

2020 ANNUAL REPORT

Edmonton

CITY OF EDMONTON, ALBERTA, CANADA
FOR THE YEAR ENDED DECEMBER 31, 2020



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FOR THE YEAR ENDED DECEMBER 31, 2020

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





OUR ORGANIZATION

From police and fire services that keep residents safe to road clearing and transit that keep people moving and parks and libraries that enrich lives, the City of Edmonton delivers vital services every day.

Along with the more than 970,000 residents¹ who rely on City services, residents of the metropolitan region come to Edmonton to work, shop and play. The region is home to over 1.3 million² people.

An elected city council, including twelve ward councillors and a mayor, sets policies, approves budgets and bylaws and provides direction for a city manager who leads the administration. The City Manager and City Auditor are Council's direct employees.

The City's administrative staff is led by the City Manager and serves the public by implementing City Council's vision and providing City services.

Administration, directed by the City Manager, implements City Council's vision and administers public services. Seven departments work together to manage inter-related activities and lines of business.

¹https://www.edmonton.ca/city_government/facts_figures/municipal-census-results.aspx

² "Population and dwelling counts, for Canada, provinces and territories, and designated places, 2016 and 2011 censuses – 100% data". *Statistics Canada*. Government of Canada.

FINANCIAL HIGHLIGHTS

PAGE 6

Statement of Operations (millions of \$)

	2020 Budget	2020 Actual	2019 Actual	2018 Actual	2017 Actual
Operating Revenues	\$ 3,082.1	\$ 3,170.6	\$ 3,120.0	\$ 3,050.3	\$ 3,023.8
Capital Revenues	915.4	717.4	749.8	941.8	687.0
Operating Expenses	3,197.4	3,023.5	3,189.7	3,029.4	2,956.1
Excess of Revenues over Expenses	\$ 800.1	\$ 864.5	\$ 680.1	\$ 962.7	\$ 754.7

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

	2020 Budget	2020 Actual	2019 Actual
Taxation	\$ 1,723.3	\$ 1,726.2	\$ 1,671.8
User fees and sales of goods and services	545.7	461.7	623.3
Government transfers – operating	108.7	277.4	122.0
Subsidiary operations – EPCOR	278.3	275.7	231.1
Franchise fees	169.7	177.1	171.8
Fines and penalties	79.4	81.9	97.9
Investment earnings	101.3	78.2	102.2
Licenses and permits	47.7	69.1	74.3
Developer/ customer contributions – operating	28.0	23.3	25.6
Operating Revenues	\$ 3,082.1	\$ 3,170.6	\$ 3,120.0

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

	2020 Budget	2020 Actual	2019 Actual
Government transfers – capital	\$ 658.2	\$ 565.5	\$ 571.5
Contributed tangible capital assets	129.0	118.3	146.9
Developer and customer contributions – capital	115.8	8.9	18.4
Local improvements	12.4	24.7	13.0
Capital Revenues	\$ 915.4	\$ 717.4	\$ 749.8

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

	2020 Budget	2020 Actual	2019 Actual
Transportation services	\$ 912.1	\$ 910.5	\$ 983.7
Protective services	792.4	776.0	734.7
Community services	690.7	592.1	701.8
Administration, general, and other	489.7	476.0	467.0
Utilities and enterprise	268.5	223.1	266.2
Fleet Services	44.0	45.8	36.3
Operating Expenses	\$ 3,197.4	\$ 3,023.5	\$ 3,189.7

CITY OF EDMONTON ANNUAL REPORT INTRODUCTION 2020

ROAD MAINTENANCE CREWS COMPLETED 611,438 ASPHALT AND POT HOLE REPAIRS, 9,722 SQUARE METRES OF SIDEWALK REPAIRS AND 602 KM OF GRAVEL ROADS BLADING.



PAGE 7

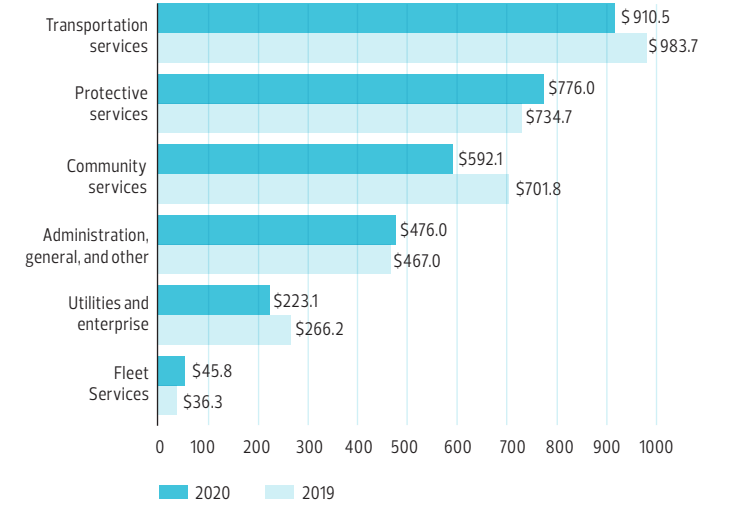
CITY OF EDMONTON ANNUAL REPORT INTRODUCTION 2020

IN 2019-20, SNOW AND ICE CREWS COMPLETED 149,036 KILOMETRES OF PLOWING AND APPLIED 51,100 TONNES OF SAND, 35,855 TONNES OF SALT AND 1,512 TONNES OF ROCK CHIP TO KEEP ROADS SAFE.

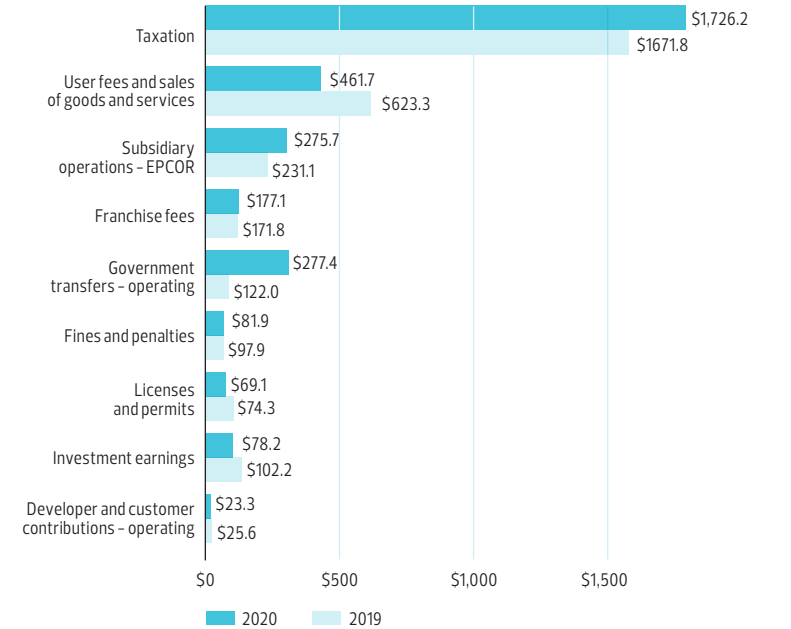
SPRING SWEEP WAS COMPLETED IN A RECORD-BREAKING 30 DAYS. CREWS SWEEP 5,557 KMS OF RESIDENTIAL ROADS AND 1,152 KM OF ARTERIAL ROADS.



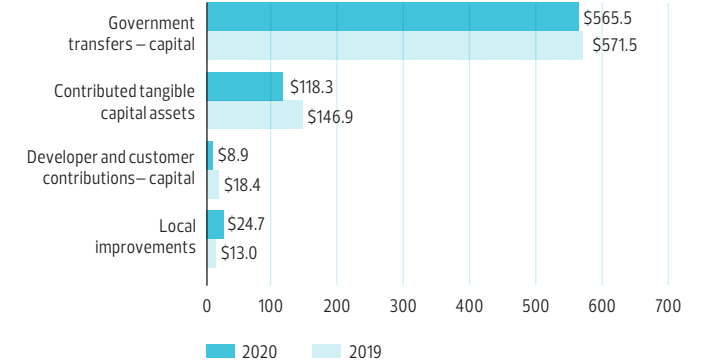
Expenses: Where does the money go? (millions of \$)



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



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



MESSAGE FROM CITY COUNCIL

2020 was a difficult year. It was a year of unprecedented uncertainty and hardship. It was also a year where humanity showed its best self, where the generosity of Edmontonians was at the forefront and where we demonstrated our resilience in the face of adversity.



Back Row (left to right): Ben Henderson – Ward 8, Tony Caterina – Ward 7, Scott McKeen – Ward 6, Mayor Don Iveson, Michael Walters – Ward 10, Sarah Hamilton – Ward 5, Jon Dziadyk – Ward 3
Front Row (left to right): Aaron Paquette – Ward 4, Bev Esslinger – Ward 2, Andrew Knack – Ward 1, Mohinder Banga – Ward 12, Mike Nickel – Ward 11, Tim Cartmell – Ward 9

THE EDMONTON. CA/COVID-19 PAGE WAS VIEWED 898,832 TIMES.

When the COVID-19 pandemic made its way to our city in mid-March, our amenities, attractions and facilities were shut down. Playgrounds and dog parks went quiet, schools closed, and the lives we were used to living stopped in an instant. The effects of these closures, while temporary, created an incredible strain on the city's finances and tough decisions were made to temporarily lay off close to 3,000 staff members.

As the year went on and our battle with COVID-19 continued, Council had to make even more difficult choices as we grappled with lost revenue and a significantly altered budget. Throughout these discussions, the financial burden of our decisions was top of mind as we reviewed every option to cut costs without affecting services too significantly. After much debate, and much sacrifice from many departments, we were able to secure a 0% tax increase for Edmontonians in 2021. We did this while also ensuring we are able to keep investing in assets and services that will allow Edmonton to emerge, post-COVID, a healthy, urban and climate-resilient city that supports a prosperous metro region.

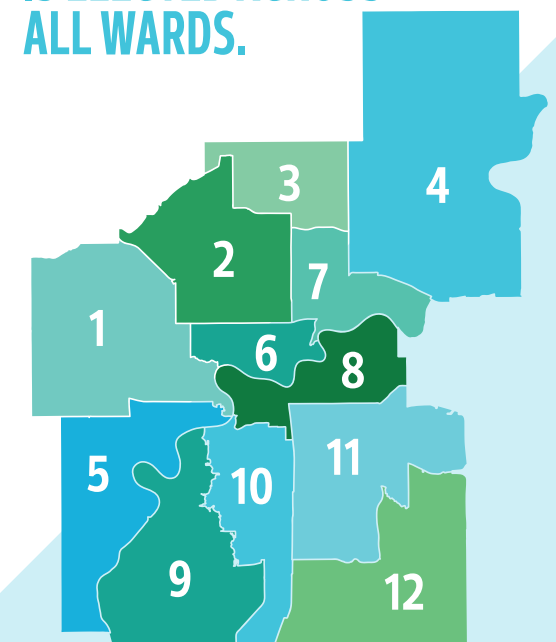
City Council also approved the City Plan, in late 2020. The City Plan is our vision and a map for Edmonton's future as we continue to grow. We are on track to be a city of two million within the next few decades, and it's vital we remain competitive to retain and attract talent and investment so that we emerge from this time in history in a strong position to recover.

Another big part of the City Plan is mobility and accessibility, and a main component of this is improved transit. We green-lit construction on the Blatchford LRT Extension as well as the West Valley Line LRT. We also moved closer to the City's revamped bus network beginning this year – advancing our goal to deliver improved transit service. Better transit is an essential element in both the City Plan and in our plan to combat climate change.

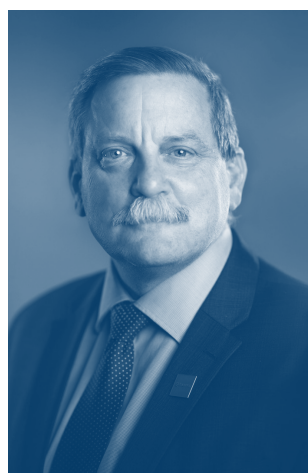
If 2020 has taught us anything, it's that we truly are stronger together. While the threat of COVID-19 is not gone yet, the light is at the end of the tunnel. We just need to remain diligent, continue looking out for each other, and I'm confident we will come out of this stronger and more resilient than ever.

Finally, we'd like to extend our sincere gratitude for all the essential workers who have bravely gone to work every day to keep our city running. Whether you are in healthcare, retail, food services or any other area of work, we see you, we appreciate you, we are grateful for you. It's been a long and tough road, and I look forward to the day when we can gather together again in front of City Hall and enjoy one another's company.

EDMONTON COMPRISES 12 MUNICIPAL WARDS, AS OUTLINED ON THIS MAP. ONE COUNCILLOR REPRESENTS EACH WARD. THE MAYOR IS ELECTED ACROSS ALL WARDS.



MESSAGE FROM THE CITY MANAGER



We entered 2020 full of optimism, with clear goals to continue building Edmonton into a strong, connected city. But within only a few short months, 2020 quickly became a year like no other.

We entered 2020 full of optimism, with clear goals to continue building Edmonton into a strong, connected city. But within only a few short months, 2020 quickly became a year like no other.

The financial strain caused by the COVID-19 pandemic put pressure on administration to manage the operations of the City within the health restrictions and find cost savings throughout the organization. While budgetary concerns are expected to continue beyond 2021, the City remains committed to carefully managing expenses, and seeking new ways of doing business more efficiently. A part of this work includes the City's Reimagine plan, which was released in July.

Reimagine is our approach to building a healthy, prosperous City in preparation for and during the recovery phase of the pandemic. It includes a series of recommendations for becoming more efficient and responsive to the financial, economic and social changes in our environment. We are reimagining the work we do related to city building, services and service delivery, financial viability, workforce and relationships. All of this work is framed by the long-term vision and goals for the City,

I want to thank all City staff for continuing to deliver quality services during these difficult and uncertain times. Each and every one of you has risen to the challenge in the face of great adversity. Your work to keep Edmontonians and staff safe makes me extremely proud to be a part of this organization.

I'd also like to extend my gratitude to Edmontonians. While the past year was challenging in so many ways, Edmontonians did their part to ensure our city remained a clean, healthy and vibrant place to live. Whether you've been working on the front lines of this pandemic, keeping citizens fed and clothed or figuring out how to navigate the world online, the incredible dedication from all of you made a significant difference.

Andre Corbould
City Manager



LEGISLATIVE AND ADMINISTRATIVE ORGANIZATIONAL CHART

CITY COUNCIL MAYOR AND 12 COUNCILLORS

Audit Committee Mayor, four Councillors and two external members

Community and Public Services Committee Four Councillors

Executive Committee Mayor and four Councillors

Inter-municipal and Regional Development Committee
Mayor and four Councillors

Urban Planning Committee Four Councillors

Utility Committee Six Councillors

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

Office of the City Auditor David Wiun, City Auditor

EPCOR Utilities Inc. Hugh Bolton, Chair

Police Commission Micki Ruth, Chair

City of Edmonton Library Board Fern Snart, Chair

Explore Edmonton Corporation Chantell Ghosh, Chair

Other Commissions, Agencies, Boards and Authorities

CITY OF EDMONTON ADMINISTRATION

City Manager Andre Corbould, January 18, 2021 –

Interim City Manager
Adam Laughlin, January 1, 2020 – January 17, 2021

Citizen Services Rob Smyth, Deputy City Manager

City Operations Gord Cebryk, Deputy City Manager

Communications and Engagement Catrin Owen, Deputy City Manager

Employee Services Kim Armstrong, Deputy City Manager

Financial and Corporate Services
Mary Persson, Deputy City Manager and Chief Financial Officer

Integrated Infrastructure Services
Adam Laughlin, Deputy City Manager

Jason Meliefste, Acting Deputy City Manager,
January 1, 2020 – January 17, 2021

Urban Form and Corporate Strategic Development
Stephanie McCabe, Deputy City Manager

EDMONTON
CITIZENS
SERVE ON
MORE THAN
20 AGENCIES,
BOARDS,
COMMISSIONS
AND TASK
FORCES.

POLITICAL AND ADMINISTRATIVE STRUCTURE

CITY COUNCIL

Edmonton's city council consists of a mayor and 12 councillors. The mayor is chosen by all electors and councillors are elected in the wards they represent. Edmonton does not have councillors-at-large.

On October 16, 2017, Edmontonians re-elected Don Iveson as mayor, re-elected eight councillors and elected four new councillors.³ Edmonton's next civic election will be in October of 2021.⁴

City Council typically meets two or three times a month, though the number of meetings will increase during budget deliberations and may decrease over the summer. In order to make the best use of councillors' time while giving important topics the consideration they require, Council also has standing committees. Some examples are:

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

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

Executive Committee - oversees financial and corporate issues

Inter-municipal and Regional Development Committee - makes recommendations to Council regarding regional development

Urban Planning Committee - makes recommendations to Council related to sustainable City planning

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

In 2020, the Emergency Advisory Committee met regularly during times when a local state of emergency had been declared in response to the COVID-19 pandemic.

Meetings of City Council and committees are open to the public, though in-person access was limited during much of 2020 and, at times, only virtual access was permitted.

³ https://www.edmonton.ca/city_government/municipal_elections/2017-election-results.aspx

⁴ https://www.edmonton.ca/city_government/edmonton-elections.aspx

In addition to these Standing Committees, the City has more than 20 agencies, boards, commissions and task forces that gather needed perspectives and input from Edmontonians. These include quasi-judicial or governing agencies as well as advisory and decision-making panels.

OFFICE OF THE CITY AUDITOR

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

CITY ADMINISTRATION

City Administration is led by the City Manager, who reports to City Council. The City Manager is the City of Edmonton's Chief Administrative Officer, carrying out Council's direction and administering public services. Andre Corbould has held this role since January 18, 2021. Between January 1, 2020 and January 17, 2021, Adam Laughlin served as the Interim City Manager.

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

Citizen Services

City Operations

Communications and Engagement

Employee Services

Financial and Corporate Services

Integrated Infrastructure Services

Urban Form and Corporate Strategic Development

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

CITIZENS SUBMITTED 91,047 REQUESTS USING THE 311 APP

EXPLORE EDMONTON CORPORATION

Explore Edmonton Corporation is an agency of the City of Edmonton with an independent board of directors appointed by City Council.

Explore Edmonton is the city's visitor economy and venue management organization.

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

EDMONTON POLICE COMMISSION

The Edmonton Police Commission consists of nine citizens and two city councillors, and provides independent civilian oversight for the Edmonton Police Service (EPS). Members are appointed by City Council and are given authority by the provincial Police Act which prescribes the powers, duties, functions and constraints of a municipal police commission and Edmonton Police Commission Bylaw 10440. One of their responsibilities is allocating funds from City Council to the Police Service, with the goal of maximizing EPS' ability to reduce crime and increase public safety.

EDMONTON PUBLIC LIBRARY

The award-winning Edmonton Public Library (EPL) receives over 7 million visits annually – in-person across all 21 branch locations and online at epl.ca

EPL supports literacy and lifelong learning through expert staff and technology while sharing information, resources and ideas. A free library card provides over 280,000 citizens access to a large collection of 6.3 million digital and physical items as well over 6,000 classes and events. The Libraries Act of Alberta provides authority for EPL's operations and EPL is governed by a 10-member board of trustees. This board is appointed by City Council and consists of nine citizens and one city councillor.

EPCOR

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

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

OTHER BOARDS

From the Naming Committee to the City of Edmonton Youth Council, the City of Edmonton has over twenty agencies, boards, committees and commissions that draw on the knowledge and dedication of hundreds of citizen volunteers. One of these is the Community Safety and Well-Being Task Force, created in 2020 to develop recommendations to address racism, discrimination, excessive use of force, poverty and homelessness.

These commissions, agencies, boards and committees advise and provide leadership on a wide range of activities, including naming streets, honoring 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.

SAFETY CODES INSPECTION EFFICIENCIES WON AN INTERNATIONAL SMART 50 AWARD FOR USING AI TO REDUCE RED TAPE FOR BUILDERS.

OTHER CITIES AND AGENCIES MAY BE EXPLORING A BACK-TO-BASICS APPROACH BUT FOR US, FOCUSING ON EDMONTON'S STRATEGIC PLAN IS CRITICAL – THOSE GOALS ARE OUR GUIDING LIGHT.

Interim City Manager Adam Laughlin

FORWARD WITH FOCUS: 2020 IN EDMONTON

In a typical year, the City of Edmonton prioritizes carefully to balance the immediate needs of the day with the future Edmontonians want to see, while respecting the value of every tax dollar.

2020 made finding the right balance more difficult and more important than ever. Residents were relying on the City to keep them safe, keep them informed and keep the lights on while managing extra costs and reduced income. Edmonton's business community needed support to weather restrictions and added costs. Social and economic changes called for thoughtful responses.

Council and Administration chose to look for solutions that would not only meet these challenges but also keep Edmonton on track with the newly-signed City Plan. Every change was an opportunity to make smart, focused choices for the future.

MANAGING UNCERTAINTY: RESPONDING TO COVID-19

The City Plan was built to keep working through disruption and change. In 2020, the City showed resilience by adapting to the ongoing and ever-changing pandemic and economy.

The City of Edmonton responded quickly and decisively to the COVID-19 pandemic. By the end of March 2020, over 3600 of the City's employees were protecting each other and the public by working from home. Within a few weeks, in-person services such as bill payments were moved online and up to date COVID information was available to staff and the public.

The City's Emergency Advisory Committee declared a state of emergency on March 20, 2020, allowing the City to take necessary actions for public safety. This status was revisited throughout the year and lifted when possible.

Non-essential City facilities, such as recreation centres, moved between closure and operating at reduced capacity as infection levels changed, balancing the risks of COVID exposure against the health and societal benefits of facility access. The City's finance team helped the City manage the lost revenue and added costs from the pandemic with minimal impacts to the taxpayer, including a lowered tax rate increase that recognized the economic difficulties facing many Edmontonians. Staying on Track: Making Progress on Capital Projects

Edmonton's future will be built on the projects and infrastructure that help residents travel, prosper, connect and recreate. Though the pace may change due to economic and other challenges, the City of Edmonton continues to move toward the future Edmontonians have outlined through intensive public engagement.

In the difficult economic climate, continuing with transformative capital projects, and smaller neighbourhood projects, was not only important to Edmonton's future but to the present-day challenges facing local businesses. Continuing this work meant putting dollars into Edmonton's economy while also staying on the path toward becoming a thriving city of two million people.

In 2020, several important projects were completed, including the Kathleen Andrews Transit Garage, renewal of the Groat Road Bridge and replacement of the Connors Road Footbridge with the longer, higher Káhasiniskák bridge that will accommodate LRT. In Blatchford, the first residents moved into their new, energy-efficient homes.

From kids to four-legged friends, there were bright spots for all Edmontonians as a new inclusive Jumpstart playground in Clareview was opened in November and the tiger enclosure at the Valley Zoo was expanded.

DELIVERING WHEN IT MATTERS MOST: SUPPORTING EDMONTONIANS

The City of Edmonton has a long-standing dedication to acting as a source of protection for the public, support for businesses and assistance for the most vulnerable. In 2020, this work became both more urgent and more complex as actions taken to protect public health reduced income and raised costs for many local business owners.

A tax penalty delay was provided by the City, allowing taxpayers to defer property tax payments for up to three months without additional costs.

The City made difficult decisions to limit the spread of COVID-19 but offered financial relief through free parking in City parking spaces from March 21 through June 8 and free transit from March 21 through June 14. In support of the Government of Alberta's mask distribution plan, over 1.2 million masks were handed out at ETS transit centres and LRT stations in June and July.

As COVID case numbers decreased during warmer weather, the City was able to reopen some facilities. In May 2020, Play Spaces crews reopened 450 playgrounds, 11 skateparks, 185 basketball courts and 18 tennis courts in less than 24 hours so Edmontonians could use them as quickly as possible.

The EXPO Centre and Edmonton Convention Centre did not go unused during the COVID shut down, as each was turned into an emergency shelter for vulnerable populations.

LISTENING AND LEARNING: BUILDING INCLUSIVENESS

A strong light was cast on social inequalities in 2020. In June, City Council heard from over one hundred Edmontonians about their experiences with racism and policing. The Community Safety and Well-Being Task Force was created to further explore these issues and look for solutions.

As municipal wards were redefined ahead of the 2021 election, a group of 17 Indigenous female leaders came together to offer the gift of Indigenous names for each of the 12 wards.

City staff took a broader view of their work through Gender-based Analysis Plus (GBA+) training, which encourages consideration of how policies and practices can affect diverse groups of people.

WE ACTUALLY GET TO INVENT SOMETHING NEW. WE ACTUALLY GET TO BRING IN INDIGENOUS GOVERNANCE, ACTUALLY INTO THE PROCESSES SO WE CAN START TO THINK ABOUT PLACE NAMES A LITTLE MORE DIFFERENTLY AND WE CAN THINK ABOUT THEM IN A WAY THAT REFLECT ALL OF THE DIVERSITIES OF PEOPLE THAT CALL OLIVER HOME.

Oliver Resident and Sucker Creek First Nation member Jacquelyn Cardinal



IT'S ABOUT INVESTING IN THE RIGHT INFRASTRUCTURE FOR TODAY, AND OUR FUTURE CITY OF 2 MILLION PEOPLE. WE WANT TO BE GOOD STEWARDS OF WHAT WE HAVE TODAY, AND BE SET UP FOR GROWTH IN THE FUTURE – AND THAT MEANS SETTING UP HEALTHY COMMUNITIES THAT CAN ATTRACT INVESTMENT AND PEOPLE TO THE AREA.

Jason Meliefste, Deputy City Manager,
Integrated Infrastructure Services

ECONOMIC PERFORMANCE

The COVID-19 pandemic and public health measures introduced to contain the spread of the virus dictated the performance of the Edmonton economy in 2020.

The impacts of the pandemic on Edmonton and the region unfolded at a rapid pace with each quarter presenting new developments. In Q1 2020, states of emergency were announced across the country, including in Edmonton. Initial public health guidelines introduced in March 2020 were by far the most stringent on economic activity, resulting in significant reductions to business and household activity in the months following. In the second quarter, the provincial relaunch strategy was introduced with its first stage coming into effect on May 14. As the province moved through to stage 2 on June 12, green shoots of an economic recovery began to appear, further supported by significant levels of federal government support. By the third quarter of 2020, labour market conditions in the Edmonton region began to turn a corner with positive employment growth and gradual reductions in the unemployment rate. As well, business closures began to stabilise. Over the last quarter of 2020, additional provincial public health guidelines were introduced in response to rapidly rising case counts, including in the Edmonton health zone. However, unlike guidelines introduced in the first quarter, these guidelines allowed more businesses to continue operating at reduced levels. Nonetheless, the Edmonton and regional economies are estimated to have experienced deep contractions in 2020. For Edmonton, the economic contraction is estimated to have been slightly greater than the back-to-back contractions in 2015 and 2016 combined.

LABOUR MARKET

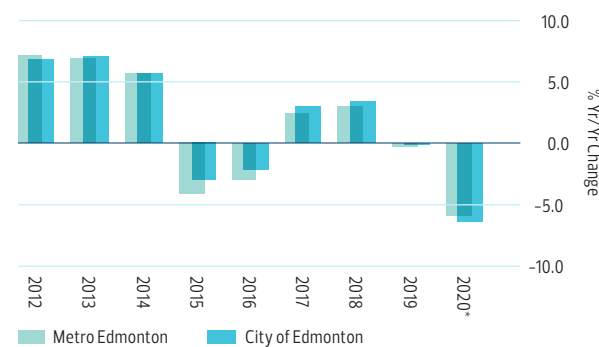
Employment in Metro Edmonton fell by 62,200 persons in 2020, or an 8.1 per cent reduction from 2019. Employment losses were most pronounced in Q2 2020, when public health measures were most restrictive on business activity. In June 2020, the region's monthly unemployment rate was 15.8 per cent: its highest level since comparable data became available in 2006. With fewer employment opportunities, some individuals who were unemployed gave up on looking for work altogether, which reduced the size of the region's labour force. In the second half of 2020, employment began to improve, with consecutive monthly gains starting in July 2020 and continuing to the end of the year. Part-time employment was quicker to recover than full-time work, with annual average part-time employment levels only 2.5 per cent lower in 2020, year-over-year. Full-time employment was slower to recover, with an annual average in 2020 that was 59,600 individuals fewer than in the previous year.

OUR TOWNS AND CITIES HAVE BEEN AT THE FOREFRONT OF RESPONDING TO COVID-19. CITIES MUST REMAIN UP AND RUNNING IF OUR ECONOMY IS TO EVENTUALLY GET BACK UP AND RUNNING. IF CITIES AREN'T EQUIPPED FOR A SAFE RESTART, PEOPLE WILL NOT BE SAFE.

Prime Minister Justin Trudeau

Real Gross Domestic Product

Source: City of Edmonton and Stokes Economics; *denotes estimate

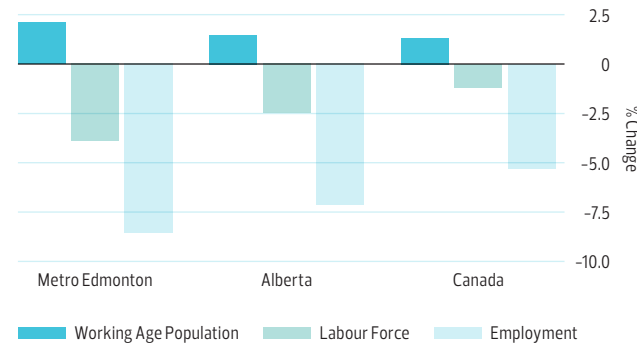


THE CITY IS OVER HALFWAY TO ITS GOAL TO BUILD 2,500 AFFORDABLE HOUSING UNITS BY 2022, WITH SUPPORT FOR 1,307 NEW UNITS.

The region's services-producing sector, particularly in-person services, was hardest hit by employment losses in 2020. Employment losses in the accommodation and food services and other services sectors accounted for almost 35 per cent of total employment losses. Not all sectors suffered employment losses in 2020, though. There was employment growth in the agriculture, utilities, finance, insurance, real estate, rental and leasing, and professional, scientific and technical services sectors. Overall, Metro Edmonton had an annual average of 707,700 persons employed in 2020. The regional unemployment rate jumped to an annual average of 12 per cent in 2020 from 7.5 per cent in 2019 as employment losses more than counterbalanced labour force reductions.

Labour Market Developments – 2020 Annual Change

Source: Statistics Canada

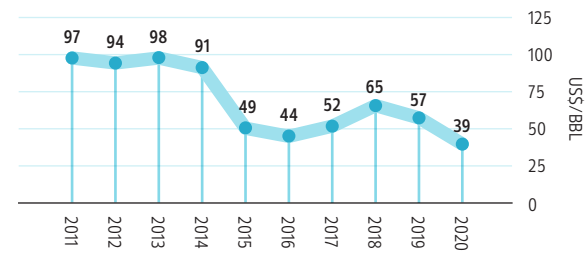


National and provincial employment fell in 2020 from 2019 due to the COVID-19 pandemic which led to higher unemployment. It is worth noting that labour force reductions helped to offset the increase in unemployment somewhat for Canada and Alberta, though only partially given the extent of employment losses. The national unemployment rate averaged 9.5 per cent in 2020 compared with 5.7 per cent in 2019. In Alberta, the provincial unemployment rate averaged 11.4 per cent in 2020 compared to seven per cent in 2019.

Travel advisories, along with public health guidelines, negatively impacted oil prices and the global demand for oil. The monthly price of West Texas Intermediate (WTI), the North American benchmark price, sunk to a low of about US\$19 in April 2020 as markets reacted to higher inventories and a price war between Saudi Arabia and Russia in March and April, which temporarily drove down oil prices. In the months following, WTI prices partially recovered, albeit at an uneven pace, supported by production cuts and gradual reopenings for some economies. This helped to bring back some demand for oil. In 2020, WTI prices averaged US\$38.60, down from an annual average of US\$57.10 in 2019.

Average Annual Oil Prices – West Texas Intermediate

Source: Bloomberg



RESIDENTIAL CONSTRUCTION

Residential construction in Metro Edmonton was much stronger than anticipated in 2020, considering the pandemic and its negative impact on many other facets of the regional economy. New housing production and existing home sales showed marked improvements in 2020, likely supported by low interest rates and pent-up demand as public health guidelines delayed some spring housing activity to the summer. In the Greater Edmonton Area, as well as within the city of Edmonton limits, Multiple Listing Service single family detached sales rose year-over-year in 2020, while new listings came down, adding some upward pressure on prices. The median single family detached price in 2020 for Metro Edmonton was \$395,000, up about 1.3 per cent from \$390,000 in 2019. Within the city of Edmonton limits, the median house price in 2020 was also \$395,000 but saw a smaller increase of less than one per cent year-over-year. Conditions were different for apartment rentals in Metro Edmonton due to a combination of lower demand and additions to the rental apartment universe, according to the Canada Mortgage and Housing Corporation. As a result, the rental apartment vacancy rate increased from 4.9 per cent in October 2019 to 7.2 per cent in October 2020.

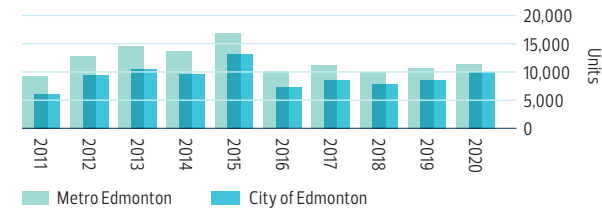
The value of building permits in Metro Edmonton in 2020 totaled \$4.2 billion in 2020, up slightly more than seven percent year-over-year. The increase largely came from residential multiple dwellings, which saw permit values rise about 45 per cent in 2020 from 2019. Non-residential building permit values were 13 per cent lower in 2020 compared to 2019. Across non-residential segments, an increase in institutional and governmental building permit values was more than offset by double-digit reductions in permit values for industrial and commercial structures.

HOUSING STARTS

Housing starts in both the city and Metro Edmonton were higher year-over-year in 2020. Within city limits, housing starts for both single detached and apartment units saw gains, with the most pronounced growth in the apartment segment. Apartment starts saw a 39 per cent increase between 2019 and 2020, with double-digit growth in rental apartment starts. Throughout Metro Edmonton, there were 11,512 housing starts in 2020, an increase of 7.4 per cent year-over-year.

Annual Housing Starts

Source: Canada Mortgage and Housing Corporation

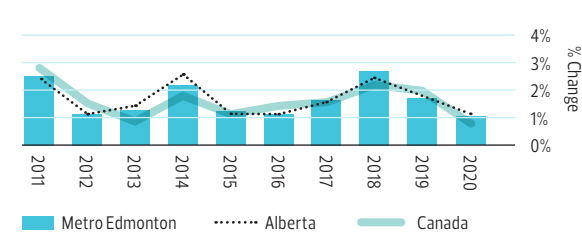


INFLATION

Inflation in Metro Edmonton, as measured by changes in the Consumer Price Index (CPI), rose by approximately 1.1 per cent in 2020 with price growth for all shelter-related components. For Alberta, the comparable figure was about 1.1 per cent, while Canada's annual inflation rate in 2020 was about 0.7 per cent. The pandemic caused some distortions in monthly CPI readings throughout 2020, due to shifts in consumption and volatile energy prices. For example, there was less spending on clothing, recreation and transportation, while spending on food increased. Though CPI details are limited to the shelter category for the Edmonton region, it is likely that these distortions also affected CPI readings for Edmonton.

Annual Inflation Rate

Source: Statistics Canada



SUMMARY

Economic activity in 2019 slowed towards the end of the year, with softening labour market conditions leading to a weak transition into 2020. The pandemic further hampered economic activity in 2020 as public health guidelines significantly limited business and household activity. This led to labour force reductions and high unemployment. Residential construction was a bright spot in 2020 with higher building permit values and housing starts compared to the previous year. Growth prospects in 2021 are more optimistic for the city and Metro Edmonton as both economies are expected to continue their recoveries. It is worth noting that the pace and direction of economic recovery will heavily depend on the course of the pandemic, particularly on the success of the province's immunization plans. However, as the region's economic recovery gains traction, labour market conditions are expected to improve as business confidence strengthens. The unemployment rate will likely remain elevated as future employment growth is expected to be met by labour force growth. This may weigh on population growth, particularly in-migration, given weaker labour market conditions. Residential construction activity may also slow down from unexpectedly strong levels observed in 2020, as demand fundamentals such as full-time employment growth, incomes and population growth are anticipated to see a slow and gradual recovery.

“WHEN ALL OF THIS IS SAID AND DONE, AND WHEN COVID-19 IS FINALLY OVER, I WANT TO BE ABLE TO LOOK BACK AND SAY I DID WHAT I COULD DO WHEN I WAS ASKED.”

Derek Bailey, an Edmonton Transit System operator who helps Edmonton's homeless on the EXPO route.



2 FINANCIAL STATEMENT DISCUSSION + ANALYSIS

INTRODUCTION

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

In addition to providing an overview of the City's 2020 financial performance and position, this report describes significant fiscal policies, strategies and plans related to financial control, accountability, long-term sustainability and risk management.

The 2020 Annual Report includes the City's consolidated financial statements (financial statements), 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 should be read in conjunction with the financial statements. Both have been prepared by and are the responsibility of Management of the City of Edmonton. A five year statistical review of key information has also been provided.



2020 FINANCIAL HIGHLIGHTS

The City has approved a multi-year budget policy in which operating budgets are developed and approved for a four year period.

The 2019 – 2022 Operating Budget was originally passed in December of 2018. The multi-year budget process provides for adjustments to the four year budget on a semi-annual basis, in the Spring and in the Fall. Operating budget information is consistent with the amounts approved by City Council (Council) in April 2020 with the passing of Bylaw 19207 – 2020 Property Tax and Supplementary Property Tax Bylaw. In the early months of the pandemic, Administration recognized the impact COVID-19 could have on the normal operations of the City, particularly to transit and recreation revenues and these budgets were adjusted downward in the Spring of 2020. To mitigate the financial risk and uncertainty, Administration proposed adjustments to the budget that were approved with the spring Supplemental Operating Budget Adjustment (SOBA). Edmonton was one of the first municipalities in Canada to forecast impacts of the pandemic and to publicly adjust the budget. The strategies to address COVID-19 in the 2020 budget, in order of preference, were:

- Expense management and use of external financial support;
- + Redirection of capital funding to operating;
- + Financial Stabilization Reserve and other reserves; and
- + Repurposing of the corporate financial strategies budget.

Revenue budgets were reduced by \$142.6 million and partially offset with corresponding reductions in expense budgets. To balance the budget without impacting the 2020 tax rate, the remaining shortfall was addressed by reducing operating transfers to capital funding by \$46.5 million. Given the timing of the adjustments, assumptions were made that support from other orders of government would be limited. Use of the Financial Stabilization Reserve was not recommended or required. Given that neither health nor financial experts could fully predict the effect of the pandemic in the months ahead, making budget adjustments was the most responsible and transparent action.

In July 2020, the federal Safe Restart program was announced, which included \$2.0 billion in national support for municipalities. The federal government commenced discussions with provinces regarding funding distribution.

Throughout September and October the province worked with the federal government to formalize the Safe Restart Agreement and Municipal Operating Support Transfer (MOST) arrangements. The funding allocation for Edmonton was informally communicated in mid-October with the final agreement provided in mid-November.

The City of Edmonton's MOST allocation was \$158.2 million, comprising \$98.5 million for general operations and a transit-specific component of \$59.7 million. Municipalities may use MOST funding for incremental operating costs incurred due to the COVID-19 response and restart, as well as other operating losses or deficits incurred from COVID-19's impacts on revenues and operations. The deadline to spend funds is March 31, 2021.

The City ended the year with a \$40.4 million surplus (1.6 per cent of budgeted tax-supported expenses) for general government (tax-supported) operations relative to the operating budget. The surplus is primarily a result of higher revenues from items such as gas franchise fees, business licenses and tax penalties that did not decline to the level expected in the pandemic, as well as lower than anticipated costs for utilities and fuel. During the pandemic, many of the City's operations have become more expensive to deliver. Operating transit at regular service levels with significantly lower ridership results in less revenue from user fees and more expenses for personal protective equipment and cleaning. Transit fare revenue was lower than anticipated even when adjusting for the effect of the pandemic.

The variation in recreation facility operations creates different financial challenges. Operating recreation facilities during the pandemic requires the City to limit attendance in the facilities and programs, again resulting in less revenue from user fees and higher expenses for additional cleaning. Closing recreation centres completely results in financial savings as the majority of the recreation facilities operated by the City are subsidized by the tax levy and because of health guidance the City's recreation facilities were closed for longer than anticipated resulting in lower expenses.

In 2020, the City began the second year of the 2019–2022 multi-year operating budget. The 2020 operating budget saw a property tax decrease of 0.5 per cent to pay for civic programs and municipal services, and an increase of 1.0 per cent dedicated to the Edmonton Police Service (EPS), and 0.8 per cent for the Valley Line LRT, in alignment with City Council's priorities.

This year marks the second year of the City's four-year capital budget for 2019–2022. The 2019–2022 Capital Budget balances the infrastructure investment required to keep existing City assets in good repair while supporting ongoing growth needs. Approximately 31 per cent of 2019–2022 capital investment is earmarked for renewing roads, neighbourhoods, parks, City-owned buildings and transit vehicles, with the remaining 69 per cent to support planning and delivery of new infrastructure.

With an overall accumulated surplus of \$15,772.9 million, the City's financial position is resilient. The City will continue to monitor its financial performance and will implement strategies to address growth and increased service demand through the multi-year budget process. These areas are expanded upon in the Long-Term Sustainability section of this discussion.

FINANCIAL POSITION

Consolidated Statement of Financial Position (millions of \$)

	2020	2019	2018	2017	2016
Financial Assets	\$ 7,527.5	\$ 7,284.0	\$ 7,237.7	\$ 6,791.5	\$ 5,715.8
Liabilities	5,027.5	4,796.5	4,699.5	4,334.4	4,652.7
Net Financial Assets	\$ 2,500.0	\$ 2,487.5	\$ 2,538.2	\$ 2,457.1	\$ 1,063.1
Non-Financial Assets	13,272.9	12,441.0	11,758.3	10,842.2	13,638.9
Accumulated Surplus	\$ 15,772.9	\$ 14,928.5	\$ 14,296.5	\$ 13,299.3	\$ 14,702.0

The City ended the year in a strong financial position with **net financial assets** of \$2,500.0 million, an overall increase of \$12.5 million compared to 2019. The primary components of the net financial asset balance are the City's investment of \$3,975.0 million in the EPCOR subsidiary, investments of \$1,983.2 million, long-term debt of \$3,407.1 million, and accounts payable and accrued liabilities of \$1,061.0. Net financial assets have held steady over the past 3 years due to capital appreciation on the City's investment holdings and the City's investment in EPCOR, resulting in a resilient and stable net financial asset position.

The City's **non-financial assets** at the end of 2020 were \$13,272.9 million, an overall increase of \$831.9 million, or 6.7 per cent, compared to 2019. Non-financial assets consist primarily of tangible capital assets such as buildings, roadways, and vehicles that are valued at \$13,195.6 million. The City's non-financial assets have grown over the last five years due to continued investments in infrastructure; these investments include the construction of new infrastructure to meet the needs of a growing population and repairs to existing infrastructure to maintain the service standards that Edmontonians expect. The ability to build and maintain infrastructure assets ensures that Edmonton can provide services and remain an attractive and cost-effective place to live and do business.

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 2020 with a total accumulated surplus of \$15,772.9 million, an increase of 5.7 per cent compared to prior year. This surplus includes the City's equity in tangible capital assets, investments 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 the accumulation of annual excess of revenues over expenses.

In 2017, City Council approved the transfer of the net assets and operations of the City's Drainage Utility to EPCOR, effective September 1, 2017. This transfer resulted in a decrease in the City's net financial assets, non-financial assets, and accumulated surplus in that year. In 2018, the City's financial position returned to the growth trend seen prior to the Drainage Utility transfer in 2017.

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.

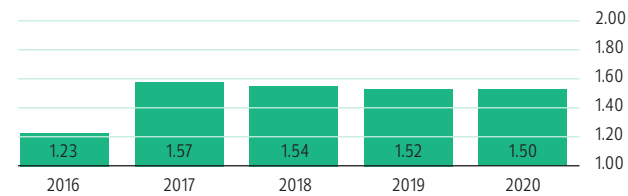
THE CITY ENDED THE YEAR IN A STRONG FINANCIAL POSITION WITH NET FINANCIAL ASSETS OF \$2,500.0 MILLION, AN OVERALL INCREASE OF \$12.5 MILLION COMPARED TO 2019.

FINANCIAL ASSETS

The financial assets-to-liabilities ratio is used to assess the sustainability of the City's financial position. A result 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 greater than one.

Financial Assets to Liabilities

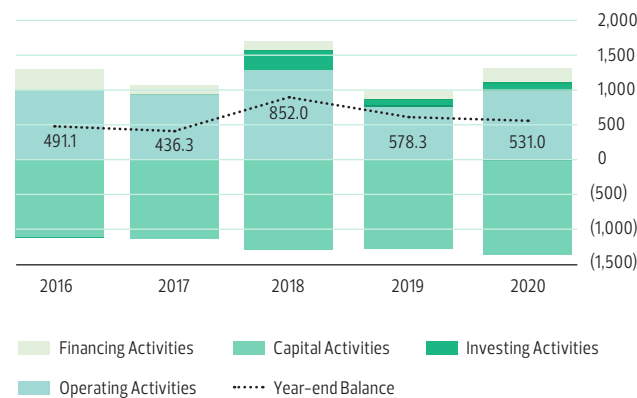


CASH

The City's cash position includes both cash and cash equivalents such as bankers' acceptances, treasury bills and commercial paper, which are used to ensure that sufficient cash and liquid assets are available to manage the timing of payments for the City's operating and capital expenditures. In 2020, the City's cash position decreased to \$531.0 million from \$578.3 million in 2019, an overall decrease of \$47.3 million, or 8.2 per cent.

The Consolidated Statement of Cash Flows summarizes the sources and uses of cash by the City in 2020. During the year, the City raised \$1,020.4 million from operations and \$184.4 million from net financing activities, as well as \$125.0 million in cash through investing activities due to a dividend from the EPCOR subsidiary of \$171.0 million during the year that offsets \$46.0 million reduction in investments. The City spent \$1,377.1 million to acquire tangible capital assets, net of proceeds on disposal.

Cash Flows (millions of \$)



RECEIVABLES

Receivables include amounts owed to the City related to the following categories: trade and other; local improvements; taxes; and government transfers. The 2020 receivables balance of \$787.2 million increased by \$118.3 million, or 17.7 per cent, from the prior year balance of \$668.9 million.

Trade and other as well as local improvement receivables increased by \$24.8 million due to normal operating fluctuations.

Government transfers receivable increased by a net \$55.9 million compared to the prior year as a result of the timing differences between expenditures related to the Valley Line Southeast LRT project and reimbursement of those expenditures through grant funding. The funding agreement is designed to match the timing of the grant payment with the completion of the project. From 2016 to 2020, design and construction work on the Valley Line Southeast LRT project has progressed and the grant receivable accumulates

“ SINCE 1995, THE ED TEL ENDOWMENT FUND HAS CONTRIBUTED \$872.7 MILLION TO THE CITY. IN 2020, THE FUND CONTRIBUTED \$40.1 MILLION IN DIVIDENDS TO THE CITY. ”

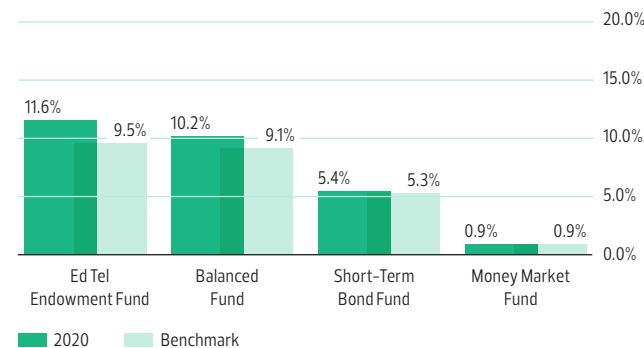
as capital expenditures are incurred on the project. Currently, the City is owed \$219.4 million from the P3 Canada Fund for expenditures incurred for the Valley Line Southeast LRT project for the construction period. The P3 Canada Fund grant will be paid to the City upon service commencement of the Valley Line Southeast LRT project, which is expected in 2021. Details on federal and provincial government transfers are provided in Note 18 to the financial statements.

Taxes receivable has increased by \$37.6 million reflecting reduced property tax collections in 2020 due mainly due to the financial hardship caused by the COVID-19 pandemic. The tax recovery process is set out in the Municipal Government Act and spans over a three year period. Generally, by the end of this three year period, close to 100 per cent of property taxes are collected.

INVESTMENTS

All investments held by the City must comply with the MGA, the *Major Cities 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.

2020 Performance vs Benchmark



Included in investments of \$1,983.2 million are amounts held as cash, amounts receivable (payable), fixed income, common and preferred shares, pooled infrastructure funds, and other investments. These investments are held within the Money Market Fund, Short-Term Bond Fund, the Balanced Fund and the Ed Tel Endowment Fund.

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

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

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

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

“ IN MARCH 2020, THE WORLD HEALTH ORGANIZATION DECLARED COVID-19 A GLOBAL PANDEMIC. THE IMPACT RESULTED IN THE SHARPEST DROP IN GLOBAL GDP SINCE WORLD WAR II. ”



Since 1995, the Ed Tel Endowment fund has contributed \$872.7 million to the City. In 2020, the fund contributed \$40.1 million in dividends to the City. The fund ended the year with an investment book value of \$813.1 million compared to a market value of \$912.8 million.

Performance of the City's investment funds ranged from 0.9 per cent (Money Market Fund) to 11.6 per cent (Ed Tel Endowment Fund), depending on each fund's asset mix. In March 2020, the World Health Organization declared COVID-19 a global pandemic. The impact resulted in the sharpest drop in global GDP since World War II. Volatility reached extreme levels on the news of this shock, which led to equity markets falling by more than 30 per cent from their highs reached earlier in the year. In response governments and central banks announced historic levels of fiscal and monetary stimulus to counter what could otherwise have been a global depression. This, along with the rapid advancement of a number of successful vaccines, calmed investors and, in a significant reversal, financial markets ended the year in positive territory. U.S. equities were one of the strongest performers as they returned 18.4 per cent for the year and ended 2020 at an all-time high. Closer to home, Canadian equities followed a similar pattern, but finished the year up only 5.6 per cent. The Canadian dollar rose 2 per cent versus the U.S. dollar, ending the year at a three-year high, despite the price of oil falling by 21 per cent in 2020.

As a result, the Ed Tel Endowment Fund and Balanced Fund, both of which are invested in a mix of fixed income and equity markets in accordance with the City's investment policy, saw returns of 11.6 per cent and 10.2 per cent, respectively. Conversely, the Money Market Fund and Short-Term Bond Fund, which are invested solely in lower returning fixed income securities, had returns of 0.9 per cent and 5.4 per cent, respectively. Overall, the market value of the City's investment portfolio at year end was \$2,155.7 million, 8.7 per cent above the investment cost.

More detailed information about the investment performance and benchmarks are available in the 2020 Investment Committee Annual Report on the City of Edmonton's website.

Additional investments are managed for trust assets under administration's control, including City-sponsored pension plans and a long-term disability benefit plan funded by employees. Consistent with public sector accounting standards, trust assets that are not owned by the City are excluded from the reporting entity. Note 21 to the financial statements provides summary disclosures with respect to trust assets under City administration.

INVESTMENT IN EPCOR

EPCOR builds, owns and operates electrical, natural gas and water transmission and distribution networks, as well as water and wastewater treatment facilities, sanitary and stormwater systems, and infrastructure in Canada and the United States. 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 2020 consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). EPCOR's accounting principles are not adjusted to conform to those used by the City as a local government; therefore, inter-organizational transactions and balances are not eliminated.

In 2020, the City's investment in EPCOR increased to \$3,975.0 million from \$3,841.9 in 2019, a net increase of \$133.1 million, or 3.5 per cent. The net increase is due to EPCOR's reported net income of \$275.7 million for 2020, \$48.3 million of tangible capital assets contributed to EPCOR, offset by \$2.1 million in amortization of contributed assets, other comprehensive loss of \$17.8 million and a dividend of \$171.0 million paid to the City. Summary financial information for EPCOR is included in Note 20 to the financial statements.

Additional detail on EPCOR's strategies, financial performance and health, and significant events that occurred in 2020 are discussed in EPCOR's annual reporting for 2020, which is available on the company's website.

“ IN 2020, THE CITY'S INVESTMENT IN EPCOR INCREASED TO \$3,975.0 MILLION FROM \$3,841.9 IN 2019, A NET INCREASE OF \$133.1 MILLION, OR 3.5 PER CENT. ”

LIABILITIES

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities include the categories of trade and other, developer obligations, payroll and remittances, and accrued interest amounts owing. The balance of \$1,061.0 million at year-end has increased over the prior year balance of \$953.2 million by \$107.8 million, or 11.3 per cent.

The trade and other category has increased by \$97.6 million mainly due to an increase of \$61.3 million related to the P3 substantial completion liability to TransEd Partners General Partnership (TransEd), the P3 partner, expected to be paid in 2021 upon service commencement of the Valley Line Southeast LRT. Similar to the grant funding agreement with P3 Canada, under the contract, the liability increases annually, based on percentage of project completion, until final payment is made at service commencement. Accrued payables for projects such as Valley Line West LRT and Yellowhead Trail Freeway Conversion is also contributing to this increase as this has increased by \$39.5 million compared to 2019. These are partially offset by a net decrease in a variety of trade and other payables.

Payroll and remittance liabilities have increased by \$11.4 million over the prior year mainly due to the timing of the payroll period for 2020. The remainder of the variance was within developer obligations and accrued interest.

Information on the composition of the accounts payable and accrued liability balance is provided in Note 7 to the financial statements.

DEFERRED REVENUE

Deferred revenue is largely made up of government transfers provided to fund operating and capital expenditures. The use of these revenues is externally restricted until they are used for the purposes intended. The deferred revenue balance of \$280.2 million decreased by \$70.1 million, or 20.0 per cent, from the prior year balance of \$350.3 million. The decrease is mainly due to reduced Municipal Sustainability Initiative (MSI) grant funding received in 2020 compared to 2019, grant funding received in previous years and applied in to expenditures in the year for the Fort Edmonton Park Expansion program as this project reached completion in 2020, and Federal Gas Tax grant eligible expenditures incurred during the year; these are partially offset by grand funding received from Canada Mortgage and Housing Corporation (CMHC) in advance of eligible expenditures being incurred. Additional details about balances and changes in deferred revenue are included in Note 8 to the financial statements.

LONG-TERM DEBT

The City uses debt to finance capital expenditures under the principles and limits established by the City's Debt Management Fiscal Policy (DMFP), C203C. The policy supports the City's long-term capital plans and strategies while maintaining long-term financial affordability, flexibility and sustainability. The policy also provides for approval of multi-year debt guidelines with a corresponding debt repayment funding strategy and added flexibility for the application of funds used for debt servicing once debt is retired.

The City has three main types of long-term debt obligations: tax-supported debt funded by tax levy, self-supporting tax-guaranteed debt funded through dedicated non-tax levy revenues, and self-liquidating debt funded through programs that are self-sustaining, such as the Waste Services Utility, the Blatchford Redevelopment Project 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 White Paper that is available on the City of Edmonton's website. The Debt White Paper discusses the City's use of debt financing to optimize resources dedicated to the acquisition, creation, and rehabilitation of infrastructure.

From 1993 to 2019, borrowing completed by the City has generally been in the form of amortizing debentures in Canadian dollars administered through the Alberta Capital Finance Authority (ACFA), using the debt rating of the Government of Alberta and combined borrowing volumes across Alberta.

On October 24, 2019, the Province released the 2019 Provincial Budget which introduced legislation to dissolve ACFA by mid-2020, and transfer responsibilities to the Government of Alberta's department of Treasury Board and Finance. There have been no changes to active loans as a result of the October 31, 2020 dissolution of ACFA. It is not anticipated that the Province will change the substance of the program of lending to local authorities and the City still expects to access debentures using the debt rating of the Government of Alberta and the combined borrowing volumes across Alberta.

DURING THE YEAR, THE CITY ADDED A TOTAL OF \$246.8 MILLION THROUGH NEW DEBENTURE BORROWINGS AND MORTGAGES; \$222.8 MILLION IS CONSIDERED TAX-SUPPORTED AND \$24.0 MILLION IS CONSIDERED SELF-LIQUIDATING.

Debt Schedule (millions of \$)

	Tax-Supported	Self-Liquidating	Total Debt (net)
Opening	\$ 2,736.7	\$ 466.1	\$ 3,202.8
Borrowings	222.8	24.0	246.8
Increase in P3 term debt	122.2		122.2
Principal Payments	(130.9)	(33.8)	(164.7)
Ending	\$ 2,950.8	\$ 456.3	\$ 3,407.1

Interest rates are established at the time of borrowing and remain constant throughout the term of the debenture, eliminating the risk associated with fluctuating interest rates. Repayments are made annually or semi-annually. The City continued to benefit from low interest rates for new borrowing during the year, with ranges as follows:

Borrowing Terms and Interest Rates

Term	Interest Rates
10 years	1.29% to 1.73%
15 years	1.61% to 2.03%
20 years	1.88% to 2.26%
25 years	2.06% to 2.41%
30 years	2.16% to 2.64%

The City's net long-term debt was \$3,407.1 million at December 31, 2020, an increase of \$204.3 million, or 6.4 per cent, compared to the 2019 balance. Long-term debt is comprised of debentures, mortgages and the P3 term debt. The gross amount of debentures, mortgages payable and P3 term debt of \$3,962.8 million is offset by \$555.6 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.

Of the total net long-term debt of \$3,407.1 million, \$2,950.8 million is tax-supported and \$456.3 million is self-liquidating. Tax-supported debt includes \$433.8 million of P3 term debt related to the portion of deferred capital costs owing to TransEd from 2021 to 2050 for the construction of the Valley Line Southeast LRT. Term debt is based on the percentage of project completion as of December 31, 2020.

During the year, the City added a total of \$246.8 million through new debenture borrowings and mortgages; \$222.8 million is considered tax-supported and \$24.0 million is considered self-liquidating. Self-liquidating borrowings during the year include \$14.3 million for the Waste Services Utility, \$2.5 million for the Blatchford Utility, \$6.8 million related to local improvement projects, and \$0.4 million in Non Profit Housing mortgages. Tax-supported debt was borrowed to finance various capital projects, including the Valley Line and Metro Line LRT construction, Yellowhead Trail Freeway Conversion, Stadium LRT Station upgrades, Kathleen Andrews Transit Garage construction, revitalization of the Stanley A. Milner Library, and continued construction of Downtown and Quarters Community Revitalization Levy funded projects.

Debt principal repayments of \$164.7 million were made during the year, comprising \$130.9 million for tax-supported debt and \$33.8 million for self-liquidating debt.

The City of Edmonton is subject to limits of total debt and debt servicing by the MGA Debt Limit Regulation AR 255/2000 which stipulates that the City's total debt limit is two times the revenue of the municipality, and that debt servicing costs are limited to 35 per cent of the revenue of the municipality. The revenue for the purposes of this calculation is the consolidated revenue of the City less capital government transfers and contributed tangible capital assets and excludes revenue from EPCOR. Debt servicing, for the purposes of calculating the MGA debt servicing limit, is the amount of principal and interest for the subsequent year relating to debt in place at the end of the year reported.

Debt and Debt Service Limits – MGA
(millions of \$)

	2020	2019	2018	2017	2016
Debt limit	\$ 5,856.9	\$ 5,840.6	\$ 5,587.4	\$ 5,649.4	\$ 5,627.4
Debt limit used	\$ 3,407.1	\$ 3,202.8	\$ 3,046.2	\$ 2,912.1	\$ 3,339.0
Percentage used (%)	58.2	54.8	54.5	51.5	59.3
Debt service limit	\$ 1,025.0	\$ 1,022.1	\$ 977.8	\$ 988.6	\$ 984.8
Debt service limit used	\$ 313.2	\$ 301.1	\$ 284.3	\$ 264.6	\$ 341.0
Percentage used (%)	30.6	29.5	29.1	26.8	34.6

The City's level of debt is well below the legislated limit established in the MGA and has been relatively stable. Over the past five years, the debt limit has ranged from 51.5 per cent to 59.3 per cent of the established debt limit. Debt has been used strategically to move priority capital projects ahead while benefiting from low interest rates. The City's debt servicing in comparison to the MGA debt servicing limit is a measure of long-term fiscal sustainability and indicates the extent to which past borrowing decisions impact the City's current year expenditures and cashflow. The City's debt servicing limits over the past five years have remained well below the established limit.

Debt is further restricted through the City's DMFP, which limits total debt servicing to 22 per cent of City revenues, and tax-supported debt servicing to 15 per cent of annual tax-supported revenues. In monitoring compliance with the DMFP, debt servicing is defined as debt principal and interest paid in the year. The City DMFP debt servicing limits are below the limits established in the MGA. The percentage of the debt servicing limit used for purposes of the DMFP increased in 2017 due to the repayment of \$60.0 million of short-term borrowing. The City undertook this short-term borrowing to finance fast-tracked capital expenditures for projects with approved funding through Municipal Sustainability Initiative grants and the provincial fuel tax.

Debt Service Limits – DMFP
(millions of \$)

	2020	2019	2018	2017	2016
Total debt service limit	\$ 644.3	\$ 642.5	\$ 614.6	\$ 621.4	\$ 619.0
Debt service limit used	291.8	283.2	269.7	\$ 333.0	\$ 262.0
Percentage used (%)	45.3	44.1	43.9	53.6	42.3
Tax-supported debt service limit	\$ 405.9	\$ 397.8	\$ 380.0	\$ 361.9	\$ 348.6
Debt service limit used	\$ 241.2	\$ 232.4	\$ 219.0	\$ 264.1	\$ 170.8
Percentage used (%)	59.4	58.4	57.6	73.0	49.0

“THE CITY’S LEVEL OF DEBT IS WELL BELOW THE LEGISLATED LIMIT ESTABLISHED IN THE MGA.”

NON-FINANCIAL ASSETS

TANGIBLE CAPITAL ASSETS

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

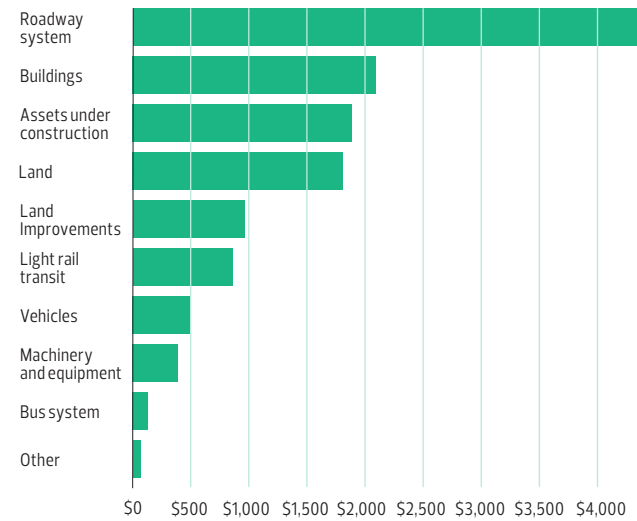
Tangible capital assets of \$13,195.6 million have increased by 6.7 per cent compared to the 2019 balance of \$12,365.0 million. The net increase of \$830.6 million is a result of acquisitions of tangible capital assets of \$1,379.4 million and contributions of tangible capital assets of \$118.2 million. This increase was partially offset by annual amortization of \$591.2 million, disposals and transfers of assets with a net book value of \$72.1 million and impairment of \$3.7 million.

Tangible capital assets placed in service were primarily in the asset categories of buildings, roadways, vehicles and land improvements. 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.

City Council approved the 2019–2022 capital budget in December 2018. During the second year of the 2019–2022 capital budget, capital spending during the year focused on key growth projects and infrastructure maintenance. The capital additions and contributions of \$1,497.6 million in 2020, compared to \$1,406.2 million in 2019, shows the City’s continued commitment to investing in city infrastructure to accommodate both growth and renewal. The capital additions are similar in comparison to previous years. Roadways continue to be the largest asset category with a net book value of \$4,443.3 million. These are followed by buildings and assets under construction, with net book values of \$2,089.1 million and \$1,882.3 million, respectively.

In 2020, the City made progress on significant capital projects such as the neighbourhood renewal program, Yellowhead Trail Freeway Conversion, Fort Edmonton Park, and the Valley Line Southeast and West LRT lines.

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



IN 2020, THE CITY MADE PROGRESS ON SIGNIFICANT CAPITAL PROJECTS SUCH AS THE NEIGHBOURHOOD RENEWAL PROGRAM, YELLOWHEAD TRAIL FREEWAY CONVERSION, FORT EDMONTON PARK, AND THE VALLEY LINE SOUTHEAST AND WEST LRT LINES.

“ THE CITY OF EDMONTON RECEIVED \$158.2 MILLION AS PART OF THE SAFE RESTART AGREEMENT AND MUNICIPAL OPERATING SUPPORT TRANSFER (MOST) ARRANGEMENTS WITH THE FEDERAL AND PROVINCIAL GOVERNMENTS TO HELP OFFSET THE IMPACTS OF THE COVID-19 PANDEMIC. ”



RESERVES

The City's Council-approved reserve policy, City Policy C217D 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.

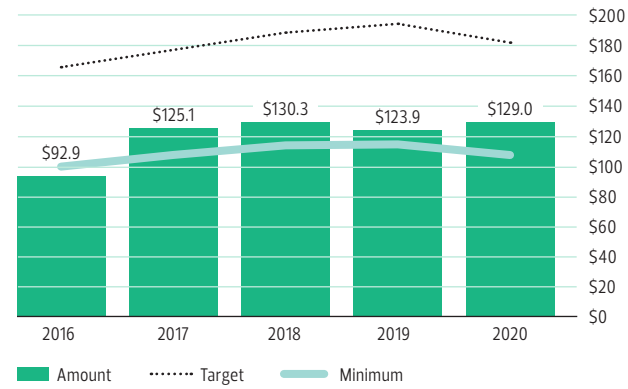
In accordance with the City Policy, C217D, the City completed a review of reserves in 2018. This review is completed at minimum once every three years and ensures that City reserves continue to support the City's financial goals and serve the highest priority needs of the City and its residents. The reserve policy and balances are monitored on an ongoing basis with the next formal review planned for 2021.

A schedule of reserves has been provided in Note 15 to the financial statements. The reserve balance of \$903.5 million at the end of 2020 has increased by \$145.2 million over the prior year balance of \$758.2 million. The net increase was primarily the result of a \$162.0 million increase for the Financial Stabilization - Appropriated Reserve mainly due to the appropriation of previous 2020 COVID-19 budget reduction strategies and the remaining balance of the Municipal Operating Support Transfer payment received from the Alberta Provincial Government for COVID-19 support. This funding will be used to offset potential 2021 financial impacts of the COVID-19 pandemic. The overall reserve balance includes reserves of the City of Edmonton Library Board, Edmonton Economic Development Corporation, Non-Profit Housing Corporation, and Fort Edmonton Management Company, as approved by their respective Boards.

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 citizens. The appropriated balance of the reserve represents funds that have been set aside by City Council to fund future commitments. The FSR is uncommitted and provides the City with flexibility to address significant emergent financial issues. The reserve is not intended to be used to stabilize future tax rate increases. City policy establishes that the FSR must have a minimum balance of 5 per cent with a target balance of 8.3 per cent of current general government expenses (excluding non-cash amortization). Any annual general government surplus would be applied to the reserve in the subsequent year. Any annual tax-supported deficit would draw on the reserve.

City Policy, C217D, Reserve and Equity Accounts requires that a risk-based review of the FSR be completed every three years to ensure the sufficiency of the minimum and target percentages. Administration conducted a risk-based review of the FSR in 2018 and concluded that the respective minimum and target balances of 5 per cent and 8.3 per cent of current general government expenses (excluding non-cash amortization) were appropriate.

Financial Stabilization Reserve
(millions of \$)



As of December 31, 2020, the FSR balance is \$129.0 million. During the year, the general government surplus from 2019 of \$20.1 million was transferred from the reserve, and \$16.5 million in funding was transferred to the appropriated balance to fund future project expenses. The 2020 general government surplus of \$40.4 million will be transferred to the Financial Stabilization Reserve in 2021 with \$7.8 million then appropriated for funding within the 2021 operating budget, \$25 million appropriated to cover future potential costs related to the COVID-19 pandemic and \$7.6 million in funding set aside to address losses within the non-regulated operations of Waste Services as approved by City Council. After reflecting the approved transactions, the reserve balance will remain at \$129.0 million and will exceed the minimum level as set within the policy of \$110.4 million but will be below the target level of \$183.2 million.

As of December 31, 2020, the appropriated FSR balance is \$213.3 million, which is an increase of \$162.0 million from the 2019 balance of \$51.3 million. Throughout 2020, City Council approved \$179.6 million in funding from the appropriated balance to fund future project expenses including the amount to fund future potential impacts of the COVID-19 pandemic, and \$16.1 million was withdrawn to fund expenses. Amounts within the appropriated FSR of \$1.5 million were released back to the FSR as the funding was no longer required.

As of December 31, 2020, the City had five reserves that were in deficit balances. The City maintains reserves that are used to accommodate differences between expenses and related funding sources. These include the Interim Financing, three Community Revitalization Levy reserves and the Brownfield Redevelopment Reserve. In accordance with City Policy C217D 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. A review of the City's deficit reserve balances was included as part of the 2018 Reserves Review and confirmed that all reserves are performing consistent with long-term plans, with existing shortfalls to be recovered through future funding sources.

A Community Revitalization Levy (CRL) is a funding source the City can use to dedicate future property tax revenue in a specific area to fund public projects designed to encourage new development and revitalize a specific area of the City. The City currently has CRLs approved for Belvedere, the Quarters and Capital City Downtown. An annual update on the progress of the CRLs was presented to City Council on February 22, 2021. The annual update noted that market conditions in the Belvedere Community Revitalization Levy area have been weak and private development progress has been slow and projections indicate revenues from the Community Revitalization Levy and land sales will be insufficient to cover all outstanding principal and interest charges before the expiry of the Levy in 2032. The shortfall is projected to be \$11.9 million. Ongoing municipal tax revenues that continue beyond 2032 would retire the remaining debt by 2038. The Quarters and Capital City Downtown CRLs are performing consistent with long-term plans.

The Interim Financing Reserve is used to accommodate timing differences between operating expenses and receipt of future revenue intended to fund these costs including differences that arise between the timing of budgeted expenses and payment of expenses. At the end of 2020, the reserve has a deficit balance of \$37.8 million, which will be replenished upon receipt of future revenues.

THE APPROPRIATED BALANCE OF THE RESERVE REPRESENTS FUNDS THAT HAVE BEEN SET ASIDE BY CITY COUNCIL TO FUND FUTURE COMMITMENTS.



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 \$)

	2020 Actual	2019 Actual	2018 Actual	2017 Actual	2016 Actual
Operating Revenues	\$ 3,170.6	\$ 3,120.0	\$ 3,050.3	\$ 3,023.8	\$ 3,043.2
Capital Revenues	717.4	749.8	941.8	687.0	758.7
Operating Expenses	3,023.5	3,189.7	3,029.4	2,956.1	2,836.6
Excess of Revenues over Expenses	\$ 864.5	\$ 680.1	\$ 962.7	\$ 754.7	\$ 965.3

Consolidated revenues exceeded expenses for the year by \$864.5 million after accounting for government transfers for capital, contributed tangible capital assets, developer and customer contributions for capital and local improvements. Operating revenues have remained fairly consistent, with a majority of revenue coming from property taxes, user fees and the City's growing investment in EPCOR. Capital revenues vary from year to year based on fluctuations in development activities and timing of significant capital projects. Expenses over the past five years reflect the demand for additional services and infrastructure that comes with a growing population. Tax-supported expenses have been increasing with the growth in taxable property assessments, indicating that expenses are growing at a consistent and sustainable rate with the economy. The COVID-19 pandemic impacted many services provided by the City of Edmonton. Due to facility closures and reduced services from public health orders related to the COVID-19 pandemic, costs were lower in 2020 compared to the prior year.

Significant year-over-year variances and variances from budget are discussed in the following sections. The budget is based on the 2020 operating budget approved by Council on December 13, 2019, including any supplementary budget adjustments approved by Council on

April 27, 2020 and the capital budget approved on December 14, 2018. The original budgets are adjusted to comply with the Canadian public sector accounting standards for inclusion in the Consolidated Statement of Operations and Accumulated Surplus. A reconciliation between the budget approved by Council and the budget for financial statement purposes is provided in Note 29.



OVER 110 EDMONTON BUSINESSES SIGNED UP FOR A PERMIT- AND FEE-FREE PROGRAM TO ALLOW RESTAURANTS AND RETAIL SHOPS TO TEMPORARILY CREATE AND EXPAND PATIOS.

OPERATING REVENUES

Operating Revenues (millions of \$)

	2020 Budget (A)	2020 Actual (B)	Variance (B-A)	2019 Actual (C)	Variance (B-C)
Net taxes available for municipal purposes	\$ 1,723.3	\$ 1,726.2	\$ 2.9	\$ 1,671.8	\$ 54.4
User fees and sales of goods and services	545.7	461.7	(84.0)	623.3	(161.6)
Government transfers - operating	108.7	277.4	168.7	122.0	155.4
Subsidiary operations - EPCOR	278.3	275.7	(2.6)	231.1	44.6
Franchise fees	169.7	177.1	7.4	171.8	5.3
Fines and penalties	79.4	81.9	2.5	97.9	(16.0)
Investment earnings	101.3	78.2	(23.1)	102.2	(24.0)
Licenses and permits	47.7	69.1	21.4	74.3	(5.2)
Developer/ customer contributions - operating	28.0	23.3	(4.7)	25.6	(2.3)
Operating Revenues	\$ 3,082.1	\$ 3,170.6	\$ 88.5	\$ 3,120.0	\$ 50.6

COMPARISON TO BUDGET

Operating revenues were higher than budget by \$88.5 million, or 2.9 per cent of the revenue budget, due to higher than budgeted government transfers - operating, and higher licenses and permit revenues. These were partially offset by lower user fees and sales, and investment earnings.

Government transfers - operating were higher than budget mainly due to the \$158.2 million received as part of the Safe Restart Agreement and Municipal Operating Support Transfer (MOST) arrangements with the Federal and Provincial governments to help offset the impacts of the COVID-19 pandemic.

Licenses and permits were higher than budgeted due to greater than anticipated applications for development and building permits and business licenses as activity was higher than anticipated during the COVID-19 pandemic.

User fees and sales were lower than budgeted mainly due to fewer than expected land sales due to market conditions, lower transit fare revenue as ridership was reduced significantly and for a longer period than anticipated as a result of the COVID-19 pandemic, and lower convention and tourism revenue for Edmonton Economic Development Corporation as the pandemic cancelled events and closed facilities in 2020.

Investment earnings were lower in 2020 due to the global impact of the COVID-19 pandemic. The pandemic declared in March of 2020 resulted in a sharp drop in global GDP and equity markets fell by more than 30 per cent from their highs reached earlier in the year. Fiscal and monetary stimulus from governments and central banks as well as advancement in vaccines helped to ease this impact but this still resulted in lower investment earnings than originally anticipated.

“ THE CITY TEMPORARILY INSTALLED OVER 19 KM OF SHARED STREETS IN RESPONSE TO THE COVID-19 PANDEMIC. ”

COMPARISON TO PRIOR YEAR

Overall, operating revenues increased by \$50.6 million from the prior year due to an increase of \$155.4 million in government transfers – operating as part of the Safe Restart Agreement and Municipal Operating Support Transfer (MOST) arrangements with the Federal and Provincial governments to help offset the impacts of the COVID-19 pandemic, \$54.4 million in taxation revenue from a combined rate increase and growth, and an increase of \$44.6 million in EPCOR earnings; partially offset by a decrease of \$161.6 million in user fees and sales of goods and services revenues and \$24.0 million in investment earnings. There was a net decrease of \$18.2 million from various other revenue sources.

Government transfers – operating increased by \$155.4 million mainly due to a \$158.2 million transfer from the Alberta Provincial government as part of the Safe Restart Agreement and Municipal Operating Support Transfer (MOST) arrangements with the Federal and Provincial governments to help offset the impacts of the COVID-19 pandemic.

Net taxes available for municipal purposes (property taxes) are the primary source of revenue available to the City to pay for municipal services. Total tax revenues in 2020 were \$2,225.7 million, with \$495.5 million collected on behalf of the Province for education school tax and \$4.0 million for business improvement areas. Net taxes for municipal services are collected annually to support operations, with certain amounts directed towards specific programs such as neighbourhood renewal, community revitalization and LRT construction. The remaining tax revenues are applied generally across all departments. Note 17 to the financial statements provides further detail with respect to tax revenue.

Subsidiary operations – EPCOR increased by \$44.6 million from the prior year primarily due to higher water and wastewater customer rates, customer growth and higher water consumption for residential and multi-residential customers. This was mostly offset by lower water consumption for commercial customers, and higher transmission system access service charges.

User fees and sales were lower than the prior year mainly due to lower transit fare revenue as ridership reduced significantly year over year because of the COVID-19 pandemic, lower convention and tourism revenue for Edmonton Economic Development Corporation as the pandemic cancelled events and closed facilities in 2020, and reduced parking revenue in 2020 due to the COVID-19 pandemic.

Investment earnings were lower in 2020 due to the global impact of the COVID-19 pandemic. The pandemic resulted in a sharp drop in global GDP and equity markets fell by more than 30 per cent from their highs reached earlier in the year. Fiscal and monetary stimulus from governments and central banks as well as advancement in vaccines helped to ease this impact but this still resulted in lower investment earnings than earned in 2019.

CAPITAL REVENUES

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 City Council as funding sources for capital projects through the capital budget process.

Capital Revenues (millions of \$)

	2020 Budget (A)	2020 Actual (B)	Variance (B-A)	2019 Actual (C)	Variance (B-C)
Government transfers – capital	\$ 658.2	\$ 565.5	\$ (92.7)	\$ 571.5	\$ (6.0)
Contributed tangible capital assets	129.0	118.3	(10.7)	146.9	(28.6)
Developer and customer contributions – capital	115.8	8.9	(106.9)	18.4	(9.5)
Local improvements	12.4	24.7	12.3	13.0	11.7
Capital Revenues	\$ 915.4	\$ 717.4	\$ (198.0)	\$ 749.8	\$ (32.4)

COMPARISON TO BUDGET

Capital revenues of \$717.4 million were \$198.0 million lower than budget during the year due to \$106.9 million fewer than expected capital developer and customer contributions, and \$92.7 million lower than budgeted government transfers.

Developer and customer contributions were lower than budget largely due to the timing of capital expenditures.

Government transfers – capital were lower than budget as the Valley Line Southeast LRT project was originally planned to be completed in 2020 but has been delayed until 2021. This resulted in the full budget being recorded in 2020 and only the portion of government transfers related to the percentage of the project completed this year recognized as revenue. This is partially offset by recognizing the new Investing In Canada Infrastructure Program (ICIP) grant which is used to build inclusive and prosperous communities while supporting a low carbon, green economy, and higher than budgeted revenue for the Public Transit Infrastructure Fund grant due to timing of capital expenditures for public transit systems.

COMPARISON TO PRIOR YEAR

Capital revenues decreased from the prior year by \$32.4 million mainly due to a decrease of \$28.6 million in contributed tangible capital assets, partially offset by an increase of \$11.7 million for local improvements.

Contributed tangible capital assets decreased from prior year due to fewer developer contributed infrastructure assets such as roads, sidewalks, and streetlights for new neighbourhoods constructed. In addition, the 2019 contributed tangible capital assets were higher due to the annexation of land, buildings, and roads from Leduc County, effective January 1, 2019.

Local improvements increased over the prior year as the construction on the Aurum Industrial project was completed in 2020.

OPERATING EXPENSES

Operating Expenses by Function (millions of \$)

	2020 Budget (A)	2020 Actual (B)	Variance (A-B)	2019 Actual (C)	Variance (B-C)
Transportation services	\$ 912.1	\$ 910.5	\$ 1.6	\$ 983.7	\$ (73.2)
Protective services	792.4	776.0	16.4	734.7	41.3
Community services	690.7	592.1	98.6	701.8	(109.7)
Waste Services Utility	218.4	206.2	12.2	240.9	(34.7)
Land Enterprise	47.4	15.5	31.9	23.7	(8.2)
Blatchford Renewable Energy Utility	2.7	1.4	1.3	1.6	(0.2)
Fleet Services	44.0	45.8	(1.8)	36.3	9.5
Corporate administration, general municipal and other	489.7	476.0	13.7	467.0	9.0
Operating Expenses	\$ 3,197.4	\$ 3,023.5	\$ 173.9	\$ 3,189.7	\$ (166.2)

COMPARISON TO BUDGET

Operating expenses of \$3,023.5 million were lower than budget by \$173.9 million, or 5.4 per cent of the consolidated expenses budget.

Community services expenses were lower than budget mainly due to lower Revolving Industrial Servicing Fund debt servicing costs with less than expected borrowing of \$9.9 million. There were lower than budgeted reimbursements of \$8.6 million to EPCOR for Sanitary Servicing Fund projects due to slower than expected progress on projects. The City also paid \$4.2 million lower than budgeted grant expenses for Phase I and II Economic Recovery grant programs; Phase II is planned to occur in 2021. There are also lower operating costs for recreation centres, libraries, and also facilities managed by the Edmonton Economic Development Corporation, as throughout the year these facilities were either closed or operating with restricted capacity due to the public health orders related to the COVID-19 pandemic. While the budget contemplated closed facilities, more facilities were closed for a longer period.

Land Enterprise cost of land sold was lower than budget as market conditions resulted in lower than anticipated land sales volumes.

Corporate administration, general municipal and other expenses were lower than anticipated due to lower amortization costs as significant capital projects, such as the Lewis Farms Recreation Centre, were postponed or delayed in 2020. This is also a result of lower expenses for Corporate financial strategies expenses, which is budgeted to provide flexibility for emerging items or contingencies for fluctuating costs such as fuel or utilities.

COMPARISON TO PRIOR YEAR

In 2020, operating expenses decreased by \$166.2 million over the prior year mainly due to decreases in Community Services of \$109.7 million, \$73.2 million in Transportation Services and \$34.7 million in Waste Services Utility.

Community Services had decreased expenses in 2020 mainly due to lower operating costs for recreation centres, libraries, and facilities managed by the Edmonton Economic Development Corporation, as these facilities were either closed or open with restricted capacity due to the public health orders related to the COVID-19 pandemic; this includes lower personnel costs as facilities were closed and staff were temporarily laid off. The year over year variance also includes a 2019 compensation payment of \$8.5 million related to the annexation of an area of land from Leduc County.

Transportation Services costs decreased over the prior year mainly due to an asset impairment in 2019 of \$55.9 million related to the impairment of the Metro Line LRT signalling system assets. Personnel costs were also lower in 2020 due to staff temporarily laid off and delayed hiring of seasonal staff due to reduced activity and closures from the COVID-19 pandemic.

Waste Services Utility expenses decreased from the prior year as there was a non-cash expense related to an increase in the Clover Bar Landfill post closure liability for future closure expenses and the impairment of the Edmonton Composting Facility recorded in 2019.

Operating Expenses by Object (millions of \$)

	2020 Actual (A)	2019 Actual (B)	Variance (A-B)
Salaries, wages and benefits	\$ 1,577.6	\$ 1,636.5	\$ (58.9)
Materials, goods and utilities	284.2	300.8	(16.6)
Contracted and general services	275.8	347.8	(72.0)
Interest and bank charges	143.9	142.1	1.8
Grants and other	125.5	118.3	7.2
Amortization of tangible capital assets	591.2	558.4	32.8
Loss on disposal, impairment and transfer of tangible capital assets	25.3	85.8	(60.5)
Operating Expenses	\$ 3,023.5	\$ 3,189.7	\$ (166.2)

Operating expenses by type decreased from the prior year by \$166.2 million. This was mainly related to net decreases in contracted and general services of \$72.0 million, loss on disposal of tangible capital assets of \$60.5 million, and personnel costs of \$58.9 million.

Contracted and general services decreased mainly as a result of closures of facilities managed by the Edmonton Economic Development Corporation as well as lower costs for turf and horticulture activities due to hiring delays related to the COVID-19 pandemic. In 2019 there was also an unbudgeted non-cash expense related to an increase in the Clover Bar Landfill post closure liability for future closure expenses and a compensation payment of \$8.5 million to Leduc County related to the annexation of land that did not occur in 2020.

Loss on disposal, impairment and transfer of tangible capital assets decreased over the prior year mainly due to an asset impairment of \$55.9 million recorded in 2019 related to the Metro Line LRT signalling system, offset by an additional \$3.7 million asset impairment recorded in 2020 related to the Edmonton Compost Facility.

Salaries, wages and benefits decreased over the prior year directly related to layoffs from facility closures and intentional vacancy management strategies due to the COVID-19 pandemic.

Schedule 2 – Consolidated Schedule of Segment Disclosures, provides an analysis of revenues and expenses (by object) for each of the significant business groupings within the reporting entity. A description of each of the segments is provided in Note 28 to the financial statements.

“**FORESTRY CREWS PRUNED 26,648 TREES AND PLANTED 3,236 TREES AS PART OF THE REPLACEMENT PLANTING PROGRAM.**”



THE CITY'S FINANCIAL GOVERNANCE POLICIES AND PRACTICES ENSURE EDMONTON'S CONTINUED SOUND FISCAL MANAGEMENT AND LONG-TERM FINANCIAL SUSTAINABILITY.



THE CITY OF EDMONTON FARE POLICY GIVES DIRECTION FOR SETTING PUBLIC TRANSIT FARES BASED ON CONSIDERATIONS OF EQUITY, FAIRNESS AND AFFORDABILITY AND ENCOURAGING MODE SHIFT TO PUBLIC TRANSIT.



FINANCIAL CONTROL AND ACCOUNTABILITY

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

FISCAL POLICIES

The City's financial governance policies and practices ensure Edmonton's continued sound fiscal management and long-term financial sustainability. These policies and practices are continuously assessed using leading practice and research on several policy and strategy topics. The City has drafted White Papers to provide a foundation for discussing the key financial issues and questions related to debt, franchise fees, investments. The City has policies in place for various reserves, including the Financial Stabilization Reserve, that ensure sufficient funds are in place to satisfy the financial needs of the operations being supported by the reserve.

On November 2, 2020, City Council approved City Policy, C624, Fiscal Policy For Revenue Generation. The City of Edmonton provides various services and infrastructure for the community. Some provide broad benefits to the community at large. Others provide greater or more direct benefits to consumers of a service, or to certain stakeholders or properties. The City recognizes that service and infrastructure costs must be shared in some way amongst the tax base and benefiting parties, and equitably distributes these costs according to the accrual of benefits throughout the community. The purpose of this policy is to provide a clear and consistent governing framework for allocating service and infrastructure costs throughout the community, and to guide fiscal decisions on the fundamental question of who pays for what, in what amount, and why?

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

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

City Policy, C579B, Traffic Safety and Automated Enforcement Reserve, was established to address the revenue variability associated with automated traffic enforcement. This reserve also accumulates annual traffic safety program surpluses and funds an annual traffic safety program deficit when necessary. Annual automated enforcement revenue funds ongoing traffic safety initiatives and other programs approved by City Council through the budget process. The reserve helps manage this process and supports transparency related to the use of automated enforcement revenues to fund City operations.

City Policy, C604, Edmonton Police Services (EPS) Funding Formula was established to provide guidelines and the approach for the planning and approval of the multi-year funding formula for the EPS. This funding formula provides funding certainty to allow for long-term budgeting and workforce planning for EPS and other tax-supported operations. It allows the City to sustainably allocate budget funds based on predictable indicators that reflect police cost inflation and changes in demand. To this end, an EPS Reserve fund was established to allow for the management of police operational surpluses and deficits over the long term through City Policy C605, Edmonton Police Services Reserve. At the July 6, 2020 City Council meeting, Council requested that Administration prepare adjustments to suspend the Edmonton Police Service Funding Formula Policy C604 pending review and reframing as an Edmonton Community Safety and Well-being Funding Policy. On August 31, 2020 City Council established a Community Safety and Well-being Task Force. The task force's objective is to enable greater community engagement and input in the evolution of community safety in the City of Edmonton.

Council also requested that the funding formula be revisited and reframed as an Edmonton Community Safety and Well-being Funding Policy. The taskforce will be providing recommendations to Council in 2021. Administration will also introduce a revised funding formula in 2021, based on the task force's recommendations.

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

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

The City's Debt Management Fiscal Policy, C203C, provides guidelines for prudent debt management and ensures that debt is used responsibly to advance key infrastructure projects. Administration is currently reviewing the Debt Management Fiscal Policy with a plan to bring forward an update to Council in 2021.

TRAFFIC OPERATIONS AND TRAFFIC SAFETY INSTALLED 28 RAPID FLASHING BEACONS AT SCHOOLS TO MAKE IT SAFER FOR CHILDREN TO CROSS THE ROAD.

City Council's Waste Management Utility Fiscal policy, C558A, 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.

The Fiscal Policy, C597, for the Blatchford Renewable Energy Utility provides the overarching framework that outlines the financial parameters that will guide the long-term financial sustainability of the utility. Bylaw 17943, which established the Blatchford Renewable Energy Utility, outlines requirements for properties receiving energy service through the utility and the relevant rates, fees and charges.

EPCOR water and wastewater rates were approved by City Council in 2016 through the related Performance Based Regulation (PBR) Plans which set these rates for the period April 1, 2017 to March 31, 2022. The Drainage Utility was transferred to EPCOR in 2017 at which time the utility's rates for the period January 1, 2018 to March 31, 2022 were approved through the related PBR Plan. The PBR framework and annual PBR progress reports allow City Council to have oversight and governance over water, wastewater and drainage rates over a longer term and provides incentives to ensure that EPCOR operates more efficiently while providing appropriate service levels. The next Performance Based Regulation (PBR) Plans will be presented to Council for approval in 2021 and will set rates for the next five years beginning in April 2022.

STRATEGIC PLANNING

The City follows a strategic planning framework that enables a consistent and integrated approach to strategy development, planning and performance evaluation. The framework has six components that work together to support the organization in making transformational impacts in our community, delivering excellent services to our community and managing the corporation for our community.

After extensive public consultation, Council approved ConnectEdmonton, Edmonton's strategic plan 2019-2028, which provides community direction, aspiration and inspiration. This is the City's highest level plan and it's about making transformational change within our community. It is intended to provide direction for the next ten years.

THE CORPORATE BUSINESS PLAN OUTLINES THE ACTIONS THE CITY WILL TAKE AND PRESENTS AN INTEGRATED OVERVIEW OF THE CITY'S WORK.

The City Plan, approved in 2020, articulates the choices the City will make to become a healthy, urban and climate resilient city of 2 million people that supports a prosperous region. A plan for people, places and prosperity, The City Plan policies will be reviewed and refined annually and larger growth management strategies associated with phasing and staging the plan will be updated at key population growth thresholds (1.25, 1.5 and 1.75 million people).

The Corporate Business Plan outlines the actions the City will take and presents an integrated overview of the City's work. It communicates the transformational projects, daily programs and services, improvement initiatives and capital infrastructure projects the City will deliver over the next four years. The Plan will be updated each year in response to changes that may arise.

Enterprise Performance Management is about the City's performance and managing the City's work by continuously measuring and monitoring our progress towards achieving results Edmontonians care about. When Council approved the Enterprise Performance Policy on May 8, 2018, it set the foundation for a new way of managing the City.

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

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

PROGRAM AND SERVICE REVIEW (PSR)

In 2016, City Council directed Administration to review all 73 services across departments at the City for relevance, effectiveness and efficiency. The PSR was designed to assist City Council build a culture of accountability and continuous improvement, including improving the City's financial position, operations, and optimizing service levels.

By the end of 2020, reviews of 36 services were complete, excluding the 22 reviews which were paused in March of 2020 due to COVID-related redeployments. PSRs resumed in February 2021 and will leverage the Reimagine work.

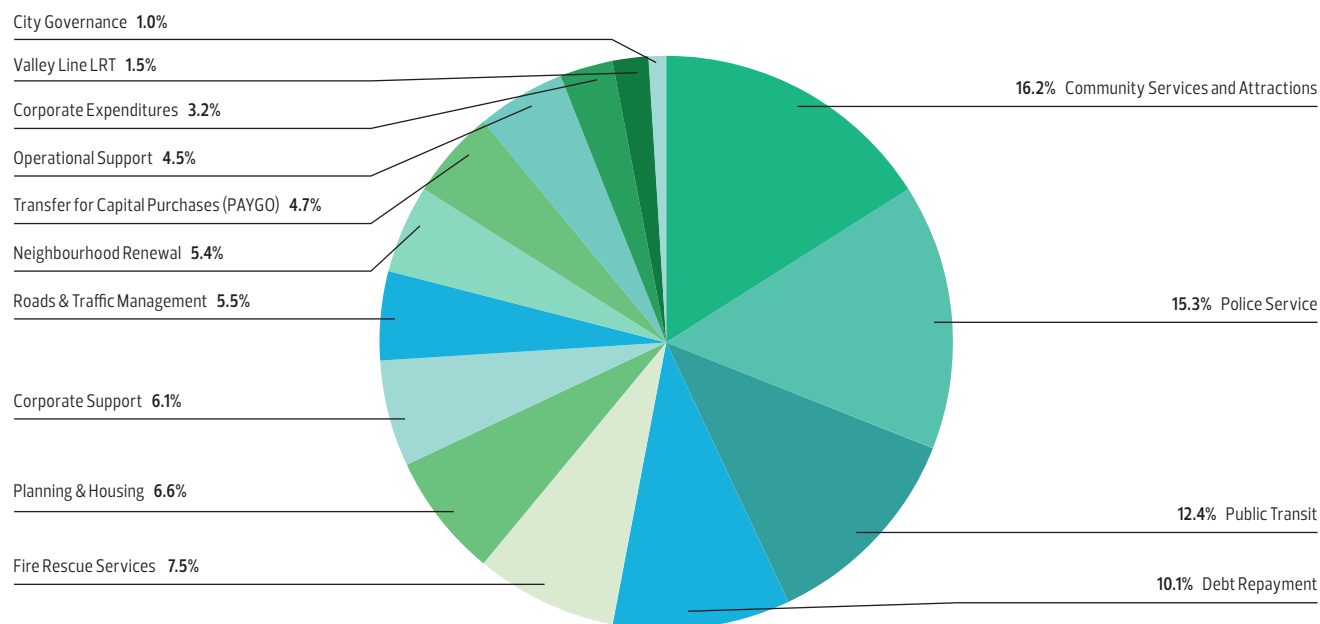
BUDGETING

Guided by Edmonton's strategic plan, the 2019-2022 Operating and Capital Budgets assist Council in making strategic decisions about how to allocate City resources. This multi-year approach allows the City to align strategic plans, business plans, and operating and capital budgets, to ensure the dollars are spent to achieve City Council's vision. It also allows for better alignment with Councillor election terms, providing the foundation for more informed and strategic financial decision making. Funding can be reallocated across different years of the budget and needs can be assessed over a longer term to allow for more prudent and informed financial decision making, while building stable program and service delivery and infrastructure development.

The multi-year process includes opportunities to adjust the budget twice a year through the supplemental budget adjustment process approved by City 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. On December 14, 2018, City Council approved the 2019-2022 Operating and Capital budgets.

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 1.3 per cent general property tax increase in 2020. The 1.3 per cent increase includes a (0.5) per cent decrease for all civic operations, a 0.8 per cent increase for Valley Line LRT and a 1.0 per cent increase for the Edmonton Police Service. The chart below shows the City's total tax supported expenditure budget that is spent on each major expense category:

2020 Budget by Major Expense Category

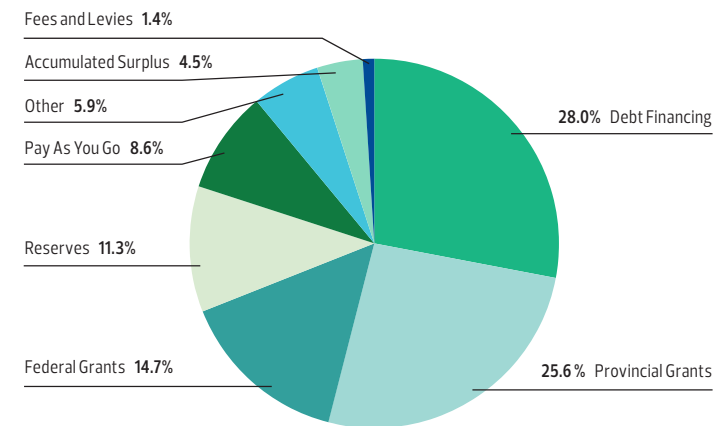


The Bylaw to establish the 2021 municipal tax for all property types will be set by City Council in May 2021. Changes to the operating budget that will impact the tax levy may be completed prior to the taxation bylaw approval.

The capital budget strikes a balance between investments in infrastructure growth and the requirement to maintain and renew existing City assets. It determines the investment in Edmonton's hard infrastructure, including the construction of buildings such as recreation centres and libraries, and transportation assets including LRT lines and bridges. The foundation of the 2019-2022 Capital Budget is the 2019-2028 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 will see investments of \$7.4 billion on infrastructure based on the approved capital budget. Capital requirements directly related to EPCOR are not included in the capital budget. The funding and financing sources are as follows:

2019-2022 Capital Budget – Funding Sources



“ THE CITY OF EDMONTON LIBRARY BOARD, THE EDMONTON POLICE SERVICE, WASTE RE-SOLUTIONS EDMONTON AND EDMONTON COMBATIVE SPORTS COMMISSION USE THE SAME ACCOUNTING SYSTEM AS THE CITY BUT REPORT THROUGH THEIR OWN BOARDS OR COMMISSIONS. ”

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, Waste RE-solutions Edmonton and Edmonton Combative Sports Commission use the same accounting system as the City but report through their own boards or commissions. EPCOR, Edmonton Economic Development Corporation, Non-Profit Housing 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. Quarterly operating reporting includes economic updates that are reviewed by Administration and provided to City Council along with recommendations to address opportunities and challenges. City Council reviews capital reporting for second, third and fourth quarters, which 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 are used to help guide budget strategies.

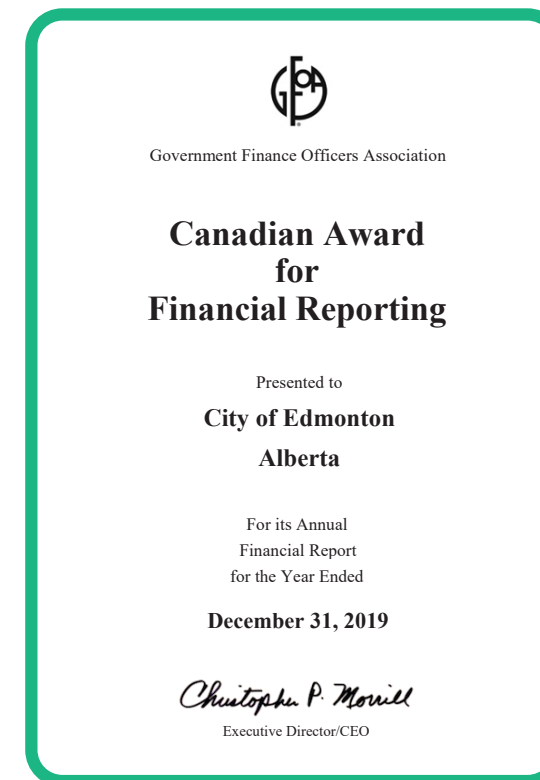
The operating budget is also presented in a format consistent with audited annual financial statements that are amended for adjustments required to adhere to PSAS. The objective is to provide City Council and other users of the financial statements and budget documents with an improved understanding of the budget approved by City Council compared to the actual results reported in the audited financial statements.

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

RECOGNITION FOR ACHIEVEMENT

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Canadian Award for Financial Reporting to the City of Edmonton for its annual financial report for the fiscal year-ended December 31, 2019. The Canadian Award for Financial Reporting program was established to encourage Canadian municipal governments to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports. To receive a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report that conforms to program standards. Such reports should go beyond the minimum requirements of public sector accounting standards and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments and address user needs. A Canadian Award for Financial Reporting is valid for a period of one year and, in 2019, Edmonton received this award for the 27th consecutive year.



The GFOA established the Popular Annual Financial Reporting Awards Program to recognize local governments that produce high quality summarized annual financial reports. The reports must be readily accessible and easily understandable to the general public and other interested parties without a background in public finance. The City received the Popular Annual Financial Reporting Award for the sixth consecutive year for our 2018 Financial Report to Citizens.

The City also received the GFOA award for Distinguished Budget Presentation for the 2019-2022 fiscal years beginning January 1, 2019 and ending December 31, 2022. 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.

AUDITING PROCESS

The MGA requires municipal councils to appoint an independent auditor. In 2015, a tender for audit services was completed and City Council appointed the firm of KPMG LLP, Chartered Professional Accountants, as External Auditor for a five-year term. The auditor must report to City 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 audit.

The City's Audit Committee serves as a Committee of Council to assist in fulfilling its oversight responsibilities. Audit Committee provides oversight and consideration of audit matters brought forward by the City Auditor and the External Auditor. The Committee includes the Mayor, four Councillors and two public members as outlined under Bylaw 16097, Audit Committee Bylaw. Audit Committee reviews the consolidated financial statements and makes a recommendation to City 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 City Council through Audit Committee, empowered by Bylaw 12424, City Auditor. This bylaw establishes the position of City Auditor and delegates powers, duties, and functions to this position. The City Auditor has two roles:

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

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

LONG-TERM SUSTAINABILITY

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

City Council approved an Enterprise Risk Management Policy in March 2016 to ensure that enterprise risks and opportunities are proactively identified, evaluated, communicated and managed on an ongoing basis. Guided by this policy, the Enterprise Risk Management process continues to evolve as the City progresses toward becoming a risk-mature organization.

Consistent with the Policy requirements for an annual risk update, in November 2018, Audit Committee was presented with the 2018-2019 Corporate Strategic Risk Register. This report identified the City's top 10 risks to achieving the City's strategic goals, with the greatest risks being economic swings and uncertainty regarding funding from other orders of government, both of which are discussed further below.

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, in an effort to ensure the City is able to provide services and infrastructure to its growing population in a sustainable manner.

ECONOMIC RISKS

Edmonton's economy is in recovery mode from the COVID-19 pandemic, with available data suggesting impacts that appear to be quite different across households, businesses, and sectors. Over the near and medium terms, the focus of governments will be on how to support an economic recovery. Edmonton's population is expected to continue growing, albeit at slower paces than anticipated before COVID-19, which will add pressure to the demand for City-provided services. The City's role in supporting Edmonton's economy as it comes out of this pandemic will need to be considered alongside its fiscal capacity as it has limited revenue generation tools. As well, there remains uncertainty related to how the economy will recover (e.g., temporary changes in behaviour becoming permanent, and pronounced shifts in sectoral composition).

The pace of recovery is expected to be uneven across sectors, though overall expectations indicate a recovery to 2019 output levels by 2022. However, it is important to note that risks remain, particularly given the importance of the oil and gas sector to Alberta's and Edmonton's economies and the likelihood of volatile conditions remaining over the coming years. Over the next four years, the City expects moderate rates of growth after Edmonton's economy has fully recovered. Risks over the medium term appear to be tilted on the downside, though more positive than expectations in the second half of 2020. The City's business plans and operating and capital budgets aim to balance economic realities with the need to provide quality services and infrastructure to a growing population.

“ THE PACE OF RECOVERY IS EXPECTED TO BE UNEVEN ACROSS SECTORS, THOUGH OVERALL EXPECTATIONS INDICATE A RECOVERY TO 2019 OUTPUT LEVELS BY 2022. ”

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CITY OF EDMONTON ANNUAL REPORT CONSOLIDATED FINANCIAL STATEMENTS 2020

“ WHEN THE CITY DISCUSSES THE CONCEPT OF RENEWAL, THIS REFERS TO INVESTMENT IN EXISTING INFRASTRUCTURE TO RESTORE IT TO AN EFFICIENT OPERATIONAL CONDITION AND EXTEND ITS SERVICE LIFE. ”

The City faces challenges in funding new demand for services and infrastructure in light of challenging economic conditions that will require government support and an inelastic primary revenue source in the form of property taxes. Property taxes fund close to 60 per cent of the City's annual operating costs, including portions dedicated to capital projects. However, they lag in reacting to increased service and infrastructure demand. This inelasticity emphasizes the need for long-term planning, risk management and diversification of City revenues. The City is addressing the infrastructure and service funding gap using various strategies and revenue stream diversification, including securing more stable and predictable provincial government funding, which is discussed further below.

The 2019–2022 Operating and Capital Budgets, and 2019–2028 Operating and Capital Investment Outlooks outline the City's operating and capital spending taking into consideration these economic challenges. The long-term sustainability of City infrastructure is impacted by the City's capital renewal plan. When the City discusses the concept of renewal, this refers to investment in existing infrastructure to restore it to an efficient operational condition and extend its service life. Investing in renewal at key points throughout the life of an asset maintains its condition at a higher level while extending the life of the asset. Investment in renewal reduces the long-term requirement for capital funding while maintaining a suitable level of service for residents.

The City manages a broad range of infrastructure assets. As of the last review in 2019, 55.7 per cent of City assets are in very good/good condition, 35.7 per cent are in fair condition, and 8.6 per cent are in poor or very poor condition. The City of Edmonton measures performance on asset condition by the percentage of assets in poor and very poor condition. The current value of 8.6 per cent represents a 51.4 per cent reduction of assets in poor and very poor condition since 2011 when this value was at a high of 17.7 per cent. The City uses a customized prioritization methodology – the Risk-based Infrastructure Management System (RIMS) – which was developed by the City in 2011. Over the last decade, RIMS has evolved into a dynamic analytical tool designed to predict the optimal funding for the renewal of existing infrastructure.

INTERGOVERNMENTAL

The City of Edmonton's intergovernmental landscape shifted considerably due to the unprecedented COVID-19 pandemic that struck early in 2020. Governments at all levels needed to shift priorities in response to the pandemic and put in place government measures to help Canadians, Albertans and Edmontonians through the various phases of the pandemic. The City needed to make continuous fiscal and policy adjustments as governments at all levels moved from immediate emergency response to relaunch and recovery, and back again to emergency response as the pandemic shifted over the course of 2020.

Edmonton itself adopted a four-stage model -- respond, relaunch, recover and reimagine -- for responding to the COVID-19 pandemic in 2020 and rebuilding our city for a new future. The four stages helped ensure that City Council was positioned to make informed decisions and take responsible action to ensure the long-term resilience of the municipality.

The City of Edmonton appreciated that the federal and provincial governments used their fiscal toolkit to make unprecedented investments in programs to support individuals, businesses and communities affected by the pandemic. The City also appreciated the federal and provincial support provided directly to municipalities through the Safe Restart Agreement and the Municipal Operating Support Transfer to address municipal operational shortfalls. Edmonton's allocation in 2020 was \$158.2 million, with \$98.5 million for operational shortfalls and \$59.7 million for transit operations. Edmonton, along with cities across the country, was facing a financial crisis and would not have been able to participate in economic recovery without continued support for essential municipal services from other orders of government. Edmonton is projecting an ongoing operational funding shortfall, especially for transit operations, well into 2021 as a result of the ongoing impacts of the pandemic. Further federal and provincial funding support will be critical in positioning the City of Edmonton to play a key role in Canada's and Alberta's economic recovery.

The COVID-19 pandemic has exacerbated a severe recession in Alberta, marked by prolonged recovery and much uncertainty in a sluggish economy that was still recovering from the 2015–16 oil price recession. This will significantly constrain the City's fiscal capacity for the foreseeable future. The significant federal and provincial recovery investments along with stimulus spending in 2020 will increase the challenges all governments face in prioritizing future funding for programs and services, including how municipalities are funded. The City of Edmonton's reliance on funding from other orders of government—and the growing scarcity of such funding in the future relative to need—will profoundly impact our future fiscal reality.

The pandemic highlighted how city-building is complex and important work that relies on a shared vision, partnership and collaboration among all governments. In order to accomplish the shared objective of continuing to build an economy that works for everyone, Edmonton needs to be empowered to deliver city-building initiatives. While the role of municipalities has evolved significantly over the last few decades, the fiscal and legislative framework in which municipalities operate does not reflect the modern role of communities and cities in Canada. Long before this pandemic, it was clear that the tools and authorities available to municipal leaders do not match their modern role. New fiscal arrangements with other orders of government and stronger federal-provincial-municipal partnerships are essential for promoting strength and resilience in our communities, particularly in the fragile aftermath of COVID-19.

The fiscal challenges facing all orders of government coming out of the pandemic will require all governments to look for new solutions together to guide our mutual recovery.

“ THE PANDEMIC HIGHLIGHTED HOW CITY-BUILDING IS COMPLEX AND IMPORTANT WORK THAT RELIES ON A SHARED VISION, PARTNERSHIP AND COLLABORATION AMONG ALL GOVERNMENTS. ”

MANAGING OTHER RISKS

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

- + Environmental risks are monitored through internal City practices and policies, which aid in the effective management of environmental risks and responsibilities. City Council approved Edmonton's Environmental Management System Policy as well as an Environmental Policy. The policies ensure commitment to sound environmental management practices, and stewardship in all aspects of its corporate activities. Standard environmental management system practices across the City will address environmental regulatory compliance, pollution prevention and continual improvement.
- + The corporate Property and Casualty Risk Management area provides risk management advice, claims adjusting, purchase of insurance and risk control inspections.
- + Ongoing proactive analysis of the physical, contractual and insurance risks associated with capital projects or major initiatives and establishment of appropriate measures to identify and control project risk. For example, Valley Line Southeast LRT, from Millwoods to Downtown, is being developed with the construction, operation and maintenance provided through a P3 delivery method, which shares risks between the City and its private partners. In 2017, City Council approved City Policy C591, Capital Project Governance Policy, which sets out to ensure that an appropriate level of development is completed on projects prior to them moving onto the delivery phase. This rigorous risk management process helps to ensure that key projects are completed safely, on time, on budget, on quality, and in scope.
- + 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.
- + In the past borrowing was completed through the Alberta Capital Finance Authority, which allowed Alberta municipalities to borrow at interest rates which would not be available to municipalities acting independently. The interest rates are set for the term of the borrowing, therefore reducing risk associated with interest rate fluctuations. In mid-2020 the responsibilities of ACFA were transferred to the Government of Alberta's department of Treasury Board and Finance and ACFA was dissolved. There has been no change to active loans during both the transition and after dissolution of ACFA. There is no intention by the Government of Alberta to change the substance of the program of lending to local authorities.

- + The City has a Financial Stabilization Reserve that may be used to address emergent needs without impacting the City's financial position in the long-term. A financial risk based review was completed for the City in 2018, 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 2021.
- + The City's Debt Management Fiscal Policy 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 City 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 CITY MANAGES RISK TO HELP ENSURE ITS LONG-TERM SUSTAINABILITY AND ACHIEVEMENT OF COUNCIL'S STRATEGIC GOALS AND OUTCOMES.

CONCLUSION

Throughout 2020, the City of Edmonton has maintained its financial health and the City's economic performance remains one of the best in the province.

In 2020, Standard and Poor held the City to a credit rating of AA with a stable outlook. The stable outlook reflects their opinion that the impacts from COVID-19 will be largely temporary, expecting the economy to return to moderate growth within the outlook horizon.

The number of significant capital projects being constructed within the 2019-2022 period (including the overlapping of the Valley Line Southeast and West projects) are expected to lead to larger after-capital deficits from 2019 to 2022, and the associated borrowing for these projects means that Edmonton's tax-supported debt burden is more in line with 'AA' rated peers. The current AA rating includes a stable outlook with the expectation that the City's funding strategy for capital projects will not further stress its budgetary performance. Weaker economic activity or unexpected major spending decisions at the same time the City is undertaking its capital plan could impact the rating negatively in the future. The rating could be positively impacted in the future if the City became less reliant on the energy sector and robust economic growth supported strong revenue generation.

Recent economic uncertainty has reinforced the need to maintain flexibility and to monitor both the economy and the City's financial condition in order to be able to react and adapt to economic impacts. The City will continue to be challenged to manage emerging competing financial needs as the major centre for the region, and to maintain existing services while addressing service and infrastructure needs associated with the growth. The 2019-2022 Operating and Capital budgets and business plans have helped the City position itself well for the future.

The City also continues to closely monitor the financial impacts of the COVID-19 pandemic to ensure it can quickly and effectively respond to this evolving situation.

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



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

April 19, 2021



3 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 auditors' responsibilities for the audit of the financial statements, follows.

Andre Corbould
City Manager

April 19, 2021
Edmonton, Canada

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

April 19, 2021
Edmonton, Canada

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

OPINION

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

- + the consolidated statement of financial position as at December 31, 2020
- + the consolidated statement of operations and accumulated surplus for the year then ended
- + the consolidated statement of changes in net financial assets for the year then ended
- + the consolidated statement of cash flows for the year then ended
- + and notes and schedules to the consolidated financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2020, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BASIS FOR OPINION

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

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

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

OTHER INFORMATION

Management is responsible for the other information. Other information comprises

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

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

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

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

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

We have nothing to report in this regard.

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT (CONT)

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AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

We also:

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

Chartered Professional Accountants

Edmonton, Canada

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31 (in thousands of dollars)

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

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

See accompanying notes to consolidated financial statements.

Approved on behalf of City Council:

Mayor Don Iveson

Councillor Andrew Knack

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

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

	Budget	2020	2019
Revenues			
Net taxes available for municipal purposes (Note 17)	\$ 1,723,287	\$ 1,726,220	\$ 1,671,800
User fees and sale of goods and services	545,745	461,682	623,326
Government transfers - operating (Note 18)	108,682	277,454	121,950
Subsidiary operations - EPCOR (Note 20)	278,310	275,699	231,054
Franchise fees	169,730	177,120	171,840
Fines and penalties	79,379	81,858	97,898
Investment earnings	101,279	78,160	102,246
Licenses and permits	47,692	69,072	74,311
Developer and customer contributions - operating	28,016	23,284	25,558
	3,082,120	3,170,549	3,119,983
Expenses			
Transportation services:			
Bus and light rail transit	486,850	471,845	549,237
Roadway and parking	425,284	438,665	434,445
	912,134	910,510	983,682
Protective services:			
Police	497,078	483,375	465,928
Fire rescue	229,353	229,481	225,292
Bylaw enforcement	65,973	63,177	43,445
	792,404	776,033	734,665
Community services:			
Parks and recreation	226,215	208,976	276,723
Planning and corporate properties	219,025	179,748	196,471
Community and family	62,427	58,541	58,175
Public library	65,798	54,982	61,513
Public housing	49,873	47,515	39,347
Convention and tourism	67,374	42,302	69,619
	690,712	592,064	701,848
Utility and enterprise services:			
Waste Services Utility	218,360	206,187	240,883
Land Enterprise	47,380	15,472	23,721
Blatchford Renewable Energy Utility	2,690	1,415	1,627
	268,430	223,074	266,231
Corporate administration	220,075	238,883	225,329
General municipal	265,258	234,268	238,552
Fleet services	43,967	45,755	36,249
Ed Tel Endowment Fund	4,433	2,863	3,127
	3,197,413	3,023,450	3,189,683
(Shortfall) Excess of Revenues over Expenses before Other	(115,293)	147,099	(69,700)
Other			
Government transfers - capital (Note 18)	658,199	565,516	571,432
Contributed tangible capital assets (Schedule 1)	128,975	118,245	146,932
Developer and customer contributions - capital	115,789	8,873	18,418
Local improvements	12,471	24,723	12,968
	913,434	717,367	755,750
Excess of Revenues over Expenses	800,141	864,456	680,050
Accumulated Surplus, beginning of year	14,928,471	14,928,471	14,296,486
Subsidiary operations - EPCOR - other comprehensive loss (Note 20)		(17,849)	(47,140)
Contributed capital transfer to EPCOR and other adjustments (Note 20)		(2,155)	(925)
Accumulated Surplus, end of year	\$ 15,728,612	\$ 15,772,923	\$ 14,928,471

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

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

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

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

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

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

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

See accompanying notes to consolidated financial statements.

SCHEDULE 1 – CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

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

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

Additions to assets under construction are reported net of those tangible capital assets placed in service during the year, which are shown in their respective asset classifications. In 2020, a total of \$118,245 in land, land improvements, and engineered structures were contributed to the City and were recorded at their fair value at the time received.

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

See accompanying notes to consolidated financial statements.

SCHEDULE 2 – CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

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

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

SCHEDULE 1 – CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

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

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

Additions to assets under construction are reported net of those tangible capital assets placed in service during the year, which are shown in their respective asset classifications. In 2019, a total of \$146,932 in land, land improvements, and engineered structures were contributed to the City and were recorded at their fair value at the time received.

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

See accompanying notes to consolidated financial statements.

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

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

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

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

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

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

SCHEDULE 2 – CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

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

	Tax-Supported										2019
	Transportation Services	Protective Services	Community Services	Fleet Services	Other Tax- Supported	Total Tax- Supported	Waste Services	Land Enterprise	Blatchford Renewable Energy	EPCOR	Ed Tel Endowment Fund
Revenues											
Net taxes available for municipal purposes	\$ 384,910	\$ 602,237	\$ 378,905		\$ 305,748	\$ 1,671,800					\$ 1,671,800
User fees and sale of goods and services	161,106	30,439	144,701	16,508	27,443	380,197	213,690	29,432	7		623,326
Subsidiary operations - EPCOR										231,054	231,054
Franchise fees					171,840	171,840					171,840
Government transfers - operating	5,123	29,293	37,262		46,663	118,341	3,609				121,950
Investment earnings	4		2,135		48,620	50,759	1,459			50,028	102,246
Fines and penalties	31	66,837	766		30,264	97,898					97,898
Licenses and permits	2,860	3,171	59,288		8,992	74,311					74,311
Developer and customer contributions - operating		142	25,416			25,558					25,558
Appropriation of earnings	554,034	732,119	648,473	16,508	688,099	2,639,233	218,758	29,432	7	231,054	1,499
					48,529	48,529				(48,529)	
											3,119,983
Expenses											
Salaries, wages and benefits	344,465	581,769	289,241	82,999	285,732	1,584,206	50,873	1,419			1,636,498
Materials, goods and utilities	102,898	36,709	59,118	48,402	28,371	275,498	10,550	14,714	18		300,780
Contracted and general services	101,857	86,083	1,70,822	(146,687)	(10,497)	201,578	136,341	5,857	878	3,127	347,781
Interest and bank charges	74,155	3,244	39,061	1,908	12,323	130,691	9,025	1,731	661		142,108
Grants and other	259	362	90,662		21,909	113,192	5,100				118,292
Amortization of tangible capital assets	284,692	26,387	51,930	50,170	122,747	535,926	22,466		70		558,462
Loss (gain) on disposal, impairment and transfer of tangible capital assets	75,356	111	1,014	(543)	3,296	79,234	6,528				85,762
(Shortfall) Excess of Revenues over Expenses before Other	933,682	734,665	701,848	36,249	463,881	2,920,325	240,883	23,721	1,627	231,054	3,127
Other	(429,648)	(2,546)	(53,375)	(19,741)	224,218	(281,092)	(22,125)	5,711	(1,620)		(1,628)
											(69,700)
Other											
Government transfers - capital	401,539	5,046	100,547		64,300	571,432					571,432
Contributed tangible capital assets	104,286		41,500		1,146	146,932					146,932
Developer and customer contributions - capital	1,706		8,361		8,351	18,418					18,418
Local improvements	507,531	5,046	150,408		12,968	749,750					12,968
Excess (Shortfall) of Revenues over Expenses	\$ 77,883	\$ 2,500	\$ 97,033	\$ (19,741)	\$ 310,983	\$ 468,658	\$ (22,125)	\$ 5,711	\$ (1,620)	\$ 231,054	\$ (1,628)
											\$ 680,050

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

01 SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

The City of Edmonton Library Board
(Edmonton Public Library)

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

Fort Edmonton Management Company

Edmonton Combative Sports Commission

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

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

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

Blatchford Renewable Energy Utility

Ed Tel Endowment Fund

Innovate Edmonton

Interdepartmental and inter-organizational transactions and balances are eliminated.

EPCOR, a subsidiary corporation of the City, is accounted for on a modified equity basis, consistent with the public sector accounting treatment for a government business enterprise. Under the modified equity basis, the government business enterprise's accounting principles are not adjusted to conform with those of the City, and inter-organizational transactions and balances are not eliminated. Other comprehensive income (loss) due to fair value adjustments is reported on the Consolidated Statement of Operations and Accumulated Surplus as an adjustment to Accumulated Surplus. Contributions of tangible capital assets to EPCOR from the City are recorded as an increase to the investment in EPCOR.

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

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

B. BASIS OF ACCOUNTING

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

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

C. USE OF ESTIMATES

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

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

D. FOREIGN CURRENCY

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

E. TAX REVENUE

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

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

F. GOVERNMENT TRANSFERS

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

G. LOCAL IMPROVEMENTS

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

H. CASH AND CASH EQUIVALENTS

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

I. INVESTMENTS

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

Investment earnings are recorded as revenue in the period earned.

J. DEBT RECOVERABLE

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

K. LAND FOR RESALE

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

L. LIABILITY FOR CONTAMINATED SITES

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

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

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

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

M. DEPOSITS

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

N. DEFERRED REVENUE

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

O. EMPLOYEE BENEFIT OBLIGATIONS

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

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

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

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

P. LANDFILL CLOSURE AND POST-CLOSURE LIABILITIES

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

Q. PUBLIC-PRIVATE PARTNERSHIPS

A public-private partnership (P3) is a contractual agreement between a public authority and a private entity for the provision of infrastructure and/or services. The City's P3 is assessed based on the substance of the underlying agreement. Costs incurred during construction or acquisition are recognized as Tangible capital assets (classified as assets under construction), with a corresponding liability, both based on the estimated percentage of project completion. The asset will be amortized over the estimated useful life once in service. The liability is reduced by progress payments made during and upon completion of construction. The present value of future construction payments is recognized as Long-term debt, discounted to the date the asset is available for use, using the implied interest rate at the time the agreement is signed.

R. NON-FINANCIAL ASSETS

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

i. Tangible Capital Assets

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

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

Assets under construction are not amortized. Amortization commences when the asset is available for productive use.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

ii. Contributed Tangible Capital Assets

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

iii. Leases

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

iv. Land Under Roads

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

v. Inventory of Materials and Supplies

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

vi. Cultural, Historical and Works of Art

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

S. RESERVES FOR FUTURE EXPENDITURES

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

T. EQUITY IN TANGIBLE CAPITAL ASSETS

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

U. COVID-19

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

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

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

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

V. FUTURE ACCOUNTING STANDARD PRONOUNCEMENTS

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

i. Financial Statement Presentation

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

ii. Financial Instruments

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

iii. Foreign Currency Translation

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

iv. Portfolio Investments

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

v. Asset Retirement Obligations

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

vi. Revenue

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

vii. Purchased Intangibles

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

02 CASH AND CASH EQUIVALENTS

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

Cash equivalents have effective interest rates of 0.2 to 2.0 per cent (2019 - 1.0 to 2.0 per cent) and generally mature within ninety days from the date of purchase.

The City has access to an unsecured line of credit of up to \$250,000 CDN and \$10,000 USD (2019 - \$100,000 CDN and \$10,000 USD) to cover any bank overdrafts arising from day to day cash transactions. As of December 31, 2020, \$0 (2019 - \$1,767) was outstanding on the line of credit.

03 RECEIVABLES

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

04 INVESTMENTS

	2020		2019	
	Cost	Market value	Cost	Market Value
Cash	\$	600	\$	1,285
Amounts receivable - net		279		611
Fixed income:				
Short-term notes and deposits		62,730		43,593
Government and government guaranteed bonds		550,078		547,617
Corporate bonds and debentures		448,128		414,831
Pooled fund		92,078		92,078
		1,153,014		1,197,792
Common and preferred shares:				
Canadian		278,340		278,179
International		439,715		448,261
Global		46,755		47,497
		764,810		773,937
Pooled infrastructure funds		64,453		62,959
Other investments		86		281
	\$	1,983,242	\$	1,937,192
		2,155,741		1,992,950

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

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

Investments with a cost of \$813,103 (2019 - \$823,406) and market value of \$912,823 (2019 - \$861,580) are managed within the Ed Tel Endowment Fund, in accordance with City Bylaw 11713. An annual appropriation from the earnings of the fund of \$40,093 (2019 - \$48,529), including a special dividend of \$0 (2019 - \$9,706) was withdrawn to support municipal operations, based upon a spending formula set out in the Bylaw. In accordance with the Bylaw the fund is in a position to pay a special dividend when the market value of the fund as at June 30 of the preceding year is more than 15 per cent above the inflation adjusted principal. Any amendment to the Bylaw requires advertisement and a public hearing.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

05 DEBT RECOVERABLE

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

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

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

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

06 PROMISSORY NOTE PAYABLE

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

07 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

08 DEFERRED REVENUE

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

09 EMPLOYEE BENEFIT OBLIGATIONS

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

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

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

Eligible post-employment medical and dental obligations are estimated based on a five year average of pensioners' claim costs in excess of contributions until the pensioners reach age 65. Eligible medical obligations for 2020 were \$1,176 (2019 – \$1,071). Eligible dental obligations for 2020 were \$289 (2019 – \$317). Other post-employment benefits were \$8,770 (2019 – \$5,884).

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

A Group Life Insurance Plan is provided by the City, funded equally by employer and employees. The Plan is administered by Great West Life.

A Supplementary Management Retirement Plan for designated management employees was implemented effective for service beginning January 1, 2003. The accrued benefit liability for total current and past service costs of \$8,548 (2019 – \$7,214) has been based upon an actuarial valuation completed by Aon Hewitt as at December 31, 2020. Unamortized net loss of \$1,035 (2019 gain – \$117) will be amortized over the thirteen (2019 – twelve) year average remaining service period of active plan participants.

All permanent employees are entitled to a health care spending account providing reimbursement up to established limits for eligible expenses not covered under the Supplementary Health Care and Dental Plans. An estimate has been included in 2020 expenses of amounts not used in the current year that are eligible to be carried forward under the terms of the plan.

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

10 LANDFILL CLOSURE AND POST-CLOSURE CARE

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

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, monitoring ground and surface water, treatment and monitoring of leachates, ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events using the best information available to management. Future events, such as changes to regulatory requirements, may result in significant changes to the estimated total expenses and will be recognized prospectively, as a change in estimate, when applicable.

11 LONG-TERM DEBT

A. DEBT PAYABLE

Debt payable includes the following amounts:

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

Principal:

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

Interest:

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

Total Payments:

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

B. DEBT AND DEBT SERVICE LIMITS

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

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

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

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

C. MATURITIES AND INTEREST RATES

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

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

D. INTEREST ON LONG-TERM DEBT

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

E. PUBLIC PRIVATE PARTNERSHIP (P3) OBLIGATION

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

12 TANGIBLE CAPITAL ASSETS

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

13 OTHER ASSETS

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

14 EQUITY IN TANGIBLE CAPITAL ASSETS

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

15 RESERVES FOR FUTURE EXPENDITURES

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

16 ACCUMULATED SURPLUS

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

17 NET TAXES AVAILABLE FOR MUNICIPAL PURPOSES

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

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

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

Provincial education taxes collected on incremental tax revenue within the CRL are retained to offset development costs in the related area. As at December 31, 2020 the City has three active CRL areas: the Quarters, Belvedere and Capital City Downtown. The CRL taxes collected include property taxes, revenue in lieu of taxes, and other taxes. In 2020, \$4,914 (2019 – \$4,301) incremental tax levy was collected in the Quarters CRL, including \$1,028 (2019 – \$943) in education taxes. The Belvedere CRL collected \$1,133 (2019 – \$1,003) in incremental tax levy during the year, including \$205 (2019 – \$215) in education taxes. The Capital City Downtown CRL collected \$30,427 (2019 – \$24,815) in incremental tax levy during the year, including \$7,590 (2019 – \$5,683) in education taxes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

18 GOVERNMENT TRANSFERS

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

In 2011, the Minister of Transportation approved initial projects under the Green Transit Incentives Program (Green TRIP) to support the provincial public transportation initiatives that contribute towards environmental benefits. In 2020, the City received \$21,437 (2019 – \$20,594), including earned interest of \$137 (2019 – \$285), net of \$253 (2019 – \$1,953) received on behalf of regional transit partners. In 2020, the City recognized \$14,104 (2019 – \$47,950) as capital government transfers and a receivable of \$22,257 (2019 – \$29,337) has been recorded.

In 2008, the Province introduced a grant for Affordable Housing Program Municipal Block Funding. The grant is administered through the City's Cornerstone program to assist qualified applicants to purchase or renovate existing rental accommodation units, to construct new units and to develop secondary suites and transitional housing. In 2020, the City recognized operating government transfers of \$3,512 (2019 – \$2,667). In 2020, the City recorded \$10,439 (2019 – \$13,837) as deferred revenue, including interest of \$114 (2019 – \$316).

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

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

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

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

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

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

Through the Investing in Canada Infrastructure Program, the governments of Canada and Alberta signed an agreement to provide funds to build inclusive and prosperous communities while supporting a low carbon, green economy. In 2020, the City recognized \$56,856 (2019 – \$0) as capital government transfers and \$56,856 (2019 – \$0) was recorded as receivable.

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

19 EXECUTIVE SALARIES AND BENEFITS

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

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

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

Benefits include the City's share of all benefits and contributions made on behalf of executives, including retirement contributions, Canada Pension Plan, Employment Insurance, dental coverage, medical coverage, group life insurance, short-term disability insurance and transportation allowances. The City of Edmonton

Members of Council are provided with a transition allowance, upon the conclusion of their service, equal to three weeks salary for each year served, to a maximum of 36 weeks.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

20 SUBSIDIARY OPERATIONS – EPCOR

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

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

The following table provides condensed supplementary financial information for EPCOR.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

EPCOR has issued letters of credit for \$84,376 (2019 - \$100,067) to meet the credit agreements of electricity market participants, as conditions of certain agreements or to satisfy legislated reclamation requirements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

21 PENSION AND LONG-TERM DISABILITY PLANS

A. LOCAL AUTHORITIES PENSION PLAN

All employees of the City, with the exception of police officers, are members of the Local Authorities Pension Plan (LAPP), which is one of the multi-employer plans covered by the Public Sector Pension Plans Act of Alberta.

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

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

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

B. SPECIAL FORCES PENSION PLAN

Police officers employed by the City are participants in the multi-employer Special Forces Pension Plan (SFPP). The City is required to make current service contributions to the Plan of 12.56 per cent (2019 - 11.81 per cent) of pensionable payroll. In addition, past service contributions to the Plan of 0.75 per cent of pensionable payroll are required to eliminate an unfunded liability related to service prior to 1992, on or before December 31, 2036. Additional past service contributions of 1.24 per cent of pensionable payroll are required to eliminate an unfunded liability related to post-1991 service amortized over no more than 15 years. Participants of the SFPP are required to make current service contributions of 11.46 per cent of pensionable salary. As well, past service contributions of 0.75 per cent and 1.24 per cent of pensionable salary are required, consistent with those described for the City. Contributions for current and past service are recorded as expenses in the year in which they become due.

Total current and past service contributions by the City to the SFPP in 2020 were \$31,636 (2019 - \$32,344) and by the employees to the SFPP in 2020 were \$29,244 (2019 - \$29,900).

As at December 31, 2019, the SFPP reported the value of its assets at \$3,454,377 and a surplus for the overall plan of \$184,631 comprised of a deficit of \$180,052 for pre-1992 and a surplus of \$364,683 relating to post-1991. Information as at December 31, 2020 was not available at the time of preparing these financial statements.

C. CITY-SPONSORED PENSION PLANS

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

The following summarizes plans sponsored by the City.

i. Annuity Plan

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

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

ii. Police Supplementary Pension Plan

The Police Supplementary Pension Plan (PSPP) provides benefits supplementary to the LAPP for 11 pensioners and beneficiaries. There are no active police officers enrolled in the PSPP and no further contributions are expected to be made to the Fund.

Total benefits paid during the year were \$33 (2019 - \$54).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

iii. Fire Fighters' Supplementary Pension Plan

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

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

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

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

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

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

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

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

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

D. LONG-TERM DISABILITY PLAN

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

22 COMMITMENTS

A. CONTRACTUAL OBLIGATIONS

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

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

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

B. LEASE COMMITMENTS

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

23 LIABILITY FOR CONTAMINATED SITES

As of December 31, 2020, the liability for contaminated sites includes sites associated with former and current City operations, sites acquired through tax forfeiture, historical acquisition of properties, and former unofficial waste disposal sites from early in the City's history. The nature of contamination includes chemicals, heavy metals, salt, biosolids and other organic and inorganic contaminants. The sources of contamination include underground fuel storage tanks, fuel handling, vehicle storage and maintenance, metal manufacturing, stockyards, incinerators, wastewater treatment plants and lagoons and the leaching of materials deposited in unauthorized landfills.

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

24 CONTINGENT LIABILITIES

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

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

25 CONTINGENT ASSETS

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

26 CONTRACTUAL RIGHTS

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

The City enters into service agreements, partnership agreements and other developer agreements that result in either contributed assets or contributed funds with average annual revenues of \$256,899.

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

27 RELATED PARTY DISCLOSURE

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

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

Key management personnel of the City have been identified as the Mayor, City Councillors, City Manager and Deputy City Managers for the purpose of this reporting. An external entity becomes a related party to the City when the key management personnel and/or their close family member have the ability to influence and impact the policies, operations and strategic decisions of the external entities.

For the year ended December 31, 2020 there were no material transactions to disclose that occurred between related parties at a value other than or terms different from that which would have been arrived at if the parties were unrelated.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

28 SEGMENT DISCLOSURES

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

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

Segments include:

A. TAX-SUPPORTED PROGRAMS

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

i. Transportation Services

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

ii. Protective Services

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

iii. Community Services

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

iv. Fleet Services

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

v. Other Tax-Supported

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

B. WASTE SERVICES

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

C. LAND ENTERPRISE

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

D. BLATCHFORD RENEWABLE ENERGY

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

E. EPCOR

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

F. ED TEL ENDOWMENT FUND

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

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

29 2020 BUDGET

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

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

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

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

30 COMPARATIVE INFORMATION

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



4 TASK FORCE FOR CLIMATE-RELATED FINANCIAL DISCLOSURES

INTRODUCTION

Climate change has added financial risks and opportunities to the global economy. For a better understanding of how these are managed by organizations and sectors, the G20 Financial Stability Board created the Task Force on Climate-related Financial Disclosures (TCFD).

In 2017, the TCFD released recommendations on best practices for disclosing risks and opportunities associated with climate change. The recommendations, centered around governance, strategy, risk management and metrics and targets, provide a basis for consistent, reliable and transparent disclosure of climate-related actions, strategies and financial impacts and are applicable and adaptable across organizations and industries.

We believe cities will be at the forefront of further developing policy, and planning and implementing climate mitigation and adaptation measures. In 2020, the Chartered Professional Accountants (CPA) of Canada published guidance on how Canadian municipalities can incorporate TCFD recommendations in financial reporting.

The City of Edmonton (City) is committed to climate change mitigation and adaptation today and in the long-term by creating plans to ensure city operations and the wider community have well-researched, scientifically sound and stakeholder-validated guidance to follow. In our commitment to a resilient Edmonton, the City determined to undertake climate related financial disclosure. 2020 is the first year of this reporting in the TCFD framework.

TCFD RECOMMENDED FRAMEWORK

Table 1 summarizes the City's climate related disclosures using guidelines from CPA's document *Enhancing Climate-related disclosure by Cities: A Guide to Adopting the Recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD)*.

TCFD Recommended Framework

TCFD Recommended Disclosures

City of Edmonton Disclosure

Governance

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

Each year, the City of Edmonton's Environmental Strategies Section addresses and reports on climate related risks and opportunities to Council and Committees. The Energy Transition and Climate Resilience Committee (ETCRC) was appointed by Council to advise them and City Departments on Energy Transition and Climate Resilience. Edmonton's Strategic Plan ConnectEdmonton 2050 and the newly approved City Plan identify Climate Change as a Council priority. Council has adopted the Climate Resilient Edmonton Strategy and Action Plan

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

Climate Resilient Edmonton Strategy and Action Plan identifies how climate adaptation will be integrated into mainstream City business processes and decisions.

Strategy

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 the city from 2030 - 2080s.

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

Climate Resilient Edmonton Strategy and Action Plan, along with the development of Carbon accounting framework, will inform future financial and budget decisions.

Describe the resilience of the city's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

Climate modeling to assess Edmonton's climate change vulnerability and risk was done to RCPs 4.5 and 8.5, assessing a lower and higher global emissions scenario, respectively (Edmonton's climate vulnerability and risk assessment report).

EDMONTON'S STRATEGIC PLAN CONNECTEDMONTON 2050 AND THE NEWLY APPROVED CITY PLAN IDENTIFY CLIMATE CHANGE AS A COUNCIL PRIORITY.



TCFD Recommended Framework (CONT)

TCFD recommended disclosures

City of Edmonton Disclosure

Risk Management

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

City Departments and Branches are responsible for identifying and assessing their own climate risks through annual business risk registries.

Edmonton's strategic climate risks were identified and assessed through a vulnerability and risk assessment (VRA). The VRA prioritizes climate-related risks and opportunities facing Edmonton for efficient action planning. The assessment further determines levels of concern and priorities for specific natural and man-made assets, public and private services, populations segments, as well as the pathways through which they are impacted.

Potential natural disasters (floods, extreme wind, etc.) resulting from climate change impacts are assessed by the Office of Emergency Management with the Hazard Identification and Risk Assessment (HIRA).

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

The Enterprise Risk Management (ERM) framework is maturing to holistically align business planning, emergency management plans, climate change impacts and insurance risks.

Strategic level climate related risks are managed and driven by Climate Resilience and Energy Transition action plans to guide policy development and resources. City Departments and Branches determine additional mitigation as it relates to the service level impacts.

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 on a case by case basis driven by specific corporate policies, such as the Infrastructure Asset Management Policy.

Metrics and Targets

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

Community Indicator - Climate Risk Index. As part of the ConnectEdmonton reporting process, the climate change adaptation team will report annually, to Council and the public, on a Climate Risk Index. This is a composite index of over 40 indicators related to exposure, sensitivity, and response capacity to a changing climate. The index is a proxy for the level of climate change risk of each neighborhood. This is a community metric, not a corporate risk metric.

Additional metrics have not yet been developed.

Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks.

Scope 2 Community and Corporate Greenhouse Gas Emissions Inventory and Reporting

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

Envisio environmental performance indicators

City Plan targets and measures

Community Climate Change Adaptation Indicators

MATURITY ASSESSMENT

Included in the CPA Canada guidance document "Enhancing Climate Related Disclosures by Cities" is a Maturity Assessment framework. This framework helps cities assess their progress on governance, strategy, risk management, and metrics and targets. Edmonton qualitatively self-assessed against this framework for 2020 reporting.

Maturity Assessment of Edmonton's 2020 TCFD Disclosure:

Governance

Aligned	Progress	Future	
17%	83%	0%	PHASE 1
27%	47%	26%	PHASE 2
20%	20%	60%	PHASE 3

Strategy

Aligned	Progress	Future	
100%	0%	0%	PHASE 1
80%	20%	0%	PHASE 2
17%	67%	16%	PHASE 3

Risk Management

Aligned	Progress	Future	
100%	0%	0%	PHASE 1
43%	57%	0%	PHASE 2
17%	33%	50%	PHASE 3

Metrics and Targets

Aligned	Progress	Future	
100%	0%	0%	PHASE 1
67%	33%	0%	PHASE 2
12%	75%	13%	PHASE 3

THIS FRAMEWORK HELPS CITIES ASSESS THEIR PROGRESS ON GOVERNANCE, STRATEGY, RISK MANAGEMENT, AND METRICS AND TARGETS.



CITY OF EDMONTON'S STRATEGY AND GOVERNANCE

The City of Edmonton approaches climate risk management through various mechanisms, as discussed in the following sections

MANAGEMENT AND COUNCIL'S ROLE

Edmonton Council's Strategic Plan, ConnectEdmonton, (2019-2028) has four goals, one of which is Climate Resilience. The goal states: Edmonton is transitioning to a low-carbon future, has clean air and water and is adapting to a changing climate. At the highest level, this sets the direction for City Council's approach to climate risk management.

EDMONTON DECLARATION

In 2018, Edmonton's City Council further confirmed their commitment to act on climate change with the development of the Edmonton Declaration. This is a bold call-to-action for mayors to take the lead on climate change.

ENTERPRISE RISK MANAGEMENT

The current ERM approach consists of an operational branch risk register and a corporate strategic risk register, including climate related risks. The alignment and maturing of ERM across the organization includes a framework that will provide a link between the ongoing operational management of risk and longer-term business goals and strategies. This future ERM framework will holistically align business planning, emergency management plans, climate change impacts and insurance risks to create a more robust Enterprise Risk Management approach.

Strategic climate-related risks are managed and addressed by Edmonton's climate resilience and energy transition strategies. These strategies drive corporate policies and direct City departments and branches service decisions in mitigating climate change impacts and overall service levels. Department executive and branch leaders are responsible for reviewing and updating risk registries annually in order to effectively identify, mitigate and report risks to the service level impacts.

INTEGRATION INTO FINANCIAL PLANNING AND ASSET MANAGEMENT

Council's energy and climate goals are advanced, in part, through the corporate financial planning processes. The City's capital planning process for new assets includes a system of scoring against strategic goals that helps prioritize capital investment. Scoring criteria include building sustainable infrastructure that ensures the continuity of critical services by being more resilient to crises, disaster and severe weather impacts; sourcing of sustainable energy and responsible energy consumption; and managing operations to reduce the production of greenhouse gas emissions.

In addition to new capital infrastructure planning, the City has integrated climate resilience into its asset management planning to address the risk to infrastructure from climate change. Infrastructure Asset Management Policy C598 requires that the City shall consider proactive resilience when making infrastructure asset investment decisions including capital renewal and operational maintenance.

The development of four asset management plans in 2020 provided the opportunity to conduct climate risk assessments at an asset class level, using a high level PIEVC (Public Infrastructure Engineering Vulnerability Committee) protocol. The recommendations from the climate risk assessment will be used to inform life cycle management of these assets.

Beyond asset management, the City's financial operational plans are also evolving to include the assessment of climate impacts. Operational programs and services are scored during the budget process on their ability to sustain and conserve the environment. The integration of resiliency and sustainability into the City's financial planning, however, is still in its infancy. More work is required to advance the understanding of the financial impacts of climate change as the City continues in its phased implementation of the TCFD framework.

CDP CITIES DISCLOSURE

As part of the commitment made by City Council when signing onto the Global Covenant of Mayors for Climate and Energy in 2015, the City of Edmonton is committed to disclosing environmental activities through the Carbon Disclosure Project (CDP). Edmonton discloses data and information related to climate change mitigation and adaptation (including climate risks) through this open data platform.

CLIMATE ACTION STRATEGIES

The City of Edmonton has two primary strategies to address climate change and contribute to the Climate Resilience goal set by City Council in ConnectEdmonton.

- + Edmonton's Community Energy Transition Strategy relates to how Edmonton will reduce greenhouse gas (GHG) emissions. This is being updated to be consistent with the 2018 Intergovernmental Panel on Climate Change (IPCC) Special Report that affirms the need for the world to limit global warming above 1.5°C.
- + Climate Resilient Edmonton: Adaptation Strategy and Action Plan relates to Edmonton's approach to adapt to and prepare for projected impacts of climate change.

Table 2. Identifies Edmonton's climate change strategies.

Table 2. Climate Related Strategies and Governance

Strategy	Governance
ConnectEdmonton	ConnectEdmonton was approved by City Council in 2019, and is Council's ten year strategic plan. The plan has four overall Council goals, one of which is Climate Resilience. Progress will be tracked towards goals in ConnectEdmonton through an indicator framework that is currently under development.
City Plan	City Plan is Edmonton's combined Municipal Development Plan and Transportation Master Plan that guides future growth and pattern developments in Edmonton. Embedded in this statutory plan are policy directions and intentions related to both climate change mitigation and adaptation, and corresponding targets and metrics.
Edmonton's Community Energy Transition Strategy	Edmonton's Community Energy Transition Strategy is a risk management strategy designed to make Edmonton an energy sustainable city. This includes actions that will: 1) Reduce Edmonton's greenhouse gas (GHG) emissions; 2) increase energy efficiency and energy conservation in all sectors; 3) ensure Edmonton's energy delivery systems are resilient to shocks and disturbances from climate change; and 4) position Edmonton to participate in the energy transition economy. Implementation progress is tracked and reported to City Council annually. Note: This Strategy is currently being updated.
Community Energy Transition Strategy Update	On August 27, 2019 Edmonton's City Council voted to update the City's Community Energy Transition Strategy to align with the international target of limiting global warming to 1.5°C. At the same time, City Council declared a Climate Emergency. The update to the Strategy was underway in 2020, and is anticipated to be brought to Edmonton's City Council in 2021.
Climate Resilient Edmonton: Adaptation Strategy and Action Plan	Climate Resilient Edmonton: Adaptation Strategy and Action Plan is Edmonton's approach to adapting for and preparing to expected impacts of climate change. This Strategy and Action Plan was approved by City Council in November 2020.

CLIMATE RESILIENT EDMONTON: ADAPTATION STRATEGY AND ACTION PLAN ILLUSTRATES NOT ONLY THE GRAVITY AND URGENCY OF CLIMATE CHANGE AND THE IMPACTS FOR WHICH EDMONTON MUST PREPARE ITSELF, BUT A WELL-CONSIDERED PLAN FOR TAKING ON THIS CHALLENGE – A PLAN THAT INVOLVES THE “WHOLE VILLAGE.”

Mayor Don Iveson

CLIMATE RELATED RISKS

CITY OF EDMONTON AND CLIMATE-RELATED RISK:

Historical climate trends, taken from observed recorded data, show that Edmonton’s climate has already changed over the past 100 years. Edmonton is warming at a faster rate than the global average, and this is particularly evident during the winter months. To identify future climate risks, a stakeholder, subject matter expert led approach was taken. Following climate change scientific modeling, the project team worked with stakeholders and subject matter experts to quantify the consequence of climate change impacts the modeling identified on a comprehensive suite of assets and services that included:

- + health and safety
- + community and culture
- + emergency management
- + food and agriculture
- + stormwater
- + drinking water
- + wastewater
- + buildings and property
- + waste management
- + transportation systems
- + information and communication technology
- + electricity
- + fuel supply
- + natural environment
- + economy

The quantification of risk impacts, combined with the frequency of climate risk impacts derived from the climate change modeling was the basis of Edmonton’s risk and vulnerability assessment which informed Edmonton’s climate risk profile.

Generally, Edmonton is expecting changes to our temperature, precipitation, ecosystems and the frequency and intensity of extreme weather events resulting from climate change. Table 3 represents a high level summary of key climate related impacts and risks, based on the risk and vulnerability assessment conducted to inform the Climate Resilient Edmonton: Adaptation Strategy and Action Plan.

SCENARIO ANALYSIS

As part of determining the climate change projections and impacts, Edmonton used climate projections from the 2050s and 2080s from twelve downscaled Global Climate Models (GCMs). These were modeled using two of the Intergovernmental Panel on Climate Change (IPCC) representative concentration pathways (RCPs): RCP8.5 and RCP4.5. RCP8.5 represents a higher greenhouse gas emissions scenario, and RCP4.5 assumes that global action has been taken to limit greenhouse gas emissions. Both scenarios show similar climate projections up until the 2050s, at which point they start to diverge. Having an understanding of the different climate change scenarios can better enable Edmonton to plan for different possible climate futures.

Table 3. Examples of Projected Climate Impacts in Edmonton

Impacted Area	Impacts	Timeframe	Impacted Assets/Services
Human Systems (Community)	Climate impacts on Edmonton’s GDP could increase to \$8.0 billion annually by the 2050s and \$18.2 by the 2080s (compared to 2018). These represent the overall community costs, of which the City of Edmonton corporation costs account for approximately 8%. Climate Change is also expected to have direct physical and mental health impacts in Edmonton. Even without accounting for population growth, an additional 22,000 adverse physical or mental health episodes are anticipated annually by the 2050s.	Medium to long-term	Public health and safety; economy; emergency management; community and culture
Natural Systems	Climate change impacts to glaciers and snowpacks in the North Saskatchewan headwaters (Edmonton’s only drinking water source) could impact our drinking water quality and quantity. The overall warming and drying trends expected in Edmonton’s region, combined with an increase in severity, frequency, and duration of droughts could impact water availability and biodiversity in Edmonton, including a possible ecosystem transition.	Medium to long-term	Drinking water system; biodiversity; North Saskatchewan river valley and parks system; urban forestry
Built Environment (Buildings and Infrastructure)	Direct changes to weather patterns could impact infrastructure by accelerating things such as corrosion, mould development, higher snow loads, and others. Buildings currently may be maladapted to these types of climate changes. Changing precipitation that leads to urban or river flooding can have a direct impact on facilities.	Short to medium	Residential buildings and property; commercial buildings and property; institutional buildings and property; industrial buildings and property; transportation systems; public and private assets; water supply and sanitation; public health and safety

GENERALLY, EDMONTON IS EXPECTING CHANGES TO OUR TEMPERATURE, PRECIPITATION, ECOSYSTEMS AND THE FREQUENCY AND INTENSITY OF EXTREME WEATHER EVENTS RESULTING FROM CLIMATE CHANGE.

CLIMATE ADAPTATION IN EDMONTON

CLIMATE RESILIENT EDMONTON: ADAPTATION STRATEGY AND ACTION PLAN

Climate Resilient Edmonton: Adaptation Strategy and Action Plan developed in 2018 outlines the approach to making Edmonton resilient to climate change. The strategy was formally adopted unanimously by City Council in November 2020. The strategy is a four year action plan, aligned with Council budget cycles, and will be updated every four years. The strategy has specific goals around adapting Edmonton to four main climate change impact themes: changing temperatures, changing precipitation, changing weather extremes, and changing ecosystems, with an additional underlying foundational pathway around making science and evidence based decisions. To date implementation has been focused on the areas identified in Table 4.

Table 4. Examples of Adaptation Action Implementation

Implementation Area	Focus
Mainstreaming climate adaptation into business and city planning decisions	Integrating into policy directions and intention into City Plan (Edmonton's updated combined municipal development plan and transportation master plan)
	Integrating climate change adaptation into design and construction standards and asset management plans
	Integrating adaptation into other city planning, development and infrastructure decisions
Community Connectedness	Developing tools and resources for citizens to understand climate change impacts expected in Edmonton
	Providing adaptation information to the Corporate Climate Leaders to help Edmonton's business community understand adaptation
	Delivering climate change adaptation workshops to Edmonton Federation of Community Leagues
Transformational Adaptation	CitiesIPCC Legacy Research Grant projects (related to filling climate adaptation knowledge gaps)
	Development of adaptation pathways for phased implementation

SPOTLIGHT ON PREPARING FOR FLOOD MITIGATION

EPCOR STORMWATER INTEGRATED RESOURCE PLAN (SIRP)

As recently as 2016, Edmonton has experienced significant flooding caused by large rainfall storms. The impacts of flooding to citizens, the environment, society and property are substantial.

EPCOR is the drainage utility solely owned by the City of Edmonton. The SIRP strategy developed by EPCOR envisions all stakeholders—citizens, businesses, industry, the City of Edmonton and EPCOR—working together to:

- + Identify areas of Edmonton that have the highest risk of impact from flooding
- + Engage the community to frame the plan around shared priorities
- + Build a plan to slow, move, secure, predict and respond to flood waters in the community
- + Empower home and property owners to help flood-proof private property

EPCOR proposed a SIRP capital and operational plan to the City of Edmonton's Utility Committee, which was approved in November 2019. EPCOR is planning to implement capital and operational changes over 20 years at a cost of approximately \$1.9 Billion in capital investment by the City of Edmonton. This includes the recently approved \$59 Million in flood mitigation grants from the provincial and federal governments to support this plan. The following Table identifies those costs in more detail.

“AS RECENTLY AS 2016, EDMONTON HAS EXPERIENCED SIGNIFICANT FLOODING CAUSED BY LARGE RAINFALL STORMS.”

“ EDMONTON TRANSIT SERVICES DEPLOYMENT OF ITS FIRST BATTERY-ELECTRIC BUSES INTO SERVICE, AND SINGLE LARGEST PURCHASE OF ELECTRIC BUSES (40) IN CANADIAN HISTORY IN 2020. ”



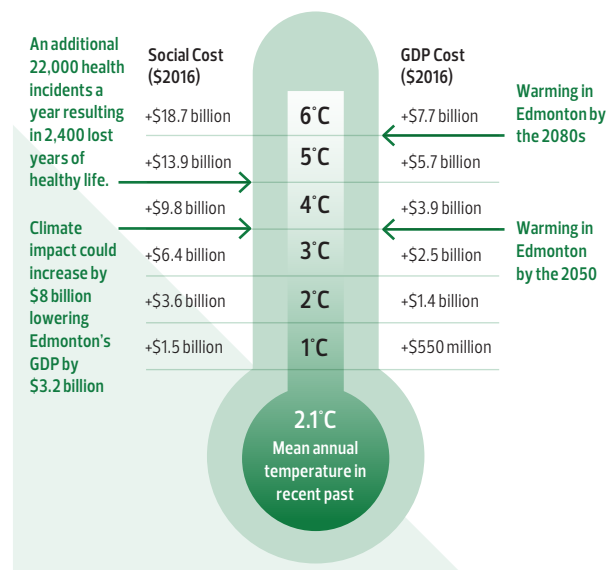
Table 5. EPCOR Stormwater Integrated Resource Plan Budget

Theme	Category	Total SIRP Capital Expenditures (Millions)	Expenditure Period (Years)	Proposed Spending In Current Pbr Term (Millions)
Slow	Ponds	\$ 551	20	\$ 49
	LID	\$ 569	20	\$ 29
Move	Trunk and Sewer Separation	\$ 357	20	\$ 39
Secure	I/I Reduction	\$ 107	10	\$ 26
	Building Flood Proofing	\$ 75	20	\$ 2
	Outfalls	\$ 37	12	\$ 3
Predict	Monitors and Controls	\$ 110	20	\$ 5
Respond	Emergency Response	\$ 50	10	\$ 8
Total		\$ 1,856		\$ 161

EDMONTON'S ECONOMIC ASSESSMENT OF CLIMATE CHANGE IMPACTS

The City of Edmonton conducted an assessment to understand what the costs of climate change could be for Edmonton and our economy (Figure 1). This assessment looked at the costs of climate change in absence of the cost of growth, and assumed no climate change adaptation efforts were undertaken. The costs were estimated from technical information derived during the City of Edmonton's climate change risk and vulnerability assessment, which quantified damages to assets and services. The purpose of this information is primarily to show the potential magnitude of costs that climate change could impose on Edmonton's economy. This estimated climate impact to Edmonton could increase by \$8 billion Canadian by 2050 (as indicated by the combined Social and GDP costs at the lower green arrows in Figure 1), lowering Edmonton's GDP by \$3.2 billion Canadian from 2016 dollars.

Figure 1. Edmonton's Assessment of Climate Change Impacts



CITY OF EDMONTON: REVISING EDMONTON'S COMMUNITY ENERGY TRANSITION STRATEGY

Edmonton's City Council declared a climate emergency in August 2019, and as a result Edmonton is currently updating Edmonton's Community Energy Transition Strategy. The City of Edmonton accelerated efforts towards becoming an energy sustainable and climate resilient city in 2013, and in 2015 Edmonton City Council passed the Community Energy Transition Strategy. This Strategy was designed to accelerate Edmonton along a low carbon pathway by taking direct and indirect actions to reduce greenhouse gas (GHG) emissions and increase renewable energy and energy efficiency across all sectors. The Strategy is a risk management response to a carbon constrained world. Actions being implemented under the current strategy are meant to position Edmonton to prosper in a low carbon economy, and to take advantage of emerging opportunities in clean technology and carbon abatement. We continue to refine and build upon the actions and initiatives being taken, and are currently in the process of updating this Energy Transition Strategy to align Edmonton's climate change mitigation efforts with a global average warming of 1.5°C.

EDMONTON'S UPDATED COMMUNITY ENERGY TRANSITION STRATEGY

The following climate pathways guide Edmonton's approach to energy transition:

- Renewable and Resilient Energy Transition
- Emissions Neutral Buildings
- Low Carbon City and Transportation
- Carbon Capture and Nature Based Solutions
- Climate Solutions Leadership

ENERGY TRANSITION STRATEGY INVESTMENT REQUIREMENTS

The Energy Transition Strategy reflects ambitious 1.5 degree targets, and aligns with the City's long-term vision as outlined in ConnectEdmonton and The City Plan.

An investment analysis at the strategy level (ie. of the broad community wide transition), identified public and private investments totalling \$41.7 billion over the next 30 years, averaging \$1.4 billion annually. However, because of the urgency to act to mitigate the effects of climate change some of the investments have a higher front-end investment required for accelerated climate actions; reach economies of scale; and support local market transformation. Looking specifically over the next ten years, approximately \$24 billion is required to finance the transition, an average of \$2.4 billion per year.

Of the annual investment requirement of \$2.4 billion, the level of public investment required to catalyze private investment is estimated to be approximately \$300 million. This level of investment is significantly higher than the City of Edmonton can realistically manage alone. A targeted City funding share is one-third or \$100 million annually, shared with Provincial and Federal governments. The City share can be further aggregated into two categories:

- + \$75 million annually for capital infrastructure investment
- + \$25 million annually for catalyst investment

The capital infrastructure investment relates primarily to the full electrification of the bus fleet, deep facility retrofits and expansion of the active transportation network. These investments will enable future ongoing operational savings, and build infrastructure fundamental towards transition. The remaining operating portion focuses on new or increased rebates and incentives to local homeowners and businesses to increase their uptake towards solar installations and building retrofits. The City's identified share is currently not fully managed within approved budgets, however we continue to work with Council and within financial constraints to approve funding for climate-related initiatives.

CARBON BUDGET

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

Similar to a financial budget, a Carbon Budget includes revenues (annual emission limit), expenses (emissions) and deficits/surpluses (annual emission limit minus emissions) to align with decision-making frameworks for capital and operating budgets. When combined with effective monitoring of emissions, the Carbon Budget also provides a framework for reporting progress on a consistent basis from year-to-year. Central to the success of Carbon Budgeting is a Carbon Accounting Framework to support the quantitative tracking and management of greenhouse gas emissions throughout the community. Edmonton is currently in the process of developing a carbon accounting framework.

EDMONTON'S CARBON BUDGET

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

In 2018, the Edmonton community emitted 19 Mt of GHG emissions. Using a similar figure of 19 Mt as a proxy for 2019, this means that only 136 Mt remain in Edmonton's carbon budget. At Edmonton's current emission rate, the carbon budget will be exceeded in seven to nine years.

OF THE ANNUAL INVESTMENT REQUIREMENT OF \$2.4 BILLION, THE LEVEL OF PUBLIC INVESTMENT REQUIRED TO CATALYZE PRIVATE INVESTMENT IS ESTIMATED TO BE APPROXIMATELY \$300 MILLION.

METRICS AND TARGETS

The City of Edmonton relies on a variety of metrics and targets to identify progress being made towards climate risk goals, as identified below.

ENVIISO

The City of Edmonton corporation is ISO 14001:2015 certified. Edmonton'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 Edmonton's Enterprise Performance Management system. Climate resilience metrics and targets are included in this system.

CITY PLAN TARGETS

Embedded within City Plan, Edmonton's combined Municipal Development Plan and Transportation Master Plan are long-term targets and metrics related to climate change including: achieve total community-wide carbon budget of 135 megatonnes; two million new urban trees planted; net per-person GHG emissions are zero; 50% of trips are made by transit and active transportation; 15-minute districts that allow people to easily complete their daily needs. The City Plan's performance on meeting these indicators, targets and measures will be communicated regularly, with more robust analysis undertaken at certain population thresholds.

COMMUNITY INDICATORS

Edmonton has developed a Climate Change Adaptation index, in order to monitor, measure and report on the progress being made towards making the community of Edmonton climate resilient. This index is a scientifically robust, evidence-based measurement process to evaluate Edmonton's resilience to climate change. This enables Edmonton to establish a baseline from which we can subsequently measure the impact of planned adaptation actions on climate resilience over time at a sub-city level (i.e., a neighborhood scale). This index is a composite index of climate resilience; a compilation of individual indicators and indicator sets to produce sub-indices that represent the main dimensions of Edmonton's climate resilience. Each indicator in the index is measured on the basis of a performance-based (quantitative) assessment. Currently the index consists of 17 indicators related to exposure to different climate change events, 17 indicators related to sensitivity, and 12 indicators related to response capacity. This is a community level indicator that will be reported on annually to Edmonton City Council. The indicator presents the percentage of neighborhoods that are in different "risk" categories.

CORPORATE CLIMATE CHANGE ADAPTATION INDICATORS

Detailed metrics for climate change adaptation actions and programs will be developed as these programs are developed and implemented, to further augment the City of Edmonton's understanding on progress being made in climate change adaptation.

GHG REPORTING

The City of Edmonton has calculated both community and corporate greenhouse gas emissions inventories since the 1990s. Edmonton follows current international best practices for calculating emissions, and reports publicly on Scope 2 emissions. Edmonton discloses through the Carbon Disclosure Project (CDP), and has been awarded the "Full Compliance" badge from the Global covenant of Mayors for Climate and Energy based on our commitment, inventory, target and plan stages.



STATISTICAL REVIEW FOR THE YEARS 2016 TO 2020 GENERAL MUNICIPAL DATA

Unaudited

	2020	2019	2018	2017	2016
Population (Note 1)	972,223	972,223	932,546	932,546	932,546
Population age distribution (%) (Note 1)					
0-4	5.56	5.56	6.44	6.44	6.44
5-19	17.72	17.72	16.65	16.65	16.65
20-29	14.33	14.33	16.57	16.57	16.57
30-39	17.35	17.35	16.90	16.90	16.9
40-49	13.71	13.71	13.05	13.05	13.05
50-59	12.38	12.38	13.02	13.02	13.02
60-64	5.87	5.87	5.31	5.31	5.31
65+	13.08	13.08	12.06	12.06	12.06
Area ¹					
in hectares	78,247	78,247	69,980	69,980	69,980
in square kilometres (rounded)	782	782	700	700	700
Number of housing starts ²	9,865	8,605	8,003	8,506	7,263
Value of building permits ³ (\$000) (Note 2)	\$ 4,196,796	\$ 3,863,990	\$ 4,927,058	\$ 5,162,555	\$ 5,411,122
Household median total income ³ (Note 3)					
Metro Edmonton	\$ 103,190	\$ 103,190	\$ 103,190	\$ 101,190	\$ 98,890
Alberta	\$ 101,780	\$ 101,780	\$ 101,780	\$ 99,430	\$ 96,470
Canada	\$ 87,930	\$ 87,930	\$ 87,930	\$ 84,950	\$ 82,110
Consumer price index ³ – 2002 base year					
Metro Edmonton	144.7	143.2	140.8	137.1	134.9
Alberta	144.7	143.1	140.6	137.3	135.2
Canada	137.0	136.0	133.4	130.4	128.4
Unemployment rate ³ (%) – annual average					
Metro Edmonton	12.0	7.3	6.4	8.1	7.4
Alberta	11.4	6.9	6.6	7.8	8.1
Canada	9.5	5.7	5.8	6.3	7.0
City of Edmonton employees (Note 4)	14,719	15,265	15,115	14,700	15,180

Sources: ¹ City of Edmonton Urban Form and Corporate Strategic Development Department ² Canada Mortgage and Housing Corporation ³ Statistics Canada

Notes

- The population and population age distribution for 2019 and 2020 reflects 2019 City Census information, 2016, 2017 and 2018 reflects 2016 Statistics Canada Census information.
- Value reflects the metropolitan area of Edmonton.
- Updated figures for 2019 and 2020 household median total income are not yet available. The amounts shown reflect the latest 2018 data. The household median income reflects the "median total income, all families" per Statistics Canada.
- Positions are stated in full time equivalents, as budgeted, and exclude EPCOR.

STATISTICAL REVIEW FOR THE YEARS 2016 TO 2020 ASSESSMENT AND TAX LEVY

Unaudited (in thousands of dollars, except per capita)

	2020	2019	2018	2017	2016
Assessment:					
Total taxable assessment	\$ 172,472,851	\$ 173,916,445	\$ 171,095,395	\$ 167,195,780	\$ 169,956,730
Percentage of total assessment represented by:					
Residential properties (%)	76.0	75.7	75.7	75.5	75.0
Commercial properties (%)	24.0	24.3	24.3	24.5	25.0
Taxable assessment per capita	\$ 177,401	\$ 178,885	\$ 183,471	\$ 179,290	\$ 182,250
Assessment for principal taxpayers (%) (Note 1)	4.7	4.6	4.6	4.6	4.7
Rates of taxation (mills):					
Single family residences	9.33	9.08	8.69	8.51	8.00
Other residential property	10.35	10.05	9.62	9.41	8.85
Commercial and industrial	22.22	21.85	21.22	20.76	19.13
Property tax levy, collections, and arrears:					
Arrears at January 1 (net)	\$ 67,117	\$ 64,437	\$ 58,205	\$ 60,691	\$ 54,714
Tax Levy	2,242,982	2,186,319	2,055,541	1,962,110	1,864,069
Appeals and adjustments	(1,661)	(12,946)	(11,425)	(10,819)	(10,436)
Collections:					
Regular	(2,135,047)	(2,112,474)	(1,991,843)	(1,906,354)	(1,812,704)
Community Revitalization Levy	(36,474)	(30,119)	(22,589)	(16,882)	(11,979)
Arrears	(46,594)	(43,856)	(37,669)	(44,236)	(36,011)
Penalties on prior year arrears	13,917	15,756	14,217	13,695	13,038
Arrears at December 31 (net)	\$ 104,240	\$ 67,117	\$ 64,437	\$ 58,205	\$ 60,691
Percentage of current property taxes collected (%)	96.9	98.6	98.5	98.6	98.4
Percentage of net property tax arrears collected (%)	69.4	68.1	64.7	72.9	67.6
Property tax arrears per capita (gross)	\$ 112.10	\$ 80.34	\$ 72.67	\$ 69.74	\$ 66.55
Property tax arrears per capita (net)	107.22	69.03	68.94	62.42	65.08
Property tax levy per capita	2,307.07	2,248.78	2,204.22	2,104.04	1,999.98
Business Improvement Area tax levy	\$ 3,854	\$ 3,778	\$ 3,742	\$ 3,686	\$ 3,475
Education requisitions	\$ 495,499	\$ 488,266	\$ 480,479	\$ 474,754	\$ 448,086

Source: City of Edmonton Financial and Corporate Services

Note

- Includes the ten highest taxpayers by assessment value.

STATISTICAL REVIEW FOR THE YEARS 2016 TO 2020 INVESTMENT FUNDS (NOTE 1)

Unaudited (in thousands of dollars)

	2020	2019	2018	2017	2016
Balanced Fund					
Net assets – market value	\$ 838,853	\$ 764,331	\$ 687,330	\$ 696,559	\$ 654,169
Net assets – cost	772,507	746,173	713,331	693,425	658,057
Net earnings	25,771	32,286	19,492	35,015	39,962
Fund rate (%)	3.5	4.5	2.8	5.3	6.5
Market (%)	10.2	11.5	(1.0)	6.8	4.8
Ed Tel Endowment Fund					
Net assets – market value	\$ 912,823	\$ 861,580	\$ 787,562	\$ 862,229	\$ 813,397
Net assets – cost	813,103	823,406	825,035	842,478	815,471
Net earnings	29,790	46,900	28,571	61,439	66,736
Fund rate (%)	3.6	5.7	3.4	7.5	8.5
Market (%)	11.6	16.2	(3.0)	10.8	8.1
Sinking Fund (Note 2)					
Net assets – market value	\$	\$	\$	\$ 89,594	\$ 85,931
Net assets – cost				89,962	84,721
Net earnings:					
Required			3,239	4,363	4,014
Deficiency			(2,626)	(2,146)	(1,532)
Total	\$	\$	\$ 613	\$ 2,217	\$ 2,482
Fund rate (%)	N/A	N/A	0.7	2.6	3.1
Market (%)	N/A	N/A	N/A	1.0	1.3

Source: City of Edmonton Financial and Corporate Services

Notes

- This schedule summarizes significant investment funds maintained by the City of Edmonton.
 - Net earnings are realized earnings of the fund as calculated in accordance with Canadian Public Sector Accounting Standards.
 - Fund rate is the rate expressed as the net earnings over the prior year net assets at cost.
 - Market return is based on the time-weighted method, in accordance with industry standards.
- Sinking fund assets were sold in 2018 to repay the remaining outstanding debentures that matured during that year.

STATISTICAL REVIEW FOR THE YEARS 2016 TO 2020 LONG-TERM DEBT

Unaudited (in thousands of dollars, except per capita)

	2020	2019	2018	2017	2016
Debenture borrowing					
Self-liquidating	\$ 23,954	\$ 38,140	\$ 47,988	\$ 102,782	\$ 156,268
Tax-supported	345,046	274,632	327,872	263,492	285,850
	\$ 369,000	\$ 312,772	\$ 375,860	\$ 366,274	\$ 442,118
Debt limit per regulation					
Total debt limit used	\$ 5,856,892	\$ 5,840,630	\$ 5,587,398	\$ 5,649,404	\$ 5,627,370
Percentage used (%)	58.20	54.84	54.52	51.55	59.33
Debt service limit per regulation					
Total debt service limit used	1,024,956	1,022,110	977,795	988,646	984,790
Percentage used (%)	30.60	29.46	29.08	26.77	34.63
General government debt service (Note 1)					
	256,838	246,988	230,246	278,619	186,503
General government debt service as a percentage of general government operating expenses (%) (Note 1)					
	9.2	8.5	8.2	10.7	7.5
Long-term debt (gross)					
Self-liquidating	\$ 1,011,887	\$ 1,053,357	\$ 1,069,025	\$ 1,186,586	\$ 1,147,510
Tax-supported	2,950,875	2,736,683	2,595,110	2,381,306	2,282,778
Long-term debt (net of EPCOR)					
Self-liquidating	\$ 456,270	\$ 466,082	\$ 451,084	\$ 530,824	\$ 1,056,172
Tax-supported	2,950,875	2,736,683	2,595,110	2,381,306	2,282,778
Net debt per capita					
Self-liquidating	\$ 469	\$ 479	\$ 484	\$ 569	\$ 1,133
Tax-supported	3,035	2,815	2,783	2,554	2,448
	\$ 3,504	\$ 3,294	\$ 3,267	\$ 3,123	\$ 3,581
Percentage of net debt to be retired					
Within 5 years	27.8	32.2	31.9	34.3	29.9
Within 10 years	53.7	63.0	64.3	66.7	56.3

Source: City of Edmonton Financial and Corporate Services

Note

- Debt service includes principal and net interest.

STATISTICAL REVIEW FOR THE YEARS 2016 TO 2020 CONSOLIDATED EXPENSES

Unaudited (in thousands of dollars)

Operating Expenses by Function	2020	2019	2018	2017	2016
Transportation services	\$ 910,510	\$ 983,682	\$ 904,641	\$ 867,996	\$ 814,330
Protective services	776,033	734,665	702,245	673,588	659,181
Community services	592,064	701,848	684,153	611,059	571,205
Utility and enterprise services	223,074	266,231	231,248	340,745	373,213
Corporate administration, general municipal and other	476,014	467,008	466,205	432,334	391,329
Fleet services	45,755	36,249	40,881	30,379	27,306
	\$ 3,023,450	\$ 3,189,683	\$ 3,029,373	\$ 2,956,101	\$ 2,836,564

Operating Expenses by Object	2020	2019	2018	2017	2016
Salaries, wages and benefits	\$ 1,577,596	\$ 1,636,498	\$ 1,614,137	\$ 1,577,025	\$ 1,538,465
Materials, goods and utilities	284,160	300,780	303,465	282,069	267,614
Contracted and general services	275,852	347,781	309,754	283,396	282,086
Interest and bank charges	143,915	142,108	131,229	145,497	128,505
Grants and other	125,483	118,292	117,272	93,020	79,970
Amortization of tangible capital assets	591,167	558,462	533,649	556,215	526,622
Loss on disposal, impairment and transfer of tangible capital assets	25,277	85,762	19,867	18,879	13,302
	\$ 3,023,450	\$ 3,189,683	\$ 3,029,373	\$ 2,956,101	\$ 2,836,564

Source: City of Edmonton Financial and Corporate Services

STATISTICAL REVIEW FOR THE YEARS 2016 TO 2020 CONSOLIDATED REVENUE AND CAPITAL FINANCING

Unaudited (in thousands of dollars)

Revenues	2020	2019	2018	2017	2016
Net taxes available for municipal purposes	\$ 1,726,220	\$ 1,671,800	\$ 1,591,960	\$ 1,505,833	\$ 1,433,782
User fees and sale of goods and services	461,682	623,326	633,091	696,400	743,314
Subsidiary operations – EPCOR	275,699	231,054	295,173	256,317	309,053
Franchise fees	177,120	171,840	158,437	159,719	144,720
Government transfers – operating	277,454	121,950	113,081	107,488	112,767
Investment earnings	78,160	102,246	66,511	116,876	126,782
Fines and penalties	81,858	97,898	87,668	90,130	91,164
Licenses and permits	69,072	74,311	74,756	75,688	74,498
Developer and customer contributions – operating	23,284	25,558	29,598	15,396	7,091
Revenues before capital	\$ 3,170,549	\$ 3,119,983	\$ 3,050,275	\$ 3,023,847	\$ 3,043,171
Government transfers – capital	565,516	571,432	699,347	412,606	330,813
Contributed tangible capital assets	118,245	146,932	203,883	217,249	348,298
Developer and customer contributions – capital	8,873	18,418	26,688	40,866	68,510
Local improvements	24,723	12,968	11,909	16,306	11,057
	\$ 3,887,906	\$ 3,869,733	\$ 3,992,102	\$ 3,710,874	\$ 3,801,849

Capital Additions by Financing Source	2020	2019	2018	2017	2016
Capital additions	\$ 1,497,579	\$ 1,406,174	\$ 1,541,762	\$ 1,355,540	\$ 1,461,901
Financing Sources Applied:					
Pay-As-You-Go	135,937	109,623	119,159	105,502	193,745
Debt	369,107	332,571	229,178	204,194	511,577
Government transfers – Provincial	354,231	413,328	520,933	472,831	211,860
Government transfers – Federal	211,285	158,104	178,414	42,826	15,505
Developer/partnership	148,410	178,239	241,143	281,432	428,296
Reserves/user fees/other	278,609	214,309	252,935	248,755	100,918
	\$ 1,497,579	\$ 1,406,174	\$ 1,541,762	\$ 1,355,540	\$ 1,461,901

Source: City of Edmonton Financial and Corporate Services

STATISTICAL REVIEW FOR THE YEARS 2016 TO 2020

FINANCIAL POSITION, ANNUAL SURPLUS AND RESERVES

Unaudited (in thousands of dollars)

Financial Position and Annual Surplus	2020	2019	2018	2017	2016
Changes to Accumulated Surplus					
Financial assets	\$ 7,527,483	\$ 7,284,013	\$ 7,237,730	\$ 6,791,485	\$ 5,715,772
Liabilities	5,027,496	4,796,537	4,699,506	4,334,406	4,652,657
Net financial assets	2,499,287	2,487,476	2,538,224	2,457,079	1,063,115
Non-financial assets	13,272,936	12,440,995	11,758,262	10,842,207	13,638,889
Accumulated surplus – ending	\$ 15,772,923	\$ 14,928,471	\$ 14,296,486	\$ 13,299,286	\$ 14,702,004
Annual excess of revenues over expenses	\$ 864,456	\$ 680,050	\$ 962,729	\$ 754,773	\$ 965,285
Other changes to Accumulated Surplus	\$ (20,004)	\$ (48,065)	\$ 34,471	\$ (2,157,491)	\$ (11,035)
Reserves	2020	2019	2018	2017	2016
General Government:					
Financial stabilization – appropriated	\$ 213,320	\$ 51,291	\$ 68,118	\$ 85,049	\$ 30,255
Local improvement	137,940	123,003	119,653	116,786	108,795
Financial stabilization	129,015	123,886	130,271	125,110	92,852
Pay-As-You-Go capital	122,725	185,874	159,316		
Sanitary servicing strategy fund	56,584	66,320	68,661		
LRT	56,110	40,486	32,759	31,186	31,056
Affordable housing	49,731	44,956	37,050	31,354	27,761
Neighbourhood renewal	18,477	2,042	(15,061)	(38,606)	589
Fleet services – vehicle replacement	25,249	28,418	25,203	19,158	14,798
Funds in lieu – residential	21,936	26,582	23,182	18,461	23,780
Traffic safety and automated enforcement	20,347	16,903	15,424	29,186	29,650
Parkland	18,613	20,647	19,734	19,239	21,533
Planning and development	16,558	16,156	16,372	6,355	13,988
Developer recoveries	11,848	12,078	17,804		
Tree management	9,463	8,161	7,091	5,630	3,535
Natural areas	8,750	8,722	8,585	9,421	9,368
Edmonton Police Service	7,034	2,245	1,162		
Pay-As-You-Go capital – Edmonton Police Services	7,009	13,734	11,629		
Rogers Place Arena capital	6,954	5,439	3,792	2,262	751
Tax-supported debt	5,456	5,380	6,458	5,144	4,318
Heritage resources	3,724	2,324	2,792	2,269	2,703
Perpetual care	3,555	3,719	2,912	3,990	6,950
Enterprise portfolio/Commonwealth Stadium	2,911	4,012	4,723	8,492	10,638
Revolving industrial servicing fund	2,535	923	3,200	1,378	539
Motor vehicle insurance	2,500	2,500	2,500	2,500	2,500
Vehicle for hire	2,465	2,353	1,907	1,398	1,188
St. Francis Xavier	2,245	1,934	1,610	1,380	1,138
Development incentive	1,999	1,699	1,716	966	1,016
Other	1,983	1,033	845	611	1,095
Aggregate site development & land reclamation				1,820	1,803
Brownfield redevelopment	(2,329)	(2,900)	(2,900)	(1,900)	
Community revitalization levy – Belvedere	(11,025)	(10,093)	(9,098)	(7,003)	(5,938)
Community revitalization levy – Quarters	(12,214)	(8,650)	(8,202)	(7,827)	(9,156)
Community revitalization levy – Capital City Downtown	(13,839)	(19,872)	(23,586)	(22,791)	(14,913)
Interim financing	(37,838)	(40,556)	(32,657)	(29,650)	(26,588)
	889,791	740,749	702,965	421,368	386,004
City of Edmonton Library Board	6,968	8,680	11,549	8,983	4,696
Non-Profit Housing Corporation	6,680	5,918	3,033	1,596	1,020
Edmonton Economic Development Corporation		2,853	4,211	1,805	800
Fort Edmonton Management Company	30	30	30	262	300
	\$ 903,469	\$ 758,230	\$ 721,788	\$ 434,014	\$ 392,820

Source: City of Edmonton Financial and Corporate Services

RELATED BOARDS AND AUTHORITIES

Further information regarding the Related Boards and Authorities can be obtained from the following sources:

EDMONTON ECONOMIC DEVELOPMENT CORPORATION

3rd Floor, World Trade Centre Edmonton
9990 Jasper Avenue NW
Edmonton, Alberta T5J 1P7
Phone: 780-401-7696
E-mail: info@exploreedmonton.com
Web: www.exploreedmonton.com
Chair: Chantell Ghosh
Interim CEO: Maggie Davison

EDMONTON POLICE COMMISSION

Suite 1803 Scotia Place, Tower 2
10060 Jasper Avenue NW
Edmonton, Alberta T5J 3R8
Phone: 780-414-7510
E-mail: info@edmontonpolicecommission.ca
Web: www.edmontonpolicecommission.com
Chair: Micki Ruth
Chief of Police: Dale McFee

THE CITY OF EDMONTON NON-PROFIT HOUSING CORPORATION

11604 145 Street NW
Edmonton, Alberta T5M 1V9
Phone: 780-474-5706
E-mail: info@myhomeed.ca
Web: www.myhomeed.ca
Chair: Carol Engelking
Executive Director: Jim Fowler

WASTE RE-SOLUTIONS EDMONTON

9th Floor Chancery Hall
3 Sir Winston Churchill Square
Edmonton, Alberta T5J 3C3
Chair: Robert Seide
President: Adam Laughlin

EPCOR UTILITIES INC.

2000, 10423 – 101 Street NW
Edmonton, Alberta T5H 0E8
Phone: 310-4300
Web: www.epcor.com
Chair: Janice G. Rennie
President and CEO: Stuart Lee

EDMONTON PUBLIC LIBRARY

7 Sir Winston Churchill Square
Edmonton, Alberta T5J 2V4
Phone: 780-496-7000
Web: www.epl.ca
Chair: Fern Snart
CEO: Pilar Martinez

FORT EDMONTON MANAGEMENT COMPANY

Fort Edmonton Park
7000-143 Street NW
P.O. Box 2359
Edmonton, Alberta T5J 2R7
Phone: 780-496-7381
E-mail: info@fortedmontonpark.ca
Web: www.fortedmontonpark.ca
Interim Chair: Cameron John
President and CEO: Darren Dalgleish

INNOVATE EDMONTON

Suite 2020, Tower 1, Scotia Place
10060 Jasper Avenue NW
Edmonton, AB T5J 3R8
E-mail: innovateyeg@gmail.com
Web: www.innovateedmonton.com
Chair: Naseem Bashir
CEO: Catherine Warren

For more information visit: www.edmonton.ca

If you have inquiries about the 2020 Annual Report,
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The City of Edmonton, Financial and Corporate Services
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Edmonton, AB, Canada T5J 2C3 Phone: 311

