6,910	6,993	13,160	12,384	11,468
	\$ 5,340,641	\$ 4,801,922	\$ 4,436,599	\$ 4,067,298	\$ 3,885,632
Capital Additions by Financing Source	2025	2024	2023	2022	2021
Capital Additions	\$ 1,966,043	\$ 1,647,911	\$ 1,512,625	\$ 1,396,658	\$ 1,231,918
Financing Sources Applied:					
Pay-As-You-Go	130,983	116,276	115,749	135,565	85,167
Debt	615,339	487,389	280,508	452,655	316,276
Government transfers - Provincial	456,989	411,098	431,255	310,344	302,751
Government transfers - Federal	429,988	290,385	212,648	222,471	110,654
Developer/partnership	57,762	81,062	103,746	87,424	113,934
Reserves/user fees/other	274,982	261,701	368,719	188,199	303,136
	\$ 1,966,043	\$ 1,647,911	\$ 1,512,625	\$ 1,396,658	\$ 1,231,918

Source: City of Edmonton Financial and Corporate Services

STATISTICAL REVIEW FOR THE YEARS 2021 TO 2025

FINANCIAL POSITION, ANNUAL SURPLUS AND RESERVES

Unaudited (in thousands of dollars)

	2025	2024	2023	2022 Restated	2021
Financial assets	\$ 9,964,149	\$ 9,433,568	\$ 8,873,664	\$ 8,511,069	\$ 8,093,766
Liabilities	6,763,338	6,348,279	6,041,676	5,804,011	5,370,784
Net financial assets	3,200,811	3,085,289	2,831,988	2,707,058	2,722,982
Non-financial assets	17,227,112	16,069,443	15,161,740	14,443,687	13,839,086
Accumulated surplus - ending	\$ 20,427,923	\$ 19,154,732	\$ 17,993,728	\$ 17,150,745	\$ 16,562,068
Annual excess of revenues over expenses	\$ 1,296,703	\$ 982,100	\$ 777,858	\$ 641,317	\$ 792,129
Other changes to Accumulated Surplus	\$ (23,512)	\$ 178,904	\$ 65,125	\$ (52,640)	\$ (2,984)

Reserves

Pay-As-You-Go capital	\$ 210,991	\$ 151,423	\$ 133,074	\$ 140,956	\$ 180,143
Local improvement	134,202	138,504	142,730	140,564	138,880
Light rail transit	125,314	138,831	151,573	114,759	86,567
Sanitary servicing strategy fund	113,554	115,800	103,417	70,614	56,009
Affordable housing	79,861	80,757	69,121	59,513	55,834
Financial stabilization - unappropriated	74,910	85,204	151,629	68,402	121,746
Planning and development	69,940	56,343	45,600	41,177	29,512
Financial stabilization - appropriated	50,165	75,540	100,003	192,360	180,952
Funds in lieu - residential	47,217	46,799	37,608	35,581	29,447
Fleet services - vehicle replacement	40,784	42,910	35,739	38,972	36,411
Developer recoveries	29,601	23,097	12,788	10,525	10,959
Traffic safety and automated enforcement	19,468	11,308	10,538	901	7,375
Industrial Infrastructure Cost Sharing Program	19,269	14,942	12,254	11,574	9,480
Rogers Place Arena capital	13,987	12,930	11,435	9,880	8,665
Parkland	11,940	10,428	16,844	18,949	19,572
Natural areas	9,917	9,670	9,257	8,842	8,710
Vehicle for hire	8,965	5,806	4,248	2,690	1,966
Tree management	7,971	11,753	11,800	8,533	9,793
Tax-supported debt	6,577	5,217	1,000	14,513	16,707
Heritage resources	5,798	6,630	6,336	6,036	5,032
Public Art Reserve	5,601	1,336	2,901	4,252	3,420
Community Safety and Well Being	4,873	5,577	10,178		
Perpetual care	4,342	7,279	6,365	5,465	4,650
Pay-As-You-Go capital - Edmonton Police Services	3,714	8,149	8,229	13,569	17,422
St. Francis Xavier	3,348	3,003	3,036	2,774	2,488
Motor vehicle insurance	2,500	2,500	2,500	2,500	2,500
Commercial Revitalization	2,302	7,016	7,095	6,088	4,830
Edmonton Elections Reserve	2,147	1,054			
Commonwealth Stadium	2,146	1,389	2,169	2,135	1,991
Brownfield redevelopment	396	(866)	(2,047)	(3,131)	(2,850)
Edmonton Police Service	(4,870)	(580)	(1,102)	312	(2,895)
Neighbourhood renewal	(10,359)	2,356	16,084	24,174	19,579
Community revitalization levy - Belvedere	(17,107)	(17,015)	(16,401)	(15,209)	(14,205)
Community revitalization levy - Downtown	(20,935)	(9,453)	(10,529)	(10,247)	(11,770)
Community revitalization levy - Quarters	(26,495)	(23,031)	(19,265)	(16,401)	(14,211)
Interim financing	(32,119)	(33,438)	(34,765)	(36,137)	(37,749)
Other	205	41	68	60	53
	1,000,120	999,209	1,041,510	975,545	987,013
City of Edmonton Library Board	11,286	16,502	15,598	12,672	12,488
Non-Profit Housing Corporation	7,637	12,873	3,120	4,928	6,511
Fort Edmonton Management Company					30
Explore Edmonton Corporation	2,000				
	\$ 1,021,043	\$ 1,028,584	\$ 1,060,228	\$ 993,145	\$ 1,006,042

Source: City of Edmonton Financial and Corporate Services

Note: 2022 was restated for the implementation of PS 3280 (Asset Retirement Obligations).

RELATED BOARDS AND AUTHORITIES

Further information regarding the Related Boards and Authorities can be obtained from the following sources:

Explore Edmonton

3rd Floor, World Trade Centre Edmonton
9990 Jasper Avenue
Edmonton, Alberta T5J 1P7
E-mail: info@exploreedmonton.com
Web: exploreedmonton.com
Chair: Karen Oshry
CEO: Traci Bednard

Edmonton Police Commission

Suite 1803 Rice Howard Place, Tower 2
10060 Jasper Avenue
Edmonton, Alberta T5J 3R8
Phone: 780-414-7510
E-mail: info@edmontonpolicecommission.ca
Web: edmontonpolicecommission.com
Chair: Ben Henderson
Chief of Police: Chief Warren Driechel

The City Of Edmonton Non-Profit Housing Corporation (HomeEd)

11410 – 149 Street
Edmonton, Alberta T5M 4G4
Phone: 780-474-5706
E-mail: info@myhomeed.ca
Web: myhomeed.ca
Chair: Colin Brenneis
CEO: Nick Lilley

Edmonton Unlimited

10107 Jasper Avenue
Edmonton, Alberta T5J 1W8
Phone: 825-965-7526
Web: edmontonunlimited.com
Chair: Lindsay Dodd
CEO: Tom Viinikka

EPCOR Utilities Inc.

2000 – 10423 101 Street NW, Epcor Tower
Edmonton, Alberta T5H 0E8
Phone: 310-4300
Web: epcor.com
Chair: Janice Rennie
President and CEO: John Elford

Edmonton Public Library

7 Sir Winston Churchill Square NW
Edmonton, Alberta T5J 2V4
Phone: 780-496-7000
Web: epl.ca
Chair: Shawna Vogel
CEO: Pilar Martinez

Fort Edmonton Management Company*

Fort Edmonton Park
7000 – 143 Street NW
Edmonton, Alberta T6H 4P3
Web: fortedmontonpark.ca

Edmonton Combative Sports Commission

3 Sir Winston Churchill Square NW
Edmonton, Alberta T5J 2C3
Phone: 780-218-2966
Email: ecsc@edmonton.ca
Chair: Andrew Soto
Executive Director: Forrest Gavins

*Fort Edmonton Management Company agreement expired on December 31, 2025. The City of Edmonton assumed all direct operation and management of Fort Edmonton Park effective January 1, 2026.

For more information visit: edmonton.ca

If you have inquiries about the 2025 Annual Report,
direct them by mail or phone at:

The City of Edmonton, Financial and Corporate Services
5th Floor, Chancery Hall, 3 Sir Winston Churchill Square NW,
Edmonton, AB, Canada T5J 2C3 Phone: 311



ANNUAL REPORT 2025

Edmonton, Alberta, Canada
for the year ended December 31, 2025

Edmonton