

# 2021 ANNUAL REPORT

Edmonton

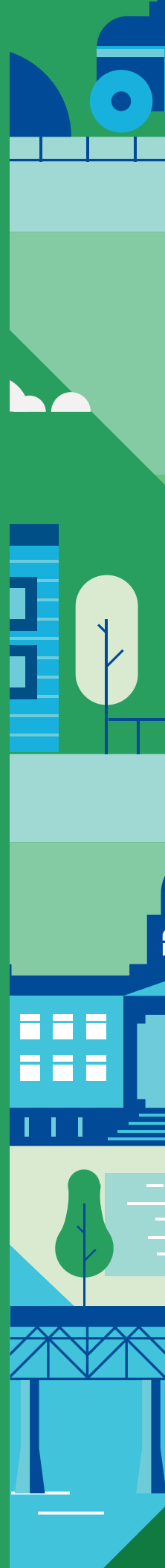
CITY OF EDMONTON, ALBERTA, CANADA  
FOR THE YEAR ENDED DECEMBER 31, 2021



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# 2021 ANNUAL REPORT

CITY OF EDMONTON, ALBERTA, CANADA  
FOR THE YEAR ENDED DECEMBER 31, 2021







# 1 INTRODUCTION

## OUR ORGANIZATION

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

Along with the more than one million residents<sup>1</sup> who rely on City services, residents of the metropolitan region come to Edmonton to work, shop and play. The region is home to over 1.4 million<sup>2</sup> 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 is made up of seven departments, which work together to manage interrelated activities and lines of business.



<sup>1</sup> Alberta Treasury Board and Finance's Municipal Population Estimates as of July 1, 2021

<sup>2</sup> Statistics Canada. Table 17-10-0135-01 Population estimates, July 1, by census metropolitan area, 2016 boundaries

# FINANCIAL HIGHLIGHTS

## Statement of Operations (millions of \$)

	2021 Budget	2021 Actual	2020 Actual	2019 Actual	2018 Actual
Operating Revenues	\$ 3,118.5	\$ 3,358.5	\$ 3,170.6	\$ 3,120.0	\$ 3,050.3
Capital Revenues	767.4	527.1	717.3	749.7	941.8
Operating Expenses	3,301.5	3,093.5	3,023.5	3,189.6	3,029.4
<b>Excess of Revenues over Expenses</b>	<b>\$ 800.1</b>	<b>\$ 792.1</b>	<b>\$ 864.4</b>	<b>\$ 680.1</b>	<b>\$ 962.7</b>

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

	2021 Budget	2021 Actual	2020 Actual
Taxation	\$ 1,738.2	\$ 1,745.8	\$ 1,726.2
User fees and sales of goods and services	550.4	506.7	461.7
Subsidiary operations – EPCOR	279.1	387.7	275.7
Investment earnings	91.1	208.1	78.2
Franchise fees	188.0	183.0	177.1
Government transfers – operating	107.5	144.9	277.4
Licenses and permits	60.1	77.6	69.1
Fines and penalties	77.7	67.2	81.9
Developer/ customer contributions – operating	26.4	37.5	23.3
<b>Operating Revenues</b>	<b>\$ 3,118.5</b>	<b>\$ 3,358.5</b>	<b>\$ 3,170.6</b>

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

	2021 Budget	2021 Actual	2020 Actual
Government transfers – capital	\$ 499.6	\$ 413.4	\$ 565.5
Contributed tangible capital assets	129.0	95.4	118.2
Developer and customer contributions – capital	121.1	6.8	\$ 8.9
Local improvements	17.7	11.5	24.7
<b>Capital Revenues</b>	<b>\$ 767.4</b>	<b>\$ 527.1</b>	<b>\$ 717.3</b>

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

	2021 Budget	2021 Actual	2020 Actual
Transportation services	\$ 974.6	\$ 908.3	\$ 910.5
Protective services	807.4	789.6	776.0
Community services	692.2	623.9	592.1
Administration, general, and other	528.9	505.1	476.0
Utilities and enterprise	249.9	227.8	223.1
Fleet Services	48.5	38.8	45.8
<b>Operating Expenses</b>	<b>\$ 3,301.5</b>	<b>\$ 3,093.5</b>	<b>\$ 3,023.5</b>

“ETS PROVIDED 1,900 TRANSIT PASSES PER MONTH TO THE PATH PROGRAM (PROVIDING ACCESSIBLE TRANSIT) FOR INDIVIDUALS EXPERIENCING HOMELESSNESS IN 2021.”



““ A TOTAL OF 236,488 EDMONTONIANS CAST A MUNICIPAL AND SCHOOL BOARD TRUSTEE BALLOT IN THE 2021 EDMONTON ELECTION. ””

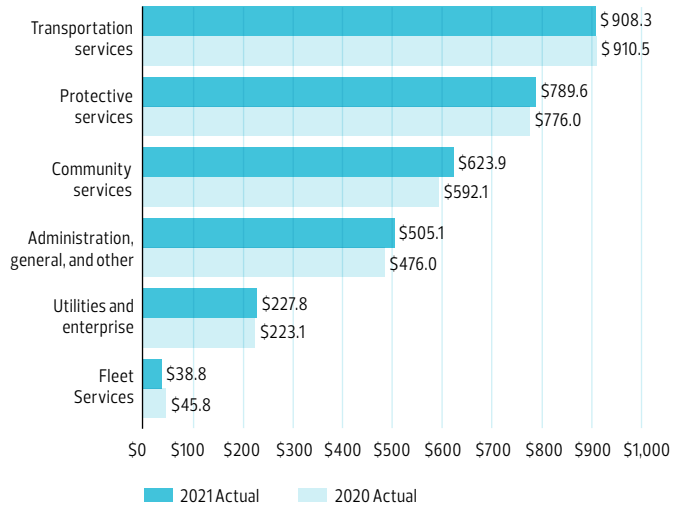




3,000 NEW TREES WERE PLANTED THROUGH THE URBAN TREE CANOPY EXPANSION.

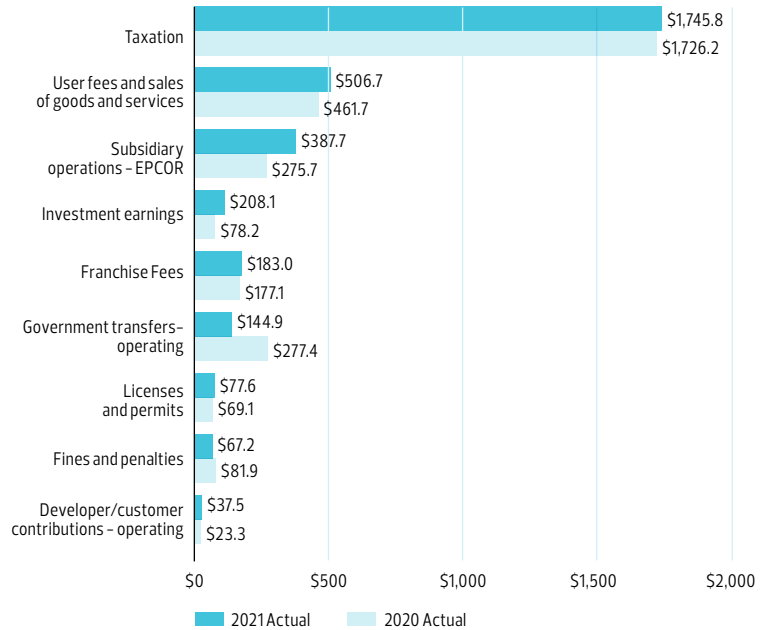
**Expenses:**

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



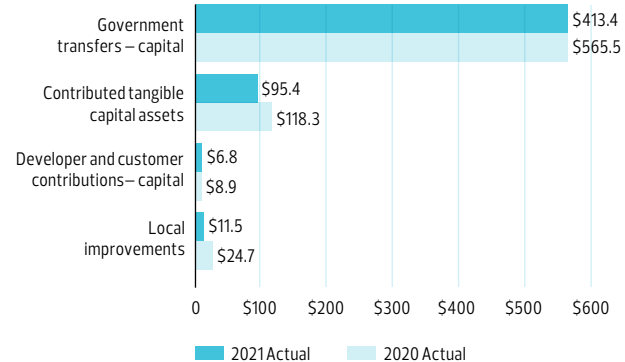
**Operating Revenues:**

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



**Capital Revenues:**

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



## MESSAGE FROM CITY COUNCIL

Edmontonians faced another year of uncertainty as the pandemic continued to disrupt lives and livelihoods, placing pressures on our relationships, financials and health.



Back row (left to right): Keren Tang - Ward Karhiio, Michael Janz - Ward Papastew, Karen Principe - Ward Tastawiyiniwak, Mayor Amarjeet Sohi, Tim Cartmell - Ward Pihesiwin, Ashley Salvador - Ward Metis, Sarah Hamilton - Ward Sipiwiyniwak

Front row (left to right): Andrew Knack - Ward Nakota Isga, Jennifer Rice - Ward Ipiihkoohkanipiahtsi, Anne Stevenson - Ward O-day'min, Jo-Anne Wright - Ward Sspomitapi, Erin Rutherford - Ward Anirniq, Aaron Paquette - Ward Dene

# OVER 110 KILOMETRES OF LOCAL ROADWAY AND SIDEWALKS WERE RENEWED IN 2021.

Early on in 2021, most Edmontonians felt a sense of relief buoyed by the arrival of vaccines — but the year was only beginning and new waves brought new challenges. Throughout 2021, Council balanced the use of provincial and City measures to protect our health and well-being with the financial realities of a stretched City budget due to increased pandemic costs and lower revenues. Council voted in favour of a zero per cent tax increase in 2020 and the City was able to manage COVID impacts through one-time strategies, without impacting taxes.

2021 was also an election year that saw Edmontonians welcome eight new councillors and a new mayor in October, with the highest voter turnout in more than 15 years. Councillors have spent the last few months connecting policies, motions and votes with what they heard door-knocking in their communities.

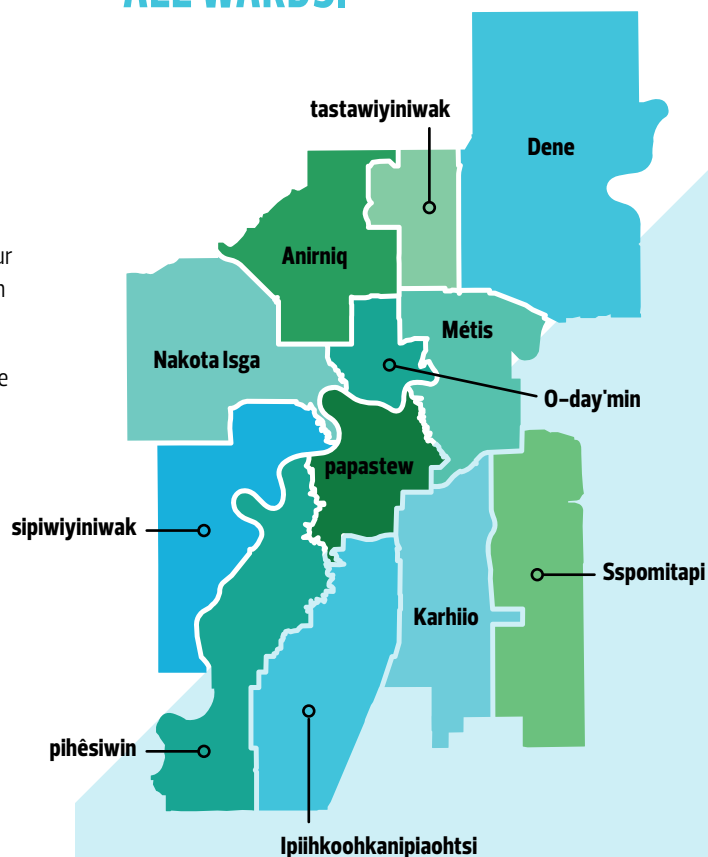
We look forward to council continuing the work of the City Plan, providing value for the tax dollar and moving us closer towards being a more inclusive, compassionate and safe city.

The Community Safety and Well-Being Task Force concluded the work it started in 2020, and delivered recommendations to Council in 2021. In April, Council directed City officials and the Edmonton Police Commission to develop a joint strategy in implementing 14 recommendations brought forward by the task force. In July, Council asked Administration to work collaboratively with the Anti-racism Advisory Committee, additional Black, Indigenous and people of colour (BIPOC) stakeholders and the Edmonton Police Commission, to action those recommendations.

In February 2021, Council adopted the Indigenous Framework to serve as a guide for our City on the journey towards reconciliation and for our service to, and relationship with, Indigenous peoples on this land. The Indigenous Framework was co-created with Elders, Knowledge Keepers, community partners, youth and the broader Indigenous community over a three year period.

We know the effects from the pandemic will be with us for years to come, but we also know that when faced with the most collectively challenging of circumstances, we have a clear plan for our future that will not only help to see us through, but also allow us to continue to take meaningful steps toward the city we aspire to become.

**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



I couldn't be prouder of what Edmontonians, Council and Administration have accomplished together this past year. When I officially became City Manager in January 2021, my top priority was keeping Edmontonians safe.

I couldn't be prouder of what Edmontonians, Council and Administration have accomplished together this past year. When I officially became City Manager in January 2021, my top priority was keeping Edmontonians safe. By looking at data, adopting public health measures when needed and adapting the way the City delivered services, we embraced another year of the pandemic with resilience.

While keeping communities safe in response to COVID-19 was at the forefront of our work, it wasn't the only story of 2021. Managing the City of Edmonton's economic recovery and providing value for tax dollars meant we had to ask difficult questions about city building, service delivery, financial viability and relationships in 2021. We carefully and strategically balanced moving forward on major initiatives aligned with the City Plan to get Edmonton to where it wants to be: a healthy, urban and climate resilient city of two million people. This kind of conscious decision-making was evident as we asked Edmontonians to adapt to the first bus network redesign in 20 years, and a new waste sorting and curbside cart collection system that helped divert over 30 per cent of single-unit residential waste from the landfill in 2021 – a significant increase from 2020. Over 275 City infrastructure projects not only kept people working; they created healthy and vibrant spaces across the city for Edmontonians to enjoy. We listened to feedback and made adjustments along the way in order to move Edmonton towards a more sustainable future with programs that conserve valuable resources and reduce greenhouse gas emissions.

Edmontonians also elected a new City Council, welcoming a wealth of diverse perspectives to City Hall. Voter turnout was the highest level in more than a decade – nearly a quarter-of-a-million Edmontonians exercised their right to vote in a fair, open and safe election.

Throughout 2021, I was deeply connected and committed to the City's Anti-Racism Strategy to address systemic racism at the municipal level, and am looking towards implementing the work with our community partners in 2022 and beyond. The City of Edmonton officially observed Orange Shirt Day and the National Day for Truth and Reconciliation in recognition of Canada's Residential School System, honouring families, intergenerational survivors and the generations of children to come. On September 30, I invited all City employees to join me in learning, reflecting on and better understanding our individual and collective roles on the journey of reconciliation.

I want to once again thank all Edmontonians for supporting one another this year. Thank you for wearing a mask while taking Edmonton Transit, thank you for staying home – even when it meant missing a fitness class or game – and thank you to business owners treading through each crest and trough of the pandemic. Each and every act kept your community safe and positioned us to come out of the pandemic stronger, moving forward together.

**Andre Corbould**  
City Manager



# LEGISLATIVE AND ADMINISTRATIVE ORGANIZATIONAL CHART

## CITY COUNCIL MAYOR AND 12 COUNCILLORS

As at December 31, 2021, the following structure was in place:

**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** Janice Rennie, Chair

**Police Commission** Micki Ruth, Chair

**City of Edmonton Library Board** Fern Snart, Chair

**Explore Edmonton Corporation** Marcela Mandeville Chair

**Other Commissions, Agencies, Boards and Authorities**

## CITY OF EDMONTON ADMINISTRATION

As at December 31, 2021, the following leadership structure was in place:

**City Manager** Andre Corbould

**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**  
Stacey Padbury, Deputy City Manager and Chief Financial Officer

**Integrated Infrastructure Services**  
Adam Laughlin, Deputy City Manager

**Urban Planning and Economy**  
Stephanie McCabe, Deputy City Manager

“  
IN 2021, THE  
CITY FILLED  
729,823  
POTHoles  
IN EDMONTON.  
”

# 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 18, 2021, Edmontonians elected Amarjeet Sohi as mayor, re-elected four councillors and elected eight new councillors.<sup>3</sup> Edmonton's next civic election will be in October of 2025.<sup>4</sup>

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 and 2021, the Emergency Advisory Committee met often 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 2021 and, at times, only virtual access was permitted.

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:

### Community Services

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### City Operations

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### Communications and Engagement

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### Employee Services

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### Financial and Corporate Services

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### Integrated Infrastructure Services

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### Urban Planning and Economy

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

<sup>3</sup> [https://www.edmonton.ca/city\\_government/municipal\\_elections/2021-election-results](https://www.edmonton.ca/city_government/municipal_elections/2021-election-results)

<sup>4</sup> [https://www.edmonton.ca/city\\_government/edmonton-elections.aspx](https://www.edmonton.ca/city_government/edmonton-elections.aspx)



# IN 2021, EPL WELCOMED OVER 7.7 MILLION VISITS ANNUALLY – IN-PERSON ACROSS ALL 21 LOCATIONS AND ONLINE AT EPL.CA

## 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 14040. One of their responsibilities is allocating funds from City Council to the police service, with the goal of maximizing EPS' ability to reduce crime and increase public safety.

## EDMONTON PUBLIC LIBRARY

The Edmonton Public Library (EPL) is the gathering place for people and ideas, enabling a lifetime of learning, engagement and possibility for every Edmontonian. In 2021, EPL welcomed over 7.7 million visits annually – in-person across all 21 locations and online at epl.ca.

EPL supports literacy, learning and growth through expert staff and technology while sharing information, resources and ideas. A free library card provides over 205,000 citizens access to a large collection of 6.9 million digital and physical items, as well as almost 3,000 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.

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

**ETS STUFF A BUS HAS COLLECTED OVER 553,000 KILOGRAMS OF FOOD AND \$496,000 IN CASH SINCE 1995.**

“ THE CITY OF EDMONTON IS READY TO ADAPT TO CHANGING PUBLIC HEALTH ORDERS AT A MOMENT’S NOTICE, AND I SEND MY GRATITUDE TO ALL EDMONTONIANS WHO DO THE SAME. ”

Andre Corbould, City Manager.

## A RESILIENT CITY: 2021 IN EDMONTON

2021 showed just how resilient the City and Edmontonians can be in the face of ongoing uncertainty and change. The world entered the second year of the COVID-19 pandemic, which was a rollercoaster ride of vaccines, variants, infection waves and changing public health measures that compounded the economic and social impacts of 2020. Residents counted on the City to keep them safe and informed, and to continue to offer programs and services. Those hardest-hit by the pandemic looked to the City for support. The pandemic added extra costs to the City’s budget related to safety, security, and enhanced cleaning and lowered revenue from transit, recreation centres and other services. The related impacts to the budget were managed through one-time funding strategies. Despite these challenges, Council and Administration maintained their focus on the City Plan and continued to advance major projects and our long-term goals for Edmonton, as envisioned with and for Edmontonians.

### ADAPTING TO COVID-19

The pandemic continued to have a profound impact on the City and Edmontonians. Vaccines became widely available and – as one of Alberta’s largest employers – the City moved quickly to protect employees and those they serve by requiring all employees to be fully vaccinated or participate in a rigorous rapid testing process.

While vaccines helped to reduce the spread of and risk of severe illness from COVID-19, the virus continued to evolve. Variants like delta and omicron created waves of infection, which led to changing public health measures to which the City adapted. The City offered testing and vaccination support, and collaborated with Edmonton Fire Rescue, and partners at Alberta Health Services and the Edmonton Police Service to educate and enforce the municipal mask bylaw and other public health orders. Essential services like transit were prioritized, and the City continued its commitment to enhanced cleaning and disinfecting of transit vehicles and facilities. In late 2021, we reached our highest level of bus boardings since the start of the pandemic, and we anticipate it will continue to increase throughout 2022. In 2021, the City was able to reopen non-essential services like the Valley Zoo, recreation centres and other amenities that had been closed in earlier waves.

With fewer people using services and programs through the pandemic, City administration was able to manage the shortfall in revenue without impacting the taxpayer. Credit rating agency Standard and Poor’s (S&P) gave the City a AA credit rating in 2021, recognizing its financial policies and plans, and affirming its capacity to meet its capital commitments, including the municipal facilities, roads, bridges and LRT expansion projects that kept so many Edmontonians safely working through the pandemic.







**WE KNOW PEOPLE ARE HURTING AND THAT'S WHY ZERO PER CENT IS THE RIGHT DECISION... 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.**



Don Iveson, (former) Mayor

## SUPPORTING EDMONTONIANS

Another year of COVID-19 continued the financial strain that many residents, businesses and organizations began experiencing in 2020. In recognition of the economic impacts of a prolonged pandemic on Edmontonians, Administration and Council achieved a zero per cent tax increase for the first time in more than two decades. The City also offered grant programs to the arts and business communities to support safe operations and recovery.

Edmonton's most vulnerable populations also faced significant challenges in 2021, and the City was ready to help. The City provided funding to various community groups to provide multilingual, targeted support to people at high risk of COVID-19 transmission, including front-line workers, those with language barriers and those living in multi-generational households. The City continued to support the work of Edmonton's homeless-serving sector, offering funding to social agencies, and offering temporary washroom and shelter accommodations where possible.

When a heatwave struck this summer, the City converted hydrants to drinking fountains to give Edmontonians access to clean water. Keeping Edmontonians fed was also a priority; the City farm donated more than 52,000 pounds of produce to Edmonton's food bank. The City also continued to work with community and health partners on expanding efforts to address the increase in drug poisoning incidents, which have been on the rise during the pandemic.

In the fall of 2021, the City and Bent Arrow Traditional Healing Society launched the Community Outreach Transit Team (COTT). The two-year pilot project partners Transit Peace Officers with Bent Arrow Outreach Workers with the aim of building relationships and connecting individuals within the transit system to specialised community services and support to increase safety and reduce harm. COTT is guided by the values of dignity and respect, provides coordinated care, and will be delivered through a compassionate, trauma-informed and human-centred lens.

The City continued its work on inclusivity. The City adopted an Indigenous Framework, an important part of its work to support and build strong relationships with Indigenous Peoples in Edmonton. Every City employee, through the adoption of this Framework, has the responsibility to forge stronger relationships with the descendants of the original inhabitants of this land, and to accept that we all have roles to play in our journey towards reconciliation. As part of its commitment to reconciliation, the City recognized the first National Day for Truth and Reconciliation on September 30, 2021, as well as supporting Orange Shirt Day satellite events in Edmonton schools to honour survivors, their families and the communities impacted by the legacy of residential schools.

City staff continued to take a broader view of their work through Gender-based Analysis Plus (GBA+), which assesses the impact of policies, programs and services on diverse groups. As an example, city planners are applying a GBA+ and equity lens to their work which included a report in 2021 on historical inequities in zoning practices as part of efforts to ensure that upcoming public consultation and decision-making for the City's new zoning rules are inclusive.

## MOVING FORWARD, LOOKING AHEAD

In spite of the pandemic, the City moved forward on some major initiatives and advanced its plans for the future.

The ambitions of the City Plan are being incorporated into all aspects of the City's operations. In the spring, the City launched a new curbside waste collection system and its first redesign of the Edmonton Transit Service bus network in more than 20 years. Both of these programs are essential steps in becoming a more sustainable and environmentally friendly city as Edmonton grows. The City also advanced its work on climate resiliency, including adopting new policies for its buildings, and moving forward with carbon budgeting and accounting.

The City continued to advance its capital program with more than \$1 billion in investments in over 275 capital projects. Projects were completed in communities across Edmonton, including three trail renewals, four neighbourhood renewal projects, eight park projects and 10 playgrounds. Construction progressed on converting the Yellowhead Trail into a freeway, widening Terwillegar Drive, improving Jasper Avenue and expanding the LRT network. City-supported affordable housing projects also made major progress to meet the growing number of unhoused people in Edmonton through the rapid construction of modular housing. This construction season not only helped to build Edmonton and lay the groundwork for a city of more than two million people, it helped to keep Edmontonians working safely during the economic downturn caused by COVID-19.

Funding was also approved on the next major LRT project, the Capital Line South extension from Century Park to Ellerslie Road, bringing the City another step closer to the vision for LRT and mobility laid out in the City Plan.

““ ON DEMAND TRANSIT SERVICE RIDERSHIP HAS RISEN STEADILY SINCE THE LAUNCH OF THE PILOT IN APRIL 2021, AND IN 2021 WE PROVIDED SERVICE TO 125,861 RIDERS. ””



# ECONOMIC PERFORMANCE

In 2021, economic performance far exceeded expectations for both Edmonton and the region, putting their economic recoveries on solid footing, with enough momentum to make additional progress in 2022.

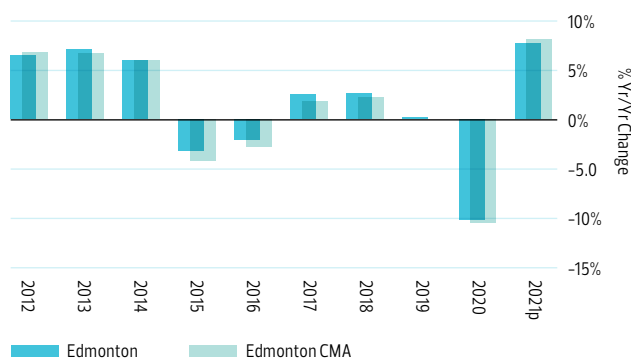
Business conditions, based on Statistics Canada's Real-Time Local Conditions Index, generally improved in 2021 even though there were some setbacks that stagnated growth in the weekly index in some periods and retraced gains in others. However, based on the performance of this index for Edmonton, business conditions were in a comparatively better position than the last week of 2020.

Trends in community mobility data have been helpful to assess how individuals are moving around an area, and can provide some indication of progress towards pre-pandemic baselines of behaviour. Community mobility data for Census Division 11 (the census division containing Edmonton) suggest that pandemic trends have been holding when it comes to how individuals operated in 2021, including more time spent at home, less time spent at work, retail and recreational places, as well as at parks, and relatively lower use of transit. Trips and time spent at grocery stores and pharmacies have been relatively consistent throughout the pandemic relative to pre-pandemic baselines. It is evident that factors like public health measures and personal decisions to limit activity to the essentials to reduce exposure to the virus were still limiting community mobility in 2021 relative to pre-pandemic baselines.

The city of Edmonton's population continued to grow in 2021 and was estimated to be 1,057,796 as of July 1, 2021. The pace of growth was historically low at 0.9 per cent year-over-year, with the pandemic still likely having an impact on migration flows.

## Real Gross Domestic Product Growth

Source: City of Edmonton and Stokes Economics; (p) denotes a projection



## LABOUR MARKET

In 2021, the Edmonton regional labour market closed out the year on much stronger footing than initially expected. The annual employment level in 2021 surpassed its 2019 annual average. The region's labour force also expanded, with growth of almost two per cent in 2021 compared to 2019. The annual average unemployment rate was nine per cent, which was higher than in 2019 but a marked improvement compared to an average of 12 per cent in 2020. Part-time employment gains led the way for many months in 2021 for the region's labour market recovery. Full-time employment has also been improving, but full-time monthly levels only surpassed their corresponding 2019 levels in the last two months of 2021.

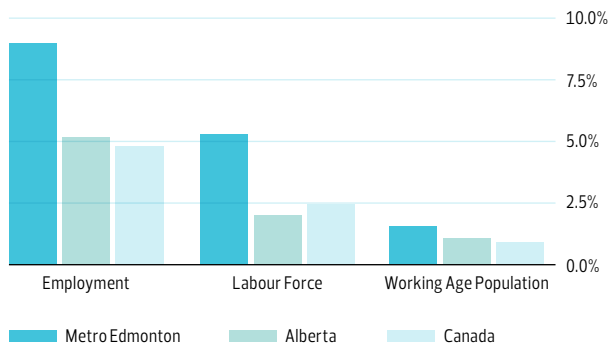
**EDMONTON'S ECONOMY REBOUNDED FASTER AND MUCH MORE STRONGLY THAN EXPECTED IN 2021.**

# IN 2021, THE VALUE OF ISSUED BUILDING PERMITS IN THE EDMONTON CMA TOTALLED ALMOST \$4.5 BILLION, UP SEVEN PER CENT YEAR-OVER-YEAR.

Across sectors, the strong performance in regional employment is reflective of gains in the services-producing sector, where most sectors recorded employment that surpassed 2019 annual averages. The only sectors where employment remained below 2019 levels were the business, building and other support services sector, the accommodation and food services sector, and the other services sector. However, it is important to note that these sectors were among the hardest hit by the pandemic and gaps have narrowed significantly, which should be interpreted as an encouraging signal. The region's goods-producing sector saw weaker employment in 2021 relative to 2019, with the most pronounced reduction in the manufacturing sector. This could be due to factors related to the pandemic and public health restrictions, though not enough information is available to identify which factors are playing the most significant role. As well, there have been reports of labour shortages and challenges in acquiring necessary inputs for operations due to supply chain disruptions; these may also be contributing to weaker employment in the goods-producing sector.

## 2021 Labour Market Developments – Annual Change

Source: Statistics Canada



Regional labour market conditions are expected to continue improving in 2022, though challenges affecting some sectors more so than others like labour shortages, may hold back the pace of improvement relative to what was observed in 2021.

National and provincial labour market conditions improved in 2021, with a recovery in employment levels that outpaced additions to the labour force, resulting in downward pressure on the national and provincial unemployment rates. In 2021, the national unemployment rate averaged 7.5 per cent, down two percentage points from an average of 9.5 per cent in 2020. In Alberta, the unemployment rate averaged 8.7 per cent in 2021, down from 11.4 per cent in 2020.

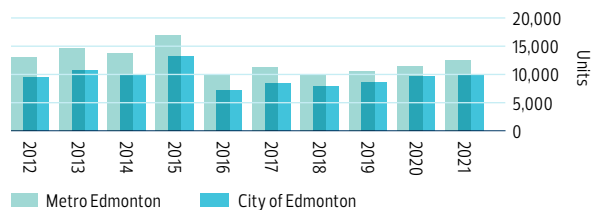
## RESIDENTIAL CONSTRUCTION

In 2021, the value of issued building permits in the Edmonton CMA totalled almost \$4.5 billion, up seven per cent year-over-year. There were sizable gains in 2021 permit values for single dwelling, industrial and commercial buildings compared to 2020. However, it is worth noting that building construction prices for both residential and non-residential buildings in the Edmonton CMA have been on the rise throughout 2021, with more significant gains for residential buildings. This is likely contributing somewhat to the growth in permit values. Based on the volume of permits issued in 2021, construction intentions rose for all types of structures in 2021 compared to 2020, with permits issued to construct single-dwelling buildings accounting for the largest share of issued permits by building type.

In 2021, total housing starts in Edmonton eked ahead of 2020 by slightly less than one per cent. New construction for single detached, semi-detached, and row units brought starts for these segments ahead of 2020, with the most noticeable gain for single detached. This annual performance represents a shift from 2020, when total housing starts were strongly influenced by the construction of new apartment units. The demand for single detached, semi-detached and row units is likely being supported by a shift in buyer preference, e.g., growing preference for more space. Market developments—like new listings on the existing home market not keeping pace with demand for some housing types in many months since the start of the pandemic—have only bolstered the demand for new housing.

## Annual Housing Starts

Source: Canada Mortgage and Housing Corporation



Existing home sales in the Greater Edmonton Area, as well as within the city of Edmonton limits, saw strong growth in 2021, according to the REALTORS® Association of Edmonton. Multiple Listing Service® residential sales for 2021 were 45 per cent higher year-over-year, outpacing growth in new listings, and adding upward pressure to sales prices. The median price for all housing types sold

(i.e., single family detached, condominium and duplex/row house) increased year-over-year in 2021, with single family detached homes seeing the strongest relative increase. In 2021, the median price for a sold single family detached home in the Greater Edmonton area was \$420,000, up 6.3 per cent year-over-year. Within the city of Edmonton limits, the median price for a sold single family detached home in 2021 was \$426,000, up 6.5 per cent compared to 2020.

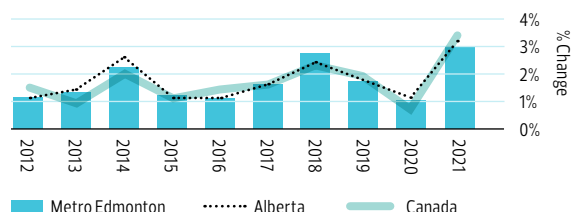
According to the Canada Mortgage and Housing Corporation, rental market conditions in Edmonton were relatively stable in October 2021, with an apartment rental vacancy rate of 7.6 per cent across all bedroom types, and an average rental rate of \$1,272 per month for a two-bedroom apartment. Even though the rental apartment vacancy rate in Edmonton was relatively stable year-over-year in October 2021, there was an almost five per cent increase to the rental apartment universe, which indicates that rental demand is holding up.

## INFLATION

In 2021, the annual average rate of inflation in the Edmonton CMA was three per cent, a significant jump from one per cent in 2020. Shelter prices increased by 2.5 per cent year-over-year in 2021, largely influenced by very strong price growth for utilities (13.0 per cent year-over-year). Retail gasoline prices have also seen significant growth across fuel types, which is likely bolstering the region's overall CPI readings further. Price pressures in the region are likely concentrated in the areas of food, energy and durable goods; three areas that are seeing notable price increases at the provincial level for many months in 2021. Prices have been influenced in large part by the pandemic, including supply chain disruptions and shifts in household consumption favouring goods instead of typical services.

### Annual Consumer Inflation

Source: Statistics Canada

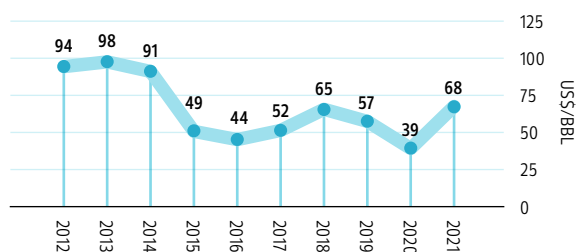


The factors that negatively impacted the global demand for oil saw a reversal in 2021 as economies opened up and activity resumed, including for travel. Global production did not keep pace with this return in demand, which bolstered crude oil prices. The annual

average price of West Texas Intermediate (WTI), the North American benchmark price, increased from an average of US\$39 in 2020 to US\$68 in 2021. The turnaround in prices supported a recovery in drilling activity, which helped to boost provincial business output. For Edmontonians, the most visible impact of stronger oil prices was through retail gasoline prices, which saw double-digit year-over-year price growth for most months in 2021.

### Average Annual Oil Prices – West Texas Intermediate

Source: Bloomberg



## SUMMARY

Developments since the start of 2021 have confirmed that Edmonton's economic recovery is well underway. After contracting by 10.1 per cent in 2020, the projected growth for real gross domestic product in Edmonton was lifted to 7.9 per cent in 2021, supported by a much stronger and faster rebound in the regional labour market and growth in residential investment. A return to pre-pandemic output levels is expected by the end of 2022, though pandemic-related factors like supply chain disruptions may present challenges to growth prospects in 2022 for Edmonton and the region.

**THE CITY IS OVER HALFWAY TO ITS GOAL TO BUILD 2,500 AFFORDABLE HOUSING UNITS BY 2022, WITH SUPPORT FOR 2,397 NEW UNITS.**





## 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 2021 financial performance and position, this report describes significant fiscal policies, strategies and plans related to financial control, accountability, long-term sustainability and risk management.

Included in the 2021 Annual Report are the City's consolidated financial statements and notes (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 the Management of the City of Edmonton. A section for the Task Force on Climate-related Financial Disclosures has been included as well as the five-year statistical review of key information.



## 2021 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 May 2021 with the passing of Bylaw 19574 – 2021 Property Tax and Supplementary Property Tax Bylaw.

In the fall of 2020, 2021 operating budgets were adjusted to address the continuing impact of the COVID-19 pandemic. At that time, the City projected a significant decline in revenue in 2021 coupled with additional costs. Given the uncertainty in late 2020 about the availability and distribution of vaccines, the adjustments were based on the assumption that the pandemic would continue with the measures in place in early spring of 2021. Revenue budgets were adjusted downward to reflect lower expected demand in transit, parking and community recreation facilities along with lower than anticipated revenues in other areas. Expense budgets were increased in consideration of additional costs resulting from COVID, including personal protective equipment, enhanced cleaning, and personnel costs related to backfilling and isolation pay. The total estimated budget impact was \$152.0 million. These impacts were offset by various funding strategies in the same amount, including use of COVID-19 funds within the appropriated Financial Stabilization Reserve (FSR), expense management strategies and additional revenue strategies. With the availability of vaccines and the lifting of restrictions in the summer of 2021, Administration reviewed the 2021 estimates and revised them downwards by \$17.3 million.

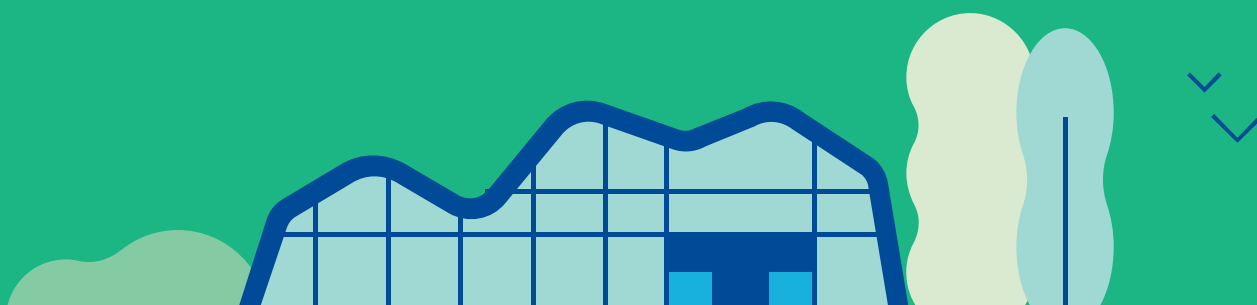
During 2021, Administration focused on responding to pandemic restrictions in a prudent manner and limited discretionary spending to maintain the fiscal flexibility required to respond to the ongoing pandemic.

The City ended the year with a \$52.3 million surplus (1.7 per cent of budgeted tax-supported expenses) for general government (tax-supported) operations relative to the operating budget. A portion of the surplus went to the Financial Stabilization Reserve to help mitigate the financial risks of long-term pandemic impacts and delayed economic recovery through 2022. The surplus is primarily a result of lower personnel costs due to vacancy management, lower than expected snowfall at the beginning of 2021, and lower costs at recreation facilities due to pandemic related closures and capacity constraints. These favorable variances were offset by lower revenues in transit and recreation centers as the pandemic restrictions resulted in lower demand for these services.

In 2021, the City began the third year of the 2019–2022 multi-year operating budget. However, 2020 was a difficult year for Edmontonians, with high levels of unemployment, a declining economy, and residents and business owners being impacted by COVID. Administration and Council recognized these difficulties by approving a (0.3) per cent tax decrease for 2021, the lowest change to taxes in almost 25 years. The loss of revenue related to property tax needed to be balanced by increasing other revenues or cutting costs. Council voted to implement budget reduction strategies of \$49.9 million across City departments for 2021.

This year also marked the third 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 30 per cent of 2019–2022 capital investment is earmarked for renewing roads, neighbourhoods, parks, City-owned buildings and transit vehicles, with the remaining 70 per cent to support planning and delivery of new infrastructure.

With an overall accumulated surplus of \$16,562.1 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 \$)

	2021	2020	2019	2018	2017
Financial Assets	\$ 8,093.8	\$ 7,527.5	\$ 7,284.0	\$ 7,237.7	\$ 6,791.5
Liabilities	5,370.8	5,027.5	4,796.5	4,699.5	4,334.4
Net Financial Assets	\$ 2,723.0	\$ 2,500.0	\$ 2,487.5	\$ 2,538.2	\$ 2,457.1
Non-Financial Assets	13,839.1	13,272.9	12,441.0	11,758.3	10,842.2
<b>Accumulated Surplus</b>	<b>\$ 16,562.1</b>	<b>\$ 15,772.9</b>	<b>\$ 14,928.5</b>	<b>\$ 14,296.5</b>	<b>\$ 13,299.3</b>

The City ended the year in a strong financial position with **net financial assets** of \$2,723.0 million, an overall increase of \$223.0 million, or 8.9 per cent, compared to 2020. The primary components of the net financial asset balance are the City's investment of \$4,223.4 million in the EPCOR subsidiary, investments of \$2,342.8 million, long-term debt of \$3,546.6 million, and accounts payable and accrued liabilities of \$1,150.7million.

The City's **non-financial assets** at the end of 2021 were \$13,839.1 million, an overall increase of \$566.2 million, compared to 2020. Non-financial assets consist primarily of tangible capital assets such as roadways, buildings, land and light rail transit that are valued at \$10,190.3 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 2021 with a total accumulated surplus of \$16,562.1 million, an increase of 5.0 per cent compared to the 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 robust reserve management.

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

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

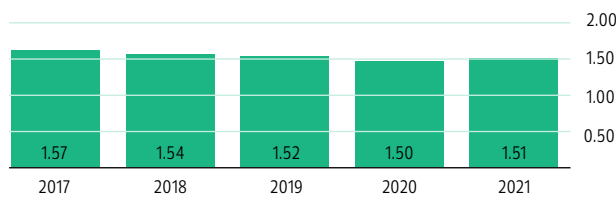
“THE CITY ENDED THE YEAR IN A STRONG FINANCIAL POSITION WITH NET FINANCIAL ASSETS OF \$2,723.0 MILLION.”

# 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

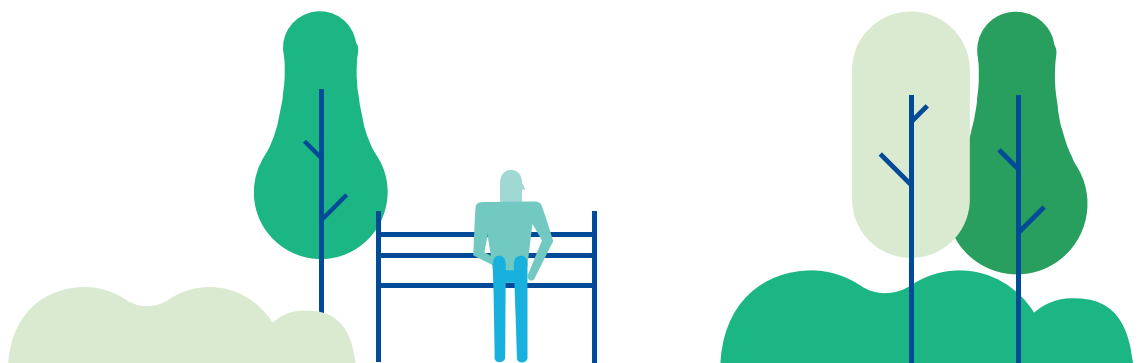
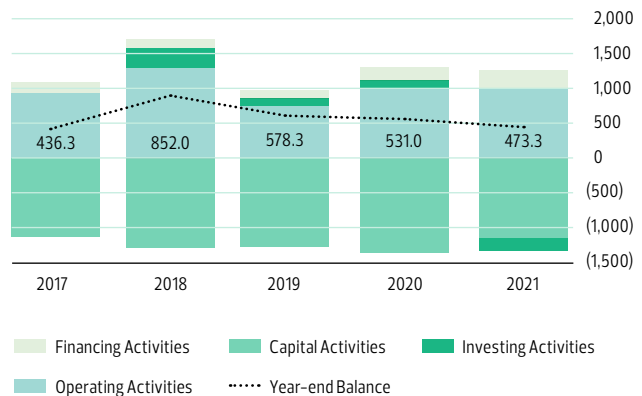


## CASH

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 2021, the City's cash position decreased to \$473.3 million from \$531.0 million in 2020, an overall decrease of \$57.7 million, or 10.9 per cent.

The Consolidated Statement of Cash Flows summarizes the sources and uses of cash by the City in 2021. During the year, the City raised \$1,121.9 million from operations and \$139.4 million from net financing activities. Conversely, cash flow decreased as a result of higher investment activity of \$359.5 million, partially offset by a dividend from the EPCOR subsidiary of \$171.0 million, and from capital acquisitions of \$1,130.6 million (net of proceeds on disposal).

## Cash Flows (millions of \$)



# SINCE 1995, THE ED TEL ENDOWMENT FUND HAS CONTRIBUTED \$913.4 MILLION TO THE CITY.

## 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.

Included in investments of \$2,342.8 million are amounts held as cash, amounts receivable, 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.

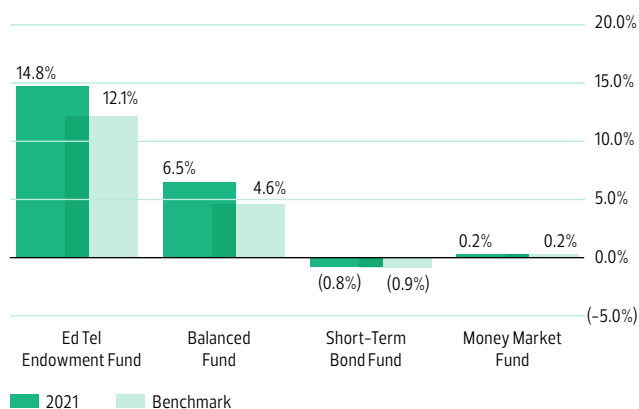
The Short-Term Bond Fund is an investment vehicle for working capital that is not currently needed to fund City operations but will be needed in less than five years. Therefore, the fund holds fixed income securities with an investment horizon of less than five years.

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

Since 1995, the Ed Tel Endowment fund has contributed \$913.4 million to the City. In 2021, the fund contributed \$40.7 million in dividends to the City. The fund ended the year with an investment book value of \$892.0 million compared to a market value of \$996.9 million.

### 2021 Performance vs Benchmark



Performance of the City's investment funds ranged from negative 0.8 per cent (Short-Term Bond Fund) to 14.8 per cent (Ed Tel Endowment Fund), depending on each fund's asset mix.

Global equities delivered strong returns with a 24.1 per cent gain for the year. This performance is all the more impressive as it follows two years of double-digit gains. Not since 2004–2006 have global equities performed so well. Supportive fiscal and monetary policy in response to the pandemic and rebounding global growth contributed to the strength in capital markets during the year.

“ OVERALL, THE MARKET VALUE OF THE CITY’S INVESTMENT PORTFOLIO AT YEAR-END WAS \$2,492.0 MILLION. ”



U.S. equities led the way as the strongest performer, returning 28.7 per cent for the year. This followed a gain of over 18 per cent in 2020. Canadian equities were close behind as they were up 25.1 per cent in 2021 – their best year since 2009. Similarly, oil prices surged 59 per cent as economies reopened, while the Canadian dollar was essentially flat versus the U.S. dollar, rising less than 1 per cent.

Finally, Canadian fixed income securities (bonds) fell 2.5 per cent for the year. This was the worst year for bonds since 1994.

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 14.8 per cent and 6.5 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 0.2 per cent and negative (0.8) per cent, respectively. Overall, the market value of the City's investment portfolio at year-end was \$2,492.0 million, 6.4 per cent above the investment cost.

More detailed information about the investment performance and benchmarks is available in the 2021 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 related infrastructure. EPCOR also provides electricity, natural gas and water products and services to residential and commercial customers.

The City applies a modified equity method of accounting and reporting for EPCOR, a wholly owned subsidiary, as a government business enterprise. EPCOR's management has prepared their 2021 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 2021, the City's investment in EPCOR increased to \$4,223.4 million from \$3,975.0 million in 2020, a net increase of \$248.4 million, or 6.3 per cent. The net increase is due to EPCOR's reported net income of \$387.7 million for 2021, \$34.7 million of tangible capital assets contributed to EPCOR by the City, offset by \$2.3 million in amortization of contributed assets, other comprehensive loss of \$0.7 million and a dividend of \$171.0 million paid to the City. Summary financial information for EPCOR is included in Note 19 to the financial statements.

Additional detail on EPCOR's strategies, financial performance and health, and significant events that occurred in 2021 are discussed in EPCOR's annual reporting for 2021, which is available on the company's website.

**IN 2021, THE CITY'S INVESTMENT IN EPCOR INCREASED TO \$4,223.4 MILLION FROM \$3,975.0 IN 2020, A NET INCREASE OF \$248.4 MILLION, OR 6.3 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 \$1,150.7 million at year-end has increased over the prior-year balance of \$1,061.0 million by \$89.7 million, or 8.5 per cent.

Trade and other payables reflect a net increase of \$61.8 million over prior year largely due to increased land expropriations related to further advancement of large growth infrastructure projects such as Yellowhead Trail Freeway Conversion and the Valley Line West LRT, partially offset by fluctuations in various trade and other payables.

Payroll and remittance liabilities have increased by \$19.4 million over the prior year mainly due to the timing of the payroll period for 2021.

Developer obligations increased by \$9.0 million over the prior year mainly due to an increase in development construction in 2021.

Information on the composition of the accounts payable and accrued liability balance is provided in Note 6 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 \$378.8 million increased by \$98.6 million, or 35.2 per cent, from the prior year balance of \$280.2 million. The increase is mainly due to the one-time increases received in 2021 under the Canada Community Building Fund (formerly known as the Federal Gas Tax grant) and the Municipal Sustainability Initiative (MSI) grant program. Funds were received in advance of project expenditures and as a result recognition was deferred to match future capital expenditures as required. Additional details about balances and changes in deferred revenue are included in Note 7 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 had 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.

In late 2021, the province provided notice that interest rates charged on new loans will be revised to better reflect the market cost of borrowing for local authorities, using rates for large municipalities in the bond market as the proxy for municipal costs. This change will slightly increase the City's cost on future borrowings.

## DURING THE YEAR, THE CITY ADDED \$319.4 MILLION IN NEW DEBENTURE BORROWINGS TO ADVANCE KEY TRANSFORMATIVE PROJECTS.

### Debt Schedule (millions of \$)

	Tax-Supported	Self-Liquidating	Total Debt (net)
Opening	\$ 2,950.8	\$ 456.3	\$ 3,407.1
Borrowings	167.0	93.4	260.4
Increase in P3 term debt	59.0		59.0
Principal Payments	(144.6)	(35.3)	(179.9)
<b>Ending</b>	<b>\$ 3,032.2</b>	<b>\$ 514.4</b>	<b>\$ 3,546.6</b>

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
5 years	2.48%
10 years	1.67% to 2.85%
15 years	2.04% to 3.12%
20 years	2.30% to 3.27%
25 years	2.48% to 3.39%

The City's net long-term debt was \$3,546.6 million at December 31, 2021, an increase of \$139.5 million, or 4.1 per cent, compared to the 2020 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 \$4,069.9 million is offset by \$523.3 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 \$3,546.6 million, \$3,032.2 million is tax-supported and \$514.4 million is self-liquidating. Tax-supported debt includes \$491.2 million of P3 term debt related to the portion of deferred capital costs owing to TransEd from 2022 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, 2021.

During the year, the City added a total of \$319.4 million through new debenture borrowings and mortgages; \$226.0 million is considered tax-supported and \$93.4 million is considered self-liquidating. Tax-supported debt was borrowed to finance various capital projects, including the Valley Line and Metro Line LRT construction, Yellowhead Trail Freeway Conversion and continued progression of Downtown and Quarters Community Revitalization Levy funded projects. Self-liquidating borrowings during the year include \$34.1 million for the Waste Services Utility, \$1.3 million for the Blatchford Utility, \$25.2 million related to local improvement projects, \$19.9 million in Non Profit Housing mortgages and new borrowings of \$12.9 million for the Francis Winspear Centre for Music.

Debt principal repayments of \$179.9 million were made during the year, comprising \$144.6 million for tax-supported debt and \$35.3 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 less capital government transfers, contributed tangible capital assets and 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 \$)

	2021	2020	2019	2018	2017
Debt limit	\$ 5,978.1	\$ 5,856.9	\$ 5,840.6	\$ 5,587.4	\$ 5,649.4
Debt limit used	\$ 3,546.6	\$ 3,407.1	\$ 3,202.8	\$ 3,046.2	\$ 2,912.1
Percentage used (%)	59.3	58.2	54.8	54.5	51.5
Debt service limit	\$ 1,046.2	\$ 1,025.0	\$ 1,022.1	\$ 977.8	\$ 988.6
Debt service limit used	\$ 336.0	\$ 313.2	\$ 301.1	\$ 284.3	\$ 264.6
Percentage used (%)	32.1	30.6	29.5	29.1	26.8

The City's level of debt is well below the legislated limit established in the MGA, but has been trending higher over the past five years. The percentage used of the debt limit increased from 51.5 per cent to 59.3 per cent. The City has strategically used debt 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 cash flow.

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 fast-track capital expenditures for projects with approved funding through Municipal Sustainability Initiative grants and the provincial fuel tax.

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 Service Limits – DMFP (millions of \$)

	2021	2020 (restated)	2019	2018	2017
Total debt service limit	\$ 657.6	\$ 644.3	\$ 642.5	\$ 614.6	\$ 621.4
Debt service limit used	\$ 289.1	\$ 291.8	\$ 283.2	\$ 269.7	\$ 333.0
Percentage used (%)	44.0	45.3	44.1	43.9	53.6
Tax-supported debt service limit	\$ 394.9	\$ 399.6	\$ 397.8	\$ 380.0	\$ 361.9
Debt service limit used	\$ 237.4	\$ 241.2	\$ 232.4	\$ 219.0	\$ 264.1
Percentage used (%)	60.1	60.4	58.4	57.6	73.0



“THE CITY IS WELL WITHIN DEBT AND DEBT SERVICING LIMITS ESTABLISHED THROUGH 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.

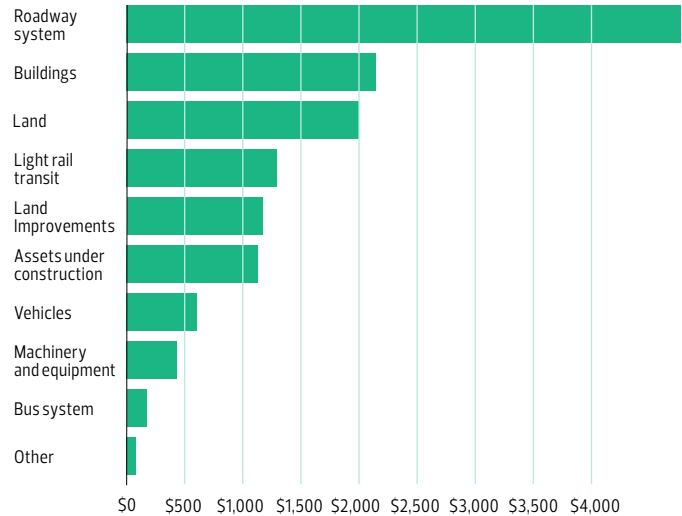
Tangible capital assets of \$13,755.0 million have increased by 4.2 per cent compared to the 2020 balance of \$13,195.6 million. The net increase of \$559.4 million is a result of acquisitions of tangible capital assets of \$1,136.5 million and contributions of tangible capital assets of \$95.4 million. This increase was partially offset by annual amortization of \$620.3 million, and disposals and transfers of assets with a net book value of \$52.2 million.

Tangible capital assets placed in service were primarily in the asset categories of roadways, light rail transit, 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 2021, the third year of the 2019-2022 capital budget, spending focused on key growth projects and infrastructure maintenance. The capital additions and contributions of \$1,231.9 million in 2021, compared to \$1,497.6 million in 2020, shows the City's continued commitment to investing in infrastructure to accommodate both growth and renewal. The capital additions are lower in 2021 as the Valley Line Southeast project came closer to completion and as a result of less bus fleet deliveries in 2021 compared to 2020. This was partially offset by higher spending for arterial roadway renewal work and the Yellowhead Trail Conversion project. Roadways continue to be the largest asset category with a net book value of \$4,764.6 million. These are followed by buildings and land, with net book values of \$2,137.0 million and \$2,003.4 million, respectively.

In 2021, the City made progress on significant capital projects such as the neighbourhood renewal program, Yellowhead Trail Freeway Conversion, Fort Edmonton Park, the Valley Line Southeast and West LRT lines as well as investments in the City's park spaces.

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



**DURING 2021, THE THIRD YEAR OF THE 2019-2022 CAPITAL BUDGET, SPENDING FOCUSED ON KEY GROWTH PROJECTS AND INFRASTRUCTURE MAINTENANCE.**

““ TANGIBLE CAPITAL ASSETS OF \$13,755.0 MILLION HAVE INCREASED BY 4.2 PER CENT IN 2021. ””



## RESERVES

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

In accordance with City Policy C217E, the City completed a review of reserves in 2021. This review is completed at minimum once every three years and ensures that City reserves continue to support the City's financial goals and serve the highest priority needs of the city and its residents. As a result of the 2021 review, City Council approved the following changes:

- + Creation of the Commercial Revitalization Reserve, which manages funds for three commercial revitalization programs – Development Incentive, Storefront Improvement and Corner Store programs – that provide a complementary set of tools to support commercial revitalization and main street vibrancy across targeted areas of the City
- + Closure of the Telus Field Capital Reserve and Enterprise Portfolio Reserve.
- + A new reserve policy was created to provide general governance of all City reserves. City Policy C217E Reserve and Equity Accounts provides for increased clarity around governance, accountability, administration, monitoring and reporting of all City reserves and equity accounts, in addition to specific reserve policies that already exist. The amended policy includes a reserve register, which provides a listing of all active reserves, a description of the reserve and the allowable use of reserve funds, applicable policy or guidance documents and other important information.
- + A standalone policy specific to the Financial Stabilization Reserve – City Policy C629 Financial Stabilization Reserve was created. The Financial Stabilization Reserve guidance was previously included as a part of the overall City policy for reserve and equity accounts.

The reserve policy and balances are monitored on an ongoing basis with the next formal review planned for 2024.

A schedule of reserves has been provided in Note 14 to the financial statements. The reserve balance of \$1,006.0 million at the end of 2021 has increased by \$102.5 million over the prior-year balance of \$903.5 million. The net increase was mainly attributable to the additional \$57.4 million transferred to the Pay-As-You-Go capital reserve, resulting from higher than expected investment earnings due to the more favourable economic growth around the world from economies reopening after the COVID-19 pandemic, vaccine rollouts and accommodative monetary and fiscal policies.

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

### Financial Stabilization Reserve (millions of \$)



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 C629, Financial Stabilization Reserve, requires that a risk-based review of the unappropriated FSR be completed every three years to ensure the sufficiency of the minimum and target percentages. Administration conducted a risk-based review of the unappropriated FSR balance in 2021 and confirmed that the respective minimum and target balances of 5 per cent and 8.3 per cent of current general government expenses (excluding non-cash amortization) were appropriate.

As of December 31, 2021, the unappropriated FSR balance is \$121.7 million. During the year, the general government surplus from 2020 of \$40.4 million was transferred to the reserve, of which \$24.8 million was subsequently appropriated to deal with COVID-19 impacts in the 2021 budget, and the remaining \$15.6 million was appropriated within the FSR to provide funding in 2021 for projects and initiatives not completed in 2020, and to offset the forgiveness of the outstanding loan balance due from the Waste Services Utility. The 2021 general government surplus of \$52.3 million will be transferred to the Financial Stabilization Reserve in 2022 with \$31.7 million then appropriated for funding within the 2022 operating budget. After reflecting the approved transactions, the balance of the reserve will be \$142.3 million and exceeding the minimum level as set within the policy of \$112.9 million but will be below the target level of \$187.5 million.

As of December 31, 2021, the appropriated FSR balance is \$181.0 million, which is a decrease of \$32.3 million from the 2020 balance of \$213.3 million. During the year, \$116.4 million was transferred into the appropriated FSR and \$142.2 million was used to fund approved items, a large portion of those being the COVID-19 2021 budget impacts. Amounts within the appropriated FSR of \$6.5 million were released back to the unappropriated FSR as the funding was no longer required.

As of December 31, 2021, the City had six 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, Community Revitalization Levy (Capital City Downtown, Belvedere, and Quarters), Edmonton Police Service and Brownfield Redevelopment Reserves. In accordance with City Policy C217E Reserve and Equity Accounts, reserves that are expected to have deficit balances will only be established if future funding to offset the deficit balance has been identified at the time of the reserve's creation. A review of the City's deficit reserve balances was included as part of the 2021 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, 2022. The annual update noted that market conditions for land sales and development have not been favourable for the Belvedere and Quarters Downtown CRLs, leading to a reduction in the revenue projections for each CRL. Ongoing municipal tax revenues will be used to retire the remaining debt for the Belvedere CRL an additional five years after the CRL ends and for the Quarters Downtown CRL, an additional two years. On the positive side, despite a decline in office property valuation, the pace and volume of development underway in the Capital City Downtown CRL area will be sufficient to ensure that revenues will cover all debt costs by the end of the expiry of that CRL.

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 2021, the reserve has a deficit balance of \$37.7 million, which will be replenished upon receipt of future revenues.

The Brownfield Redevelopment reserve supports phase III brownfield redevelopment, granting payments to qualified developers under the program to help finance costs related to environmental testing, remediation and/or exposure control in preparation for redevelopment. At the end of 2021, the reserve has a deficit balance of \$2.9 million, which will be recovered through future municipal tax uplift relating to the developer agreements.

The Edmonton Police Service reserve was established to manage operational surpluses and deficits of the Edmonton Police Service over time. At the end of 2021, the reserve has a deficit balance of \$2.9 million. In accordance with Policy C605 Edmonton Police Reserve, in the event the reserve falls into a deficit position, a strategy will be developed by EPS, to be approved by City Council, to achieve a balanced position over a period not to exceed three years, starting with the subsequent year operating budget.

**“ THE UNAPPROPRIATED BALANCE OF THE FSR IS UNCOMMITTED AND PROVIDES THE CITY WITH FLEXIBILITY TO ADDRESS SIGNIFICANT EMERGENT FINANCIAL ISSUES. ”**



## EQUITY IN TANGIBLE CAPITAL ASSETS

As summarized in Note 13 to the financial statements, equity in tangible capital assets represents the investment made in tangible capital assets, after deducting the portion financed by outstanding long-term debt, net of long-term debt for land redevelopment, and debt recoverable. An increase of \$432.2 million for 2021, as a result of the net acquisition of tangible capital assets partially offset by net additional debt, brings the ending balance of equity in tangible capital assets for the year to \$10,307.0 million.

## ADVANCES FOR CONSTRUCTION/ (CAPITAL TO BE FINANCED)

At the end of 2021, \$100.7 million of capital expenditures completed to the end of 2021 require future funding. This compares to \$26.0 million of funding in place at the end of 2020 where expenditures had not yet proceeded and funding was received – an overall shift of \$126.7 million. During the year, strategic land expropriations were made to secure land for future municipal capital projects, to ensure that the land is available when required. The expropriations will be funded through the available capital project funding when the land is applied to the project.

# 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 \$)

	2021 Actual	2020 Actual	2019 Actual	2018 Actual	2017 Actual
Operating Revenues	\$ 3,358.5	\$ 3,170.6	\$ 3,120.0	\$ 3,050.3	\$ 3,023.8
Capital Revenues	527.1	717.4	749.8	941.8	687.0
Operating Expenses	3,093.5	3,023.5	3,189.7	3,029.4	2,956.1
<b>Excess of Revenues over Expenses</b>	<b>\$ 792.1</b>	<b>\$ 864.5</b>	<b>\$ 680.1</b>	<b>\$ 962.7</b>	<b>\$ 754.7</b>

Consolidated revenues exceeded expenses for the year by \$792.1 million after accounting for government transfers for capital, contributed tangible capital assets, developer and customer contributions for capital and local improvements. Operating revenues increased 5.9 per cent from the prior year, with large increases in revenue from investment earnings and the City's investment in EPCOR, partially offset by decreases in operating government transfers. 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. Facility closures and reduced services dictated by public health orders related to the pandemic resulted in slower growth in expenditures over the last two years.

Significant year-over-year variances and variances from budget are discussed in the following sections. The operating budget is based on the 2021 operating budget approved by Council on December 9, 2020, including any supplementary budget adjustments approved by Council on April 19, 2021 prior to finalization of the 2021 tax rate. The capital budget line items are based on the capital budget originally approved in December 2018, as a part of the 2019–2022 capital budget, plus carry-forward of unspent capital budgets from previous years. 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.

# OPERATING REVENUES

## Operating Revenues (millions of \$)

	2021 Budget (A)	2021 Actual (B)	Variance (B-A)	2020 Actual (C)	Variance (B-C)
Net taxes available for municipal purposes	\$ 1,738.2	\$ 1,745.8	\$ 7.6	\$ 1,726.2	\$ 19.6
User fees and sales of goods and services	550.4	506.7	(43.7)	461.7	45.0
Subsidiary operations – EPCOR	279.1	387.7	108.6	275.7	112.0
Franchise fees	188.0	183.0	(5.0)	177.1	5.9
Government transfers – operating	107.5	144.9	37.4	277.5	(132.6)
Fines and penalties	77.7	67.2	(10.5)	81.9	(14.7)
Licenses and permits	60.1	77.6	17.5	69.1	8.5
Investment earnings	91.1	208.1	117.0	78.2	129.9
Developer/ customer contributions – operating	26.4	37.5	11.1	23.3	14.2
<b>Operating Revenues</b>	<b>\$ 3,118.5</b>	<b>\$ 3,358.5</b>	<b>\$ 240.0</b>	<b>\$ 3,170.7</b>	<b>\$ 187.8</b>

## COMPARISON TO BUDGET

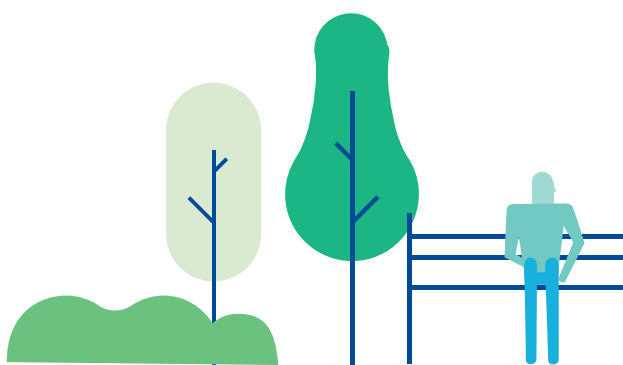
Operating revenues were higher than budget by \$240.0 million, or 7.7 per cent of the revenue budget, mainly due to higher than budgeted investment earnings and income from subsidiary operations – EPCOR, and government transfers – operating. These were partially offset by lower than budgeted user fees and sale of goods and services.

**Investment earnings** were higher than budget due to accelerated economic growth around the world due to economies reopening after the COVID-19 pandemic, vaccines rolling out, and an accommodative monetary and fiscal policy, which has resulted in higher market returns (realized and unrealized).

**Subsidiary operations – EPCOR** were higher than budget by \$108.6 million primarily due to higher water consumption from a dry summer, higher electrical rates and higher earnings from US operations due to extreme weather.

**Government transfers – operating** were higher than budgeted due to additional government transfers, including the federal Rapid Housing Initiative and the provincial Municipal Stimulus Program grants used to increase available affordable housing.

**User fees and sales** were lower than budgeted mainly due to a decrease in revenues as a result of the COVID-19 pandemic. Transit fare revenue was lower than budget as ridership was significantly reduced, and admission and program revenues were lower than expected at the City’s recreation facilities due to decreased attendance. Additionally, lower revenue was experienced by Explore Edmonton from the cancellation of conventions and events due to COVID restrictions.



“ INVESTMENT EARNINGS WERE \$129.9 MILLION HIGHER IN 2021 COMPARED TO PRIOR YEAR DUE TO ACCELERATED ECONOMIC GROWTH AROUND THE WORLD AS ECONOMIES REOPENED. ”

## COMPARISON TO PRIOR YEAR

Overall, operating revenues were higher when compared to last year by \$187.8 million, due to increases in investment earnings, income from subsidiary operations – EPCOR, and user fees and sale of goods and services. This is partially offset by lower than expected government transfers – operating.

**Investment earnings** were \$129.9 million higher in 2021 compared to the prior year, this is due to accelerated economic growth around the world due to economies reopening, vaccines rolling out, and an extremely accommodative monetary and fiscal policy, which has resulted in higher market returns (realized and unrealized).

**Subsidiary operations – EPCOR** increased by \$112.0 million from the prior year primarily due to higher water consumption from a dry summer, higher electrical rates and higher earnings from US operations due to higher gas rates and customer growth.

**User fees and sales** were higher than the previous year due to higher recreation facility and attractions revenue and higher land sales. As COVID restrictions eased, many facilities partially re-opened with enhanced safety measures. This was offset by lower transit and parking revenue as employees were encouraged or required to work from home throughout the year, significantly reducing transit ridership and parking in the City’s downtown core.

**Government transfers – operating** decreased by \$132.6 million mainly as a result of a one-time injection of \$158.2 million provided through the Government of Canada’s Safe Restart funding program in 2020, with matching funding provided by the Province of Alberta through the Municipal Operating Support Transfer (MOST) program. These funds were provided to help offset the financial impacts of the pandemic on general operations, with specific allocations for transit services. The decrease was partially offset by increased funding for affordable housing provided through the federal Rapid Housing Initiative and provincial Municipal Stimulus Program grant programs.



## 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 \$)

	2021 Budget (A)	2021 Actual (B)	Variance (B-A)	2020 Actual (C)	Variance (B-C)
Government Transfers - Capital	\$ 499.7	\$ 413.4	\$ (86.3)	\$ 565.6	\$ (152.2)
Contributed Tangible Capital Assets	129.0	95.4	(33.6)	118.2	(22.8)
Developer and Customer Contributions - Capital	121.1	6.8	(114.3)	8.9	(2.1)
Local Improvements	17.7	11.5	(6.2)	24.7	(13.2)
<b>Capital Revenues</b>	<b>\$ 767.5</b>	<b>\$ 527.1</b>	<b>\$ (240.4)</b>	<b>\$ 717.4</b>	<b>\$ (190.3)</b>

### COMPARISON TO BUDGET

Capital revenues of \$527.1 million were \$240.4 million lower than budget with decreases in all categories. More significant decreases from budget were seen in developer and customer contributions and government transfers as explained below.

**Developer and customer contributions** were \$114.3 million lower than budget largely due to the timing of capital expenditures that were partner or developer funded.

**Government transfers - capital** were lower than budget by \$86.3 million due to timing of grant eligible expenditures primarily related to the Municipal Sustainability Initiative (MSI) and Building Canada Fund (BCF) grants, partially offset with more than anticipated revenue from the Municipal Stimulus Program (MSP). Some of the projects contributing to the MSI and BCF variances are Yellowhead Trail Conversion, Windermere Fire Station and renewal projects where eligible expenditures will be incurred in the coming years.

### COMPARISON TO PRIOR YEAR

Capital revenues were lower than the prior year by \$190.3 million. Decreases were seen in government transfers - capital, contributed tangible capital assets and local improvements as explained below.

**Contributed tangible capital assets** were \$22.8 million lower than prior year due to fewer developer contributed infrastructure assets such as roads, sidewalks and streetlights for new neighbourhoods constructed.

**Government transfers - capital** were lower than the prior year by \$152.2 million due to the timing of grant eligible expenditures, primarily due to the Valley Line Southeast LRT utilizing most of the project's allocated grant funding in previous years and less eligible grant expenditures for bus fleet renewal and rehabilitation in 2021.

**Local improvement** revenues decreased by \$13.2 million compared to the prior year as the construction on the large local improvement Aurum Industrial project was completed in 2020. Local improvement revenues are recognized in the period that the project expenditures are completed and reflect the property owners' share of the improvement to be paid to the City.



# OPERATING EXPENSES

## Operating Expenses by Function (millions of \$)

	2021 Budget (A)	2021 Actual (B)	Variance (A-B)	2020 Actual (C)	Variance (B-C)
Transportation services	\$ 974.6	\$ 908.3	\$ 66.3	\$ 910.5	\$ (2.2)
Protective services	807.4	789.6	17.8	776.0	13.6
Community services	692.2	623.9	68.3	592.1	31.8
Waste Services Utility	210.5	202.8	7.7	206.2	(3.4)
Land Enterprise	37.0	23.4	13.6	15.5	7.9
Blatchford Renewable Energy Utility	2.4	1.6	0.8	1.4	0.2
Fleet services	48.5	38.8	9.7	45.8	(7.0)
Corporate administration, general municipal and other	528.9	505.1	23.8	476.0	29.1
<b>Operating Expenses</b>	<b>\$ 3,301.5</b>	<b>\$ 3,093.5</b>	<b>\$ 208.0</b>	<b>\$ 3,023.5</b>	<b>\$ 70.0</b>

## COMPARISON TO BUDGET

Operating expenses of \$3,093.5 million were lower than budget by \$208.0 million, or 6.3 per cent of the consolidated expenses budget.

**Transportation services** operational expenses were lower than budgeted due to less than anticipated ridership as a result of the ongoing COVID-19 pandemic and continued work from home requirements implemented by the province. Additionally, transportation services saw lower operating and interest costs due to the delayed opening of the Valley Line Southeast, and less than budgeted snow and ice control costs due to the lower than anticipated snowfall in the beginning of the year.

**Protective services** costs were lower than budget due to reduced extra duty costs as the pandemic resulted in the cancellation of numerous events, lower tow lot contract expenses due to fewer vehicle impounds, and less than budgeted rent and renovation costs as renovations were delayed to 2022.

**Community services** expenses were lower than budget due to lower costs for Explore Edmonton as COVID restrictions lead to canceled conferences and events, fewer rebates provided through the Revolving Industrial Servicing fund program due to slower than expected progress on certain developments, and lower than expected Sanitary Servicing Strategy Fund (SSSF) payments to EPCOR due to less than expected spending on related projects. These savings were partially offset by increased funding for affordable housing provided through the federal Rapid Housing Initiative and provincial Municipal Stimulus Program grant programs.

**Corporate administration, general municipal and other** expenses were lower than budget due to the settlement of the Annuity Fund pension plan, lower financing costs and tax-supported debt costs as a result

of the delayed opening of the Valley Line Southeast, and lower tax appeals costs due to fewer property tax appeals in 2021. Additional savings were realized due to lower expenses for corporate-wide items including fuel and utility costs.

## COMPARISON TO PRIOR YEAR

In 2021, operating expenses increased by \$70.0 million over the prior year mainly due to increases in Community Services of \$31.8 million, \$29.1 million in Corporate administration, general municipal and other, and \$13.6 million in Protective services.

**Protective services** expenses increased from the prior year due to higher wages aligned with overall increase in staff, increased sick pay and increased costs realized for minimum staffing required due to pandemic isolation requirements and higher information technology costs.

**Community services** had increased expenses in 2021 mainly due to higher grant payments of \$20 million related to support provided through the City's Affordable Housing Investment Plan for increased investment in housing, as well as COVID recovery support initiatives to various organizations. Additionally, Community services experienced increases in salary, material and utilities costs as recreation facilities and attractions were allowed to partially re-open during the year with enhanced COVID safety measures after being closed or opened with restricted service levels due to COVID restrictions in 2020.

**Corporate administration, general municipal and other** costs increased over the prior year mainly due to increased debt servicing costs and increased amortization as a result of higher than expected land improvements.

### Operating Expenses by Object (millions of \$)

	2021 Actual (A)	2020 Actual (B)	Variance (A-B)
Salaries, wages and benefits	\$ 1,590.9	\$ 1,577.6	\$ 13.3
Materials, goods and utilities	292.6	284.2	8.4
Contracted and general services	302.6	275.9	26.7
Interest and bank charges	116.7	143.9	(27.2)
Grants and other	158.8	125.5	33.3
Amortization of tangible capital assets	620.3	591.1	29.2
Loss on disposal, impairment and transfer of tangible capital assets	11.6	25.3	(13.7)
<b>Operating Expenses</b>	<b>\$ 3,093.5</b>	<b>\$ 3,023.5</b>	<b>\$ (70.0)</b>

Operating expense increases of \$70.0 million compared to prior year were mainly in the expense categories of grants, amortization and salaries and wages, partially offset by interest and bank charges and loss on disposal, impairment and transfer of tangible capital assets.

**Salaries, wages and benefits** increased due to an increase in protective services personnel, and higher sick pay due to COVID isolation requirements. Community services saw increased wages due to recreation facilities reopening during the year with enhanced safety measures. Recreation facilities were mostly closed, or had significantly reduced operations, in 2020 due to COVID restrictions. Increased costs are partly offset by personnel savings as a result of continued vacancy management in order to manage corporate-wide expenditures.

**Contracted and general services** were higher than the previous year due to the introduction of on-demand transit and associated costs, and higher security costs for Edmonton Transit Service. There were also increased costs related to the demolition of the Edmonton Compost Facility.

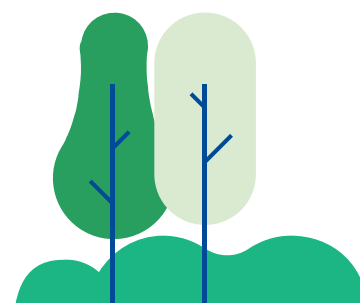
**Interest and bank charges** decreased due to less financing costs on the Valley Line Southeast project as less work was completed on the project in 2021 compared to the prior year as the project nears completion; interest is accrued on the project based on the percentage of project completion. Additional interest savings were realized due to gains on the City's fuel hedges.

**Grants and other** expenses increased due to higher grant payments of \$20 million related to support provided through the City's Affordable Housing Investment Plan for increased investment in housing, as well as COVID recovery support initiatives to various organizations.

**Amortization of tangible capital assets** increased as a result of higher than expected assets put into service in 2021 including Groat Road improvements, completed sections of the Valley Line Southeast, Fort Edmonton Park utilities and neighborhood renewal. Additional amortization was realized on higher than expected developer contributed assets.

**Loss on disposal, impairment and transfer of tangible capital assets** decreased over the prior year due to fleet services selling more equipment in 2021, which had been fully amortized resulting in a gain on sale.

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.





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



“ THE CITY HAS POLICIES IN PLACE FOR VARIOUS RESERVES, INCLUDING THE FINANCIAL STABILIZATION RESERVE, WHICH ENSURES SUFFICIENT FUNDING IS IN PLACE TO ADDRESS EMERGENT FINANCIAL ITEMS. ”

## 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, user fees and property assessment and taxation. Some of the more significant policies are discussed below.

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.

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

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

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

**City Policy, C579B, Traffic Safety and Automated Enforcement Reserve.** This policy 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.** The 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 provided funding certainty to allow for long-term budgeting and workforce planning for EPS and other tax-supported operations. It allowed 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. Administration will introduce a revised funding strategy for EPS as a part of the 2023-2026 budget development process.

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

**The City's Land Governance Model** helps ensure land management decisions are made from an integrated perspective that includes input from across the corporation. This model also provides for 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.

**City Policy, C203C, The City's Debt Management Fiscal Policy.** This policy provides guidelines for prudent debt management and ensures that debt is used responsibly to advance key infrastructure projects.

**City Policy, C558A, Council's Waste Management Utility Fiscal Policy.** This policy governs the financial relationship between the City and the municipally owned and operated utility. This policy requires the utility to operate in a manner that balances the best service at the lowest cost while employing private sector approaches to rate setting. The utility is required to charge rates that are sufficient to meet expenditures and cash flow requirements, repay capital debt and ensure financial sustainability.

“THE CITY'S LAND GOVERNANCE MODEL HELPS ENSURE LAND MANAGEMENT DECISIONS ARE MADE FROM AN INTEGRATED PERSPECTIVE THAT INCLUDES INPUT FROM ACROSS THE CORPORATION.”

**City Policy, C597A, Blatchford District Energy Utility Fiscal Policy.**

This policy is 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.

**REGULATORY**

EPCOR water and wastewater treatment 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. In 2021, City Council approved PBR plans to set rates for drainage services and wastewater treatment for the three year period April 1, 2022 to March 31, 2025, and rates for water services for the five year period April 1, 2022 to March 31, 2027. The PBR framework and annual PBR progress reports allow City Council to have oversight and governance over water, wastewater treatment and drainage rates over a longer term and provides incentives to ensure that EPCOR operates more efficiently while providing appropriate service levels.

**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 Edmonton, delivering excellent services and managing the corporation for the community.

Council approved ConnectEdmonton, Edmonton's strategic plan. The plan provides community direction, aspiration and inspiration. This is the City's highest level plan and it is about making transformational change. It is intended to provide direction towards Edmonton's 2050 vision for the next ten years.

The City Plan, approved in 2020, articulates the choices the City will make to become a healthy, urban and climate resilient city of two million people that supports a prosperous region. A plan for people, places and prosperity, The City Plan policies will be reviewed and

**ENTERPRISE  
PERFORMANCE  
MANAGEMENT IS AN  
APPROACH THAT HELPS  
THE CITY MANAGE ITS  
WORK AND CONTINUOUSLY  
IMPROVE PERFORMANCE  
TO ACHIEVE THE RESULTS  
THAT EDMONTONIANS  
CARE ABOUT.**

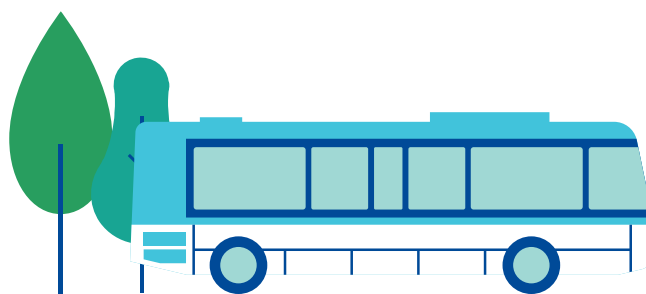
refined and larger growth management strategies associated with phasing and staging the plan will be updated at key population growth thresholds (1.25, 1.5 and 1.75 million people).

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

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

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

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)

The PSR project was formally completed in the summer of 2021. Between 2017 and 2021 the projects identified approximately \$30 million of net savings (cost avoidance and reduction) from over 180 recommendations. The realized savings were reallocated or identified as harvestable and incorporated into the supplemental operating budget deliberations. In addition to financial benefits, the PSR helped align performance management to optimize service levels, and emphasized the importance of benchmarking the City’s service levels and performance against other municipalities and providers. The PSR also created a culture of self-assessment and continuous improvement which the City will leverage in the new approach to service review and improvement that will evolve to incorporate the added lenses of innovation and community and customer centricity for the next budget cycle.

## BUDGETING

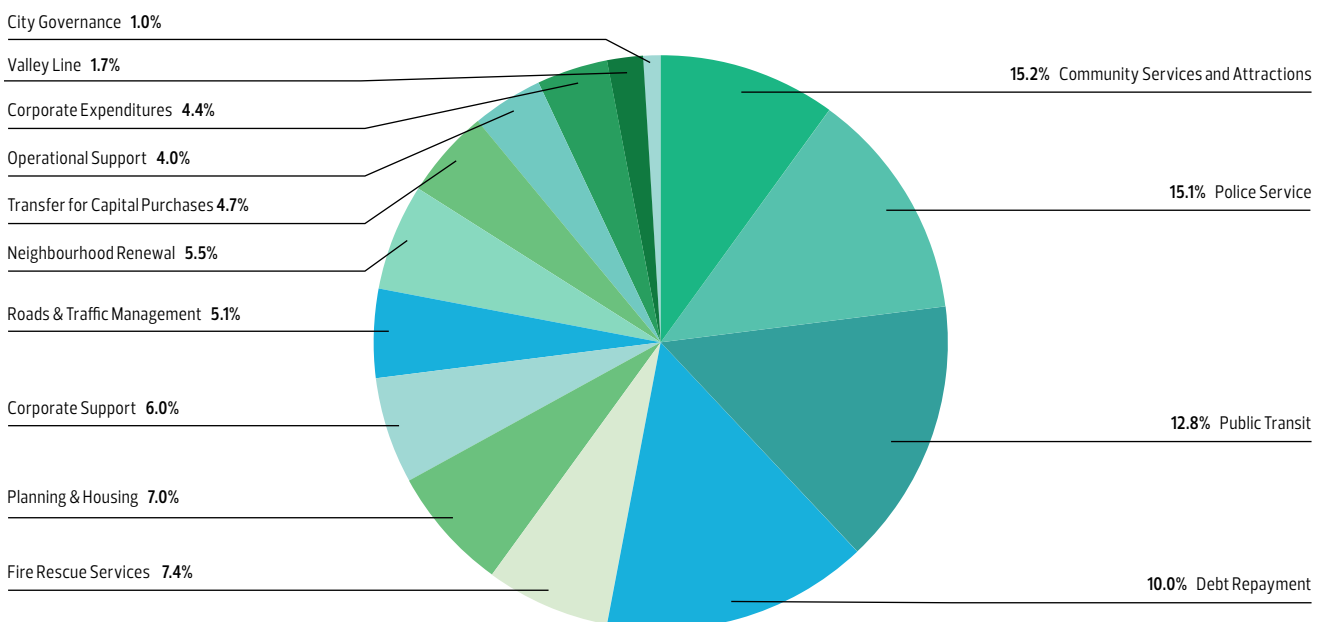
Guided by Edmonton’s strategic plan, the 2019–2022 Operating and Capital Budgets assist Council in making strategic decisions about how to allocate City resources. This multi-year approach allows the City to align strategic plans, business plans, and operating and capital budgets, to ensure the dollars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

financial decision making, while building stable program and service delivery and infrastructure development.

The multi-year process includes opportunities to adjust the budget twice a year through the supplemental budget adjustment process approved by 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 original 2019–2022 Operating and Capital budgets. In December 2020, City Council made amendments to the approved 2021 operating budget.

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 (0.3) per cent general property tax decrease in 2021. The (0.3) per cent decrease includes a (1.8) per cent decrease for all civic operations, a 0.6 per cent increase for Valley Line LRT, a 0.3 per cent increase for Alley Renewal and a 0.6 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:

### 2021 Budget by Major Expense Category



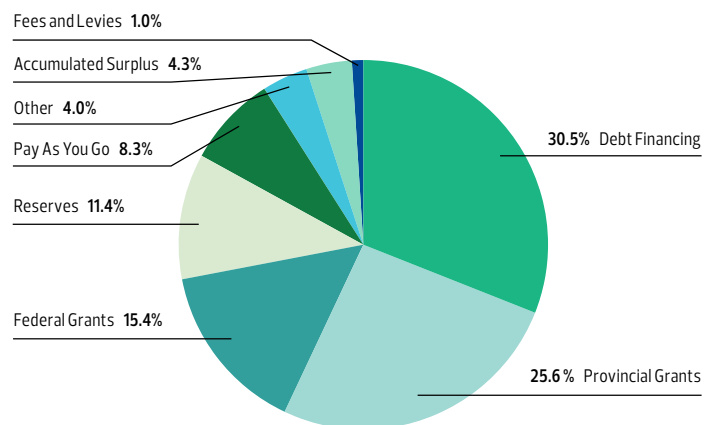


The Bylaw to establish the 2022 municipal tax for all property types will be set by City Council in May 2022. Changes to the operating budget that will impact the tax levy may be completed prior to the taxation bylaw approval.

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 centers 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.

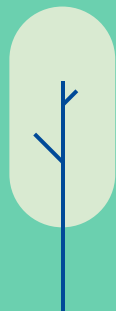
The four-year capital budget will see investments of \$7.4 billion on infrastructure based on the approved capital budget. Capital requirements directly related to EPCOR are not included in the capital budget. The funding and financing sources are as follows:

### 2019–2022 Capital Budget – Funding Sources





# AWARD PROGRAMS IN THE FINANCIAL SECTOR AREA CONTINUE TO RECOGNIZE THE CITY OF EDMONTON FOR A HIGH STANDARD OF ACHIEVEMENT.



## ACCOUNTING AND FINANCIAL REPORTING

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

The City of Edmonton Library Board, the Edmonton Police Service and Edmonton Combative Sports Commission use the same accounting system as the City but report through their own boards or commissions. EPCOR, Explore Edmonton Corporation, Non-Profit Housing Corporation, Innovate Edmonton 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. City Council reviews operating and capital reporting for second, third and fourth quarters. Capital reporting includes reporting on major projects in comparison to originally approved budgets and timelines, as well as forecast updates on debt for capital project funding. Both operating and capital performance reports include an economic update and are reviewed by Administration and provided to City Council along with recommendations to address opportunities and challenges, as necessary. The financial reports are key in guiding 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 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, 2020. 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 2020, Edmonton received this award for the 28th 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 2020 Financial Report to Citizens for the seventh consecutive year.

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

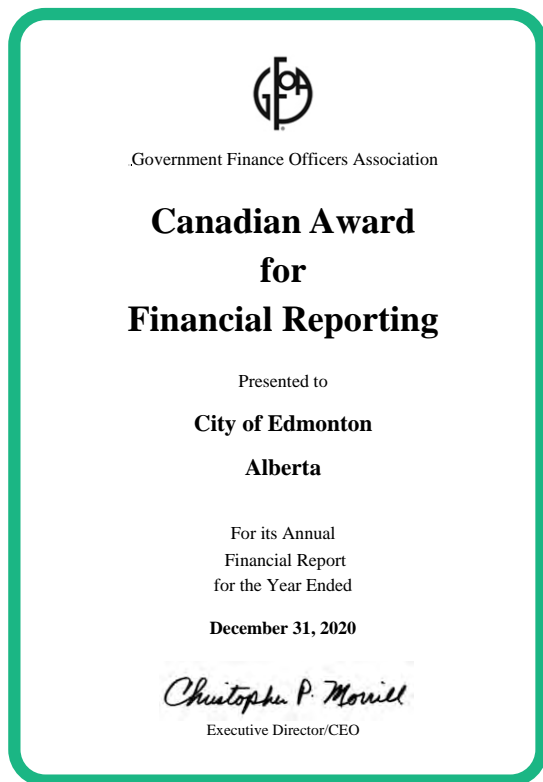
The MGA requires municipal councils to appoint an independent auditor. In 2020, a tender for audit services was completed and City Council appointed the firm of KPMG LLP, Chartered Professional Accountants, as External Auditor for a five-year term. The auditor must report to City Council on the annual 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

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.

In November 2018, Audit Committee was presented with the 2018–2019 Corporate Strategic Risk Register. Consistent with the Policy requirements, risks are updated annually. A refreshed and improved Enterprise Risk Management Framework was launched in 2021 to advance the organization's understanding and reporting of risks in a rapidly changing environment. The City's top risks to achieving the City's strategic goals currently are economic uncertainty, funding from other orders of government, community health and safety, climate impacts and employee wellbeing.

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

### ECONOMIC RISKS

Edmonton's economy made meaningful progress in its recovery from the impacts of the COVID-19 pandemic in 2021, with available data indicating a much stronger rebound in conditions than initially expected. Real gross domestic product is expected to recover to 2019 levels by the end of 2022 at an aggregate level, though the pace of recovery is expected to be uneven across sectors. Pandemic-related factors like supply chain disruptions and energy market imbalances have been impacting prices for consumer goods and services, and adding to financial pressures for businesses, with some sectors feeling more pressure than others. This represents a downside risk to the City of Edmonton's economic outlook for 2022 and into 2023 should households and businesses be forced to make additional trade-offs in response to being in a persistently higher cost environment. As well, geopolitical risks have introduced additional volatility to the macro environment, adding to near-term risks to growth expectations.

Despite risks on the horizon, the progress made in 2021 put Edmonton's economic recovery on more solid footing for 2022. Edmonton's population is expected to continue growing, which will add support to consumer demand, including for housing and City-provided services. The City of Edmonton will continue to monitor economic developments in order to balance Edmonton's economic realities with the City's need to provide quality services and infrastructure to all Edmontonians.

“ DESPITE RISKS ON THE HORIZON, THE PROGRESS MADE IN 2021 PUT EDMONTON'S ECONOMIC RECOVERY ON MORE SOLID FOOTING FOR 2022.

”





# 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.

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 57 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. The concept of 'renewal', refers to investment in existing infrastructure to restore it to an efficient operational condition and extend its service life. Investing in renewal at key points throughout the life of an asset maintains its condition at a higher level while extending the life of the asset. Investment in renewal reduces the long-term requirement for capital funding while maintaining a suitable level of service for residents.

The City manages a broad range of infrastructure assets. For the 2021 reporting period, 52.2 per cent of City assets are in very good/good condition, 38.7 per cent are in fair condition, and 9.1 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 change in 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.



## MANAGING OTHER RISKS

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

- + Environmental risks are monitored through internal City practices and policies, which aid in the effective management of environmental risks and responsibilities. City Council approved Edmonton's Environmental Management System Policy C505 as well as an Environmental Policy C512. The policies ensure commitment to sound environmental management practices, and stewardship in all aspects of its corporate activities. Standard environmental management system practices across the City will address environmental regulatory compliance, pollution prevention and continual improvement.
- + The corporate Property and Casualty Risk Management area provides risk management advice, claims adjusting, purchase of insurance and risk control inspections.
- + Ongoing proactive analysis of the physical, contractual and insurance risks associated with capital projects or major initiatives and establishment of appropriate measures to identify and control project risk. The intention of City Policy C591, Capital Project Governance Policy, is to ensure that an appropriate level of development is completed on projects prior to them moving onto the delivery phase. This rigorous risk management process helps to ensure that key projects are completed safely, on time, on budget, on quality and in scope.
- + Forward purchase contracts are entered into 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 that 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. In late 2021, the province provided notice that interest rates charged on new loans will be revised to better reflect the market cost of borrowing for local authorities, using rates for large municipalities in the bond market as the proxy for municipal costs.
- + The City has a Financial Stabilization Reserve that may be used to address emergent needs without impacting the City's financial position in the long-term. A financial risk based review was completed for the City in 2021, identifying potential risks faced by the City and the probable financial cost of each risk. The review substantiated the minimum and target balances of the reserve established through City policy. The next review will take place in 2024.
- + The City's Debt Management Fiscal Policy, C203C 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 CONTINUES TO LEVERAGE DATA ANALYTICS IN ORDER TO DISCOVER AND COMMUNICATE MEANINGFUL PATTERNS IN DATA.**

## INTERGOVERNMENTAL

The pandemic has highlighted the importance of collaborating and coordinating actions among all orders of government. Edmonton has focused on partnerships with the federal and provincial governments to address shared priorities of economic recovery and strong communities.

Edmonton has greatly appreciated the support that the federal and provincial governments provided to municipalities, individuals and businesses over the course of the pandemic to enable all to emerge “with our economic muscle intact” (*Government of Canada 2021 Economic and Fiscal Update*). Throughout the pandemic Edmonton has experienced a decline in transit and other operating revenues which is expected to persist well into 2023–24. 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 significant federal and provincial recovery investments along with stimulus spending that began in 2020, continued through 2021 as successive pandemic waves continued. This means that all governments will face continued challenges 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 the City’s future fiscal reality. There is an ongoing need and opportunity to modernize municipal finances and authorities over the long term. City governments across the country are continuing to advocate for changes to reflect the 21st century role of local governments in Canadians’ daily lives and the economy.

## COVID-19 PANDEMIC

The long-term effects of the pandemic on residents’ needs and preferences, including how they use City services, are unclear. For 2020 and 2021 the City has managed the impact on revenues and treated the additional costs due to the pandemic as temporary adjustments offset with one-time budget strategies. This approach helped limit the impact to residents and businesses by utilizing all available one-time funding strategies before considering more permanent options. Administration is currently assessing the long-term impacts of COVID-19 on City services and will address these with ongoing sustainable funding strategies through the 2023–2026 budget presented to City Council in the fall of 2022.



**THE CITY HAS MANAGED THE FINANCIAL IMPACTS OF THE PANDEMIC IN 2020 AND 2021 WITHOUT INCREASING PROPERTY TAXES.**





# CONCLUSION

Throughout 2021, the City of Edmonton has maintained its financial health and the City's economic performance remains one of the best in the province.

In 2021, 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.



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





## 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, 2022  
Edmonton, Canada



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

April 19, 2022  
Edmonton, Canada

### 3 CONSOLIDATED FINANCIAL STATEMENTS

# INDEPENDENT AUDITORS' REPORT

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

### OPINION

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

- + the consolidated statement of financial position as at December 31, 2021
- + 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, 2021, 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.

# INDEPENDENT AUDITORS' REPORT (CONT)

## 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 "2021 Annual Report"
- + the information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled the "2021 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 "2021 Annual Report" and "2021 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.

The logo for KPMG LLP, featuring the letters 'KPMG' in a stylized, handwritten font, followed by 'LLP' in a smaller, simpler font. A horizontal line is drawn underneath the text.

**Chartered Professional Accountants**

April 19, 2022  
Edmonton, Canada

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

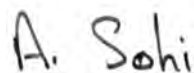
As at December 31 (in thousands of dollars)

	2021	2020
<b>Financial Assets</b>		
Cash and cash equivalents (Note 2)	\$ 473,259	\$ 531,040
Receivables (Note 3)	789,169	787,212
Investments (Note 4)	2,342,782	1,983,242
Debt recoverable (Note 5)	22,455	9,813
Land for resale	242,683	241,213
Investment in EPCOR (Note 19)	4,223,418	3,974,963
	<b>8,093,766</b>	<b>7,527,483</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 6 and Note 23)	1,150,730	1,061,048
Deposits	53,336	44,682
Deferred revenue (Note 7)	378,791	280,152
Employee benefit obligations (Note 8)	195,797	194,061
Landfill closure and post-closure care (Note 9)	45,560	40,408
Long-term debt (Note 10)	3,546,570	3,407,145
	<b>5,370,784</b>	<b>5,027,496</b>
<b>Net Financial Assets</b>	<b>2,722,982</b>	<b>2,499,987</b>
<b>Non-financial Assets</b>		
Tangible capital assets (Note 11)	13,754,952	13,195,576
Inventory of materials and supplies	33,778	37,320
Other assets (Note 12)	50,356	40,040
	<b>13,839,086</b>	<b>13,272,936</b>
<b>Accumulated Surplus (Note 15)</b>	<b>\$ 16,562,068</b>	<b>\$ 15,772,923</b>

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 Amarjeet Sohi



Councillor Andrew Knack

# CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

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

	Budget (Note 29)	2021	2020
<b>Revenues</b>			
Net taxes available for municipal purposes (Note 16)	\$ 1,738,170	\$ 1,745,774	\$ 1,726,220
User fees and sale of goods and services	550,375	506,676	461,682
Subsidiary operations – EPCOR (Note 19)	279,100	387,730	275,699
Investment earnings	91,137	208,089	78,160
Franchise fees (Note 20)	187,967	183,021	177,120
Government transfers – operating (Note 17)	107,515	144,879	277,454
Licences and permits	60,144	77,618	69,072
Fines and penalties	77,661	67,223	81,858
Developer and customer contributions – operating	26,431	37,531	23,284
	3,118,500	3,358,541	3,170,549
<b>Expenses</b>			
Transportation services:			
Bus and light rail transit	528,599	473,540	471,845
Roadway and parking	446,031	434,726	438,665
	974,630	908,266	910,510
Protective services:			
Police	511,020	499,947	483,375
Fire rescue	231,947	229,504	229,481
Bylaw enforcement	64,469	60,136	63,177
	807,436	789,587	776,033
Community services:			
Parks and recreation	218,748	213,398	208,976
Planning and corporate properties	224,762	175,390	179,748
Public housing	58,525	87,481	47,515
Public library	65,250	57,769	54,982
Community and family	55,322	52,937	58,541
Convention and tourism	69,551	36,893	42,302
	692,158	623,868	592,064
Utility and enterprise services:			
Waste Services Utility	210,465	202,808	206,187
Land Enterprise	37,032	23,425	15,472
Blatchford Renewable Energy Utility	2,410	1,606	1,415
	249,907	227,839	223,074
General municipal	279,815	246,888	234,268
Corporate administration	244,615	254,025	238,883
Fleet Services	48,466	38,809	45,755
Ed Tel Endowment Fund	4,491	4,221	2,863
	3,301,518	3,093,503	3,023,450
(Shortfall) Excess of Revenues over Expenses before Other	(183,018)	265,038	147,099
<b>Other</b>			
Government transfers – capital (Note 17)	499,651	413,405	565,516
Contributed tangible capital assets (Schedule 1)	128,975	95,448	118,245
Developer and customer contributions – capital	121,124	6,770	8,873
Local improvements	17,693	11,468	24,723
	867,443	527,091	717,357
<b>Excess of Revenues over Expenses</b>	584,425	792,129	864,456
Accumulated Surplus, beginning of year	15,772,923	15,772,923	14,928,471
Subsidiary operations – EPCOR – other comprehensive loss (Note 19)		(732)	(17,849)
Contributed capital transfer to EPCOR (Note 19)		(2,252)	(2,155)
<b>Accumulated Surplus, end of year</b>	\$ 16,357,348	\$ 16,562,068	\$ 15,772,923

See accompanying notes to consolidated financial statements.



# CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

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

	Budget (Note 29)	2021	2020
<b>Excess of Revenues over Expenses</b>	\$ 584,425	\$ 792,129	\$ 864,456
Acquisition of tangible capital assets	(2,278,273)	(1,136,470)	(1,379,334)
Contributed tangible capital assets (Schedule 1)	(128,975)	(95,448)	(118,245)
Proceeds on disposal of tangible capital assets		5,892	2,254
Amortization of tangible capital assets	663,270	620,337	591,167
Loss on disposal, impairment and transfer of tangible capital assets		11,604	25,277
Tangible capital assets contributed to EPCOR (Note 19)		34,709	48,331
	(1,743,978)	(559,376)	(830,550)
Net use of inventory of materials and supplies		3,542	1,286
Net change in other assets		(10,316)	(2,677)
		(6,774)	(1,391)
Subsidiary operations - EPCOR - other comprehensive loss (Note 19)		(732)	(17,849)
Contributed capital transfer to EPCOR and other adjustments (Note 19)		(2,252)	(2,155)
		(2,984)	(20,004)
<b>(Decrease) increase in net financial assets</b>	(1,159,553)	222,995	12,511
Net Financial Assets, beginning of year	2,499,987	2,499,987	2,487,476
<b>Net Financial Assets, end of year</b>	\$ 1,340,434	\$ 2,722,982	\$ 2,499,987

See accompanying notes to consolidated financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

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

	2021		2020
Net inflow (outflow) of cash and cash equivalents:			
<b>Operating Activities</b>			
Excess of revenues over expenses	\$792,129	\$	864,456
Add (deduct) items not affecting cash and cash equivalents:			
Subsidiary operations – EPCOR (Note 19)	(387,730)		(275,699)
Amortization of tangible capital assets	620,337		591,167
Loss on disposal, impairment and transfer of tangible capital assets	11,604		25,277
Contributed tangible capital assets	(95,448)		(118,245)
Change in non-cash items:			
Receivables	(1,957)		(118,332)
Debt recoverable	(12,642)		247
Land for resale	(1,470)		6,422
Inventory of materials and supplies	3,542		1,286
Other assets	(10,316)		(2,677)
Accounts payable and accrued liabilities	89,682		107,848
Deposits	8,654		(4,553)
Deferred revenue	98,639		(70,123)
Employee benefit obligations	1,736		18,495
Landfill closure and post-closure care	5,152		(5,181)
	<b>1,121,912</b>		<b>1,020,388</b>
<b>Capital Activities</b>			
Acquisition of tangible capital assets	(1,136,470)		(1,379,334)
Proceeds on disposal of tangible capital assets	5,892		2,254
	<b>(1,130,578)</b>		<b>(1,377,080)</b>
<b>Investing Activities</b>			
Dividend from subsidiary (Note 19)	171,000		171,000
Net increase in investments	(359,540)		(46,050)
	<b>(188,540)</b>		<b>124,950</b>
<b>Financing Activities</b>			
Promissory notes issued	59,975		289,773
Repayment of promissory notes	(59,975)		(309,680)
Debenture borrowings	260,370		246,778
Repayment of long-term debt	(179,970)		(164,620)
Increase in public-private partnership (P3) term debt	59,025		122,223
	<b>139,425</b>		<b>184,474</b>
<b>Decrease in cash and cash equivalents</b>	<b>(57,781)</b>		<b>(47,268)</b>
Cash and cash equivalents, beginning of year	531,040		578,308
<b>Cash and cash equivalents, end of year</b>	<b>\$473,259</b>	<b>\$</b>	<b>531,040</b>

Operating activities for 2021 include \$33,656 (2020 – \$36,470) of interest received and \$111,005 (2020 – \$127,717) of interest paid.

See accompanying notes to consolidated financial statements.

# SCHEDULE 1 – CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2021 (in thousands of dollars)

	Opening Balance	Additions and Transfers	Disposals, Impairments and Transfers	Closing Balance
<b>Cost</b>				
Land	\$ 1,834,792	\$ 174,826	\$ (6,226)	\$ 2,003,392
Land improvements	1,517,825	258,446	(1,435)	1,774,836
Buildings	3,388,637	172,816	(1,413)	3,560,040
Vehicles	1,187,718	157,353	(43,921)	1,301,150
Machinery and equipment	1,001,850	111,447	(20,228)	1,093,069
Engineered structures:				
Roadway system	8,532,630	570,779	(36,120)	9,067,289
Light rail transit	1,347,406	474,098		1,821,504
Waste	150,454	5,673		156,127
Bus system	233,817	33,419		267,236
Other	83,562	3,214		86,776
	19,278,691	1,962,071	(109,343)	21,131,419
Assets under construction	1,882,257	(730,153)	(30,717)	1,121,387
	21,160,948	1,231,918	(140,060)	22,252,806
<b>Accumulated Amortization</b>				
Land improvements	565,926	54,582	(1,435)	619,073
Buildings	1,299,532	123,871	(406)	1,422,997
Vehicles	685,487	68,896	(43,026)	711,357
Machinery and equipment	612,753	78,684	(19,505)	671,932
Engineered structures:				
Roadway system	4,089,362	236,786	(23,483)	4,302,665
Light rail transit	493,278	42,943		536,221
Waste	106,320	2,640		108,960
Bus system	99,480	9,936		109,416
Other	13,234	1,999		15,233
	7,965,372	620,337	(87,855)	8,497,854
<b>Net Book Value</b>	\$ 13,195,576	\$ 611,581	\$ (52,205)	\$ 13,754,952

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 2021, a total of \$95,448 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 2021, is \$34,709 of tangible capital assets contributed to EPCOR (Note 19).

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
<b>Cost</b>				
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
<b>Accumulated Amortization</b>				
Land improvements	524,257	49,42	(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
<b>Net Book Value</b>	\$ 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 19) and \$989 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, 2021 (in thousands of dollars)

	City of Edmonton Library Board	Explore Edmonton Corporation	Non-Profit Housing Corporation	Fort Edmonton Management Company	Edmonton Combative Sports Commission	Innovate Edmonton	Waste RE-solutions Edmonton (Note 1)
<b>Financial Position</b>							
Financial Assets	\$ 24,939	\$ 22,225	\$ 8,945	\$ 4,387	\$ 237	\$ 7,917	\$
Liabilities	9,125	23,805	54,937	2,291		6,212	
<b>Net Financial Assets (Debt)</b>	<b>15,814</b>	<b>(1,580)</b>	<b>(45,992)</b>	<b>2,096</b>	<b>237</b>	<b>1,705</b>	
Non-Financial Assets	37,222	7,500	69,936	429		61	
<b>Accumulated Surplus</b>	<b>\$ 53,036</b>	<b>\$ 5,920</b>	<b>\$ 23,944</b>	<b>\$ 2,525</b>	<b>\$ 237</b>	<b>\$ 1,766</b>	<b>\$</b>
<b>Operations</b>							
Revenues	53,366	44,499	11,813	3,841	(1)	6,097	
Expenses	58,220	40,573	12,405	3,754	11	4,339	
Other	8,233	35	1,116				
<b>(Shortfall) Excess of Revenues over Expenses</b>	<b>3,379</b>	<b>3,961</b>	<b>524</b>	<b>87</b>	<b>(12)</b>	<b>1,758</b>	
Accumulated Surplus, beginning of year	49,657	1,959	23,420	2,438	249	8	
<b>Accumulated Surplus, end of year</b>	<b>\$ 53,036</b>	<b>\$ 5,920</b>	<b>\$ 23,944</b>	<b>\$ 2,525</b>	<b>\$ 237</b>	<b>\$ 1,766</b>	<b>\$</b>

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

	City of Edmonton Library Board	Explore Edmonton Corporation	Non-Profit Housing Corporation	Fort Edmonton Management Company	Edmonton Combative Sports Commission	Innovate Edmonton	Waste RE-solutions Edmonton
<b>Financial Position</b>							
Financial Assets	\$ 21,908	\$ 13,589	\$ 8,950	\$ 2,498	\$ 263	\$ 69	\$ 386
Liabilities	11,783	19,313	29,528	543	14	64	386
<b>Net Financial Assets (Debt)</b>	<b>10,125</b>	<b>(5,724)</b>	<b>(20,578)</b>	<b>1,955</b>	<b>249</b>	<b>5</b>	
Non-Financial Assets	39,532	7,683	43,998	483		3	
<b>Accumulated Surplus</b>	<b>\$ 49,657</b>	<b>\$ 1,959</b>	<b>\$ 23,420</b>	<b>\$ 2,438</b>	<b>\$ 249</b>	<b>\$ 8</b>	<b>\$</b>
<b>Operations</b>							
Revenues	51,482	35,673	9,556	967	1	100	22
Expenses	55,443	43,719	9,761	940	10	92	213
Other	9,731		1,489				
<b>(Shortfall) Excess of Revenues over Expenses</b>	<b>5,770</b>	<b>(8,046)</b>	<b>1,284</b>	<b>27</b>	<b>(9)</b>	<b>8</b>	<b>(191)</b>
Accumulated Surplus, beginning of year	43,887	10,005	22,136	2,411	258		191
<b>Accumulated Surplus, end of year</b>	<b>\$ 49,657</b>	<b>\$ 1,959</b>	<b>\$ 23,420</b>	<b>\$ 2,438</b>	<b>\$ 249</b>	<b>\$ 8</b>	<b>\$</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021 (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 controlled by the City. In addition to general government tax-supported departments, these organizations, enterprises and utilities are consolidated and include the following:

**The City of Edmonton Library Board**  
(Edmonton Public Library)

**Explore Edmonton Corporation**  
(formerly Edmonton Economic Development Corporation), 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, previously 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 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. The City recognizes its equity interest in the annual other comprehensive income (loss) due to fair value adjustments on the Consolidated Statement of Operations and Accumulated surplus with a corresponding increase (decrease) in the investment account. Contributions of tangible capital assets to EPCOR from the City are recorded as an increase to the investment in EPCOR, and any dividends that the City receives from EPCOR are recorded as a decrease to the investment account.

The City, through its wholly-owned subsidiary Explore Edmonton Corporation (EE) (previously operating as Edmonton Economic Development Corporation (EEDC)), held 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. On March 30, 2021, both EE and the University of Alberta decided to terminate their participation in the partnership. This decision resulted in the dissolution of the partnership, with all assets existing within the partnership being distributed equally to the partners by August 31, 2021.

In December 2019, City Council voted to change the scope of EE'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 City is the sole Shareholder of its subsidiary corporation, 2492369 Canada Corporation, previously 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. This process was completed, and the Company became dormant effective June 30, 2021.



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021 (in thousands of dollars)

The City administers Pension Funds, a Long-term Disability Plan and other assets on behalf of third parties and are disclosed in note 21. Related trust assets under administration for the benefit of external parties have been excluded from the reporting entity.

## B. BASIS OF ACCOUNTING

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

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

## C. USE OF ESTIMATES

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

Administration has used estimates to determine employee benefit obligations, pension obligations relating to City-sponsored pension plans, 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 Separate School District and are excluded from revenues and expenses in the Consolidated Statement of Operations and Accumulated Surplus. Education taxes collected as part of the incremental property taxes within a Community Revitalization Levy (CRL) are retained to offset development costs in the area over the life of the CRL.

## F. GOVERNMENT TRANSFERS

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

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

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021 (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, 2021 (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. 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.

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.

## Q. PUBLIC-PRIVATE PARTNERSHIPS

A public-private partnership (P3) is a contractual agreement between a public authority and a private entity for the provision of infrastructure and/or services. The City's P3 with TransEd Partners General Partnership is assessed based on the substance of the underlying agreement. Costs incurred during construction or acquisition are recognized as Tangible capital assets (classified as assets under construction), with a corresponding liability, both based on the estimated percentage of project completion. The asset 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 until the asset is available for productive use.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021 (in thousands of dollars)

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.

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## 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.

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## 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.

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## iv. Land Under Roads

Land under roads that is acquired other than by a purchase agreement is valued at a nominal amount, as the fair value is not determinable.

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## v. Inventory of Materials and Supplies

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

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## 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. COVID -19

Over the course of the 2021 fiscal year, the City continued to be impacted by COVID-19. Various levels of public health restrictions were present throughout 2021 which affected the finances of many individuals, organizations, and the City. The City continued to closely monitor the COVID-19 developments and follow the guidelines issued by Alberta Health Services.

This ongoing situation has impacted the City's operations, including reduced revenues from lower transit ridership, lower community and recreation facility admissions as well as decreased program and rental fees due to facility closures and reduced service levels in response to Provincial public health measures, lower parking fees, and various other revenue impacts. Additional expenses were also incurred for enhanced cleaning, purchases of personal protective equipment, and other pandemic related costs. The impacts have been reflected in the consolidated financial statements, both in the actual and budgeted results.

Management continues to monitor the financial effects on the City. The long-term effects of the pandemic on citizens' needs and preferences, including how they use City services, are unclear. The situation continues to be dynamic and the ultimate duration and magnitude of the impacts on the economy are still relatively uncertain.

## T. FUTURE ACCOUNTING STANDARD PRONOUNCEMENTS

In 2022, 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* are required to be implemented at the same time. The following summarizes upcoming changes to PSAS.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021 (in thousands of dollars)

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## 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.

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## 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.

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## 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.

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## 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

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## 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.

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## 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.

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## 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 guideline is applicable for fiscal years beginning on or after April 1, 2023.

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## viii. Public Private Partnerships

PS3160, *Public Private Partnerships*, establishes standards on accounting for partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner. This standard is applicable to fiscal years beginning on or after April 1, 2023.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021 (in thousands of dollars)

## 02 CASH AND CASH EQUIVALENTS

	2021	2020
Cash	\$ 35,067	\$ 38,696
Cash equivalents	444,828	492,344
Cheques outstanding in excess of deposits	(6,636)	
	\$ 473,259	\$ 531,040

Cash equivalents have effective interest rates of 0.2 to 0.6 per cent (2020 – 0.2 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 (2020 – \$250,000 CDN and \$10,000 USD) to cover any bank overdrafts arising from day to day cash transactions. As of December 31, 2021, \$0 (2020 – \$0) was outstanding on the line of credit.

## 03 RECEIVABLES

	2021	2020
Trade and other	\$ 207,696	\$ 184,889
Local improvements	119,986	120,470
Taxes	81,260	104,760
Government transfers:		
P3 Canada Fund	232,780	219,397
Investing in Canada Infrastructure Program	102,281	56,856
Public Transit Infrastructure Fund	24,874	49,381
Building Canada Fund	9,250	28,172
National Trade Corridor	4,758	478
Green Transit Incentives Program	2,461	22,257
Other	3,823	552
	\$ 789,169	\$ 787,212

Trade and other is net of allowance for doubtful accounts of \$3,835 (2020 – \$4,061). Taxes is net of allowance for doubtful accounts of \$6,076 (2020 – \$4,744).

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021 (in thousands of dollars)

## 04 INVESTMENTS

	2021		2020	
	Cost	Market value	Cost	Market Value
Cash	\$ 491	\$ 491	\$ 600	\$ 600
Amounts receivable - net	813	813	279	279
Fixed income:				
Short-term notes and deposits	267,622	267,515	62,730	62,577
Government and government guaranteed bonds	627,377	627,966	550,078	576,214
Corporate bonds and debentures	466,823	463,206	448,128	463,489
Pooled fund	108,076	110,026	92,078	95,512
	<b>1,469,898</b>	<b>1,468,713</b>	1,153,014	1,197,792
Common and preferred shares:				
Canadian	260,611	307,530	278,340	317,072
International	458,629	543,993	439,715	510,458
Global	47,897	56,958	46,755	49,577
	<b>767,137</b>	<b>908,481</b>	764,810	877,107
Pooled infrastructure funds	104,426	113,497	64,453	79,877
Other investments	17	17	86	86
	<b>\$ 2,342,782</b>	<b>\$ 2,492,012</b>	\$ 1,983,242	\$ 2,155,741

Short-term notes and deposits have effective interest rates of 0.1 to 0.9 per cent (2020 - 0.1 to 0.6 per cent) and mature in less than one year. Government and corporate bonds and debentures have effective interest rates of 0.9 to 4.1 per cent (2020 - 0.1 to 3.8 per cent) with maturity dates from September 8, 2022 to June 18, 2062 (2020 - January 5, 2021 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 \$891,958 (2020 - \$813,103) and market value of \$996,922 (2020 - \$912,823) are managed within the Ed Tel Endowment Fund, in accordance with City Bylaw 11713. An annual appropriation from the earnings of the fund of \$40,687 (2020 - \$40,093) was withdrawn to support municipal operations, based upon a spending formula set out in the Bylaw. Any amendment to the Bylaw requires advertisement and a public hearing.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021 (in thousands of dollars)

## 05 DEBT RECOVERABLE

Debt recoverable of \$22,455 (2020 – \$9,813) consists of amounts borrowed by the City and provided to the Edmonton Catholic Separate School District and the Francis Winspear Centre for Music, to be recovered through agreements. The financial arrangements are in accordance with section 264 of the Municipal Government Act and are authorized by City bylaws. The arrangements have the same general repayments terms as the respective debt with interest accrued on outstanding amounts. As of December 31, 2021, the Edmonton Catholic Separate School District and Francis Winspear Centre for Music

are in compliance with the terms of the financial arrangement. The receivables bear an implicit annual interest rate ranging between 2.5 per cent to 4.3 per cent (2020 – 4.3 per cent) and will be recovered in annual amounts between the years 2041 and 2044, respectively.

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

		Principal		Interest		Total
2022	\$	269	\$	303	\$	572
2023		561		303		864
2024		863		293		1,156
2025		889		279		1,168
2026		916		266		1,182
Thereafter		18,957		2,091		21,048
	\$	22,455	\$	3,535	\$	25,990



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021 (in thousands of dollars)

## 06 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021	2020
Trade and other	\$ 853,897	\$ 792,085
Developer obligations	182,879	173,911
Payroll and remittances	93,027	73,674
Accrued interest	20,927	21,378
	<b>\$ 1,150,730</b>	<b>\$ 1,061,048</b>

## 07 DEFERRED REVENUE

	2020	Externally Restricted Contributions Received	Revenue Recognized	2021
Operating:				
Revenue in advance of service performed and other	\$ 33,555	\$ 143,057	\$ 137,368	\$ 39,244
Development permits	18,991	11,620	13,239	17,372
Deferred lease incentives	13,095	10	852	12,253
Affordable Housing Municipal Block Funding	10,439	22	2,084	8,377
	76,080	154,709	153,543	77,246
Capital:				
Municipal Sustainability Initiative	99,633	235,363	170,664	164,332
Canada Community Building Fund (formerly known as the Federal Gas Tax Fund)	51,968	113,836	59,720	106,084
Municipal Stimulus Program	5,799	109,527	102,608	12,718
Other	11,528	5,955	7,349	10,134
Rapid Housing Initiative	35,144		26,867	8,277
	204,072	464,681	367,208	301,545
	<b>\$ 280,152</b>	<b>\$ 619,390</b>	<b>\$ 520,751</b>	<b>\$ 378,791</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021 (in thousands of dollars)

## 08 EMPLOYEE BENEFIT OBLIGATIONS

	2021	2020
Accrued vacation	\$ 93,961	\$ 88,382
Post-employment benefits	50,160	52,483
Banked overtime	15,024	13,672
Major medical and dental plans	13,407	16,419
Group life insurance plan	11,155	9,194
Supplementary management retirement plan	7,089	8,548
Health care spending	3,122	3,378
Income replacement plan	1,163	1,400
Other	716	585
	<b>\$ 195,797</b>	<b>\$ 194,061</b>

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, 2021 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 (2020 – 1.5 per cent). The accrued benefit obligation as at December 31, 2021 is \$46,642 (2020 – \$42,247). The change is comprised of current service cost of \$8,858 (2020 – \$8,968), interest cost of \$772 (2020 – \$1,112), actuarial loss of \$796 (2020 actuarial gain – \$242) and benefits paid during the year of \$6,031 (2020 – \$6,221).

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 2021 were \$1,004 (2020 – \$1,176). Eligible dental obligations for 2021 were \$331 (2020 – \$289). Other post-employment benefits for 2021 were \$2,183 (2020 – \$8,770).

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 \$7,089 (2020 – \$8,548) has been based upon an actuarial valuation completed by Aon Hewitt as at December 31, 2021. Unamortized net loss of \$416 (2020 loss – \$1,035) will be amortized over the fourteen (2020 – thirteen) 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 2021 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, 2021, completed by Aon Hewitt.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021 (in thousands of dollars)

## 09 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 2024, after which time the post closure period is expected to be 25 years. The costs to maintain a closed solid waste landfill site are based on estimated future expenses in current dollars by applying a discount rate at the

City's average long-term borrowing rate of 3.5 per cent (2020 – 3.5 per cent) and inflation rate of 2.1 per cent (2020 – 2.0 per cent). An amount of \$45,560 (2020 – \$40,408) has been accrued and Waste Services currently maintains restricted cash of \$22,200 for the Clover Bar landfill liability. The remaining required funds for this liability will be funded through the collection of utility rates.

## 10 LONG-TERM DEBT

### A. DEBT PAYABLE

Debt payable includes the following amounts:

	2021	2020
Debentures	\$ 3,554,705	\$ 3,523,655
Mortgages	24,048	5,275
Public-private partnership (P3) term debt	491,165	433,832
	<b>4,069,918</b>	3,962,762
Less debt attributed to and secured by offsetting amounts receivable from:		
EPCOR Utilities Inc.	523,348	555,617
	<b>\$ 3,546,570</b>	\$ 3,407,145
Long-term debt comprises:		
Self-liquidating debt	514,408	456,270
Tax-supported debt:		
Debenture debt	2,540,997	2,517,043
Public-private partnership (P3) term debt	491,165	433,832
	<b>\$ 3,546,570</b>	\$ 3,407,145

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021 (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
2022	\$ 70,222	\$ 183,328	\$ 253,550	\$ 33,221	\$ 220,329
2023	68,459	162,197	230,656	30,966	199,690
2024	68,849	166,710	235,559	31,613	203,946
2025	69,234	168,931	238,165	32,437	205,728
2026	69,281	172,426	241,707	33,155	208,552
Thereafter	691,711	2,178,570	2,870,281	361,956	2,508,325
	\$ 1,037,756	\$ 3,032,162	\$ 4,069,918	\$ 523,348	\$ 3,546,570

**Interest:**

	Self-Liquidating	Tax-Supported	Gross Payment	Less: EPCOR Receivable	Net Payment
2022	\$ 36,767	\$ 94,729	\$ 131,496	\$ 19,690	\$ 111,806
2023	33,128	100,057	133,185	18,195	114,990
2024	30,346	94,051	124,397	16,885	107,512
2025	27,578	87,901	115,479	15,553	99,926
2026	24,821	81,652	106,473	14,194	92,279
Thereafter	138,031	710,846	848,877	78,157	770,720
	\$ 290,671	\$ 1,169,236	\$ 1,459,907	\$ 162,674	\$ 1,297,233

**Total Payments:**

	Self-Liquidating	Tax-Supported	Gross Payment	Less: EPCOR Receivable	Net Payment
2022	\$ 106,989	\$ 278,057	\$ 385,046	\$ 52,911	\$ 332,135
2023	101,587	262,254	363,841	49,161	314,680
2024	99,195	260,761	359,956	48,498	311,458
2025	96,812	256,832	353,644	47,990	305,654
2026	94,102	254,078	348,180	47,349	300,831
Thereafter	829,742	2,889,416	3,719,158	440,113	3,279,045
	\$ 1,328,427	\$ 4,201,398	\$ 5,529,825	\$ 686,022	\$ 4,843,803

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

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021 (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 provincial Minister of Municipal Affairs.

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

	2021	2020
Total debt limit per Regulation	\$ 5,978,098	\$ 5,856,892
Total debt	3,546,570	3,407,145
Percentage used (%)	59.3	58.2
Total debt service limit per Regulation	\$ 1,046,167	\$ 1,024,956
Total debt service	335,975	313,179
Percentage used (%)	32.1	30.6

## C. MATURITIES AND INTEREST RATES

Existing long-term debt matures in annual amounts in years 2022 through 2052 and debenture interest is payable at rates ranging from

1.3 to 8.5 per cent (2020 - 1.3 to 8.5 per cent). The average annual interest rate is 3.5 per cent for 2021 (2020 - 3.5 per cent).

## D. INTEREST ON LONG-TERM DEBT

	2021	2020
Self-liquidating debt	\$ 37,353	\$ 39,018
Tax-supported debt	86,440	87,151
Public private partnership (P3) term debt	7,493	23,027
	131,286	149,196
Less payments on offsetting amounts receivable	20,861	22,330
Long-term debt interest included in interest and bank charges	\$ 110,425	\$ 126,866

## E. PUBLIC PRIVATE PARTNERSHIP (P3) OBLIGATION

	2021	2020
Valley Line LRT:		
P3 service commencement liability	\$ 204,804	\$ 204,112
P3 term debt	491,165	433,832
Total P3 Obligation	\$ 695,969	\$ 637,944

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021 (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 LRT from Mill Woods to Downtown. The construction period runs from 2016–2022 and the operating period from 2022–2050. 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 construction completion of the project. The remaining 33.3 per cent, which represents P3 term debt, is to be repaid by monthly interest and principal payments starting in the operating period at an interest rate of 4.4 per cent. The City's liability for the P3 Long 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, 2021, the total P3 obligation is \$695,969 based on 95.8 per cent of construction completion. The P3 service commencement liability related to the payment TransEd will receive upon service commencement, reported in Accounts payable and accrued liabilities, has a balance of \$204,804.

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

	Principal	Interest	Total
2022	\$ 31,763	\$ 9,409	\$ 41,172
2023	7,741	20,282	28,023
2024	8,091	19,932	28,023
2025	8,457	19,566	28,023
2026	8,840	19,184	28,024
Thereafter	426,273	287,687	713,960
	\$ 491,165	\$ 376,060	\$ 867,225

## 11 TANGIBLE CAPITAL ASSETS

	Net Book Value	
	2021	2020
Land	\$ 2,003,392	\$ 1,834,792
Land improvements	1,155,763	951,899
Buildings	2,137,043	2,089,105
Vehicles	589,793	502,231
Machinery and equipment	421,137	389,097
Engineered structures:		
Roadway system	4,764,624	4,443,268
Light rail transit (LRT)	1,285,283	854,128
Waste	47,167	44,134
Bus system	157,820	134,337
Other	71,543	70,328
	12,633,565	11,313,319
Assets under construction	1,121,387	1,882,257
	\$ 13,754,952	\$ 13,195,576

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

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021 (in thousands of dollars)

## 12 OTHER ASSETS

	2021		2020
Prepaid expenses – operational	\$ 30,846	\$	24,142
Benefit plan asset	14,795		15,898
Other	4,715		
	<b>\$ 50,356</b>	\$	<b>40,040</b>

## 13 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.

	2021		2020
Tangible capital assets (Schedule 1)	\$ 22,252,806	\$	21,160,948
Accumulated amortization (Schedule 1)	(8,497,854)		(7,965,372)
Long-term debt (Note 10)	(3,546,570)		(3,407,145)
Long-term debt for land redevelopment	76,118		76,605
Debt recoverable (Note 5)	22,455		9,813
	<b>\$ 10,306,955</b>	\$	<b>9,874,849</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021 (in thousands of dollars)

## 14 RESERVES FOR FUTURE EXPENDITURES

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

	2021	2020
General Government:		
Financial stabilization – appropriated	\$ 180,952	\$ 213,320
Pay-As-You-Go capital	180,143	122,725
Local improvement	138,880	137,940
Financial stabilization	121,746	129,015
LRT	86,567	56,110
Sanitary servicing strategy fund	56,009	56,584
Affordable housing	55,834	49,731
Fleet services – vehicle replacement	36,411	25,249
Planning and development	29,512	16,558
Funds in lieu – residential	29,447	21,936
Neighbourhood renewal	19,579	18,477
Parkland	19,572	18,613
Pay-As-You-Go capital – Edmonton Police Services	17,422	7,009
Tax-supported debt	16,707	5,456
Developer recoveries	10,959	11,848
Tree management	9,793	9,463
Natural areas	8,710	8,750
Rogers Place Arena capital	8,665	6,954
Revolving industrial servicing fund	8,631	2,535
Traffic safety and automated enforcement	7,375	20,347
Heritage resources	5,032	3,724
Commercial revitalization	4,830	1,594
Perpetual care	4,650	3,555
Public art	3,420	
Motor vehicle insurance	2,500	2,500
St. Francis Xavier	2,488	2,245
Commonwealth Stadium	1,991	1,876
Vehicle for hire	1,966	2,465
Other	902	1,424
Developer incentive		1,999
Brownfield redevelopment	(2,850)	(2,329)
Edmonton Police Service	(2,895)	7,034
Community revitalization levy – Capital City Downtown	(11,770)	(13,839)
Community revitalization levy – Belvedere	(14,205)	(11,025)
Community revitalization levy – Quarters	(14,211)	(12,214)
Interim financing	(37,749)	(37,838)
	<b>987,013</b>	<b>889,791</b>
City of Edmonton Library Board	12,488	6,968
Non-Profit Housing Corporation	6,511	6,680
Fort Edmonton Management Company	30	30
	<b>\$ 1,006,042</b>	<b>\$ 903,469</b>

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, 2021 (in thousands of dollars)

## 15 ACCUMULATED SURPLUS

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

	2021	2020
General government operations	\$ 52,254	\$ 40,385
Restricted surplus (deficit):		
EPCOR Utilities Inc.	4,223,418	3,974,963
Reserves for future expenditures (Note 14)	1,006,042	903,469
Ed Tel Endowment Fund	891,958	813,103
Land Enterprise	107,001	93,220
Pension and benefits	36,965	35,961
Waste Services Utility	17,804	(175)
Explore Edmonton Corporation	16,136	6,617
City of Edmonton Library Board	5,172	5,172
Fort Edmonton Management Company	3,662	2,015
Non-Profit Housing Corporation	704	745
Edmonton Combative Sports Commission	237	249
Blatchford Renewable Energy Utility	(5,585)	(3,671)
Equity in tangible capital assets (Note 1.3)	10,306,955	9,874,849
Advances for construction (capital to be financed)	(100,655)	26,021
	<b>\$ 16,562,068</b>	<b>\$ 15,772,923</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021 (in thousands of dollars)

## 16 NET TAXES AVAILABLE FOR MUNICIPAL PURPOSES

	Budget	2021	2020
Taxes:			
Property taxes	\$ 2,186,341	\$ 2,183,866	\$ 2,167,812
Revenue in lieu of taxes	24,925	22,971	22,368
Community revitalization levy ("CRL")	34,512	34,614	36,474
Other	4,000	8,494	8,878
Special tax – alley lighting	910	1,362	1,107
Tax appeals and allowances	(16,500)	(8,593)	(10,911)
	2,234,188	2,242,714	2,225,728
Less taxes on behalf of:			
Education	496,018	493,416	495,499
Business Improvement Areas and other		3,524	4,009
	496,018	496,940	499,508
Net taxes available for municipal purposes	\$ 1,738,170	\$ 1,745,774	\$ 1,726,220

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 6).

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

Provincial education taxes collected on incremental tax revenue within the CRL are retained to offset development costs in the related area. As at December 31, 2021 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 2021, \$4,429 (2020 - \$4,914) incremental tax levy was collected in the Quarters CRL, including \$983 (2020 - \$1,028) in education taxes. The Belvedere CRL collected \$1,174 (2020 - \$1,133) in incremental tax levy during the year, including \$240 (2020 - \$205) in education taxes. The Capital City Downtown CRL collected \$29,011 (2020 - \$30,427) in incremental tax levy during the year, including \$7,163 (2020 - \$7,590) in education taxes.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021 (in thousands of dollars)

## 17 GOVERNMENT TRANSFERS

	Budget	2021	2020
Operating:			
Federal	\$ 44,645	\$ 61,449	\$ 45,282
Provincial	62,870	83,430	232,172
	107,515	144,879	277,454
Capital:			
Federal	161,853	110,654	211,285
Provincial	337,798	302,751	354,231
	499,651	413,405	565,516
Total Government Transfers	\$ 607,166	\$ 558,284	\$ 842,970

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 2021, the City received \$10,199 (2020 - \$21,437), net of \$462 (2020 - \$253) received on behalf of regional transit partners and earned interest of \$34 (2020 - \$137). In 2021, the City transferred Green TRIP funding from Metro Line to the Stadium LRT Station project resulting in a net recognition of (\$9,563) (2020 - recognition of \$14,104) as capital government transfers and a receivable of \$2,461 (2020 - \$22,257) 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 2021, the City recognized operating government transfers of \$2,084 (2020 - \$3,512). In 2021, \$8,377 (2020 - \$10,439) has been recorded as deferred revenue and earned interest of \$22 (2020 - \$114).

In 2007, the Province introduced the Municipal Sustainability Initiative (MSI) program to provide municipalities with sustainable funding. In 2021, the City received \$235,053 (2020 - \$191,908) from the Province, earned interest of \$310 (2020 - \$1,318) and recorded \$170,664 (2020 - \$266,067) as capital government transfers. In 2021, the City recorded \$164,332 (2020 - \$99,633) as deferred revenue.

Under the Canada Community Building Fund, formerly known as the Federal Gas Tax Fund, the City received \$113,836 (2020 - \$55,613), and recognized \$16,115 (2020 - \$23,352) as capital government transfers and \$43,605 (2020 - \$43,605) as operating government transfers, to fund debt servicing costs related to the South LRT. In 2021, \$106,084 (2020 - \$51,968) has been recorded as deferred revenue.

In 2021, the City received a grant of \$26,046 (2020 - \$24,185) from the Province for Family and Community Support Services funding. In 2021, \$22,325 (2020 - \$22,325) was recognized as operating government transfers, while \$5,581 (2020 - \$1,860) 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 2021, the City received \$35,396 (2020 - \$44,880) and recorded \$16,474 (2020 - \$58,810) as capital government transfers. A receivable has been recorded for \$9,250 (2020 - \$28,172).

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 2021, the City received \$25,854 (2020 - \$70,156), and \$1,347 (2020 - \$49,042) has been recorded as capital government transfers and a receivable has been recorded of \$24,874 (2020 - \$49,381).

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 2021, the City received \$109,450 (2020 - \$6,117) from the Province and earned interest of \$77 (2020 - \$0). The City recognized \$93,008 (2020 - \$318) as capital government transfers, \$9,600 (2020 - \$0) as operating government transfers and recorded \$12,718 (2020 - \$5,799) 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 2021, the City received \$26,491 (2020 - \$0). The City recognized \$71,916 (2020 - \$56,856) as capital government transfers and \$102,281 (2020 - \$56,856) was recorded as receivable.

In 2016, through the P3 Canada Fund, an agreement was signed to provide funding for the construction of Valley Line LRT. In 2021, the City recognized \$13,383 (2020 - \$76,049) as capital government transfers and has recorded \$232,780 (2020 - \$219,397) as receivable.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021 (in thousands of dollars)

## 18 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		2021		2020	
Mayor:								
Iveson	\$	175	\$	95	\$	270	\$	251
Sohi	\$	31	\$	8	\$	39		
		206		45		251		251
Councillors:								
Banga		99		57		156		142
Cartmell		116		27		143		139
Caterina		99		23		122		142
Dziadyk		99		26		125		139
Esslinger		99		39		138		143
Hamilton		116		28		144		141
Henderson		87		37		124		140
Knack		116		29		145		143
McKeen		99		32		131		140
Nickel		99		77		176		142
Paquette		116		31		147		143
Walters		99		63		162		143
Rutherford		17		6		23		
Rice		17		8		25		
Tang		17		5		22		
Salvador		17		7		24		
Stevenson		17		9		26		
Janz		17		5		22		
Wright		17		7		24		
Principe		17		6		23		
		1,380		522		1,902		1,697
Chief Administrative Officer (City Manager)		337		29		366		355
Designated Officers		1,690		135		1,825		1,087
	\$	3,613	\$	789	\$	4,402	\$	3,390

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, 2021 (in thousands of dollars)

## 19 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.

	2021	2020
<b>Financial position:</b>		
Current assets	\$ 629,862	\$ 512,786
Capital assets	11,724,948	10,913,219
Other assets	891,997	753,819
<b>Total assets</b>	<b>13,246,807</b>	<b>12,179,824</b>
Current liabilities (including current portion of long-term debt of \$391,172 (2020 – \$366,287))	1,064,957	957,497
Non-current liabilities	4,536,752	4,226,268
Long-term debt	3,638,472	3,205,431
<b>Total liabilities</b>	<b>9,240,181</b>	<b>8,389,196</b>
Accumulated other comprehensive income	32,553	33,285
Share capital	797,528	797,528
Retained earnings	3,176,545	2,959,815
<b>Shareholder's equity</b>	<b>\$ 4,006,626</b>	<b>\$ 3,790,628</b>
<b>Results of operations:</b>		
Revenues	\$ 2,233,290	\$ 1,988,158
Gain on expropriation of Bullhead City operations	89,391	
Expenses	(1,934,951)	(1,712,459)
<b>Net income</b>	<b>\$ 387,730</b>	<b>\$ 275,699</b>
<b>Changes in shareholder's equity:</b>		
Shareholder's equity – opening	\$ 3,790,628	\$ 3,703,778
Net Income	387,730	275,699
Other comprehensive loss	(732)	(17,849)
Dividend to shareholder (City of Edmonton)	(171,000)	(171,000)
<b>Shareholder's equity – ending</b>	<b>\$ 4,006,626</b>	<b>\$ 3,790,628</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021 (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 2021, the City contributed \$34,709 (2020 - \$48,331) 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 \$223,100 (2020 - \$188,391), less related amortization of \$6,308 (2020 - \$4,056). This difference of \$216,792 (2020 - \$184,335) will be amortized over the useful life of the assets contributed.

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

2022	\$	134,776
2023		132,393
2024		139,250
2025		33,504
2026		33,986
Thereafter		3,319,625
	\$	<u>3,793,534</u>

EPCOR has issued letters of credit for \$134,443 (2020 - \$84,376) to meet the credit agreements of electricity market participants, as conditions of certain agreements or to satisfy legislated reclamation requirements.

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

	2021	2020
Dividend paid to the City	\$ 171,000	\$ 171,000
Franchise fees paid to the City	105,890	97,310
Financing expenses paid or payable to the City	19,583	20,934
Sales of administrative and construction services from the City	14,156	15,918
Property taxes and other taxes paid to the City	23,728	20,132
Costs of capital construction paid or payable to the City	54,092	40,202
Power and water purchased by the City	2,370	2,197
Other services purchased by the City	43,714	48,394

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.

	2021	2020
Trade and other receivables	\$ 40,420	\$ 60,875
Property, plant and equipment	54,092	40,202
Trade and other payables	16,683	17,661
Loans and borrowings issued in the name of the City	523,348	555,617
Deferred revenue and other liabilities	74,393	81,262

The City's financial statements include the net balance payable to EPCOR within Accounts payable and accrued liabilities - Trade and other (Note 6). The City's consolidated Long-term Debt (Note 10) is presented on a PSAS basis, net of offsetting receivables from EPCOR of \$523,348 (2020 - \$555,617).

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021 (in thousands of dollars)

## 20 UTILITY FRANCHISE AGREEMENT FEES

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

	Budget	2021	2020
ATCO Gas and Pipelines Ltd. – Gas	\$ 86,910	\$ 80,075	\$ 76,379
EPCOR Distribution Inc. – Power	67,375	67,375	66,017
EPCOR Water Services Inc. – Water	15,604	16,590	15,476
EPCOR Water Services Inc. – Drainage	9,995	10,351	11,570
EPCOR Water Services Inc. – Wastewater	8,083	8,630	7,678
	\$ 187,967	\$ 183,021	\$ 177,120

## 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 a public sector pension plan in Alberta registered under the Alberta Employment Pension Plans Act (EPPA).

The City is required to make current service contributions to the Plan of 9.39 per cent (2020 – 9.39 per cent) of pensionable payroll up to the yearly maximum pensionable earnings (YMPE) and 13.84 per cent (2020 – 13.84 per cent) thereafter. Employees of the City are required to make current service contributions of 8.39 per cent (2020 – 8.39 per cent) of pensionable salary up to YMPE and 12.84 per cent (2020 – 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 2021 were \$97,276 (2020 – \$97,177) and by the employees to the LAPP in 2021 were \$88,250 (2020 – \$88,248).

As of December 31, 2020, the LAPP reported the value of its asset of \$53,599,237 and a surplus for the overall plan as at of \$4,961,337. Information as at December 31, 2021 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 12.87 per cent of pensionable payroll. In addition, past service contributions to the Plan of 0.75 per cent of pensionable payroll are required to eliminate an unfunded liability related to service prior to 1992, on or before December 31, 2036. Additional past service contributions of 0.93 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 11.77 per cent of pensionable salary. As well, past service contributions of 0.75 per cent and 0.93 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 2021 were \$32,460 (2020 – \$31,636) and by the employees to the SFPP in 2021 were \$30,008 (2020 – \$29,244).

As at December 31, 2020, the SFPP reported the value of its assets at \$3,592,743 and a surplus for the overall plan of \$9,741 comprised of a deficit of \$177,989 for pre-1992 and a surplus of \$187,730 relating to post-1991. Information as at December 31, 2021 was not available at the time of preparing these financial statements.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021 (in thousands of dollars)

## 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 are reasonably determined. The fund is being held in trust by the City until the assets are distributed.

Total benefits paid during the year were \$0 (2020 – \$0). The total surplus funds available for distribution as of December 2021 were \$15,025.

### ii. Police Supplementary Pension Plan

The Police Supplementary Pension Plan (PSPP) provides benefits supplementary to the LAPP for 9 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 \$29 (2020 – \$33).

### iii. Fire Fighters' Supplementary Pension Plan

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

Total benefits paid during the year were \$9,919 (2020 – \$10,393). Employer contributions for the year were \$4,041 (2020 – \$4,002) and employee contributions for the year were \$3,310 (2020 – \$3,459).

### 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 \$231 (2020 – \$245). Employer contributions were \$71 (2020 – \$64) and employee contributions for the year were \$28 (2020 – \$21).

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, 2021. Each 2021 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 (2020 – 2.0 per cent). The discount rate used to determine the accrued benefit obligation is 5.00 per cent (2020 – 5.25 per cent). The expected rate of return on plan assets is 5.00 per cent (2020 – 5.25 per cent). The expected salary increase is 2.00 per cent for 2 years, and 2.75 per cent thereafter (2020 – 0.75 per cent for 2 years, and 2.0 per cent thereafter), plus a merit and promotion increase in the FFSP (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 15.0 per cent (2020 – 11.1 per cent).



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021 (in thousands of dollars)

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

	Annuity	PSPP	FFSPP	Fire Chief	2021	2020
Fair value of assets	\$ 15,025	\$ 17,658	\$ 313,390	\$ 4,939	\$ 351,012	\$ 312,434
Accrued benefit obligation		141	245,287	4,574	250,002	224,986
Funded status – surplus	15,025	17,517	68,103	365	101,010	87,448
Unamortized net actuarial gain			(28,054)	(222)	(28,276)	(20,798)
Accrued benefit asset	15,025	17,517	40,049	143	72,734	66,650
Valuation allowance		17,517			17,517	30,214
Employee portion of accrued benefit asset			18,022		18,022	16,374
Net fund asset	\$ 15,025	\$	\$ 22,027	\$ 143	\$ 37,195	\$ 20,062

The net actuarial gain is amortized on a straight line basis over the expected average remaining service life (EARSL) of the Fire Fighters' plan of 15.7 years (2020 – 16.3 years) and of the Fire Chief plan of 3.0 years (2020 – 3.0 years). The accrued benefit asset for the FFSPP is shared 55 per cent by the City as the employer and 45 per cent by 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 included in Receivables – Trade and other (Note 3) is the net employer share of the fund asset balance for the FFSPP, the net fund asset for the Fire Chief Plan, and the net City share of the fund asset balance for the Annuity.

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

	Annuity	PSPP	FFSPP	Fire Chief	2021	2020
Current service cost	\$	\$	\$ 7,767	\$ 64	\$ 7,831	\$ 6,764
Amortization of actuarial loss (gain)	784	(1,526)	(1,294)	(31)	(2,067)	(1,801)
Increase in valuation allowance	5	2,323			2,328	1,456
Less: employee contributions			(4)	(28)	(32)	(205)
Benefit plan expense for the year	789	797	6,469	5	8,060	6,214
Interest cost on accrued benefit obligation		8	11,734	214	11,956	11,716
Expected return on plan assets	(789)	(805)	(14,517)	(221)	(16,332)	(16,451)
Benefit plan interest income	(789)	(797)	(2,783)	(7)	(4,376)	(4,735)
Total benefit plan related expense			3,686	(2)	3,684	1,479
Less: employee portion of expense			1,658		1,658	841
Net benefit plan related expense			2,028	(2)	2,026	638
Less: employer contributions	15,025		4,041	93	19,159	4,088
Net Change	\$ (15,025)	\$	\$ (2,013)	\$ (95)	\$ (17,133)	\$ (3,450)

## D. LONG-TERM DISABILITY PLAN

The City, in conjunction with the City of Edmonton Investment Committee, administers the Long-term Disability Plan (the Plan) assets on behalf of third parties, made available to permanent City employees to provide protection against loss of income. The employee pays 100 per cent of the premium for the Plan. Related trust assets not owned by the City have been excluded from the reporting entity.

	2021	2020
Fair value of assets	\$ 171,676	\$ 159,153
Less: Accrued benefit obligation	127,701	114,609
Net assets	\$ 43,975	\$ 44,544

An actuarial valuation of the Plan was completed by Aon Hewitt as at December 31, 2021. The Plan's assets are valued at fair value.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021 (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 21.6 million litres of heating oil for monthly periods from January 2022 through December 2022. The contracts have settlement dates ranging from February 7, 2022 through January 09, 2023 at prices from \$0.61 to \$0.77 per litre, for a total commitment of \$14,878.

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 2016–2022 and the operating period from 2022–2050. The total commitment for construction over the life of the contract is \$1,456,495. As of December 31, 2021, \$1,395,322 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 of the monthly service level payments and maintenance payments upon service commencement are estimated to be \$937,942 and \$268,317 respectively. Additional details are provided in Note 10e.

### 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:

2022	\$	27,126
2023		25,528
2024		24,143
2025		22,394
2026		21,362
Thereafter		182,218
	\$	302,771

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021 (in thousands of dollars)

## 23 LIABILITY FOR CONTAMINATED SITES

As of December 31, 2021, the liability for contaminated sites includes sites associated with former and current City operations, sites acquired through tax forfeiture and purchase, and former unofficial waste disposal sites from early in the City's history. The nature of contamination includes heavy metals, salts, biosolids and other organic and inorganic contaminants. The sources of contamination include underground fuel storage tanks, fuel handling, vehicle storage and maintenance, metal manufacturing, stockyards, incinerators, wastewater treatment plants and lagoons as well as fill of unknown origin deposited in unauthorized landfills.

Liability estimates are based on environmental site assessments or are derived by extrapolating remediation costs incurred by the City for similar sites. The City has recognized a net decrease in the liability of \$442 over the prior year, representing a total liability for the remediation of contaminated sites of \$20,442 (2020 – \$20,884). The liability is reported in Accounts payable and accrued liabilities (Note 6, Trade and other) in the Consolidated Statement of Financial Position.

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## 24 CONTINGENT LIABILITIES

- A. The City is the defendant in various lawsuits as at December 31, 2021. 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 reclamation obligations. There may be contaminated sites that the City has identified that have the potential to result in remediation obligations. A liability has not been recorded for these sites because either the likelihood of the City becoming responsible for the site is not determinable, the amount of the liability cannot be estimated, or both.
- C. The City has certain agreements in place to guarantee financing for other organizations. While a liability has not been recorded in relation to these guarantees, as it has been assessed as unlikely that the City will be required to pay out any amounts, funds have been restricted in accumulated surplus in the event of default.

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## 25 CONTINGENT ASSETS

The City has outstanding legal claims against third parties as at December 31, 2021 for which the probability of settlement in favour of the City is likely, resulting in \$22,140 in future assets. The eventual recovery of legal claims is subject to risk and uncertainties that may arise from the settlement process. Contingent assets are not recorded in the financial statements.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021 (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 revenues of \$237,564.

	Government transfers	Future lease revenue	Total
2022	\$ 1,154,120	\$ 18,709	\$ 1,172,829
2023	966,369	16,559	982,928
2024	687,737	15,737	703,474
2025	476,098	13,339	489,437
2026	221,507	11,645	233,152
Thereafter	46,528	223,647	270,175
	\$ 3,552,359	\$ 299,636	\$ 3,851,995

## 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, 2021, 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, 2021 (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

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

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#### i. Transportation Services

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

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#### ii. Protective Services

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

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#### iii. Community Services

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

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#### 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.

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#### 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, 2021 (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.

## C. LAND ENTERPRISE

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

## D. BLATCHFORD RENEWABLE ENERGY

Blatchford Renewable Energy owns and operates a District Energy Sharing System that will provide environmentally-friendly heating, cooling and hot water to the buildings and homes of the Blatchford community. 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 19 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 2021 BUDGET

The City prepared a multi-year 2019-2022 operating budget, which was presented and approved by Council in December 2018. In December 2020, Council approved certain adjustments to the 2021 operating budget to update it for emergent issues. The operating budget reflected in these financial statements is consistent with amounts approved by Council with passing Bylaw 19574 - 2021 Property Tax and Supplementary Property Tax on April 19, 2021, which incorporates the operating budget and related adjustments made in December 2020 and ratifies the 2021 operating budget.

The capital budget reflected in these financial statements is based on the capital budget originally approved by Council in December 2018,

as part of the overall 2019-2022 capital budget, plus carry forward of unspent capital budget from previous years. Capital budget adjustments made as part of the spring and fall supplementary capital budget adjustment process are not reflected.

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

	Operating Revenues	Operating Expenses	Capital Revenues
Budget approved by Council on December 11, 2020	\$ 3,395,981	\$ 3,333,200	\$ 450,500
Supplementary budget adjustments	(25,666)	(22,324)	
Carry forward of prior year unspent budget		28,133	299,250
Amortization		630,823	
EPCOR Utilities	279,100		
Other controlled entities	11,129	12,948	
Consolidation adjustments	(57,375)	(462)	
Transfers from/to reserves	(242,989)	(457,896)	
Debt principal repayment		(210,604)	
Dividends from subsidiaries	(211,687)		
Reclassification for presentation purposes	(29,993)	(12,300)	17,693
Budget for financial statement purposes	\$ 3,118,500	\$ 3,301,518	\$ 767,443

## 30 COMPARATIVE INFORMATION

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







## 4 TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

### ABOUT TCFD

We know that the rising greenhouse gas (GHG) emissions on the planet are causing changes in the climate. The world is already experiencing increased severity and frequency of floods, fires and all types of extreme weather events, and these events are continuing to increase.

We do not yet know, however, the impact of this changing climate landscape on the global economy. To assist in addressing this gap, the Financial Stability Board created the Task Force on Climate-related Financial Disclosures (TCFD) in 2015. The task force was responsible for developing a framework to guide how organizations disclose climate-related financial impacts to investors, lenders, insurers and other key stakeholders. In 2017, the TCFD released recommendations on best practices for disclosure of the risks and opportunities associated with climate change. The recommendations were centered around four pillars: governance, strategy, risk management and metrics and targets. These pillars provide a basis for consistent, reliable and transparent disclosure of climate-related actions, strategies and financial impacts in an organization's annual report. The TCFD reporting is voluntary, and is applicable and adaptable across organizations and industries.

Since the release of the 2017 TCFD recommendations, there has been an increased uptake globally by countries and organizations to integrate the TCFD disclosure framework within financial reporting. An assessment of 2020 reporting revealed that TCFD supporters grew to over 2,600 – a growth of more than thirty per cent in one year<sup>1</sup>. In 2020, the Chartered Professional Accountants (CPA) of Canada published guidance on how Canadian municipalities can incorporate TCFD recommendations in financial reporting. Countries are also moving to mandate TCFD. For instance, the UK has announced they are moving towards mandatory TCFD reporting for large companies<sup>2</sup>. Late in 2021, Canadian Prime Minister Trudeau directed that the federal government work with provinces and territories to mandate climate-related financial disclosures based on the TCFD framework<sup>3</sup>. There is increasing need and calls to action to accelerate the transition to a clean energy economy and the TCFD framework is an effective tool to help move forward with this shared purpose in a measured and meaningful way.

<sup>1</sup>"Fourth TCFD Status Report," TCFD, accessed January 20, 2022, <https://www.fsb-tcfd.org/press/fourth-tcfd-status-report-highlights-greatest-progress-to-date-on-tcfd-adoption/>

<sup>2</sup>"The Evolution of Regulatory Standards", Climate Action, accessed January 20, 2022, <https://www.climateaction.org/webinars/the-evolution-of-regulatory-standards-aligned-to-TCFD>

<sup>3</sup>"Trudeau Tells Ministers to Mandate Climate Related Financial Disclosures," Green Economy Law, accessed January 20, 2022, <https://www.greeneconomylaw.com/blog/Trudeau-tells-ministers-to-mandate-climate-disclosures>.

## INTRODUCTION

As global temperatures continue to rise, the impacts to our cities and communities from climate change will increase in an unprecedented manner. Cities hold significant amounts of public infrastructure that are used to provide essential services to support our residents, our economy and our way of life; infrastructure that on one hand is susceptible to the impacts of climate change but is in turn adding to the rise in GHG emissions. Climate change is also impacting service capacity and delivery for cities. Marginalized populations are most likely to experience the negative impacts of climate change, requiring cities to be more agile in how we provide support to these vulnerable groups. As such, we believe cities must be at the forefront of further developing climate policy and strategy focused on planning and implementing climate mitigation and adaptation measures.

As part of our commitment to resilience and adaptation, the City of Edmonton (City) produced its first TCFD based reporting in its 2020 annual financial report. In 2021, the City of Edmonton joined the newly formed Canadian Municipal Network (CMN) for TCFD that was created by the cities of Montreal, Toronto and Vancouver. The focus of the group is to enhance climate-related financial disclosures within the annual financial reports of cities in the Canadian context.

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



## OUR COMMITMENT

The City is committed to change for climate before climate changes everything. We are working judiciously to be resilient and adapt to a low-carbon environment to protect our residents and our community. When City Council signed onto the Global Covenant of Mayors for Climate and Energy in 2015, they committed the City of Edmonton to take action on climate change and disclose environmental activities through the Carbon Disclosure Project (CDP). The City discloses data and information related to climate change mitigation and adaptation (including climate risks) through this open data platform. Annually, the City of Edmonton reports to the CDP on the greenhouse gases (GHG) emissions inventory, climate risk and vulnerability assessments, energy transition targets, and information on climate adaptation and mitigation. For 2021 CDP reporting, Edmonton earned a score of A-, which demonstrates a "Leadership" level for progress on climate adaptation and mitigation.

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

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

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



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

-Excerpt from the Edmonton Declaration, 2018

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

-ConnectEdmonton: Edmonton’s Strategic Plan 2019-2028.

## OUR APPROACH

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

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

### TCFD Recommended Framework

#### TCFD Recommended Disclosures

#### City of Edmonton Disclosure

##### Governance

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

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

- Edmonton’s Strategic Plan ConnectEdmonton
- City Plan
- Climate Resilient Edmonton: Adaptation Strategy and Action Plan
- Energy Transition Strategy.
- Establishment of The Energy Transition and Climate Resilience Committee (ETCRC) to advise Council on the City of Edmonton’s progress on energy transition and climate resilience.
- Council Policy Climate Resilience C627 embeds climate goals and targets from the two climate strategies into Council Policy direction.

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

Edmonton’s Climate Resilient Edmonton: Adaptation Strategy and Action Plan, Energy Transition Strategy and Council Policy Climate Resilience C627 identify how climate actions are integrated into City business processes and decisions, and that the City of Edmonton, through its planning, services, decision-making processes and leadership promotes and supports a climate resilient community.

## TCFD Recommended Framework (CONT)

### 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 both City of Edmonton owned assets and services, and for the community at large, from the 2050s to the 2080s.

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

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

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

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

In 2020, the City Administration initiated the development of a Carbon Accounting Framework to be fully implemented throughout the organization in 2022

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

Climate modelling to assess Edmonton's climate change vulnerability and risk was conducted on representative concentration pathways (RCPs) 4.5 and 8.5, representing a lower and a higher global emissions scenario, respectively. This provides flexibility in assessing climate risks in order to accommodate multiple future-plausible scenarios. There is a commitment to update this every five years to stay relevant to the current science.

### TCFD recommended disclosures

### City of Edmonton Disclosure

#### Risk Management

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

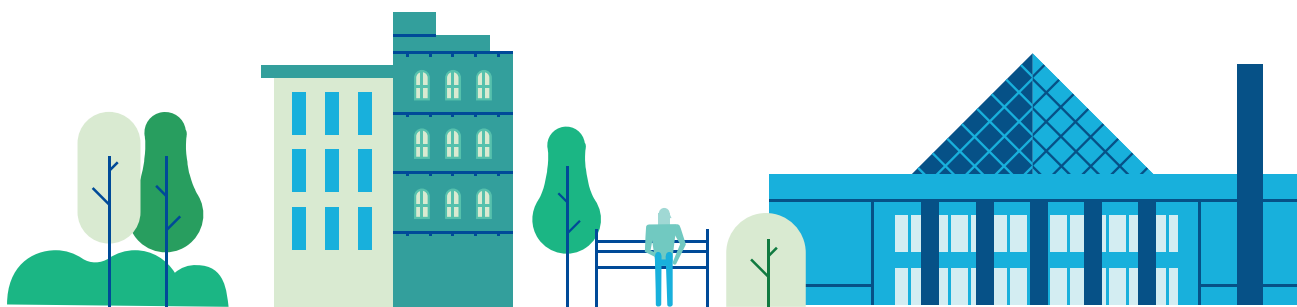
The updated Enterprise Risk Management (ERM) framework integrates climate and environmental related risks into the City's identified three levels of risk- strategic, operating and service risks. Edmonton's strategic climate risks are identified and assessed through a vulnerability and risk assessment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

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

The Climate Resilient Edmonton: Adaptation Strategy and Action Plan, and Community Energy Transition Strategy guide policy development and City departments and branches determine tactical business area actions to translate the strategic climate plans into tangible outcomes and integrate climate risks at the service level.

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

The Enterprise Risk Management (ERM) framework is evolving to address a consistent process for integrating climate-related risks. Currently this is done through the annual ERM process for evaluating strategic, operating and service risks, plus using a case-by-case basis evaluation driven by specific corporate policies, such as the Infrastructure Asset Management Policy.



## TCFD Recommended Framework (CONT)

### 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.	The City has developed a community Indicator, Climate Risk Index, to monitor and report on neighborhood-level climate risk. This is a composite index of over 40 indicators related to the exposure, sensitivity, and ability to respond to the impacts of a changing climate. This index is calculated on a neighborhood scale and represents an estimation of the level of risk a neighborhood is facing due to climate change.
Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks.	The City discloses and reports on Scope 1, Scope 2, and Scope 3 Community and Corporate Greenhouse Gas Emissions Inventories, to understand and manage these emissions.
Describe the metrics used by the city to manage climate-related risks and opportunities as well as performance against targets.	<p>Envisio indicators are used to measure the City of Edmonton's environmental performance against key performance indicators.</p> <p>City Plan targets and measures are used to help understand how Edmonton's planning and development actions achieve climate targets.</p> <p>A Carbon Target Budget is measured and reported on for corporate and community GHG emissions from 2005 baseline levels against emissions reduction targets for the Corporation in 2040 and community emissions in the years 2030 and 2050.</p> <p>A Fair Share Carbon Budget is measured and reported against a total GHG budget of 155Mt from the year 2019 to 2050.</p>

## MATURITY ASSESSMENT

A maturity assessment framework is included in the CPA Canada guidance document, Enhancing Climate Related Disclosures by Cities. This framework helps cities to assess their progress on governance, strategy, risk management, and metrics and targets. The City qualitatively self-assessed against this framework for 2021 reporting.

### Maturity Assessment of Edmonton's 2021 TCFD Disclosure:

#### Governance

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

#### Risk Management

Aligned	Progress	Future	
100%	0%	0%	PHASE 1
71%	29%	0%	PHASE 2
17%	67%	16%	PHASE 3

#### Strategy

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

#### Metrics and Targets

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

In 2021, the City made significant progress on incorporating climate change into the risk management process. However, less advancement was made to move initiatives in the other three pillars from in-progress to alignment due to a continued organizational focus on managing the impacts of COVID-19.

# GOVERNANCE

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

## MANAGEMENT AND COUNCIL'S ROLE

At the top of the City's governance structure, City Council sets climate and environmental policy to manage climate risks and opportunities. Management implements actions to operationalize City Council's policy and direction through many mechanisms, such as strategic planning and development, budgeting, community development, external partnerships, risk management, and business planning. City Management holds the primary responsibility for ensuring City Council's climate policy is followed. Updates on the progress of climate strategy, goals and targets are presented to City Council on an annual basis or periodically as plans, budgets and strategic documents are updated. An example of an annual progress update to City Council is the Energy Transition Strategy report. This report provides an overview of Edmonton's annual GHG emissions inventory, progress made by our civic operations in areas such as sustainable buildings, zero emissions fleet and vehicles, district energy developments, as well as progress made by community programs such as building programs, mobility programs and community grant programs. This report also includes a progress update on the implementation of Climate Resilient Edmonton: Adaptation Strategy and action plan.

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

## MANAGEMENT GOVERNANCE

Urban Planning and Economy	Financial and Corporate Services	External
<ul style="list-style-type: none"> <li>+ Environment and Climate Resilience Team</li> <li>+ Climate Resilient Building Team</li> <li>+ Enviso (ISO 14001 Environmental Management System)</li> <li>+ TCFD Working Group</li> </ul>	<ul style="list-style-type: none"> <li>+ TCFD reporting</li> <li>+ TCFD Working Group</li> <li>+ Enterprise Risk Management</li> <li>+ Carbon Accounting and Budget</li> </ul>	<ul style="list-style-type: none"> <li>+ Energy Transition Climate Resilience Committee</li> </ul>

## KEY ACCOMPLISHMENTS

- + Edmonton's senior leaders recognize that climate change action is necessary and urgent. In June 2021, the ongoing importance of climate change action was reinforced with Edmonton's Climate Adaptation Strategy and Energy Transition Strategy representing two of the eight City strategic priorities.
- + In April 2021 City Council approved a new climate resilience policy – Policy C627 Climate Resilience. This policy states that "the City of Edmonton, through its planning, services, decision-making processes and leadership, ensures, promotes and supports a climate resilient community with clean air and water; and natural and built environments that sustain long-term health and prosperity." The purpose of this policy is to provide clear and consistent governance and accountabilities for achieving a climate resilient community and to demonstrate to Edmonton's citizens, businesses, and community and industry partners that the City is committed to climate solution leadership in all aspects of city planning, development and business decisions. The activation of Policy C627 – Climate Resilience began in 2021 with the development of six new administrative procedures to provide direction on policy implementation, with a focus on city buildings.
- + The Climate Resilience Policy commits the City of Edmonton to immediately and urgently:
  1. Act to reduce Community emissions by 35 per cent by 2025, 50 per cent from 2005 emission levels by 2030 and be a carbon neutral community by 2050 through Energy Transition to help limit global warming to 1.5°C;
  2. Act to adapt, prepare for and respond to a changing climate; and
  3. Lead climate solutions in service delivery and corporate management.
- + In 2021, Edmonton's Mayor made a motion at the Edmonton Metropolitan Region Board to advance work assessing the feasibility of developing a regional carbon budget and regional approach to developing climate resilient communities. This work is currently underway, with Edmonton's City Manager helping to steer and champion this work and with Edmonton Administration providing subject matter expertise to the Regional Board.
- + In 2021, the City's Transformational Initiatives Committee determined that they would act as a project sponsor of Edmonton's Climate Strategies Integrated Implementation Framework and provide governance for this work into 2022.



In 2021, the City established a TCFD working group to report into the City of Edmonton's climate governance structure. The climate governance structure will guide the Corporation's strategies, policies and procedures to ensure we are changing our City for future generations.

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**Representation**

- + Key staff from climate and environment, risk management and finance form the core team, with subject matter experts providing additional support and guidance as required.

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**Mandate**

- + Champion the maturity and advancement of TCFD throughout the organization
  - + Completion of annual TCFD reporting
  - + Participate in Canadian Municipal Network for TCFD
  - + Communicate and collaborate with key stakeholders
  - + Keep track of financial implications of implemented initiatives throughout the year (future objective)
- 





# STRATEGY

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

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

## OUR CLIMATE STRATEGY WORK

### CITY PLAN

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

### EDMONTON'S COMMUNITY ENERGY TRANSITION STRATEGY

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

### CLIMATE RESILIENT EDMONTON: ADAPTATION STRATEGY AND ACTION PLAN

The Climate Resilient Edmonton: Adaptation Strategy and Action Plan developed in 2018 outlines the approach to adapting Edmonton to be resilient to impacts from climate change. The strategy was formally adopted unanimously by City Council in November 2020. The strategy is a four-year action plan, aligned with City Council budget cycles, which will be updated every four to five years. The

strategy has specific goals around adapting Edmonton to four main climate change impact themes: changing temperatures, changing precipitation, changing weather extremes and changing ecosystems, with an additional underlying foundational pathway around making science and evidence-based decisions. To date, implementation has been focused on the areas identified in the following table.

### Examples of Adaptation Action Implementation

Implementation Area	Focus
<b>Mainstreaming climate adaptation into business and city planning decisions</b>	Integrating climate adaptation into corporate climate plans
	Integrating climate change adaptation into design and construction standards and asset management plans
	Integrating adaptation into other city planning, development and infrastructure decisions
<b>Community Connectedness</b>	Integrating adaptation into climate resilient city buildings policy and procedures
	Developing tools and resources for citizens to understand climate change impacts expected in Edmonton
	Providing adaptation information and tools to help Edmonton's business community understand adaptation
<b>Transformational Adaptation</b>	Delivering climate change adaptation workshops to Edmonton Federation of Community Leagues and other community members
	CitiesIPCC Legacy Research Grant projects (related to filling climate adaptation knowledge gaps)
	Strategic projects to advance climate resilience goals



## SCENARIO ANALYSIS

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

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

## CLIMATE RELATED RISKS AND OPPORTUNITIES

### CLIMATE-RELATED RISKS

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

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

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

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

### CLIMATE OPPORTUNITIES

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

**THE CITY PLAN  
INCLUDES GOALS  
RELATED TO BEING  
A LOW CARBON AND  
CLIMATE ADAPTED  
COMMUNITY.**

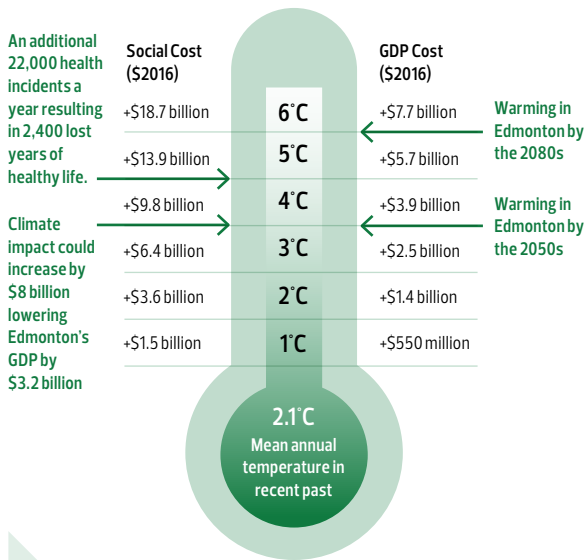
## CLIMATE AND FINANCIAL STRATEGIES

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

### EDMONTON'S ECONOMIC ASSESSMENT OF CLIMATE CHANGE IMPACTS

The City conducted an assessment to understand what the costs of climate change could be for Edmonton and our economy. 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's climate change risk and vulnerability assessment, which quantified damages to assets and services. This information is intended 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 (CAD) by 2050, lowering Edmonton's GDP by \$3.2 billion (CAD) from 2016 dollars.

#### Edmonton's Assessment of Climate Change Impacts



### ENERGY TRANSITION STRATEGY INVESTMENT REQUIREMENTS

The Energy Transition Strategy reflects ambitious 1.5 per cent targets and aligns with the City's long-term vision as outlined in ConnectEdmonton and The City Plan. However, it will require significant investment to implement.

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, reaching economies of scale, and supporting local market transformation. Looking specifically over the next 10 years, approximately \$24 billion is required to finance the energy transition - an average of \$2.4 billion per year.

The annual investment will require an estimated \$300 million in public investment to catalyze private investment in the transition. This level of public investment is significantly higher than the City 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 that is needed relates primarily to the full electrification of the bus fleet, deep facility retrofits, and the expansion of the LRT and active transportation network. These investments, when made, will enable future ongoing operational savings and build infrastructure that is fundamental to reducing Edmonton's greenhouse gas emissions. While the full level of investment required has not currently been committed, the City of Edmonton has completed several key capital projects to catalyze action on climate change. The following information is not an exhaustive list of all energy transition investments the City of Edmonton has made, but presents some key highlights. Currently, Edmonton Transit Service (ETS) operates a fleet of 40 electric buses, with funding received from the federal Investing in Canada Plan (ICIP), and is in the process of adding an additional 20 more electric buses through the support of the federal Canada Infrastructure Bank (CIB) zero-emissions bus (ZEB) program. In 2021, the City also expanded its exploration in alternative sustainable transit technologies through the approval of the Hydrogen Bus Pilot Program. This is a tremendous opportunity to explore the potential for mixed fleet alternative solutions



beyond electric vehicles and leverage Alberta's investment into the hydrogen economy. The potential opportunity to balance a fleet with hydrogen fuel cell technology will support our energy transition goals while balancing the potential for infrastructure investments based on electric charging systems. Additionally, this pilot is being financed through reallocating funding originally earmarked for a diesel bus replacement.

Additional climate investment has been committed to Edmonton's LRT network expansion of Valley Line West, Metro Extension to Blatchford, and Capital Line South Extension to Heritage Valley. The dedicated grant funding from the second phase of the federal ICIP and matching provincial portion is \$2.9B of investment from other levels of government. Including the contribution from the City, this is over \$3.9B of investment in green public infrastructure.

The City of Edmonton is also investing in projects to catalyze climate change action in the community. Funds have been committed from the City's operating budget to focus on new or increased rebates and incentives to local homeowners and businesses to increase their uptake towards solar installations and building retrofits, including participating in the Federation of Canadian Municipalities (FCM) Green Municipal Fund Clean Energy Improvement Program two year pilot initiative. To date, City Council has committed funds to these programs, including \$1.5 million in 2019, \$2 million in 2020 and \$1 million in 2021. The City's identified share is currently not fully managed within approved budgets, however we continue to work with City Council and within financial constraints to approve funding for climate-related initiatives.

### INTEGRATION INTO FINANCIAL PLANNING AND ASSET MANAGEMENT

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

In addition to new capital infrastructure planning, the City has integrated climate resilience into its renewal asset management planning to address the risk to infrastructure from climate change. Policy C598 – Infrastructure Asset Management, requires that the City consider proactive resilience when making infrastructure asset investment decisions, including capital renewal and operational maintenance. The initiation of two Asset Management Plans (AMP) in 2021—Paved Roads AMP and Bridges AMP—provided the opportunity to conduct climate risk assessments at an asset class level. This climate risk assessment was completed using a high-level Public Infrastructure Engineering

Vulnerability Committee (PIEVC) protocol. The recommendations from the PIEVC assessment will be used to inform life cycle management of the assets through the development of these asset management plans.

Beyond capital asset management, the City's financial operational plans are also evolving to include the assessment of climate impacts. Operational programs and services are scored during the budget process on their ability to sustain and conserve the environment. The City is continuing to integrate climate resiliency and sustainability into the City's financial planning. The coming year will see further adjustments to scoring criteria to reflect this work and also incorporate carbon budgeting into the budget planning process.

### KEY ACCOMPLISHMENTS

- + Updated Energy Transition Strategy approved by City Council in 2021
- + Initiated the Municipal Natural Assets Inventory program in 2021
  - While preliminary at this stage, this program will help to identify carbon sequestration potential and other ecosystem benefits of natural assets in Edmonton. As valuation of natural assets matures and progresses, there will be an opportunity to integrate this into business and financial decisions
- + Initiated Hydrogen Bus Pilot Program
- + Adapted climate risk assessment into lifecycle management of assets

### UPCOMING PRIORITIES

#### CORPORATE CLIMATE MANAGEMENT PLAN

The City of Edmonton has targeted becoming an emissions-neutral corporation by 2040, as identified in the updated Energy Transition Strategy approved in 2021. As a result, the Civic Operations GHG Management Plan is being updated to align with the 2021 Energy Transition Strategy and Climate Adaptation Strategy. This new Corporate Climate Management Plan will be a change management plan that will provide a clear action plan for the implementation of:

- + Policy and procedure development or revision
- + Funding and financing options
- + Human resourcing requirements
- + Governance
- + Programs and projects
- + Resolution of regulatory barriers

The technical GHG forecasting pathway and costing analysis was completed in fall 2021 and the adaptation pathways and costing analysis is planned to be completed in early 2022. This work will help identify the budget requirements and set targets for the next four-year 2023–2026 budget cycle.





Blatchford Energy Centre One

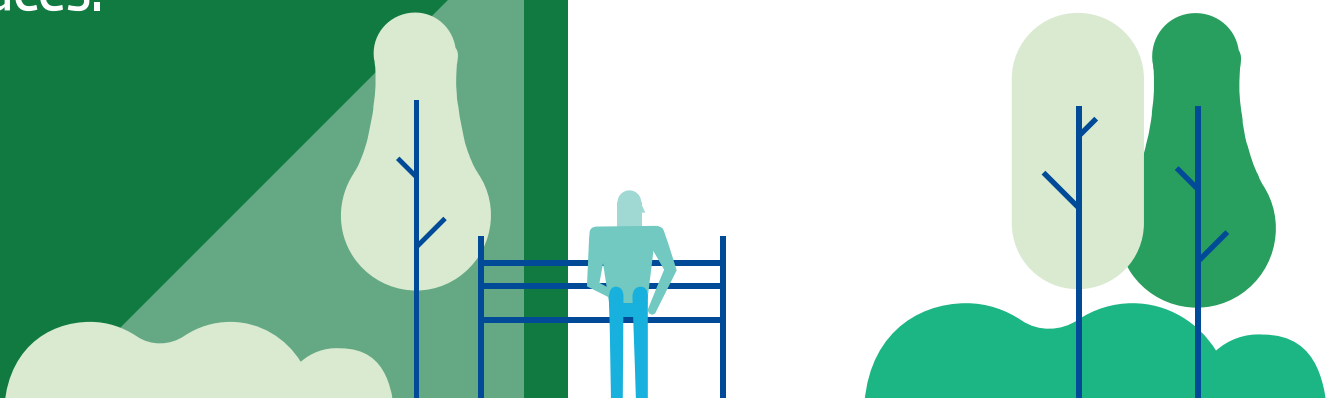
In 2014, City Council approved a business case to transform Edmonton's former municipal airport into a people-first infill community where up to 30,000 Edmontonians will live. The community design includes LRT, renewable energy, and a network of green corridors and park spaces.

By building flexibility and efficiency into its design, Blatchford fits into the City's plans for a climate resilient city. Laneway and multi-family housing increases density. High efficiency building standards conserve energy. Boulevard trees create shade, while community orchards and gardens provide food. Spaces for walking and separate bike lanes expand options for getting around, while narrower streets are safer and less costly.

Blatchford Renewable Energy is a new utility solely owned by the City that has been built from the ground up to provide heating, cooling and hot water services to the Blatchford community. The utility leverages on-site renewable resources to reduce GHG emissions associated with residential and commercial buildings. The first stages of the community are serviced by a district energy sharing system that is connected to a geoexchange field that harnesses the shallow geothermal energy below the earth's surface. The Blatchford development is unique for Edmonton in that no natural gas connections are allowed for heating and domestic hot water.

The community was recently awarded the Federation of Canadian Municipalities' Sustainable Communities Award. Since 2001, these awards have celebrated the most innovative environmental initiatives in Canadian cities and communities. The winning projects reflect best practices in the area of sustainability and demonstrate environmental responsibility and excellence. The FCM Award website states, "The primary goal of the Blatchford project is to develop a carbon neutral community using 100 per cent renewable energy. The district energy sharing system can reduce overall energy consumption by 15-20 per cent once the community is fully built. And GHG emissions from homes and buildings will be about 75 per cent less than a traditional neighbourhood, saving about 30,000 tonnes of GHGs annually at full build out. The project is expected to realize significant economic benefits as well, and is projected to make over \$200 million in profit that can be reinvested in Edmonton."<sup>4</sup>

Both land development and the creation of a new utility company require significant upfront costs in their initial stages of development. The City is funding the Blatchford land development and renewable energy utility through different mechanisms. The costs of the land development are funded through the sale of serviced land to builders and the utility is funded through a combination of customer rates, builder fees and non-refundable cash infusions. The following table identifies the capital costs in more detail.



**Blatchford land development and utility budget (\$ in millions)**

Budget type	Prior Years	2019	2020	2021	2022	2023 & beyond	Total Budget
<b>Capital Investment</b>							
Blatchford Redevelopment Implementation	\$138.3	\$20.7	\$6.8	\$148.0	\$14.2	\$303.9	\$631.9
Blatchford Renewable Energy Utility	\$12.7	\$7.2	\$2.8	\$4.3	\$6.3	\$4.7	\$38.0
<b>Total Capital</b>	<b>\$151.0</b>	<b>\$27.9</b>	<b>\$9.6</b>	<b>\$152.3</b>	<b>\$20.5</b>	<b>\$308.6</b>	<b>\$669.9</b>

## RISK MANAGEMENT

The climate change landscape is complex, fluid and poses risks to our community and way of life. It is crucial the City not only understands these risks, but proactively manages them through a robust risk management program.

### ENTERPRISE RISK MANAGEMENT

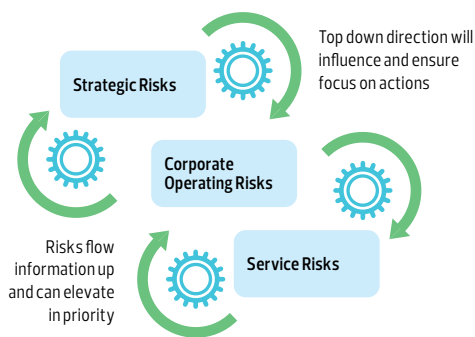
The City of Edmonton conducts three levels of risk assessment in the Enterprise Risk Management (ERM) program to determine the holistic impacts on the organization: strategic risks, corporate operating risks and service risks. The updated ERM framework integrates climate and environmental related risks into the City's identified three levels of risk. The City's strategic climate risks were identified and assessed through the Vulnerability and Risk Assessment (VRA). The VRA prioritizes climate-related risks and opportunities 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. The VRA will be reviewed and

updated, as necessary, by 2025. Further operational and service based risks of climate change are identified and assessed through the ERM framework to translate strategic goals and challenges into actionable responses at a business unit level.

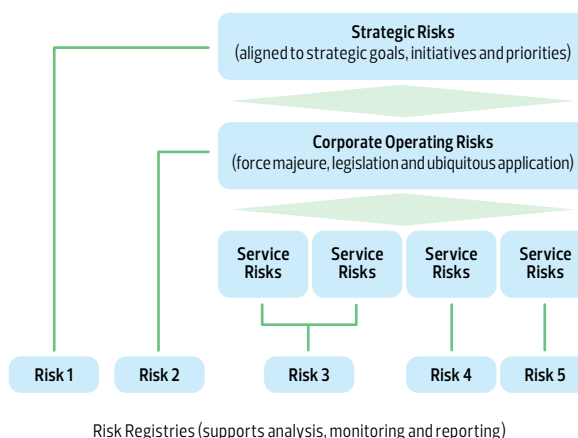
The ERM program gathers information and data impacting each layer of the organization with the intention of aligning actions to respond effectively in a coordinated manner to climate related risks and to support our climate change strategies. This integration aligns business planning, budget planning, emergency management plans, climate change impacts and insurance risks to create a more robust approach for proactive action and prepared responses.

For example, potential natural disasters (floods, extreme wind, etc.) resulting from climate change impacts are assessed by the Office of Emergency Management with the Hazard Identification and Risk Assessment (HIRA). The HIRA is updated annually and reviewed by the Office of Emergency Management and also contributes to the annual scenario training work plan.

#### ERM levels of organizational risk



#### ERM inter-relationship of risks across three levels of organizational risks



<sup>4</sup>Case Study: Edmonton Develops a Sustainable, Carbon Neutral Live-work Community," FCM, accessed January 24, 2022, <https://fcm.ca/en/resources/gmf/case-study-edmonton-develops-sustainable-carbon-neutral-live-work-community>

## TRANSITIONAL RISKS

The assessment and impact of transitional risks—those risks associated with transitioning to a low-carbon economy—are being evaluated and developed through the maturation of the ERM framework. Public policy, technology, market and reputational risks are considered across all service programs through the lens of strategies, operations and service level performance. In 2021, the City launched a new Corporate Policy Framework to effectively outline a process for systematically reviewing, updating and creating policies. This process supports the complete evaluation of policy impacts intended and unintended across a cross-section view of desired strategic goals and outcomes. The focus on more comprehensive public engagement across the organization ensures that a citizen-centric approach is maintained and well understood. Additionally, increased collaboration and exploration for partnership based solutions leverages the capacity and capabilities of all stakeholders in tackling climate change.

## KEY ACCOMPLISHMENTS

- + Full integration of Enterprise Risk Management into business and budget planning processes.
- + Development of a holistic risk landscape and organizational risks across all levels from strategy, operations and services.
- + Launch of a Corporate Risk Committee to leverage expertise and foster coordination across the organization to support best practices.

## UPCOMING PRIORITIES

- + Development of consistent and comprehensive Enterprise Risk Management data analytics and visualizations to support improved risk awareness and decision making.
- + Support quantification of climate risks from strategic to tactical impacts on operations, services and financials.
- + Development of risk tolerance and appetite statements to support improved decision making and opportunities to leverage innovation and investment.

## METRICS AND TARGETS

In order to successfully implement the robust climate adaptation and mitigation strategies that the City has set out, mechanisms to monitor and measure climate-related risks and opportunities must be established. The City relies on a variety of metrics and targets to identify progress being made towards climate risk goals, as indicated below.

## ENVIISO

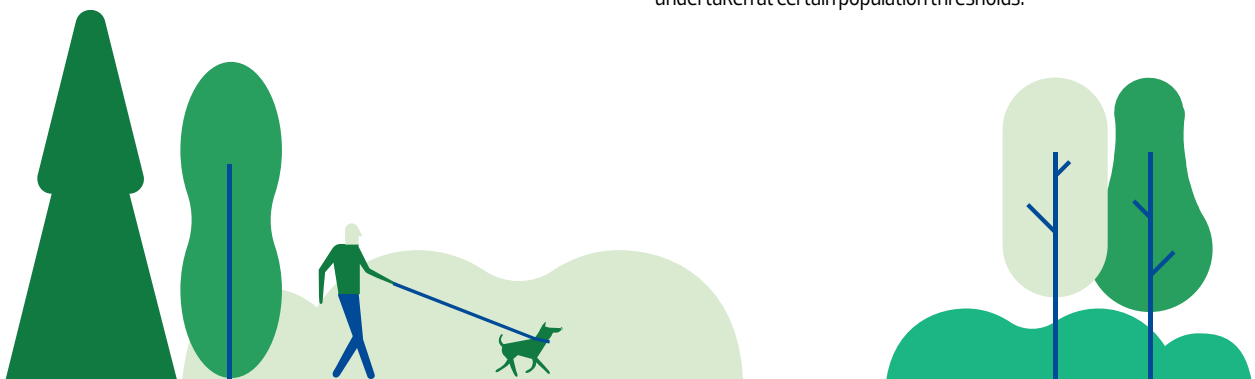
The City of Edmonton corporation is ISO 14001:2015 certified. The City's corporate ISO environmental management system is termed "Enviso" and this system provides the corporation with a formal "Plan, Do, Check, Act" approach to manage environmental risks and continually improve environmental performance. This system is also critical for integrating environmental aspects into processes throughout the corporation, as well as operationalizing environmental strategies and policies. Through the enviso system, a set of key performance indicators (KPIs) have been determined across different environmental aspects, including energy and climate change. These KPIs are also in the process of being integrated into the City's Enterprise Performance Management system. Climate resilience metrics and targets are included in this system.

## CITY PLAN TARGETS

Embedded within City Plan are long-term targets and metrics related to climate change including:

- + 50% of trips are made by transit and active transportation
- + 15-minute districts that allow people to easily complete their daily needs.
- + Achieve total community-wide fair share carbon budget of 135 megatonnes of total GHGs from 2019 to 2050, including net zero per-person GHG emissions by 2050
- + Planted two million new urban trees

The City Plan's performance on meeting these indicators, targets and measures will be communicated regularly, with more robust analysis undertaken at certain population thresholds.





## CLIMATE CHANGE ADAPTATION COMMUNITY INDICATOR

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

## GREENHOUSE GAS EMISSIONS

In 2018, the City of Edmonton set ambitious targets of achieving 50 per cent reductions and being net zero in community GHG emissions by 2030 and 2050 (compared to 2005 levels), as well as being net zero in corporation GHG emissions by 2040. This puts Edmonton among pioneering municipalities worldwide in combating climate change.

### GREENHOUSE GAS EMISSIONS – INVENTORIES

The City has calculated both community and corporate GHG emissions inventories since the 1990s, and relies on these emissions inventories in energy transition and low carbon planning. Edmonton follows current international best practices for calculating emissions and reports on Scope 1, Scope 2, and Scope 3 Community and Corporate Greenhouse Gas Emissions Inventories, to understand and manage these emissions. Scope 1 emissions result from the combustion of fuel within the City Limits, generally referred to as Direct Emissions. Scope 2 emissions include indirect emissions sources, such as those emissions generated by purchased electricity generated outside of the City, Scope 3 emissions are emissions from electricity line losses, transboundary traffic, and emissions



“**EDMONTON  
IS AMONG  
PIONEERING  
MUNICIPALITIES  
WORLDWIDE  
IN COMBATING  
CLIMATE  
CHANGE.**”



associated with the City that are occurring outside of the City Limits. 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.

#### + Community Greenhouse Gas Emissions

- In 2020, Edmonton's community GHG emissions were calculated to be approximately 15.7 million tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e) which is approximately 15 tonnes per capita. This is a decrease from a high in 2005 of 25 tonnes per person. While this demonstrates that progress is being made on our emissions reductions, accelerated emissions reduction actions are still needed to meet Edmonton's net zero per person target.

#### + Corporate Greenhouse Gas Emissions

- The City's corporate GHG emissions inventory represents approximately 3 per cent of the community GHG emissions. In 2020, the City's net corporate GHG emissions totaled

279,126 tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e); this total includes the city's urban forest and the purchase of Renewable Energy Certificates (RECs). Without including the urban forest and RECs, corporate emissions would have been 408,132 tonnes. Excluding offsets and credits, the total energy use for corporate operations in 2020 was a 9 per cent decrease from 2019 emissions, but is an increase of 34 per cent from the target 2005 baseline year emissions. The minor decrease in 2020 emissions is largely due to decarbonization of the electricity grid. Work is underway to make systemic changes across the organization to achieve our corporate targets.

- The changes in the corporate GHG emissions by reporting sector are summarized below:

To remain informed and assess progress towards a low carbon future, the City is implementing a Carbon Accounting Framework to integrate GHG reductions into budgeting and prioritization processes in 2022. The following is a summary of the City's progress towards implementation of a carbon budget and accounting framework.

#### Change in Corporate GHG Emissions by Reporting Category

Reporting Category	2005 GHG Emissions (tCO <sub>2</sub> e)	2018 GHG Emissions (tCO <sub>2</sub> e)	2019 GHG Emissions (tCO <sub>2</sub> e)	2020 GHG Emissions (tCO <sub>2</sub> e)
Buildings and Other Facilities	173,111	192,906	192,837	186,433
Streetlights and Traffic Signals	74,216	49,839	46,003	42,479
Vehicle Fleet	25,036	34,515	35,537	32,712
Transit Fleet	62,514	91,395	89,941	73,717
Waste Management Facilities and Landfills	88,862	81,833	79,805	72,791
Urban Forest Sink		-3,283	-7,647	-3,475
Renewable Energy Credit (REC) Purchases		-69,000	-113,900	-125,531
Total without Urban Forest Sink and RECs	423,739	450,488	444,123	408,132
Total with RECs and Urban Forest Sink	423,739	378,205	322,576	279,126





## CARBON BUDGET AND ACCOUNTING FRAMEWORK

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

Similar to a financial budget, a carbon budget includes revenues (annual emissions limit), expenses (emissions) and deficits/surpluses (annual emission limit minus emissions) to align with decision-making frameworks for capital and operating budgets. When combined with effective monitoring of emissions, the carbon budget also provides a framework for reporting progress on a consistent basis from year-to-year. Central to the success of carbon budgeting is a Carbon Accounting Framework to support the quantitative tracking and management of GHG emissions throughout the community. The City will be implementing a carbon accounting framework in 2022 to guide forward looking decisions and further integrate financial decision making with GHG impacts.

## EDMONTON'S CARBON BUDGET

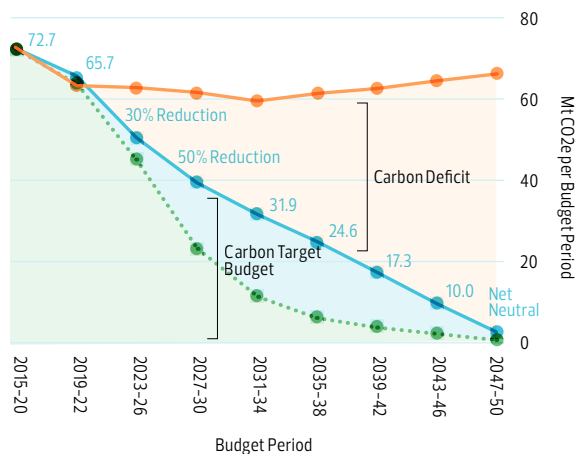
In 2019, utilizing a convergence and contraction model derived from C40 cities, the global fair share carbon budget was localized to Edmonton. The result was 155 megatonnes (Mt) apportioned to Edmonton. This means that between 2019 and 2050, Edmonton must emit no more than 155 Mt of GHG emissions in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

As of 2020, the Edmonton community has emitted 33 Mt of GHG emissions. The remaining amount of the fair share carbon budget for Edmonton is 122 Mt until 2050.

In the fall of 2021, the City also established two additional carbon budgets aligned with target reductions for emissions from 2005 levels of: 25 per cent in 2025, 30 per cent in 2030, City operations achieving net neutrality by 2040, and community achieving net neutrality by 2050.

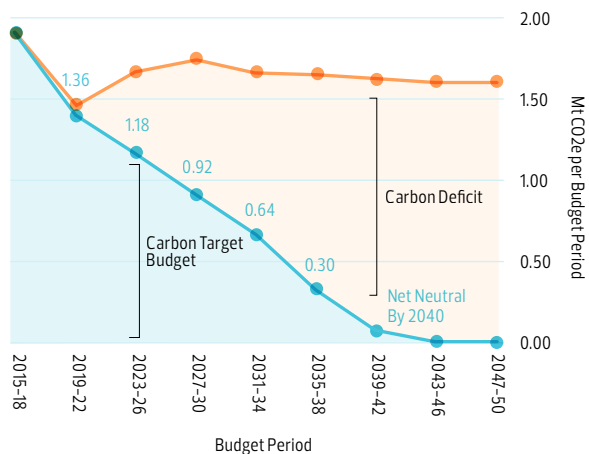
Both the fair share and the target carbon budgets will be monitored and reported to City Council in spring of 2022 and will be an important component of the Carbon Accounting Framework that aids the development of the 2023-2026 budget

Edmonton Community Carbon Target Budget



- Current State Emissions Baseline
- Net GHG Emissions Target (Mt)
- Fair Share Carbon Budget

City of Edmonton Corporate Carbon Target Budget



- Current State Emissions Forecast (Mt)
- Net Emissions Target (Mt)





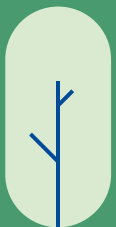
**EDMONTON IS EMBEDDING A CARBON ACCOUNTING FRAMEWORK WITHIN CITY FINANCIAL AND DECISION MAKING PROCESSES THAT WILL BE AN IMPORTANT TOOL TO EVALUATE OUR WORK AGAINST OUR GOALS AND UNDERSTAND WHAT FINANCIAL PATHWAYS WE HAVE TO GET THERE.**

### KEY ACCOMPLISHMENTS

- + Inclusion of the GHG emissions inventories in the 2021 TCFD reporting and updated GHG emissions reduction targets as outlined in Edmonton's Energy Transition Strategy.
- + Reporting to council on a fair share carbon budget and a target carbon budget in the Fall Supplemental Operating Budget Adjustments
- + Neighborhood mapping of the Climate Risk Index

### UPCOMING PRIORITIES

- + A Carbon Accounting Framework will be fully implemented in 2022 and will allow for the integration of climate focused decision making into the financial and organizational planning process, including budget development and prioritization, asset management analysis and operational business decisions that incorporate climate-related impacts with financial implications.





**5 STATISTICAL REVIEW**

# STATISTICAL REVIEW FOR THE YEARS 2017 TO 2021

## GENERAL MUNICIPAL DATA

Unaudited

	2021	2020	2019	2018	2017
<b>Population</b> (Note 1)	<b>972,223</b>	972,223	972,223	932,546	932,546
<b>Population age distribution (%)</b> (Note 1)					
0-4	5.56	5.56	5.56	6.44	6.44
5-19	17.72	17.72	17.72	16.65	16.65
20-29	14.33	14.33	14.33	16.57	16.57
30-39	17.35	17.35	17.35	16.90	16.90
40-49	13.71	13.71	13.71	13.05	13.05
50-59	12.38	12.38	12.38	13.02	13.02
60-64	5.87	5.87	5.87	5.31	5.31
65+	13.08	13.08	13.08	12.06	12.06
<b>Area<sup>1</sup></b>					
in hectares	78,247	78,247	78,247	69,980	69,980
in square kilometres (rounded)	782	782	782	700	700
<b>Number of housing starts<sup>2</sup></b>	<b>9,947</b>	9,865	8,605	8,003	8,506
<b>Value of building permits<sup>3</sup> (\$000)</b> (Note 2)	<b>\$ 4,492,916</b>	\$ 4,196,796	\$ 3,863,990	\$ 4,927,058	\$ 5,162,555
<b>Household median total income<sup>3</sup></b>					
Metro Edmonton	\$ 105,080	\$ 103,190	\$ 103,190	\$ 103,190	\$ 101,190
Alberta	\$ 103,720	\$ 101,780	\$ 101,780	\$ 101,780	\$ 99,430
Canada	\$ 90,390	\$ 87,930	\$ 87,930	\$ 87,930	\$ 84,950
<b>Consumer price index<sup>3</sup> – 2002 base year</b>					
Metro Edmonton	149.0	144.7	143.2	140.8	137.1
Alberta	149.3	144.7	143.1	140.6	137.3
Canada	141.6	137.0	136.0	133.4	130.4
<b>Unemployment rate<sup>3</sup> (%) – annual average</b>					
Metro Edmonton	9.0	12.0	7.3	6.4	8.1
Alberta	8.7	11.4	6.9	6.6	7.8
Canada	7.5	9.5	5.7	5.8	6.3
<b>City of Edmonton employees</b> (Note 3)	<b>14,741</b>	14,719	15,265	15,115	14,700

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

### Notes

1. The population and population age distribution for 2019, 2020 and 2021 reflects 2019 City Census information, 2017 and 2018 reflects 2016 Statistics Canada Census information.
2. Value reflects the metropolitan area of Edmonton.
3. Positions are stated in full time equivalents, as budgeted, and exclude EPCOR.

# STATISTICAL REVIEW FOR THE YEARS 2017 TO 2021

## ASSESSMENT AND TAX LEVY

Unaudited (in thousands of dollars, except per capita)

	2021	2020	2019	2018	2017
<b>Assessment:</b>					
Total taxable assessment	\$ 168,434,321	\$ 172,472,851	\$ 173,916,445	\$ 171,095,395	\$ 167,195,780
Percentage of total assessment represented by:					
Residential properties (%)	77.3	76.0	75.7	75.7	75.5
Commercial properties (%)	22.7	24.0	24.3	24.3	24.5
Taxable assessment per capita	\$ 173,247	\$ 177,401	\$ 178,885	\$ 183,471	\$ 179,290
Assessment for principal taxpayers (%) (Note 1)	4.4	4.7	4.6	4.6	4.6
<b>Rates of taxation (mills):</b>					
Single family residences	9.59	9.33	9.08	8.69	8.51
Other residential property	10.64	10.35	10.05	9.62	9.41
Commercial and industrial	24.15	22.22	21.85	21.22	20.76
<b>Property tax levy, collections, and arrears:</b>					
Arrears at January 1 (net)	\$ 104,240	\$ 67,117	\$ 64,437	\$ 58,205	\$ 60,691
Tax Levy	2,259,343	2,242,982	2,186,319	2,055,541	1,962,110
Appeals and adjustments	(14,424)	(1,661)	(12,946)	(11,425)	(10,819)
Collections:					
Regular	(2,164,436)	(2,135,047)	(2,112,474)	(1,991,843)	(1,906,354)
Community Revitalization Levy	(34,614)	(36,474)	(30,119)	(22,589)	(16,882)
Arrears	(90,013)	(46,594)	(43,856)	(37,669)	(44,236)
Penalties on prior year arrears	20,817	13,917	15,756	14,217	13,695
Arrears at December 31 (net)	\$ 80,913	\$ 104,240	\$ 67,117	\$ 64,437	\$ 58,205
Percentage of current property taxes collected (%)	98.0	96.9	98.6	98.5	98.6
Percentage of net property tax arrears collected (%)	134.1	69.4	68.1	64.7	72.9
Property tax arrears per capita (gross)	\$ 89.48	\$ 112.10	\$ 80.34	\$ 72.67	\$ 69.74
Property tax arrears per capita (net)	83.22	107.22	69.03	68.94	62.42
Property tax levy per capita	2,323.89	2,307.07	2,248.78	2,204.22	2,104.04
<b>Business Improvement Area tax levy</b>	\$ 3,426	\$ 3,854	\$ 3,778	\$ 3,742	\$ 3,686
<b>Education requisitions</b>	\$ 493,416	\$ 495,499	\$ 488,266	\$ 480,479	\$ 474,754

Source: City of Edmonton Financial and Corporate Services

### Note

1. Includes the ten highest taxpayers by assessment value.

# STATISTICAL REVIEW FOR THE YEARS 2017 TO 2021 INVESTMENT FUNDS (NOTE 1)

Unaudited (in thousands of dollars)

	2021	2020	2019	2018	2017
<b>Balanced Fund</b>					
Net assets – market value	\$ 888,741	\$ 838,853	\$ 764,331	\$ 687,330	\$ 696,559
Net assets – cost	840,732	772,507	746,173	713,331	693,425
Net earnings	67,595	25,771	32,286	19,492	35,015
Fund rate (%)	8.8	3.5	4.5	2.8	5.3
Market (%)	6.2	10.2	11.5	(1.0)	6.8
<b>Ed Tel Endowment Fund</b>					
Net assets – market value	\$ 996,922	\$ 912,823	\$ 861,580	\$ 787,562	\$ 862,229
Net assets – cost	891,958	813,103	823,406	825,035	842,478
Net earnings	119,542	29,790	46,900	28,571	61,439
Fund rate (%)	14.7	3.6	5.7	3.4	7.5
Market (%)	14.4	11.6	16.2	(3.0)	10.8
<b>Sinking Fund (Note 2)</b>					
Net assets – market value	\$	\$	\$	\$	\$ 89,594
Net assets – cost					89,962
Net earnings:					
Required				3,239	4,363
Deficiency				(2,626)	(2,146)
Total	\$	\$	\$	\$ 613	\$ 2,217
Fund rate (%)	N/A	N/A	N/A	0.7	2.6
Market (%)	N/A	N/A	N/A	N/A	1.0

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 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 2017 TO 2021

## LONG-TERM DEBT

Unaudited (in thousands of dollars, except per capita)

	2021	2020	2019	2018	2017
<b>Debenture borrowing</b>					
Self-liquidating	\$ 93,390	\$ 23,954	\$ 38,140	\$ 47,988	\$ 102,782
Tax-supported	226,006	345,046	274,632	327,872	263,492
	<b>\$ 319,396</b>	<b>\$ 369,000</b>	<b>\$ 312,772</b>	<b>\$ 375,860</b>	<b>\$ 366,274</b>
<b>Debt limit per regulation</b>	<b>\$ 5,978,098</b>	<b>\$ 5,856,892</b>	<b>\$ 5,840,630</b>	<b>\$ 5,587,398</b>	<b>\$ 5,649,404</b>
<b>Total debt limit used</b>	<b>3,546,570</b>	<b>3,407,145</b>	<b>3,202,765</b>	<b>3,046,194</b>	<b>2,912,130</b>
<b>Percentage used (%)</b>	<b>59.3</b>	<b>58.2</b>	<b>54.8</b>	<b>54.5</b>	<b>51.6</b>
<b>Debt service limit per regulation</b>	<b>1,046,167</b>	<b>1,024,956</b>	<b>1,022,110</b>	<b>977,795</b>	<b>988,646</b>
<b>Total debt service limit used</b>	<b>335,975</b>	<b>313,179</b>	<b>301,097</b>	<b>284,343</b>	<b>264,616</b>
<b>Percentage used (%)</b>	<b>32.1</b>	<b>30.6</b>	<b>29.5</b>	<b>29.1</b>	<b>26.8</b>
<b>General government debt service (Note 1)</b>	<b>255,444</b>	<b>256,838</b>	<b>246,988</b>	<b>230,246</b>	<b>278,619</b>
<b>General government debt service as a percentage of general government operating expenses (%) (Note 1)</b>	<b>8.9</b>	<b>9.2</b>	<b>8.5</b>	<b>8.2</b>	<b>10.7</b>
<b>Long-term debt (gross)</b>					
Self-liquidating	\$ 1,037,756	\$ 1,011,887	\$ 1,053,357	\$ 1,069,025	\$ 1,186,586
Tax-supported	3,032,162	2,950,875	2,736,683	2,595,110	2,381,306
<b>Long-term debt (net of EPCOR)</b>					
Self-liquidating	\$ 514,408	\$ 456,270	\$ 466,082	\$ 451,084	\$ 530,824
Tax-supported	3,032,162	2,950,875	2,736,683	2,595,110	2,381,306
<b>Net debt per capita</b>					
Self-liquidating	\$ 529	\$ 469	\$ 479	\$ 484	\$ 569
Tax-supported	3,119	3,035	2,815	2,783	2,554
	<b>\$ 3,648</b>	<b>\$ 3,504</b>	<b>\$ 3,294</b>	<b>\$ 3,267</b>	<b>\$ 3,123</b>
<b>Percentage of net debt to be retired</b>					
Within 5 years	29.3	27.8	32.2	31.9	34.3
Within 10 years	55.2	53.7	63.0	64.3	66.7

Source: City of Edmonton Financial and Corporate Services

### Note

1. Debt service includes principal and net interest.

# STATISTICAL REVIEW FOR THE YEARS 2017 TO 2021

## CONSOLIDATED EXPENSES

Unaudited (in thousands of dollars)

<b>Operating Expenses by Function</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Transportation services	\$ 908,266	\$ 910,510	\$ 983,682	\$ 904,641	\$ 867,996
Protective services	789,587	776,033	734,665	702,245	673,588
Community services	623,868	592,064	701,848	684,153	611,059
Utility and enterprise services	227,839	223,074	266,231	231,248	340,745
Corporate administration, general municipal and other	505,134	476,014	467,008	466,205	432,334
Fleet services	38,809	45,755	36,249	40,881	30,379
	<b>\$ 3,093,503</b>	<b>\$ 3,023,450</b>	<b>\$ 3,189,683</b>	<b>\$ 3,029,373</b>	<b>\$ 2,956,101</b>

<b>Operating Expenses by Object</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Salaries, wages and benefits	\$ 1,590,910	\$ 1,577,596	\$ 1,636,498	\$ 1,614,137	\$ 1,577,025
Materials, goods and utilities	292,619	284,160	300,780	303,465	282,069
Contracted and general services	302,560	275,852	347,781	309,754	283,396
Interest and bank charges	116,655	143,915	142,108	131,229	145,497
Grants and other	158,818	125,483	118,292	117,272	93,020
Amortization of tangible capital assets	620,337	591,167	558,462	533,649	556,215
Loss on disposal, impairment and transfer of tangible capital assets	11,604	25,277	85,762	19,867	18,879
	<b>\$ 3,093,503</b>	<b>\$ 3,023,450</b>	<b>\$ 3,189,683</b>	<b>\$ 3,029,373</b>	<b>\$ 2,956,101</b>

Source: City of Edmonton Financial and Corporate Services



# STATISTICAL REVIEW FOR THE YEARS 2017 TO 2021 CONSOLIDATED REVENUE AND CAPITAL FINANCING

Unaudited (in thousands of dollars)

<b>Revenues</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Net taxes available for municipal purposes	\$ 1,745,774	\$ 1,726,220	\$ 1,671,800	\$ 1,591,960	\$ 1,505,833
User fees and sale of goods and services	506,676	461,682	623,326	633,091	696,400
Subsidiary operations – EPCOR	387,730	275,699	231,054	295,173	256,317
Franchise fees	208,089	177,120	171,840	158,437	159,719
Government transfers – operating	183,021	277,454	121,950	113,081	107,488
Investment earnings	144,879	78,160	102,246	66,511	116,876
Fines and penalties	77,618	81,858	97,898	87,668	90,130
Licenses and permits	67,223	69,072	74,311	74,756	75,688
Developer and customer contributions – operating	37,531	23,284	25,558	29,598	15,396
<b>Revenues before capital</b>	<b>\$ 3,358,541</b>	<b>\$ 3,170,549</b>	<b>\$ 3,119,983</b>	<b>\$ 3,050,275</b>	<b>\$ 3,023,847</b>
Government transfers – capital	413,405	565,516	571,432	699,347	412,606
Contributed tangible capital assets	95,448	118,245	146,932	203,883	217,249
Developer and customer contributions – capital	11,468	8,873	18,418	26,688	40,866
Local improvements	6,770	24,723	12,968	11,909	16,306
	<b>\$ 3,885,632</b>	<b>\$ 3,887,906</b>	<b>\$ 3,869,733</b>	<b>\$ 3,992,102</b>	<b>\$ 3,710,874</b>
<b>Capital Additions by Financing Source</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Capital additions	\$ 1,231,918	\$ 1,497,579	\$ 1,406,174	\$ 1,541,762	\$ 1,355,540
Financing Sources Applied:					
Pay-As-You-Go	85,167	135,937	109,623	119,159	105,502
Debt	316,276	369,107	332,571	229,178	204,194
Government transfers – Provincial	302,751	354,231	413,328	520,933	472,831
Government transfers – Federal	110,654	211,285	158,104	178,414	42,826
Developer/partnership	113,934	148,410	178,239	241,143	281,432
Reserves/user fees/other	303,136	278,609	214,309	252,935	248,755
	<b>\$ 1,231,918</b>	<b>\$ 1,497,579</b>	<b>\$ 1,406,174</b>	<b>\$ 1,541,762</b>	<b>\$ 1,355,540</b>

Source: City of Edmonton Financial and Corporate Services

# STATISTICAL REVIEW FOR THE YEARS 2017 TO 2021

## FINANCIAL POSITION, ANNUAL SURPLUS AND RESERVES

Unaudited (in thousands of dollars)

<b>Financial Position and Annual Surplus</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Changes to Accumulated Surplus</b>					
Financial assets	\$ 8,093,766	\$ 7,527,483	\$ 7,284,013	\$ 7,237,730	\$ 6,791,485
Liabilities	5,370,784	5,027,496	4,796,537	4,699,506	4,334,406
Net financial assets	2,722,982	2,499,987	2,487,476	2,538,224	2,457,079
Non-financial assets	13,839,086	13,272,936	12,440,995	11,758,262	10,842,207
Accumulated surplus – ending	\$ 16,562,068	\$ 15,772,923	\$ 14,928,471	\$ 14,296,486	\$ 13,299,286
Annual excess of revenues over expenses	\$ 729,129	\$ 864,456	\$ 680,050	\$ 962,729	\$ 754,773
Other changes to Accumulated Surplus	\$ (2,984)	\$ (20,004)	\$ (48,065)	\$ 34,471	\$ (2,157,491)
<b>Reserves</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>General Government:</b>					
Financial stabilization – appropriated	\$ 180,952	\$ 213,320	\$ 51,291	\$ 68,118	\$ 85,049
Pay-As-You-Go capital	180,143	122,725	185,874	159,316	
Local improvement	138,880	137,940	123,003	119,653	116,786
Financial stabilization	121,746	129,015	123,886	130,271	125,110
LRT	86,567	56,110	40,486	32,759	31,186
Sanitary servicing strategy fund	56,009	56,584	66,320	68,661	
Affordable housing	55,834	49,731	44,956	37,050	31,354
Fleet services – vehicle replacement	36,411	25,249	28,418	25,203	19,158
Planning and development	29,512	16,558	16,156	16,372	6,355
Funds in lieu – residential	29,447	21,936	26,582	23,182	18,461
Neighbourhood renewal	19,579	18,477	2,042	(15,061)	(38,606)
Parkland	19,572	18,613	20,647	19,734	19,239
Pay-As-You-Go capital – Edmonton Police Services	17,422	7,009	13,734	11,629	
Tax-supported debt	16,707	5,456	5,380	6,458	5,144
Developer recoveries	10,959	11,848	12,078	17,804	
Tree management	9,793	9,463	8,161	7,091	5,630
Natural areas	8,710	8,750	8,722	8,585	9,421
Rogers Place Arena capital	8,665	6,954	5,439	3,792	2,262
Revolving industrial servicing fund	8,631	2,535	923	3,200	1,378
Traffic safety and automated enforcement	7,375	20,347	16,903	15,424	29,186
Heritage resources	5,032	3,724	2,324	2,792	2,269
Commercial revitalization	4,830	1,594			
Perpetual care	4,650	3,555	3,719	2,912	3,990
Public art	3,420				
Motor vehicle insurance	2,500	2,500	2,500	2,500	2,500
St. Francis Xavier	2,488	2,245	1,934	1,610	1,380
Commonwealth Stadium	1,991	1,876	1,968	2,313	2,723
Vehicle for hire	1,966	2,465	2,353	1,907	1,398
Other	902	1,424	3,077	3,255	8,200
Development incentive		1,999	1,699	1,716	966
Brownfield redevelopment	(2,850)	(2,329)	(2,900)	(2,900)	(1,900)
Edmonton Police Service	(2,895)	7,034	2,245	1,162	
Community revitalization levy – Capital City Downtown	(11,770)	(13,839)	(19,872)	(23,586)	(22,791)
Community revitalization levy – Belvedere	(14,205)	(11,025)	(10,093)	(9,098)	(7,003)
Community revitalization levy – Quarters	(14,211)	(12,214)	(8,650)	(8,202)	(7,827)
Interim financing	(37,749)	(37,838)	(40,556)	(32,657)	(29,650)
	987,013	889,791	740,749	702,965	421,368
City of Edmonton Library Board	12,488	6,968	8,680	11,549	8,983
Non-Profit Housing Corporation	6,511	6,680	5,918	3,033	1,596
Edmonton Economic Development Corporation	30	30	30	30	262
Fort Edmonton Management Company			2,853	4,211	1,805
	\$ 1,006,042	\$ 903,469	\$ 758,230	\$ 721,788	\$ 434,014

Source: City of Edmonton Financial and Corporate Services

## RELATED BOARDS AND AUTHORITIES

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

### EXPLORE EDMONTON CORPORATION

3rd Floor, World Trade Centre Edmonton  
9990 Jasper Avenue NW  
Edmonton, Alberta T5J 1P7  
Phone: 780-401-7696  
E-mail: [info@exploreedmonton.com](mailto:info@exploreedmonton.com)  
Web: [www.exploreedmonton.com](http://www.exploreedmonton.com)  
Chair: Marcela Mandeville  
CEO: Traci Bednard

### 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](mailto:info@edmontonpolicecommission.ca)  
Web: [www.edmontonpolicecommission.com](http://www.edmontonpolicecommission.com)  
Chair: John McDougall  
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](mailto:info@myhomeed.ca)  
Web: [www.myhomeed.ca](http://www.myhomeed.ca)  
Chair: Ayaz Bhanji  
Executive Director: Nick Lilley

### EPCOR UTILITIES INC.

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

### 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](mailto:info@fortedmontonpark.ca)  
Web: [www.fortedmontonpark.ca](http://www.fortedmontonpark.ca)  
Chair: Andrew Otway  
President and CEO: Lori Farquharson Persaud

### INNOVATE EDMONTON

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E-mail: [innovateyeg@gmail.com](mailto:innovateyeg@gmail.com)  
Web: [www.innovateedmonton.com](http://www.innovateedmonton.com)  
Chair: Naseem Bashir  
CEO: Catherine Warren

### EDMONTON PUBLIC LIBRARY

7 Sir Winston Churchill Square  
Edmonton, Alberta T5J 2V4  
Phone: 780-496-7000  
Web: [www.epl.ca](http://www.epl.ca)  
Chair: Kenna Houncaren  
CEO: Pilar Martinez

For more information visit: [www.edmonton.ca](http://www.edmonton.ca)

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