CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED FINANCIAL STATEMENTS

MANAGMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

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

Eddie Robar,
Interim City Manager

April 23, 2024
Edmonton, Canada

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

April 23, 2024
Edmonton, Canada

INDEPENDENT AUDITOR'S REPORT

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

OPINION

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

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

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

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

BASIS FOR OPINION

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

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

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

EMPHASIS OF MATTER - COMPARATIVE INFORMATION

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

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

Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT

OTHER MATTER - COMPARATIVE INFORMATION

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

OTHER INFORMATION

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

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

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

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

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

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

We have nothing to report in this regard.

The information, other than the financial statements and the auditor's report thereon, included in the documents likely to be entitled "2023 Annual Report" and "2023 Financial Report to Residents" is expected to be made available to us after the date of this auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

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

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

We also:

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

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants
Edmonton, Canada
April 23, 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31 (in thousands of dollars)

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

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

See accompanying notes to consolidated financial statements.

Approved on behalf of City Council:

A. Sohi

Mayor Amarjeet Sohi

Councillor Jo-Anne Wright

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

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

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

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES

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

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

Accumulated remeasurement (losses) gains, end of year is comprised of:	
Foreign exchange	**(236)**
Derivatives	**(4,837)**
Portfolio Investments - quoted in an active market	**76,955**
Accumulated other comprehensive income - EPCOR	**141,828**
	$ 213,710

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

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

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

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

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

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

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

See accompanying notes to consolidated financial statements.

SCHEDULE 1 - CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

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

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

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

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

SCHEDULE 1 - CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

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

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

Additions to assets under construction are reported net of those tangible capital assets placed in service during the year, which are shown in their respective asset classifications. In 2022, a total of $81,563 in land, land improvements and engineered structures were contributed to the City and were recorded at their fair value at the time received.

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

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

SCHEDULE 2 - CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURES

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

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

SCHEDULE 2 - CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURES

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

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

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

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

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

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

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

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

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

01 SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

Interdepartmental and inter-organizational transactions are eliminated.

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

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

B. BASIS OF ACCOUNTING

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

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

C. USE OF ESTIMATES

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

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

D. FOREIGN CURRENCY

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

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

E. TAX REVENUE

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

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

F. GOVERNMENT TRANSFERS

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

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

G. LOCAL IMPROVEMENTS

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

H. FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

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

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

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

I. CASH AND CASH EQUIVALENTS

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

J. PORTFOLIO INVESTMENTS AND INVESTMENT EARNINGS

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

K. DEBT RECOVERABLE

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

L. LAND FOR RESALE

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

M. LIABILITY FOR CONTAMINATED SITES

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

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

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

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

N. DEPOSITS

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

O. DEFERRED REVENUE

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

P. EMPLOYEE BENEFIT OBLIGATIONS

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

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

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

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

Q. ASSET RETIREMENT OBLIGATIONS

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

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

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

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

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

R. PUBLIC-PRIVATE PARTNERSHIPS

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

S. NON-FINANCIAL ASSETS

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

i. **Tangible Capital Assets**

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

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

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

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

ii. **Contributed Tangible Capital Assets**

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

iii. **Prepaids**

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

iv. **Leases**

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

v. **Land Under Roads**

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

vi. **Inventory of Materials and Supplies**

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

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

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

T. RECENTLY ADOPTED ACCOUNTING STANDARDS

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

Financial Statement Presentation

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

Financial Instruments

PS3450 establishes recognition, measurement and disclosure requirements for derivative and non-derivative financial instruments. The standard requires fair value measurement of derivatives and equity instruments; all other financial instruments can be measured at cost/amortized cost or fair value at the election of the City. The City measures its fixed income and private pooled funds at cost/amortized cost. Unrealized remeasurement gains and losses on derivatives and equity investments are presented in a new Consolidated Statement of Remeasurement Gains and Losses. The City added new disclosures regarding the nature and extent of risks arising from financial instruments.

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

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

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

Foreign Currency Translation

PS2601 requires that monetary assets and liabilities denominated in a foreign currency and non-monetary items included in the fair value category, denominated in a foreign currency, be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses are to be recognized in the new Consolidated Statement of Remeasurement Gains and Losses. In the period of settlement, foreign exchange gains and losses are to be reclassified to the Statement of Operations and the cumulative remeasurement gains and losses are reversed in the Consolidated Statement of Remeasurement of Gains and Losses. The City did not choose the irrevocable election to recognize the exchange gains and losses directly in the Consolidated Statement of Operations.

Portfolio Investments

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

ii. **Asset Retirement Obligations**

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

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

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

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

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

U. FUTURE ACCOUNTING STANDARD PRONOUNCEMENTS

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

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

Revenue
PS3400, *Revenue*, provides a framework for recognizing, measuring and reporting revenue by differentiating between revenue that arises from transactions that include performance obligations and transactions that do not have performance obligations.

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

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

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

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

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

02 CASH AND CASH EQUIVALENTS

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

Cash equivalents have effective interest rates of 5.1 to 5.5 per cent (2022 - 4.2 to 4.8 per cent) and generally mature within ninety days from the date of purchase.

The City has access to an unsecured line of credit of up to $250,000 CDN and $10,000 USD (2022 - $250,000 CDN and $10,000 USD) to cover any bank overdrafts arising from day-to-day cash transactions. As of December 31, 2023, $0 (2022 - $0) was outstanding on the line of credit.

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

03 RECEIVABLES

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

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

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

04 PORTFOLIO INVESTMENTS

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

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

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

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

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

Investments with a cost of $877,087 (2022 - $867,378) and fair value of $936,456 (2022 - $891,660) are managed within the Ed Tel Endowment Fund, in accordance with City Bylaw 11713. An annual appropriation from the earnings of the Fund of $44,669 (2022 - $54,000), including a special dividend of $0 (2022 - $10,800), was withdrawn to support municipal operations, based upon a spending formula set out in the Bylaw. In accordance with the Bylaw, the fund is in a position to pay a special dividend when the market value of the fund as at June 30 of the preceding year is more than 15 per cent above the inflation-adjusted principal. Any amendment to the Bylaw requires advertisement and a public hearing.

05 DERIVATIVES

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

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

06 FINANCIAL RISK MANAGEMENT

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

A. MARKET RISK

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

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

i. **Price Risk**

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

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

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

ii. **Interest Rate Risk**

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

iii. **Foreign Currency Risk**

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

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

B. CREDIT RISK

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

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

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

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

C. LIQUIDITY RISK

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

07 DEBT RECOVERABLE

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

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

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

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

08 LAND FOR RESALE

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

09 PROMISSORY NOTES PAYABLE

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

10 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

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

11 DEFERRED REVENUE

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

12 EMPLOYEE BENEFIT OBLIGATIONS

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

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

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

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

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

Eligible post-employment medical and dental obligations are estimated based on a five-year average of pensioners' claim costs in excess of contributions until the pensioners reach age 65. Eligible medical obligations for 2023 were $1,003 (2022 - $1,011). Eligible dental obligations for 2023 were $887 (2022 - $370). Other post-employment benefits were $983 (2022 - $924).

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

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

A supplementary management retirement plan for designated management employees was implemented effective for service beginning January 1, 2003. The accrued benefit liability for total current and past service costs of $6,698 (2022 - $6,665) has been based upon an actuarial valuation completed as at December 31, 2023. Unamortized net loss of $339 (2022 gain - $380) will be amortized over the fourteen (2022 - fourteen) year average remaining service period of active plan participants.

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

13 ASSET RETIREMENT OBLIGATIONS

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

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

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

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

The Clover Bar landfill site was closed to the public in August 2009. The City used the landfill internally until 2018 and anticipates final closure in 2024, after which time the post-closure period is expected to be 25 years. The costs to maintain a closed solid waste landfill site are based on estimated future expenses in current dollars by applying a discount rate of 6.3 per cent (2022 - 6.3 per cent) and inflation rate of 2.1 per cent (2022 - 2.1 per cent). An amount of $53,011 (2022 - $49,268) has been accrued and Waste Services currently maintains restricted cash of $22,200 for the Clover Bar landfill liability. The remaining required funds for this liability will be funded through the collection of utility rates.

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

14 LONG-TERM DEBT

A. DEBT PAYABLE

Debt payable includes the following amounts:

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

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

The amount receivable from EPCOR relates to debentures issued in the name of the City on behalf of EPCOR. The repayment terms are the same as the respective debt with the exception of debt relating to the Gold Bar Wastewater Treatment Facility which is based on a blended semi-annual repayment schedule.
Principal and Interest payments on long-term debt for the next five years and thereafter are as follows:

Principal:	Self-Liquidating	Tax-Supported	Gross Payment	Less: EPCOR Receivable	Net Payment
2024	$ 69,933	$ 191,382	$ 261,315	$ 31,613	$ 229,702
2025	70,487	194,996	265,483	32,437	233,046
2026	71,192	199,948	271,140	33,155	237,985
2027	63,161	201,125	264,286	32,396	231,890
2028	61,426	196,390	257,816	32,321	225,495
Thereafter	670,196	2,636,412	3,306,608	297,240	3,009,368
	$ 1,006,395	$ 3,620,253	$ 4,626,648	$ 459,162	$ 4,167,486

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

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

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

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

B. DEBT SERVICING LIMITS

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

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

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

C. MATURITIES AND INTEREST RATES

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

D. INTEREST ON LONG-TERM DEBT

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

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

E. PUBLIC-PRIVATE PARTNERSHIP (P3) OBLIGATION

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

In February 2016, the City entered into a P3 agreement with TransEd Partners General Partnership (TransEd) for the design, construction, operation and maintenance of stage 1 of the Valley Line LRT from Mill Woods to Downtown. The construction period ran from 2016-2023 and the operating period from 2023-2050. During construction of the Valley Line LRT, the City recognizes capital costs as assets under construction and makes progress payments on 50.0 per cent of the capital costs, based on percentage of construction completion. Payments on the remaining 50.0 per cent of the capital costs are deferred and recognized as a P3 obligation to TransEd of which 16.7 per cent were settled upon substantial construction completion of the project. The remaining 33.3 per cent, which represents P3 term debt, is to be repaid by monthly interest and principal payments starting in the operating period at an interest rate of 4.4 per cent. As of December 31, 2023, the total P3 obligation is $472,752. The P3 service commencement liability of $162,481 has been repaid as service began in November 2023.

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

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

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

15 TANGIBLE CAPITAL ASSETS

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

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

16 OTHER ASSETS

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

17 EQUITY IN TANGIBLE CAPITAL ASSETS

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

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

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

18 RESERVES FOR FUTURE EXPENDITURES

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

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

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

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

19 ACCUMULATED OPERATING SURPLUS

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

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

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

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

20 NET TAXES AVAILABLE FOR MUNICIPAL PURPOSES

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

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

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

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

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

21 GOVERNMENT TRANSFERS

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

Operating - Provincial

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

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

Capital - Federal

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

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

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

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

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

Capital - Provincial

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

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

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

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

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

22 EXECUTIVE SALARIES AND BENEFITS

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

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

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

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

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

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

23 SUBSIDIARY OPERATIONS - EPCOR

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

The following table provides condensed supplementary financial information for EPCOR.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24 UTILITY FRANCHISE AGREEMENT FEES

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

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

25 PENSION AND LONG-TERM DISABILITY PLANS

A. LOCAL AUTHORITIES PENSION PLAN

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

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

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

B. SPECIAL FORCES PENSION PLAN

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

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

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

C. CITY-SPONSORED PENSION PLANS

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

The following summarizes plans sponsored by the City.

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

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

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

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

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

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

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

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

Actuarial valuations for Police Supplementary, Fire Chief and Deputy Fire Chiefs' Supplementary Pension Plans and an actuarial extrapolation for the Fire Fighters' Supplementary Pension Plan were completed as at December 31, 2023. Each 2023 actuarial valuation and extrapolation were based upon a number of assumptions about future events, which reflect management's best estimates. The expected inflation rate is 2.0 per cent (2022 - 2.0 per cent). The discount rate used to determine the accrued benefit obligation is 5.9 per cent (2022 - 5.8 per cent). The expected rate of return on plan assets is 5.9 per cent (2022 - 5.8 per cent). The expected salary increase is 1.0 per cent for year one, 2.0 per cent for year two, and 2.8 per cent thereafter (2022 - 2.0 per cent for 2 years, and 2.8 per cent thereafter), plus a merit and promotion increase in the FFSPP (which varies by service). The Fire Chief Plan assumes a 0.5 per cent merit and promotion increase per annum for those with greater than five years of service.

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

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

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

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

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

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

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

D. LONG-TERM DISABILITY PLAN

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

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

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

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

26 COMMITMENTS

A. CONTRACTUAL OBLIGATIONS

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

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

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

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

B. LEASE COMMITMENTS

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

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

27 LIABILITY FOR CONTAMINATED SITES

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

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

28 CONTINGENT LIABILITIES

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

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

29 CONTINGENT ASSETS

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

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

30 CONTRACTUAL RIGHTS

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

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

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

31 RELATED PARTY DISCLOSURE

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

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

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

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

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

32 SEGMENT DISCLOSURES

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

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

Segments include:

A. TAX-SUPPORTED PROGRAMS

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

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

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

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

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

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

B. WASTE SERVICES

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

C. LAND ENTERPRISE

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

D. BLATCHFORD RENEWABLE ENERGY

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

E. EPCOR

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

F. ED TEL ENDOWMENT FUND

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

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

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

33 2023 BUDGET

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

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

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

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

34 COMPARATIVE INFORMATION

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