2018 ANNUAL REPORT

City of Edmonton, Alberta, Canada
For the Year Ended December 31, 2018

Edmonton

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

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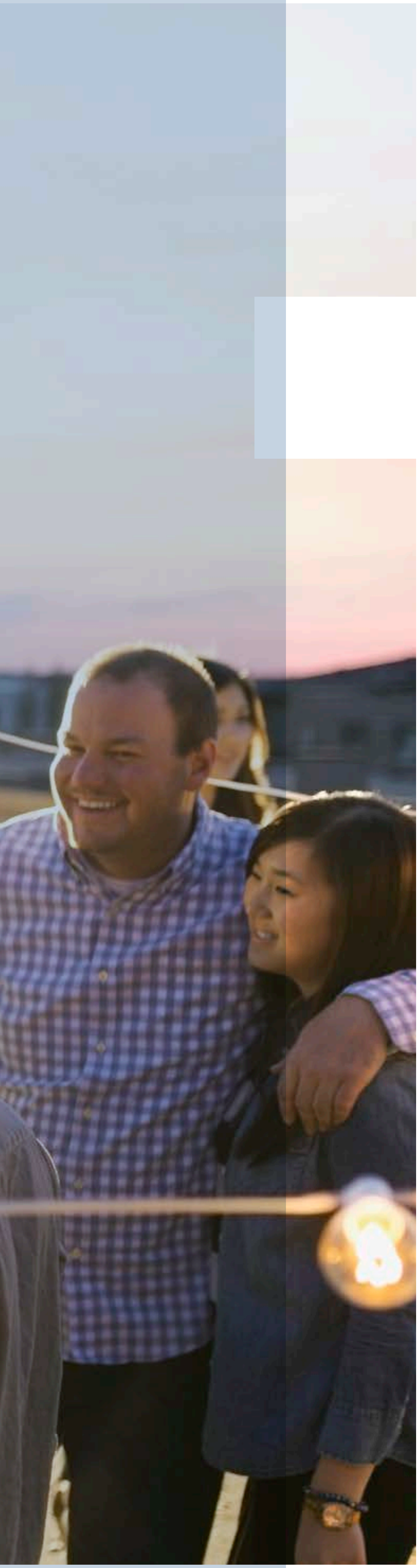
INTRODUCTION



OUR ORGANIZATION

Every day, the City of Edmonton provides services and infrastructure to keep nearly one million people safe, connected and able to live and work well.

The Edmonton metropolitan region comprises over 1.3 million people who come to Edmonton for everything the city offers – including parks, recreation facilities, shopping and attractions.

Edmonton's elected City Council and Mayor set policy, approve budgets and provide direction for the City Manager who, along with the City Auditor, is one of two direct employees of Council.

Administration, directed by the City Manager, implements City Council's vision and administers public services. Administration is organized into departments that work cooperatively to manage complex and wide-ranging activities.

MESSAGE FROM CITY COUNCIL

For the City of Edmonton, 2018 was full of contentious issues, visionary city building and many examples of artistic, cultural and athletic feats.

Back Row (left to right):
Ben Henderson – Ward 8
Tony Caterina – Ward 7
Scott McKeen – Ward 6
Mayor Don Iveson
Michael Walters – Ward 10
Sarah Hamilton – Ward 5
Jon Dziadyk – Ward 3

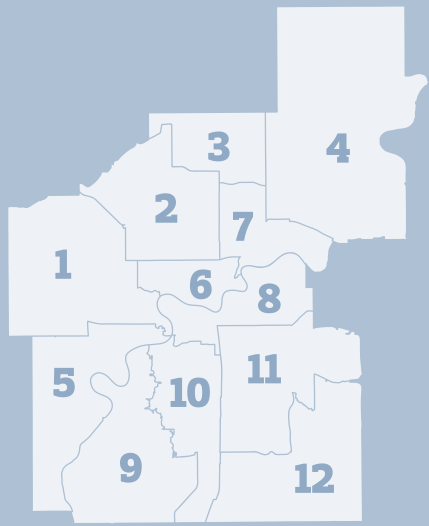
Front Row (left to right):
Aaron Paquette – Ward 4
Bev Esslinger – Ward 2
Andrew Knack – Ward 1
Mohinder Banga – Ward 12
Mike Nickel – Ward 11
Tim Cartmell – Ward 9

We secured funding for the West LRT expansion and 50th Street rail grade separation, hosted two United Nations conferences and completed the 2019–2022 Capital and Operating budgets. We reached a long-term, legislated infrastructure funding deal with the province. We also saw advances in Artificial Intelligence technology with ELA, Edmonton's first electric, autonomous vehicle making its debut.

In March we hosted the inaugural Cities and Climate Change Science Conference, bringing together more than 800 leaders and scientists from around the world to share the latest research and to inspire global and regional action to reverse climate change. In October we were proud to host the Safe Cities and Safe Public Spaces Global Leaders Forum, looking at and identifying ways to respond to and prevent sexual harassment against women and girls and create safe public spaces for everyone.

CITY COUNCILLOR REPRESENTATION BY WARD

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



Both of these remarkable and successful events not only put Edmonton on the world stage as a leader, they solidified our commitment to a sustainable, safe and inclusive city.

The end of the year was consumed with debate and discussion as Council worked hard to approve the 2019–2022 Capital and Operating budgets. This new budget was the toughest we've dealt with in a decade. Council has to strike a difficult balance, taking diverse opinions and perspectives into consideration while ensuring our city continues to thrive.

Other highlights from 2018 include providing free transit for children under the age of 12, which demonstrates our commitment to being a child-friendly city. We also were proud to officially open the ᐄᓃᐤ (ÎNÎW) River Lot 11∞ Indigenous Art Park and Queen Elizabeth Park in September. This space is a continuation of this land's role as a gathering place and showcases a diversity of meaningful artwork.

Our strategic vision and goals for the next decade and beyond help us set direction for Edmonton as it continues to grow toward a city of 2 million people. We are committed to becoming a safe, sustainable and resilient city for all our citizens. Council is confident going into 2019 we will continue to transform Edmonton into a global hub, paving the way for innovation and building a city where people are proud to say they are from Edmonton.

932,546 **POPULATION OF EDMONTON**
2016 Census Canada

MESSAGE FROM CITY MANAGER

Several important milestones marked a very busy and rewarding 2018 for Administration.

Together, they highlight our city building commitments in a time of economic restraint.

Working closely with Council, we finalized the pillars guiding Council's planning efforts for 2019–2028: the 2050 vision, the principle that guides decision-making, and the four strategic goals for the next decade. We are now well positioned to integrate and align the City of Edmonton Business Plan with Council's framework.

Council approved the 2019–2022 Capital, Operating and Utilities Budgets that balance Edmontonians' optimism for a vibrant future and the realism of operating within a challenging economy. Transformational capital projects like LRT and Yellowhead Trail expansion, the upgrade to Terwillegar Drive Expressway, and the construction of Lewis Farms Recreation Centre will significantly improve the livability of the city. Increased investment in Valley Line LRT, the Alley Renewal Program, Edmonton Police Service, and Edmonton Transit Service safety and security will ensure we have the infrastructure support and amenities that Edmontonians expect for this great city.

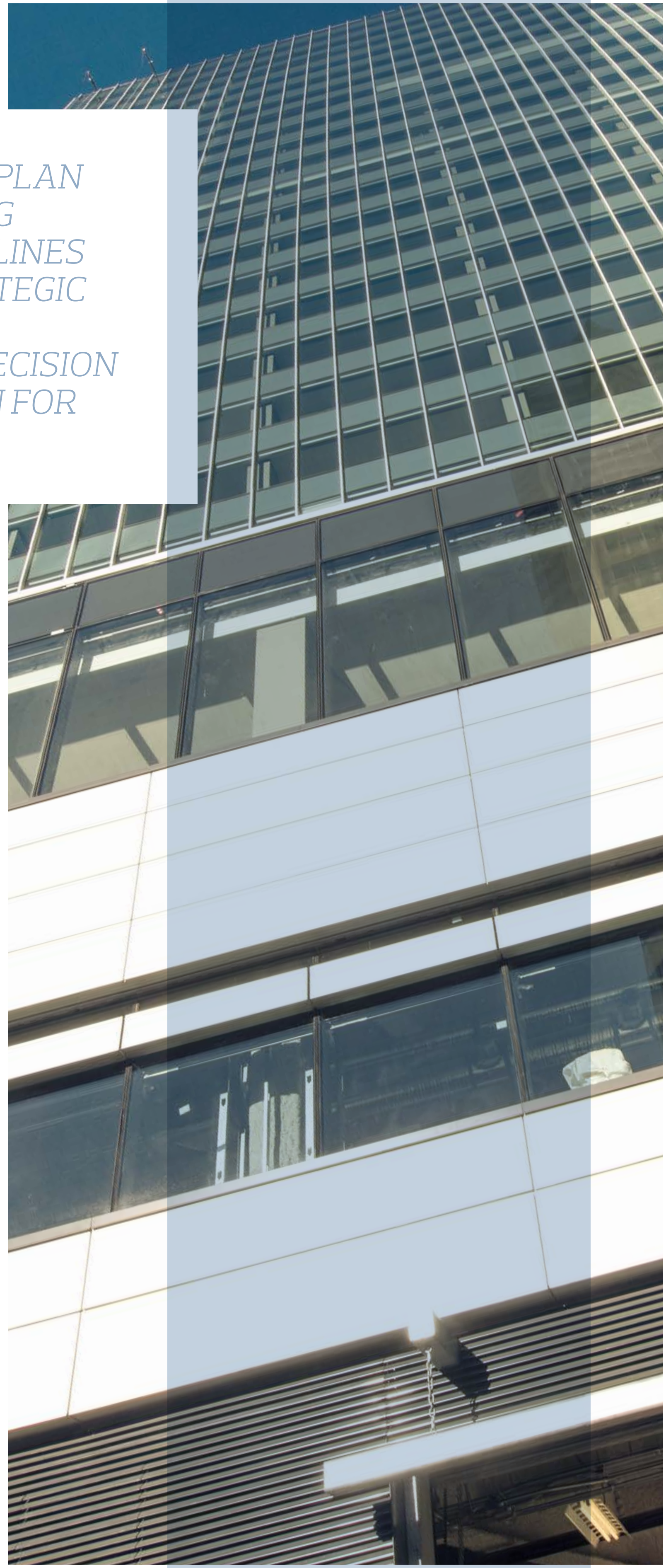
In 2018, significant effort was focused on understanding and improving the workplace experience of our nearly 14,000 City employees. The creation of the Employee Services Department set the stage for greater integration and collaboration on issues like recruitment, retention, safe and respectful workplaces, culture, and workplace safety. In 2018, we introduced employees to our cultural commitments, the values that anchor our promise to serve Council and Edmontonians. As an organization and as individuals, we focus on being helpful, safe, integrated, accountable and excellent in our work with the public and each other.

I am proud of the way City employees have responded to their evolving workplace.

Linda D.M. Cochrane

Linda D.M. Cochrane
City Manager

COUNCIL'S STRATEGIC PLAN 2019–2028, IS A GUIDING DOCUMENT THAT OUTLINES FOUR TEN-YEAR STRATEGIC GOALS, ONE UNIFYING PRINCIPLE TO GUIDE DECISION MAKING, AND A VISION FOR EDMONTON IN 2050.



HEALTHY CITY

Edmonton is a neighbourly city with community and personal wellness that embodies and promotes equity for all Edmontonians.

URBAN PLACES

Edmonton neighbourhoods are more vibrant as density increases, where people and businesses thrive and where housing and mobility options are plentiful.

REGIONAL PROSPERITY

Edmonton neighbourhoods are more vibrant as density increases, where people and businesses thrive and where housing and mobility options are plentiful.

CLIMATE RESILIENCE

Edmonton is a city transitioning to a low-carbon future, has clean air and water and is adapting to a changing climate.

LEGISLATIVE AND ADMINISTRATIVE ORGANIZATIONAL CHART

CITY COUNCIL MAYOR AND 12 COUNCILLORS

Audit Committee Mayor, four Councillors and two external members

Community and Public Services Committee Four Councillors

Executive Committee Mayor and four Councillors

Inter-municipal and Regional Development Committee Mayor and four Councillors

Urban Planning Committee Four Councillors

Utility Committee Four Councillors

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

Office of the City Auditor David Wiun, City Auditor

EPCOR Utilities Inc. Janice G. Rennie, Chair

Police Commission Tim O'Brien, Chair

Edmonton Public Library Board Brian Heidecker, Chair

Edmonton Economic Development Corporation Angela Fong, Chair

Other Commissions, Agencies, Boards and Authorities

CITY OF EDMONTON ADMINISTRATION

City Manager Linda Cochrane

Citizen Services Rob Smyth, Deputy City Manager

City Operations Gord Cebryk, Deputy City Manager

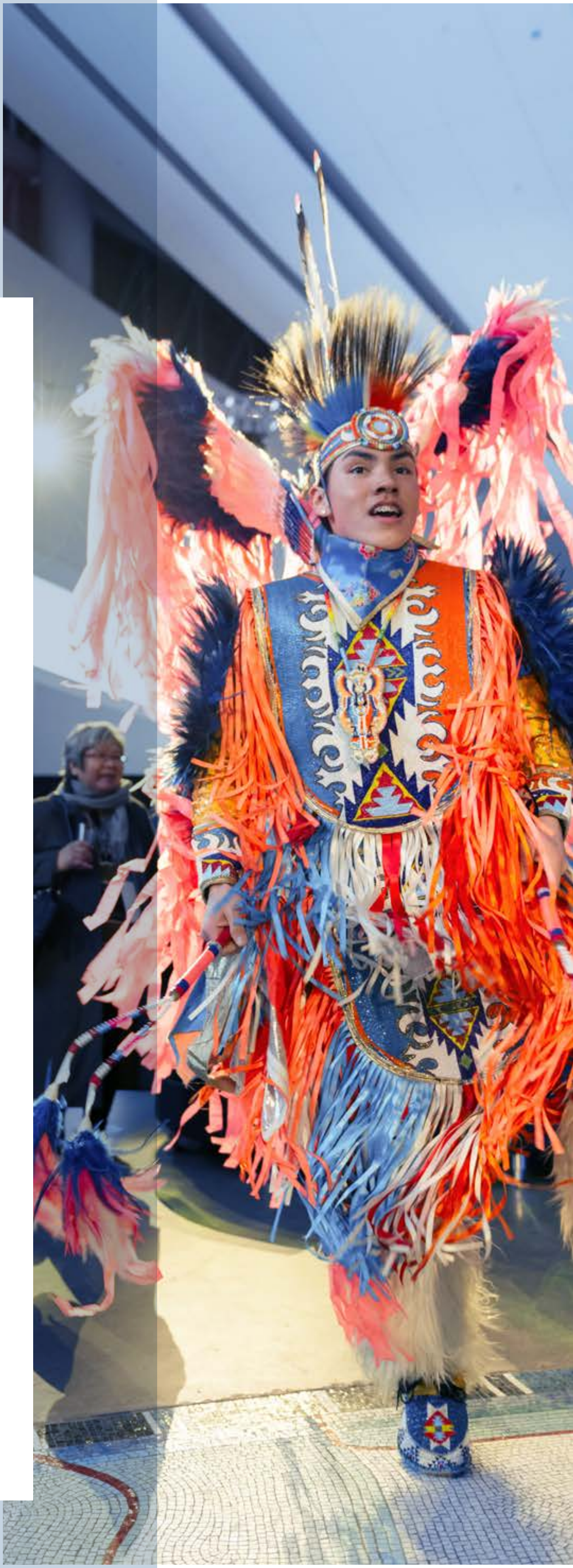
Communications and Engagement Catrin Owen, Deputy City Manager

Employee Services Kim Armstrong, Deputy City Manager

Financial and Corporate Services
Todd Burge, Deputy City Manager and Chief Financial Officer

Integrated Infrastructure Services Adam Laughlin, Deputy City Manager

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



POLITICAL AND ADMINISTRATIVE STRUCTURE

CITY COUNCIL

13 elected representatives make up Edmonton's City Council: one mayor and 12 councillors. Every four years, a civic election is held in which all Edmontonians elect the mayor and councillors are elected by voters in the wards they represent. On October 16, 2017, Edmontonians re-elected Don Iveson as Mayor, re-elected eight councillors and elected four new councillors. Edmonton's next civic election will be in 2021.

City Council typically meets two or three times a month. Council also has standing committees to take a closer look at specific topics and make recommendations. Some examples are:

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

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

Executive Committee oversees financial and corporate issues

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

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

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

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

In addition to these standing committees, Edmonton citizens serve on more than 20 agencies, boards, commissions and task forces. These range from quasi-judicial or governing agencies to advisory and decision-making panels. All bring in unique perspectives and help to shape our community.

OFFICE OF THE CITY AUDITOR

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

CITY ADMINISTRATION

City Administration is lead by the City Manager, who reports to City Council. The City Manager is the City of Edmonton's Chief Administrative Officer, carrying out Council's direction and administering public services. Linda Cochrane has held this role since March 2016.

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

- **Citizen Services**
- **City Operations**
- **Communications and Engagement**
- **Employee Services**
- **Financial and Corporate Services**
- **Integrated Infrastructure Services**
- **Urban Form and Corporate Strategic Development**

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

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

45,000+ **BUSINESSES IN EDMONTON METROPOLITAN REGION**

THE AWARD WINNING EDMONTON PUBLIC LIBRARY RECEIVES OVER 15 MILLION VISITS ANNUALLY — IN-PERSON ACROSS ALL 21 BRANCH LOCATIONS, AND ONLINE AT EPL.CA

EDMONTON ECONOMIC DEVELOPMENT CORPORATION

Edmonton Economic Development Corporation (EEDC) is an arms-length, board-governed, multi-divisional agency of the City of Edmonton, aligned through unified purpose, vision, and values. EEDC leads and manages six divisions that work in unison on initiatives that cultivate the energy, innovation and investment needed to build a prosperous and resilient Edmonton economy.

EEDC manages Edmonton Tourism, the Edmonton Convention Centre, Edmonton EXPO Centre, Enterprise Edmonton, a Corporate Services division and Innovate Edmonton. Its Innovate Edmonton division consists of Startup Edmonton, the Edmonton Research Park, Make Something Edmonton and a joint-venture with the University of Alberta called TEC Edmonton.

EEDC management reports to a 14-member, independent Board of Directors that includes Edmonton's mayor. Members are appointed by City Council, from the private and public sectors.

EDMONTON POLICE COMMISSION

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

EDMONTON PUBLIC LIBRARY

The award-winning Edmonton Public Library (EPL) receives over 15 million visits annually — in-person across all 21 branch locations, and online at epl.ca.

EPL supports literacy and lifelong learning through expert staff and technology while sharing information, resources and ideas. A free library card provides over 260,000 citizens access to a large collection of over 14 million digital and physical items as well over 21,000 classes and events. The *Libraries Act* of Alberta provides authority for EPL's operations and EPL is governed by a 10-member board of trustees. This board is appointed by City Council and consists of nine citizens and one city councillor.

EPCOR UTILITIES INC.

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

EPCOR is wholly owned by the City of Edmonton. City Council appoints EPCOR's Board of Directors. Headquartered in Edmonton, EPCOR employs about 3,400 employees across its operations.

WASTE RE-SOLUTIONS

2492369 Canada Corporation, operating as Waste RE-solutions Edmonton, is a wholly-owned subsidiary of the City of Edmonton. It provides services related to infrastructure development, implementation and ongoing operation of waste management systems and facilities, as well as advisory and consulting services. Waste RE-solutions is governed by an external board of directors appointed by the shareholder.

OTHER BOARDS

From the Naming Committee to the City of Edmonton Youth Council, the City of Edmonton has over two dozen agencies, boards, committees and commissions that draw on the knowledge and dedication of hundreds of citizen volunteers. These commissions, agencies, boards and committees advise and provide leadership on a wide range of activities, including business development, assessment, transportation, housing, and historical preservation. They also provide needed perspectives from groups such as youth, women and seniors.

EDMONTON'S ACCOMPLISHMENTS IN 2018

2018 was a year of looking ahead and planning for a shared, successful future.

Edmonton's City Council approved new four-year capital and operating budgets that reflect the visions of Council and residents for the city all Edmontonians will build. Within the City of Edmonton, departments are woven to create a fabric that is unified, comprehensive and far stronger than any one strand.

Residents, businesses, other orders of government and regional partners are part of the strong team taking Edmonton forward toward common goals.

Within the City of Edmonton, Cultural Commitments have been created and shared with all employees to inspire, ground and motivate workers in providing exceptional public service. The commitment to be safe, helpful, accountable, integrated and excellent is a shared understanding that connects over 14,000 workers in fields from roadway maintenance to recreation.


CHANGE
FOR
CLIMATE

A CLIMATE OF RESILIENCE

In March 2018, Edmonton hosted the Intergovernmental Panel on Climate Change: the United Nations body for assessing the science related to climate change. This three-day conference was co-sponsored by the Cities Intergovernmental Panel on Climate Change and the World Meteorological Organization (WMO), and brought more than eight hundred municipal representatives, scientists and academics from one hundred and thirty countries to Edmonton.

In advance of the conference, Edmonton hosted mayors from around the world at the Global Mayors Summit, to advance a united front in tackling urban climate challenges.

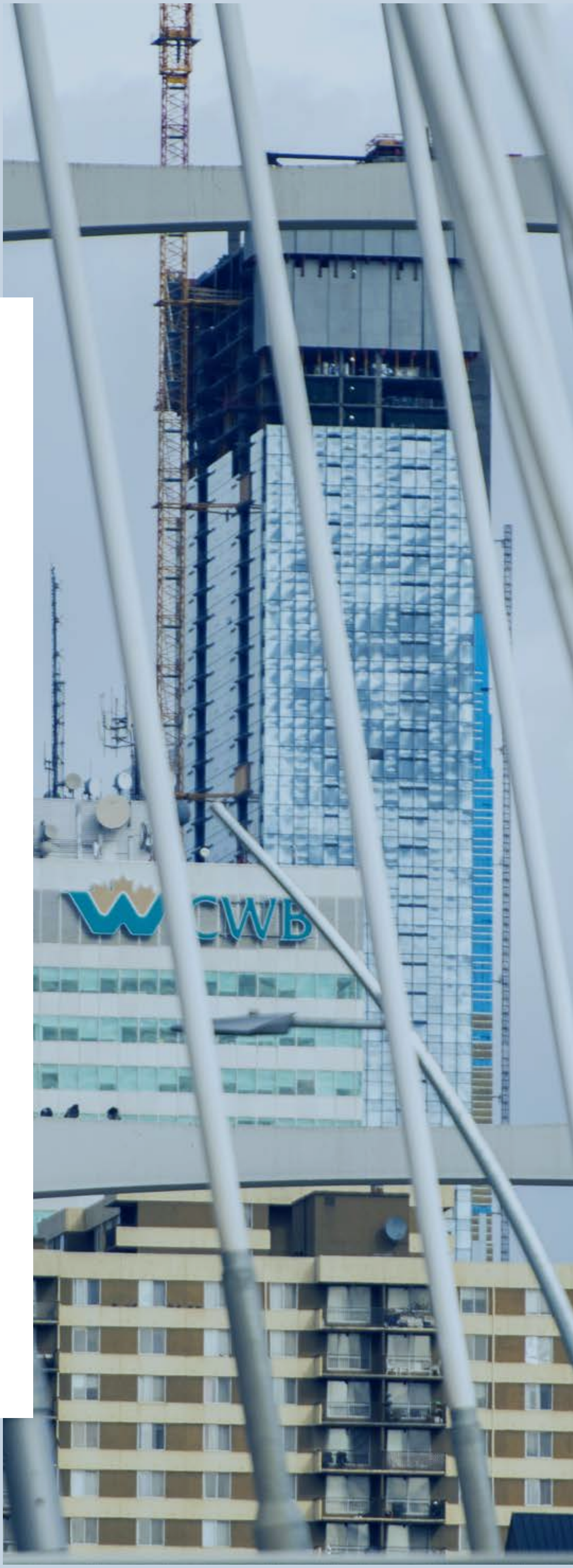
At the conference, Edmonton mayor Don Iveson invited mayors around the world to join him in signing the Edmonton Declaration, a bold call-to-action for cities of all sizes to seriously consider the role of scientific research and data in building ambitious climate action plans. This Declaration has the support of leaders including Michael Bloomberg and Maroš Šefčovič, co-chairs of the Global Covenant of Mayors.

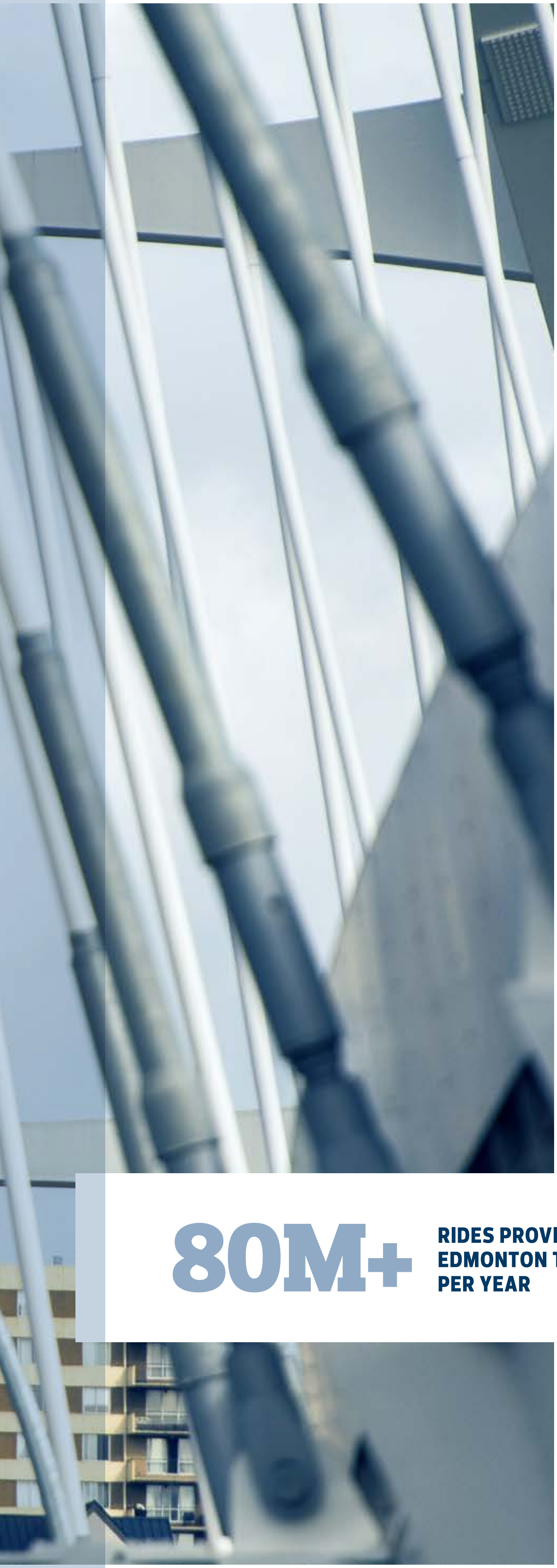
Through this important conference and others, such as the Safe Cities and Safe Public Spaces Global Leaders' Forum in October 2018, Edmonton has taken a position of leadership in a world where cities have more and more power to shape the future on a global scale.

Recognizing that global change starts with local action, the City of Edmonton has built on the momentum from these events with Change for Climate, a call to all Edmontonians to take action on climate change and work together to reduce greenhouse gas emissions.

From a herd of weed-eating goats that helps manage noxious plants without herbicides to bike lanes, electric buses and the City's LED street lighting installations, Edmonton is embracing technology and tradition to benefit the environment. In 2018, Breathe: Edmonton's Green Network Strategy won an Award for Planning Excellence from the Canadian Institute of Planners.

The future looks bright — and green — for Alberta's capital.





URBANISM WORKS WHEN IT CREATES A JOURNEY AS DESIRABLE AS THE DESTINATION.

– Paul Goldberger

80M+ **RIDES PROVIDED BY EDMONTON TRANSIT PER YEAR**

KEEPING EDMONTON CONNECTED

Residents and visitors saw Edmonton in a new way in 2018. The completion of Walterdale Bridge, including its surrounding paths and trails, created a new river valley "postcard" view that showcases Edmonton's growth, activity and natural beauty. These new physical connectors fostered new social and professional connections by providing residents with new routes for commuting, recreational activities and exploring nature.

Edmonton isn't just one of Canada's largest cities by population – it's also a large and diverse land area that comprises over three hundred neighbourhoods. Keeping Edmontonians across the City connected and on the go is no small endeavor. In 2018, the City of Edmonton continued to build on one of North America's busiest LRT networks with construction on the Valley Line Southeast.

In November 2018, $1.0 billion in funding from the Province of Alberta gave a welcome boost to the Valley Line West. An additional $131 million will help the City expand the Metro Line to Blatchford, taking the line closer to a planned final stop next to Edmonton's regional partners in St. Albert.

The City also expanded its network of technological connections this past year. Edmonton's award-winning Open Data Program provides a direct connection to residents and partners in the community who use the data to better understand the City and potentially improve life for Edmontonians. The City's Analytics Centre of Excellence is also building internal capacity to drive decision-making through trusted and relevant information that is easy to access, review and understand.

In addition, Edmonton's entry in Infrastructure Canada's Smart Cities Challenge won the city one of five finalist spots. Edmonton's Healthy City program, if selected as the winner of the National Challenge, will receive $50 million to improve the quality of life for residents and transform how we achieve excellence in data and technology.

Connections – physical, technological and social – move more than people and goods. They're conduits for ideas, partnerships and innovation. In this way, each Edmontonian's daily journey becomes a wealth of opportunities to collaborate, recreate and discover something new.

5,000+ CITY VEHICLES MAINTAINED BY FLEET SERVICE

HEALTHY COMMUNITIES

Sometimes a complex challenge needs a simple first step. The City of Edmonton's RECOVER Urban Wellness team worked with community-led groups in five neighbourhoods to test small-scale solutions to improve urban wellness. What did these prototypes look like? In Edmonton's downtown, a few picnic tables, umbrellas, plastic bricks and planters changed the feel of the space around a local drop-in centre into a place where residents from all backgrounds could connect and enjoy the unique neighbourhood.

Research, local knowledge and taking advantage of shared experience from around the world have all contributed to an urban wellness plan that is gaining momentum and building consensus to create a vibrant core in Edmonton, where all people at all income levels can thrive and feel welcome.

Infill and affordable housing remained a vital part of City Council's vision for a city of Urban Places: where neighbourhoods are more vibrant as density increases, where people and businesses thrive and where housing and mobility options are plentiful. City-led developments offered attainable housing with options to increase both infill and affordability, such as the secondary suites built in to the energy efficient homes of Legacy Pointe in La Perle.

A healthy community is one that values the well being of its people. In 2018, the City of Edmonton made transit safer for operators and riders, which in turn made transit a more attractive option for Edmontonians. This work was a shared priority for Council and Administration and an example of quick action taken in the interests of both staff and residents. When residents, business and the City agree on common goals, working together to define the path and the outcome, progress is within reach.

EFFICIENT AND EFFECTIVE

As Edmonton's population increases through new residents, growing families and the recent annexation of 8,260 hectares from Leduc County, the need to become more efficient and cost-effective grows as well. Since 2016, the City of Edmonton has been finding savings and improving processes through a City-wide Program and Service Review.

The Program and Service Review demonstrates the City's commitment to continuous improvement and fiscal responsibility. Through a defined, methodical process, the Program and Service Review encourages curiosity, critical discussion and exploration of better ways to meet the evolving needs of over 900,000 residents. The program is set out to review services across the City of Edmonton, approximately seventy-three internal and external services.

The intent of the Program and Service Review is to improve value and foster a culture of continuous improvement within the Administration. It is about incorporating this mindset into all activities, to understand the relevance and improve the effectiveness and efficiency of all City of Edmonton services. These improvements enable business areas to more appropriately and meaningfully allocate resources that best align to Council's vision and the City's strategic priorities.

A SHARED DESTINATION

City building means building Edmonton's future. It's complex, inspiring and important work that can't happen without a shared vision.

Through extensive public engagement and day-to-day connections, City Council and Edmontonians have agreed on priorities for working, learning and living well.

This is a vision of a **Healthy City:** a neighbourly place with community and personal wellness that embodies and promotes equality for all Edmontonians. A city of **Urban Places:** where neighbourhoods are more vibrant as density increases, where people and businesses thrive and where housing and mobility options are plentiful. A city at the heart of **Regional Prosperity:** growing prosperity for our Metro Region by driving innovation, competitiveness and relevance for our businesses at the local and global level. And a city with **Climate Resilience:** a place with clean air and water, transitioning to a low carbon future and adapting to a changing climate.

Public engagement is essential to understanding the hopes and dreams of residents and in building a story of Edmonton's future in which all residents can see themselves. In 2018, the City of Edmonton was proud to be named the International Association for Public Participation's International Organization of the year.

A compelling story of who Edmontonians are and want to be helps residents direct their ideas, strengths and abilities toward the worthwhile cause of a city in which everyone can live their best lives.

SUCCEEDING BEYOND THE CITY LIMITS

In early October 2018, drivers on the Queen Elizabeth II highway between Edmonton and Calgary were met with an unusual sight: thirty snowplows making their way south. Calgary had received an early storm that pushed the city's snow removal teams past their limits and Edmonton came to the rescue with vehicles and personnel to help carry the load. This was done under the two cities' Disaster Services Mutual Aid agreement, which also allowed Edmonton to provide assistance during Calgary's 2013 floods. The agreement lets the cities cooperate in an emergency, with a plan for compensation when the situation is under control.

Agreements of this kind recognize the value of Alberta's two largest cities pooling their strengths and working together.

On December 5, 2018, Bill 32: The *City Charters Fiscal Framework Act* was passed by the Alberta Legislature and it received Royal Assent on December 11, 2018. The fiscal framework provides Edmonton and Calgary with funding for major infrastructure to replace the cities' Municipal Sustainability Initiative (MSI) funding when that program is complete in 2022. It differs from previous funding initiatives and grants in that it introduces a revenue-sharing component, in which funding will increase along with fuel sales and provincial revenue. This will help the cities plan and construct major infrastructure projects that benefit not only city residents, but also the many Albertans who rely on Edmonton and Calgary for services and visit those cities for business, learning and recreation. Additional components of the framework will see dedicated funding for long-term transit in the two cities and a new fund for significant regional infrastructure projects in the two cities' metropolitan regions.

The City of Edmonton played an important role in shaping the 2017 *Municipal Government Act* (MGA) review and these changes, along with the *City of Edmonton Charter*, have given the City new tools to implement different services and build different types of infrastructure for the city. Changes in 2018 included a Council Code of Conduct, parental leave for Councillors, and formal approval of the Edmonton City Charter.

In 2018, the City also prepared to welcome new Edmontonians through the annexation of 8,260 hectares from Leduc County. This annexation will create room for Edmonton's future growth. Extensive public engagement and support for residents in the annexed area laid the groundwork for a smooth transition in 2019.

All Albertans, both inside and outside Edmonton's city limits, are important partners in the success of Edmonton and the province. 2018 was an important year for strengthening those partnerships and finding new ways to work together.

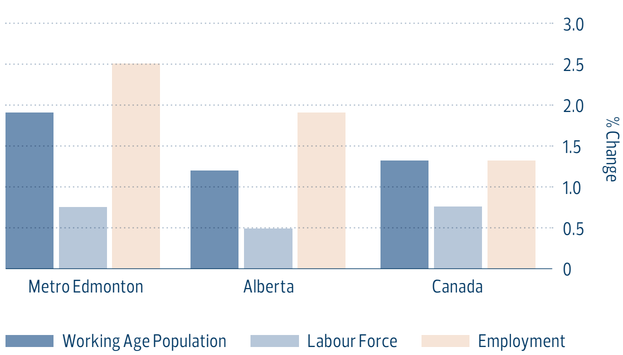
ECONOMIC PERFORMANCE

The City of Edmonton saw its relatively diverse economy continue to grow in 2018 with solid job gains, rising incomes and a growing population.

OVERALL PERFORMANCE

Employment in Metro Edmonton was up between 2017 and 2018 with a net gain of 19,200 positions. The upward trend in Metro Edmonton's employment through 2017 continued into 2018, more than making up the sharp job losses seen in the second half of 2016. Job gains in 2018 were primarily for full-time positions, many in relatively high-paying sectors. A partial recovery of employment in the primary and manufacturing sectors was complemented with continuing expansion in health care, education and public administration sectors. Employment in the construction and professional services not only fully recovered job losses seen in 2016 but saw growth in 2018. Overall, Metro Edmonton had an average of 783,300 positions for 2018. Metro Edmonton's unemployment rate decreased from 8.1 per cent in 2017 to 6.4 per cent in 2018 as employment growth outstripped expansions in the region's working age population and labour force.

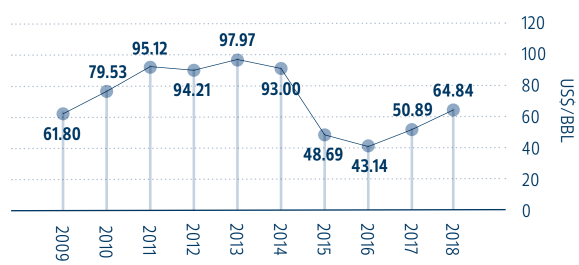
Labour Market Developments – 2018 Annual Change
Source: Statistics Canada



At the provincial level, the modest recovery in energy prices in 2017 and 2018 helped to stabilize investment in the oil and gas sector. However, the growing differential between West Texas Intermediate and Western Canadian Select prices had a dampening effect on investor sentiment, particularly in the second half of 2018. Alberta saw growth in manufacturing, public administration and forestry, fishing, mining, quarrying, oil and gas, which helped to boost the province's employment by 43,800 positions or almost two per cent between 2017 and 2018. As a result, Alberta's unemployment rate fell from 7.8 per cent in 2017 to 6.6 per cent in 2018.

For Canada as a whole, there was very solid growth in employment of 1.3 per cent, driven by improving conditions in the logistics, education and construction sectors. This applied further downward pressure to the national unemployment rate, from 6.3 per cent in 2017 to 5.8 per cent in 2018 as employment growth far outstripped the expansion of Canada's active labour force.

Average Annual Oil Prices – West Texas Intermediate
Source: Government of Alberta and U.S. Energy Information Administration



After bottoming below $30.00 per barrel in February 2016, the US benchmark oil price (West Texas Intermediate or WTI) has made a significant recovery, reaching an average of almost $65 per barrel in 2018. This has helped stabilize investment levels in the energy sector. However, it should be noted that, due to ongoing constraints on Alberta's ability to move oil out of the province, a very significant discount opened up between Canadian and US benchmark oil prices in late 2017 and widened to almost $50 per barrel in November 2018. Though the differential has narrowed in recent months, if this discount persists or gets worse, investment levels in Alberta's energy sector could be adversely affected, with negative implications for economic activity and employment.

While energy prices have improved, their levels remain well below the peaks seen in the period between 2010 and 2014. The implication for Edmonton and Alberta is that investment activity in the energy sector will remain muted, resulting in relatively modest growth prospects over the medium term.

RESIDENTIAL CONSTRUCTION

Residential construction in Metro Edmonton took a step back in 2018, in response to rising supply levels in both the existing and new home markets. The Multiple Listing Service (MLS) median house price in 2018 for Metro Edmonton was $347,306, a 0.8 per cent reduction from $350,000 in 2017. Within City of Edmonton limits, the median house price in 2018 was $346,000, down 1.1 per cent from $350,000 in 2017. Metro Edmonton's rental vacancy rate decreased from 7.0 per cent in October 2017 to 5.3 per cent in October 2018 as employment growth, along with net in-flows of migrants, boosted the demand for rental accommodation.

The value of building permits in Metro Edmonton slipped from $5.2 billion in 2017 to $4.9 billion in 2018. The pullback was due to a decline in residential building permit values. Non-residential building permit values increased in 2018, solely due to increased construction intentions for commercial buildings. The gain in commercial building permits more than offset declines in the industrial and institutional and governmental segments.

Alberta saw weaker residential and non-residential building permit values in 2018. The decline was most pronounced for residential building permit values, solely due to lower single-detached construction intentions. On the non-residential side, building permit values declined 3.2 per cent year-over-year, as a gain in commercial building permit values was more than offset by reductions in industrial and institutional and governmental permit values. At the national level, the value of permits was up by 3.7 per cent, as double-digit growth in residential multiple and non-residential commercial building segments boosted overall 2018 permit values.

HOUSING STARTS

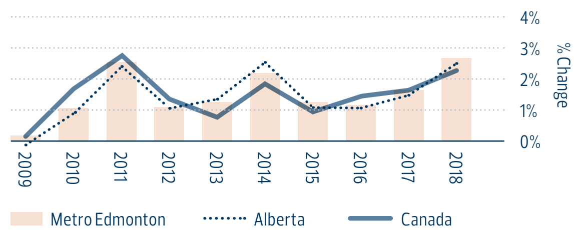
Both the city and Metro Edmonton saw housing starts decline between 2017 and 2018. In the city, construction started on 8,003 units compared with 8,506 units in 2017 — a reduction of 5.9 per cent. Throughout Metro Edmonton, there were 10,038 housing starts in 2018, down 12.2 per cent from 11,435 in 2017. With elevated supply levels for both existing and new homes, starts activity in both the city and Metro Edmonton was lower in 2018 as builders looked to manage their inventory.

INFLATION

Inflation levels in Metro Edmonton jumped in 2018 as a result of higher fuel and electricity costs, particularly gasoline prices. Inflation, as measured by the Consumer Price Index, came in at 2.7 per cent in 2018, compared to 1.6 per cent in 2017. For Alberta, the comparable figure was 2.4 per cent, while Canada's annual inflation rate in 2018 was 2.3 per cent.

Annual Consumer Price Index

Source: Statistics Canada

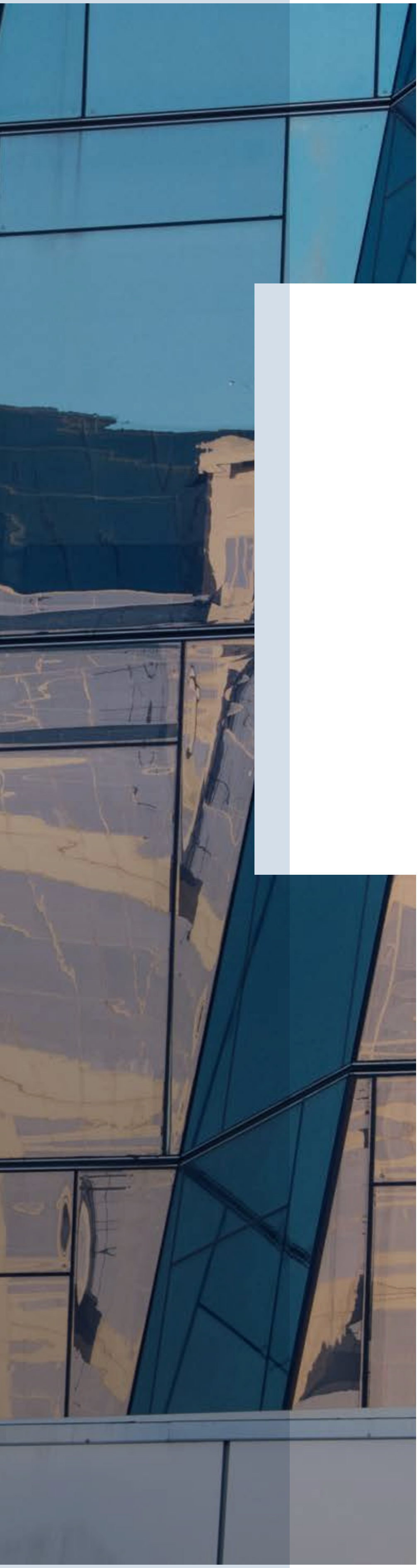


SUMMARY

The city's economic performance in 2018 was one of the strongest in the province. Solid employment gains more than made up for job losses in late 2016. Despite this, residential construction activity slowed in 2018, in response to elevated supply in the existing and new home markets. In addition, the introduction of mortgage stress tests at the start of 2018 contributed to reduced demand. Nonetheless, signs that a recovery is underway are becoming more and more evident. Looking forward, growth will continue for both Metro Edmonton and Alberta in 2019. Over the coming year, employment is expected to continue expanding, bringing down the region's unemployment rate, albeit at a more gradual pace than in 2018. Improved economic conditions in Metro Edmonton and Alberta will stimulate in-migration from other parts of Canada and international immigration will remain strong, providing a solid foundation for housing and consumer spending in the region.

EMPLOYMENT IN METRO EDMONTON WAS UP BETWEEN 2017 AND 2018 WITH A NET GAIN OF 19,200 POSITIONS.

FINANCIAL STATEMENT DISCUSSION & ANALYSIS



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

In addition to providing an overview of the City's 2018 financial performance and position, this report describes significant fiscal policies, strategies and plans related to financial control, accountability, long-term sustainability and risk management.

The 2018 Annual Report includes the City's consolidated financial statements (financial statements), which have been prepared in accordance with Canadian public sector accounting standards (PSAS). KPMG LLP has audited the City's financial statements and provided an Independent Auditor's Report. The financial statements and auditor's report satisfy the legislative reporting requirement set out in the *Municipal Government Act* (MGA) of Alberta.

The following financial statement discussion and analysis should be read in conjunction with the financial statements. Both have been prepared by, and are the responsibility of, the City of Edmonton's leadership team. A five year statistical review of key information has also been provided.

2018 FINANCIAL HIGHLIGHTS

The City ended the 2018 year with a $2.4 million operating deficit for general government (tax-supported) operations relative to the overall expense budget. The deficit is primarily a result of external factors that were beyond the City's control; lower than budgeted gas franchise fees, lower grants in lieu of taxes from the Province and higher fuel costs as a result of price increases. The City became aware of these factors during the year and was able to proactively manage costs to offset the unfavourable financial impacts of these external factors. As a result, the City ended the year with a tax-supported deficit of $2.4 million. This is equal to negative 0.1 per cent of budgeted tax-supported expenses, the lowest percentage variance in the last ten years.

The final year of the City's four-year capital budget for 2015–2018 saw continued investment in major capital initiatives, including new and upgraded libraries, a police campus, bus fleet replacement and refurbishment, and recreation facility renewals and upgrades. The 2015–2018 capital budget also allocated funding to construct new transportation assets such as LRT expansion projects, a transit garage, and roads and bridges. The previous capital budget also included funding for infrastructure reconstruction, such as streetscapes and sidewalks, as part of the neighbourhood renewal program.

In 2018, the City continued to execute its business plan and budget. The 2018 operating budget saw a property tax increase of 3.2 per cent to pay for civic programs, including 1.4 per cent dedicated to fund neighbourhood renewal, 1.0 per cent dedicated to the Edmonton Police Service, and 0.6 per cent dedicated to fund the Valley Line LRT, in alignment with City Council's (Council) priorities.

In December 2018, City Council approved new four-year operating and capital budgets for 2019–2022, aligning the City's multi-year operating and capital budgets for the first time. The 2019–2022 capital budget balances investments in infrastructure that are required to keep existing City assets in good repair with the financial support required to address the City's ongoing growth needs.

The 2019–2022 operating budget is influenced by economic forecasts that predict slow-to-moderate growth in Edmonton as Alberta recovers from the 2015–16 recession. The City endeavours to balance affordable taxes and reasonable user fees with achieving program results, maintaining services for the general public, and balancing the interests and values of the public.

With an overall accumulated surplus of $14,296.5 million, the City's financial position is healthy. The City will continue to monitor its financial performance and the broader economy, and will implement strategies to address growth and increased service demand through the multi-year budget process. These challenges are expanded upon in the Long-Term Sustainability section of this discussion.

THE CITY MAINTAINS A HEALTHY ACCUMULATED SURPLUS BALANCE DUE TO ITS CONTINUED INVESTMENTS IN EDMONTON'S INFRASTRUCTURE, ITS GROWING INVESTMENT IN EPCOR AND THE ACCUMULATION OF ANNUAL EXCESS OF REVENUES OVER EXPENSES.

FINANCIAL POSITION

Consolidated Statement of Financial Position
(millions of $)

		2018		2017		2016		2015		2014
Financial Assets	$	7,237.7	$	6,791.5	$	5,715.8	$	5,325.2	$	5,061.7
Liabilities		4,699.5		4,334.4		4,652.7		4,244.1		4,010.4
Net Financial Assets	$	2,538.2	$	2,457.1	$	1,063.1	$	1,081.1	$	1,051.3
Non-Financial Assets		11,758.3		10,842.2		13,638.9		12,666.6		11,841.0
Accumulated Surplus	**$**	**14,296.5**	**$**	**13,299.3**	**$**	**14,702.0**	**$**	**13,747.7**	**$**	**12,892.3**

The City ended the year in a strong financial position with **net financial assets** of $2,538.2 million, an overall increase of $81.1 million compared to 2017. The primary components of the net financial asset balance are the City's investment of $3,749.1 million in the EPCOR subsidiary, investments of $1,872.3 million, cash and cash equivalents of $852.0 million, and long-term debt of $3,046.2 million. Net financial assets have grown steadily since 2014 due to an increase in the City's investment holdings and the City's investment in EPCOR, resulting in a healthy and stable net financial asset position.

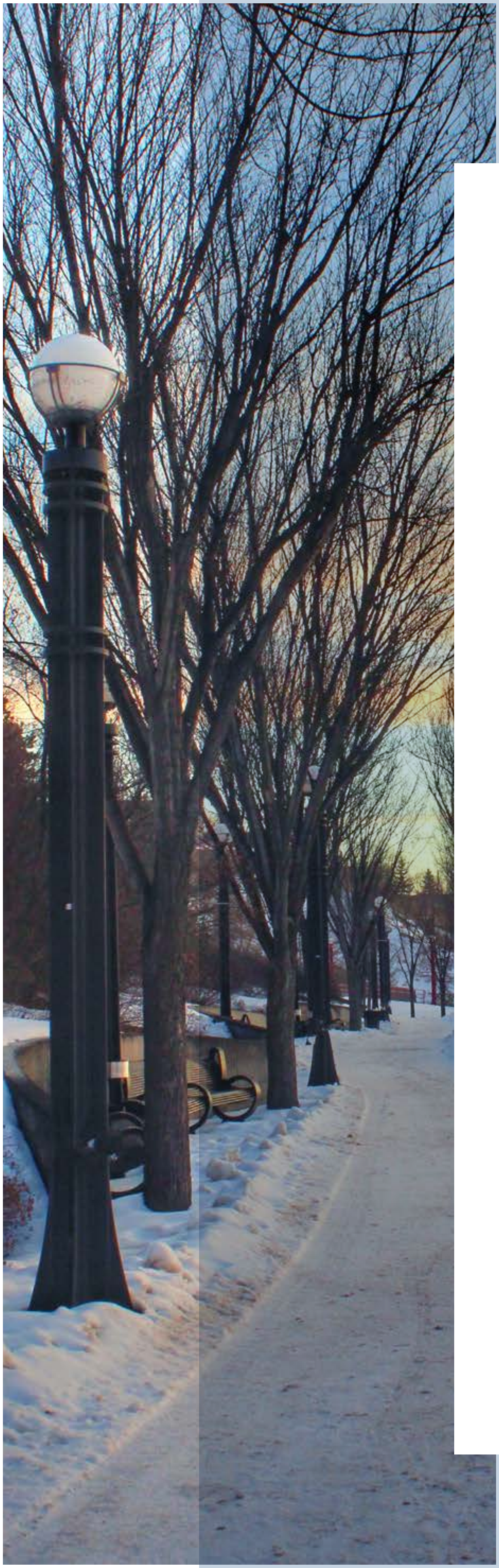
The City's **non-financial assets** at the end of 2018 were $11,758.3 million, an overall increase of $916.1 million compared to 2017. Non-financial assets are comprised primarily of tangible capital assets such as buildings, roadways, and vehicles that are valued at $11,687.0 million. The City's non-financial assets have grown over the last five years due to continued investments in infrastructure; these investments include the construction of new infrastructure to meet the needs of a growing population and repairs to existing infrastructure to maintain the service standards that Edmontonians expect. The ability to build and maintain infrastructure assets ensures that Edmonton can provide services and remain an attractive and cost-effective place to live and do business.

Accumulated surplus is an indicator of the City's overall financial health that reflects the net economic resources the City has built up over time. The City ended 2018 with a total accumulated surplus of $14,296.5 million, an increase of 7.5 per cent compared to prior year. This surplus includes the City's equity in tangible capital assets, investments in the EPCOR subsidiary and Ed-Tel Endowment Fund, and a number of reserves, including the Financial Stabilization Reserve. The City maintains a healthy accumulated surplus balance due to its continued investments in Edmonton's infrastructure, its growing investment in EPCOR and the accumulation of annual excess of revenues over expenses.

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

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

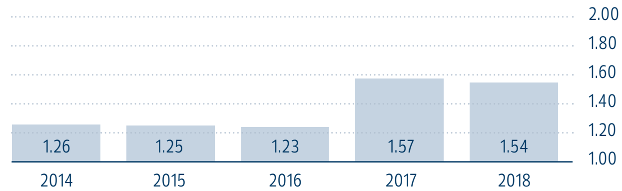
The significant balances and changes in financial position are discussed in the following sections.



FINANCIAL ASSETS

The financial assets-to-liabilities ratio is used to assess the sustainability of the City's financial position. A result lower than one indicates that future revenues will be required to pay for past transactions and events. A result higher than one indicates that financial resources that can pay for future operations are available in the present. The City's financial assets to liabilities ratio over the past five years has remained greater than one.

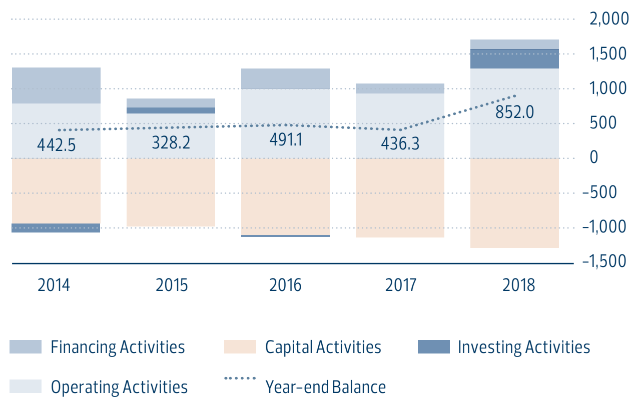
Financial Assets to Liabilities



CASH

The City's cash position includes both cash and cash equivalents such as temporary investments. In 2018, the City's cash position increased to $852.0 million from $436.3 million in 2017, an overall increase of $415.7 million. The change is due to the timing differences between expenditures and funding sources and is consistent with the decrease in trade and other receivables and the increase in both accounts payable and accrued liabilities. In 2018, the cash and cash equivalents used to finance some 2017 capital expenditures as an interim measure were partially replenished through borrowing and through capital government transfers paid to the City by other orders of government.

Cash Flows
(millions of $)



THE OBJECTIVE OF THE CITY INVESTMENT POLICY IS TO PRESERVE THE PRINCIPAL INVESTMENT AMOUNT AND MAXIMIZE INVESTMENT RETURNS WITHIN AN ACCEPTABLE AND PRUDENT LEVEL OF RISK.

The Consolidated Statement of Cash Flows summarizes the sources and uses of cash by the City in 2018. During the year, the City raised $1,289.2 million from operations and $133.9 million from net financing activities. The City spent $1,285.7 million to acquire tangible capital assets, net of proceeds on disposal, and generated $278.3 million in cash through investing activities, including a dividend from the EPCOR subsidiary of $166.0 million during the year.

RECEIVABLES

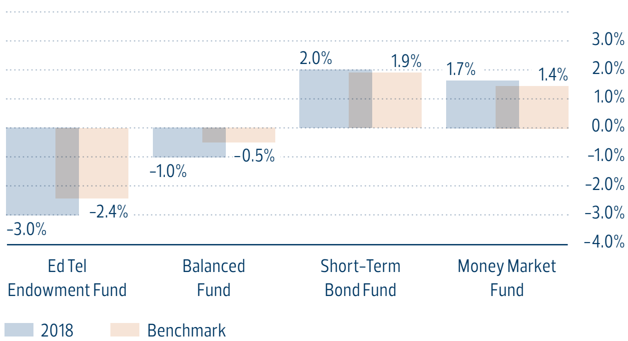
Receivables include amounts owed to the City related to the following categories: trade and other; local improvements; and taxes and government transfers. The 2018 receivables balance of $482.9 million decreased by $53.6 million from the prior year balance of $536.5 million. Trade and other, local improvement and taxes receivables decreased by $36.1 million due to normal operating fluctuations. Government grant receivables decreased by a net $17.5 million compared to prior years as a result of timing differences between expenditures related to the Valley Line LRT Southeast project and reimbursement of those expenditures through grant funding. From 2016 to 2018, design and construction work on the Valley Line LRT Southeast project has progressed. At the end of 2017, the City was owed $96.7 million in grant funding through the Green Transit Incentives Program for eligible expenditures incurred for the Valley Line project during the year, and these funds were received in 2018. Currently, the City is owed $82.7 million from the P3 Canada Fund for expenditures incurred for the Valley Line LRT Southeast project from 2016 to the end of 2018. The P3 Canada Fund grant will be paid to the City upon service commencement of the Valley Line LRT Southeast project at the end of 2020. As a result, the grant receivable amount will grow in line with eligible expenditures until that time. Details on federal and provincial government transfers are provided in Note 18 to the financial statements.

INVESTMENTS

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

The Investment Committee's role is to oversee the City's investments. Members are selected to bring both investment and business expertise to the Committee. By monitoring the City's investment program and implementing changes as necessary, the Committee ensures that the funds are well positioned and appropriately invested in a manner that meets their objectives.

2018 Performance vs Benchmark



Included in investments of $1,872.3 million are amounts held as cash, amounts (payable) receivable, fixed income, common and preferred shares, pooled infrastructure funds, and other investments. These investments are held within the Money Market Fund, Short-Term Bond Fund, the Balance Fund and the Ed Tel Endowment Fund.

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

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

The Balanced Fund is a long-term investment vehicle to fund capital on a pay-as-you-go basis. Because it has a longer-term investment horizon of greater than five years, it has a risk tolerance that permits owning equities.

$3.7B **CITY'S INVESTMENT IN EPCOR**

The largest of the City investment funds is the Ed Tel Endowment Fund, established in 1995, with the investment of $465.0 million in proceeds from the sale of the municipal telephone utility. The Ed Tel Endowment Fund provides a source of income in perpetuity while ensuring that the real purchasing power of the original investment is maintained. Similar to the Balance Fund, the Ed Tel Endowment Fund has a longer-term investment horizon and a level of risk tolerance that permits owning equities. City Bylaw 11713 establishes the formula under which earnings from this fund can be applied to fund City operations.

Since 1995, the Ed Tel Endowment fund has contributed $784.1 million to the City. In 2018, the fund contributed $46.0 million in dividends to the City, including a $9.2 million special dividend that was approved by City Council on December 6, 2017. In accordance with Bylaw 11713, City Council may authorize a special dividend payment when the market value of the fund is more than 15 per cent above the inflation adjusted principal. At June 30, 2018, the market value of the Ed Tel Endowment Fund was 17.6 per cent above the inflation adjusted principal. On September 4, 2018, City Council approved a special dividend from the Ed Tel Endowment fund in the amount of $9.7 million to be paid in 2019. The special dividend will fund capital projects, in alignment with the City's budget strategy of redirecting investment earnings to capital.

Performance of the City's investment funds ranged from negative 3.0 per cent (Ed Tel Endowment Fund) to 2.0 per cent (Short-Term Bond Fund), depending on each fund's asset mix. In contrast to the strong performance seen during the two previous years, equity markets around the world declined in 2018. Considerable political uncertainty, rising interest rates and a slowing global economic expansion were key factors in the negative returns seen in foreign equity markets throughout the year. Canadian equities experienced negative returns of 8.9 per cent during the year, given an uncertain growth outlook and ongoing weakness in the price of oil and the Canadian dollar. The price of oil and the Canadian dollar fell by 25 per cent and 8 per cent respectively, marking the first time since the financial crisis in 2008 that all major equity markets posted negative returns. As a result, the Ed Tel Endowment Fund and Balance Fund, both of which are invested in equity markets in accordance with the City's investment policy, saw returns below their respective benchmarks. By contrast, the Money Market Fund and Short Term Bond Fund, which are invested in less risky fixed income securities, performed in line with or above benchmarks. The Ed Tel Endowment Fund ended 2018 with an investment book value of $825.0 million, compared to a market value of $787.6 million.

Overall, the market value of the City's investment portfolio at year end was $1,804.2 million, 3.6 per cent below the investment cost. Forecasts indicate positive returns in equity markets in 2019 and over the longer term. The City considers the decline in the value of its investments to be temporary in nature.

More detailed information about the investment performance and benchmarks are available in the 2018 Investment Committee Annual Report on the City of Edmonton's website.

The City's investment custodian, State Street Trust Company, is responsible for the safekeeping of the City's investments. The City selected State Street Trust Company was selected as its investment custodian in 2008. In 2018, the City reviewed its banking and investment custodian services and State Street Trust Company was retained as the City's investment custodian. The City undertakes a review of banking and custody services on a periodic basis.

The City established the Sinking Fund so that monies could be regularly set aside for the eventual redemption of various public debenture issues (borrowings). The last outstanding debenture issue of $100.0 million matured in 2018 and the related Sinking Fund assets were sold to repay the remaining outstanding debentures. At the end of 2018, the Sinking Fund has no remaining assets and there are no longer any outstanding public debenture issues.

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

INVESTMENT IN EPCOR

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

The City applies a modified equity method of accounting and reporting for EPCOR, a wholly owned subsidiary, as a government business enterprise. EPCOR's management has prepared their 2018 consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). EPCOR's accounting principles are not adjusted to conform to those used by the City as a local government; therefore, inter-organizational transactions and balances are not eliminated.

In 2018, the City's investment in EPCOR increased to $3,749.1 million from $3,560.9 million in 2017, a net increase of $188.2 million. The net increase is due to EPCOR's reported net income of $295.2 million for 2018 and other equity adjustments of $59.0 million, offset by a dividend of $166.0 million paid to the City. Summary financial information for EPCOR is included in Note 20 to the financial statements.

Additional detail on EPCOR's strategies, financial performance and health, and significant events that occurred in 2018 are discussed in EPCOR's 2018 Annual Report, which is available on the company's website.

LIABILITIES

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities is include the categories of trade and other, developer obligations, payroll and remittances and accrued interest amounts owing. The balance of $867.7 million at year-end has increased over the prior year balance of $771.2 million by $96.5 million.

The trade and other category has increased by $83.0 million due to timing differences in the payment of outstanding invoices over prior year and an overall increase in capital expenditures compared to prior years. In particular, there was a $50.2 million increase in the P3 service commencement liability to be paid in 2020 to TransEd (the P3 partner) upon service commencement of the Valley Line LRT Southeast. The liability increases annually until final payment upon service commencement based on percentage of project completion.

Developer obligations have increased by $31.0 million over prior year as a result of significant land development projects that began in 2018. This resulted in an increase in related developer payments being held pending fulfillment of requirements set out in land development service agreements.

Payroll and remittance liabilities have decreased by $18.1 million over the prior year. A majority of this variance is related to timing differences in the payment of payroll deduction amounts that are collected by the City and owed to the Receiver General at the end of the year compared to prior years. The variance was partially offset by an increase as a result of a salary accrual for a contract agreement that expired and was in negotiations at the end of 2018.

The remainder of the variance was within accrued interest. Information on the composition of the accounts payable and accrued liability balance is provided in Note 7 to the financial statements.

DEFERRED REVENUE

Deferred revenue is largely made up of government transfers provided to fund operating and capital expenditures. The use of these revenues is externally restricted until used for the purposes intended. The deferred revenue balance of $493.2 million increased by $120.1 million from the prior year balance of $373.1 million. This increase is attributed to the new provincial Climate Leadership Plan Grant for the Valley Line LRT and Municipal Sustainability Initiative (MSI) grant proceeds received in advance of eligible expenditures. Additional details about balances and changes in deferred revenue are included in Note 8 to the financial statements.

LONG-TERM DEBT

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

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

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

Since 1993, borrowing completed by the City has generally been in the form of amortizing debentures in Canadian dollars administered through the Alberta Capital Finance Authority (ACFA), using the debt rating of the Government of Alberta and combined borrowing volumes across Alberta. Interest rates are established at the time of borrowing and remain constant throughout the term of the debenture, eliminating the risk associated with fluctuating interest rates. Repayments are made annually or semi-annually. The City continued to benefit from low interest rates for new borrowing during the year, with ranges as follows:

Borrowing Terms and Interest Rates

Term	Interest Rates
5 years	2.13% to 2.92%
10 years	2.53% to 3.20%
15 years	2.77% to 3.36%
20 years	2.92% to 3.45%
25 years	3.00% to 3.51%
30 years	3.16% to 3.53%

THE CITY USES DEBT TO FINANCE CAPITAL EXPENSES UNDER THE PRINCIPLES AND LIMITS ESTABLISHED BY THE CITY'S DEBT MANAGEMENT FISCAL POLICY (DMFP).

Debt Schedule
(millions of $)

	Tax-Supported	Self-Liquidating	**Total Debt (net)**
Opening	$ 2,381.3	$ 530.8	**$ 2,912.1**
Borrowings	228.0	48.0	**276.0**
Increase in P3 term debt	99.8		**99.8**
Principal Payments	(114.0)	(127.7)	**(241.7)**
Ending	**$ 2,595.1**	**$ 451.1**	**$ 3,046.2**

The City's net long-term debt was $3,046.2 million at December 31, 2018, an increase of $134.1 million (4.6 per cent) compared to the 2017 balance. Long-term debt is comprised of debentures, mortgages and the P3 term debt. The gross amount of debentures, mortgages payable and P3 term debt of $3,664.1 million is offset by $617.9 million in amounts receivable from EPCOR. The amount receivable from EPCOR is for debentures issued in the name of the City on behalf of EPCOR relating to the Gold Bar Wastewater Treatment Facility (transferred to EPCOR in 2009) and the Drainage Utility (transferred to EPCOR in 2017).

Of the total net long-term debt of $3,046.2 million, $2,595.1 million is tax-supported and $451.1 million is self-liquidating. Tax-supported debt includes $188.7 million of P3 term debt related to the portion of deferred capital costs owing to TransEd from 2020 to 2050 for the construction of the Valley Line LRT Southeast. Term debt is based on the percentage of project completion as of December 31, 2018.

During the year, the City added a total of $276.0 million through new debenture borrowings and mortgages; $228.0 million is considered tax-supported and $48.0 million is considered self-liquidating. Self-liquidating borrowings during the year include $17.6 million for the Blatchford Redevelopment Project, $16.1 million for the Waste Services Utility, and $14.3 million related to local improvement projects.

Tax-supported debt was borrowed to finance various capital projects, including the Northwest Police Campus construction, land acquisition for the Valley Line West LRT Line, Blatchford District Energy System, revitalization of the Stanley A. Milner Library, Walterdale Bridge and construction of the Kathleen Andrews Transit Garage.

Debt principal repayments of $241.7 million were made during the year, comprising $114.0 million for tax-supported debt and $127.7 million for self-liquidating debt.

The City of Edmonton is subject to limits of total debt and debt servicing by the MGA, RSA 2000, c M-26. The MGA Debt Limit Regulation AR 255/2000 stipulates that the City's total debt limit is two times the revenue of the municipality, and that debt servicing costs is limited to 35 per cent the revenue of the municipality. The revenue for the purposes of this calculation is the consolidated revenue of the City less capital government transfers and contributed tangible capital assets and excludes revenue from EPCOR. Debt servicing, for the purposes of calculating the MGA debt servicing limit, is the amount of principal and interest for the subsequent year relating to debt in place at the end of the year reported.

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

	2018	2017	2016	2015	2014
Debt limit	**$ 5,587.4**	$ 5,649.4	$ 5,627.4	$ 5,556.1	$ 5,139.1
Debt limit used	**$ 3,046.2**	$ 2,912.1	$ 3,339.0	$ 3,033.2	$ 2,895.7
Percentage used (%)	**54.5**	51.5	59.3	54.6	56.4
Debt service limit	**$ 977.8**	$ 988.6	$ 984.8	$ 972.3	$ 899.3
Debt service limit used	**$ 284.3**	$ 264.6	$ 341.0	$ 285.8	$ 319.4
Percentage used (%)	**29.1**	26.8	34.6	29.4	35.5

The City's debt level in comparison the MGA debt limit provides a measure of the future revenue required to pay for capital financed through debt in the past. The City's level of debt is well below the legislated limit established in the MGA and has been relatively stable. Over the past five years, the debt limit has ranged from 51.5 per cent to 59.3 per cent of the established debt limit, indicating the City holds a sustainable level of debt. Debt has been used strategically to move priority capital projects ahead and to capitalize on low interest rates. The City's debt servicing in comparison the MGA debt servicing limits indicates the extent to which past borrowing decisions constrain the City's ability to meet its financial and service commitments in the present. The City's debt servicing limits over the past five years have remained well below the established limit.

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

Debt Service Limits – DMFP
(millions of $)

	2018	2017	2016	2015	2014
Total debt service limit	**$ 614.6**	$ 621.4	$ 619.0	$ 611.2	$ 567.0
Debt service limit used	**$ 269.7**	$ 333.0	$ 262.0	$ 304.3	$ 299.4
Percentage used (%)	**43.9**	53.6	42.3	49.8	52.8
Tax-supported debt service limit	**$ 380.0**	$ 361.9	$ 348.6	$ 331.0	$ 310.1
Debt service limit used	**$ 219.0**	$ 264.1	$ 170.8	$ 218.8	$ 215.3
Percentage used (%)	**57.6**	73.0	49.0	66.1	69.4

THE CITY'S LEVEL OF DEBT IS WELL BELOW THE LEGISLATED LIMIT ESTABLISHED IN THE MGA AND HAS BEEN RELATIVELY STABLE.

54.5% **MGA DEBT LIMIT USED BY THE CITY**

NON-FINANCIAL ASSETS

TANGIBLE CAPITAL ASSETS

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

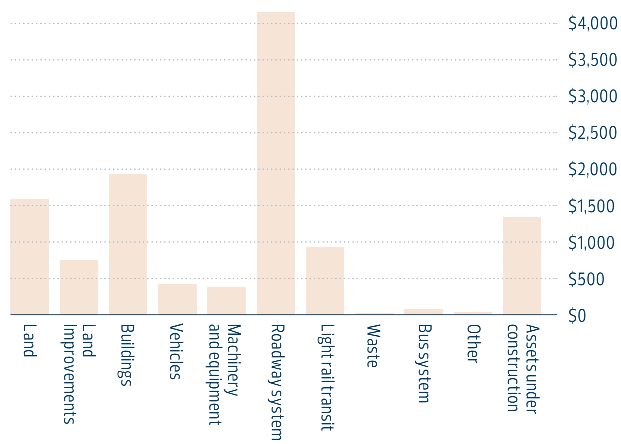
Tangible capital assets of $11,687.0 million have increased by 8.9 per cent compared to the 2017 balance of $10,728.0 million. The net increase of $959.0 million is a result of acquisitions of tangible capital assets of $1,290.5 million, contributions of tangible capital assets of $203.9 million and reclassification of $47.4 million in Other assets to Tangible capital assets, related to transfer of the EXPO Center and Northlands Coliseum to the City as discussed further below. This increase was partially offset by annual amortization of $533.7 million and disposals and transfers of assets with a net book value of $49.1 million.

On December 5, 2017, City Council approved the termination and release of the EXPO Center loan agreement between the City and Northlands, effective January 1, 2018. A Staged Surrender Agreement was also approved by City Council transferring ownership of the EXPO Center and Northlands Coliseum to the City, effective January 1, 2018, and Northlands Park later in 2018. During the year, the City forgave the EXPO Center loan agreement, previously classified as Advances secured by tangible capital assets within Other assets, in consideration for the EXPO Center, Northlands Coliseum and Northlands Park. The outstanding amount of the advance of $47.4 million was reclassified to tangible capital assets. Contributed tangible capital assets of $82.5 million were recognized for the remaining value of the EXPO Center, Northlands Coliseum and Northlands Park based on the estimated fair market value on the date of the asset transfer.

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

City Council approved the 2015–2018 capital budget in December 2014. During the fourth and final year of the 2015–2018 capital budget, capital spending during the year focused on key growth projects and infrastructure maintenance. The capital additions and contributions of $1,541.8 million in 2018, compared to $1,355.5 million in 2017, shows the City's continued commitment to investing in city infrastructure to accommodate both growth and renewal. The capital additions of $1,290.5 million in 2018 were the largest in comparison to any previous year in recent history. Roadways continue to be the largest asset category with a net book value of $4,139.7 million. These are followed by buildings and land for future municipal purposes, with a net book values of $1,923.7 million and $1,621.6 million, respectively.

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

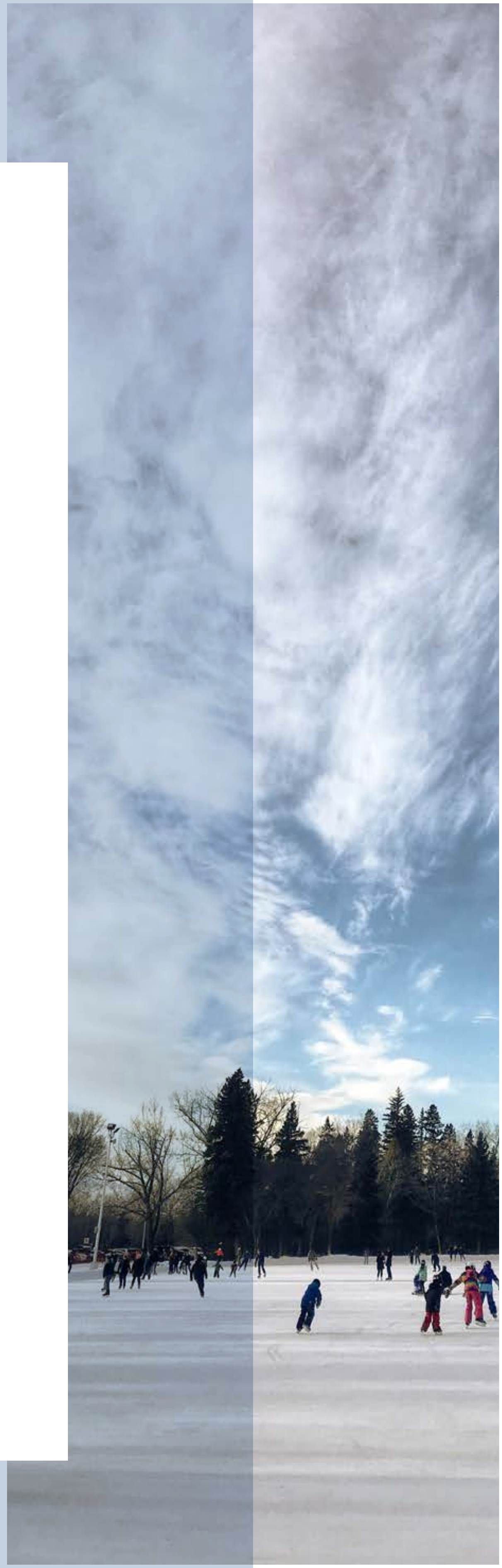


In 2018, the City made progress on significant capital projects such as the neighbourhood renewal program, roadway systems across the City, construction of the Kathleen Andrews transit garage, Northwest Police Campus, Stanley A. Milner Library and the Valley Line LRT Southeast.

RESERVES

The City's Council-approved reserve policy, City Policy C217D Reserve and Equity Accounts, directs the establishment of and processes related to reserves. Establishing reserves and transferring funds to and from reserves requires Council's approval.

In accordance with the City Policy C217D, the City completed a review of reserves in 2018. This review is completed at minimum once every three years and ensures that City reserves continue to support the City's financial goals and serve the highest priority needs of the City

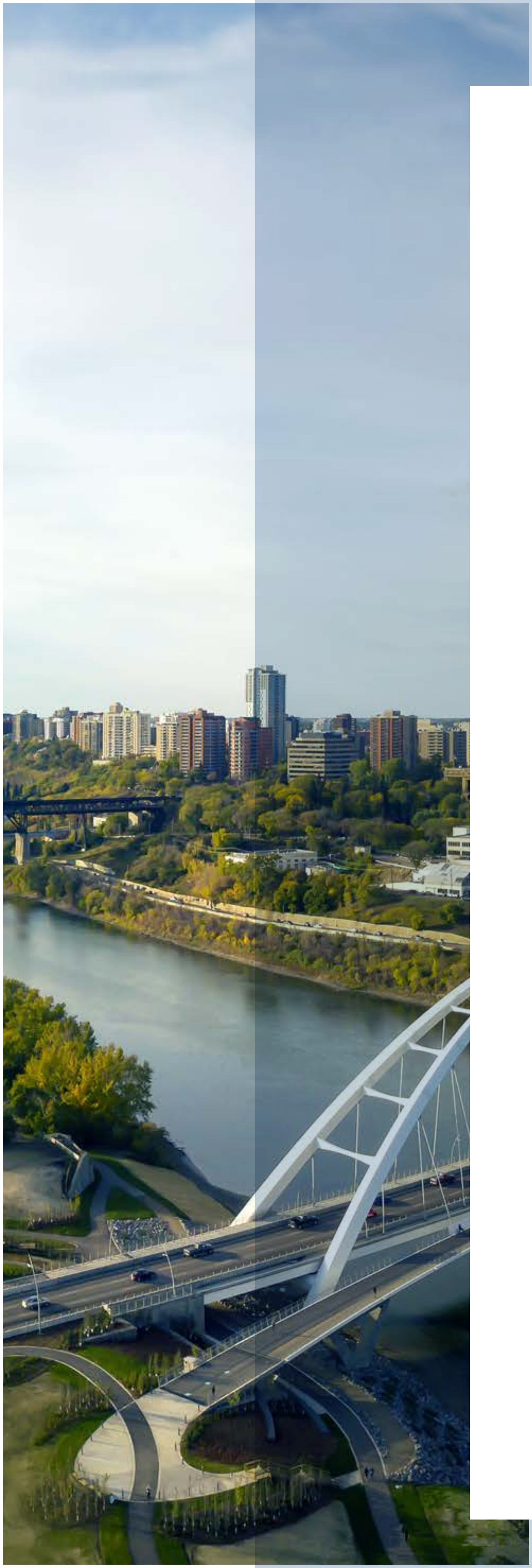


and its residents. As a result of the 2018 review, City Council approved the establishment of several new reserves that are described as follows:

- The Sanitary Servicing Strategy Fund (SSSF) Reserve manages the funds related to the SSSF program. The SSSF is a mechanism that combines the resources of developers, the new home construction industry and EPCOR Drainage to fund the construction of major sanitary trunks to service growth within the city and in new development areas.
- The Developer Recoveries Reserve manages recoveries from external developers to reimburse the City for cost-shareable front-end construction costs for development where the City was the initial developer.
- The Pay-As-You-Go Capital Reserves manage tax-levy and other operating sources for capital project funding.

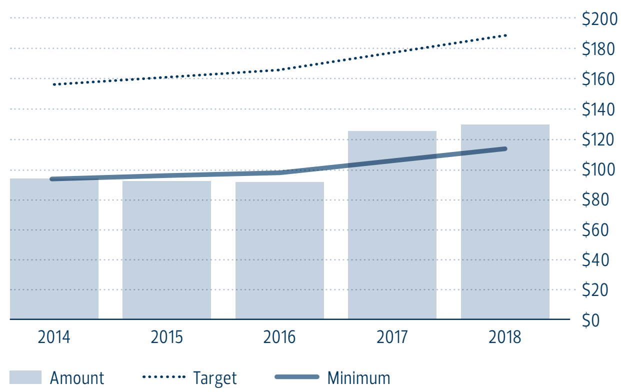
The SSSF, Developer Recoveries and Pay-As-You-Go capital funds were previously recorded to Advances for construction within the Accumulated surplus. The City formally established these capital funds as reserves to increase transparency for users of the financial information, including City Council. The reallocation of these funds from Advances for construction to Reserves has resulted in an overall increase in the Reserve balance and a corresponding decrease in Advances for construction compared to prior year. Through the reserves review, City Council formally closed the Aggregate Site Development and Land Reclamation Reserve due to changes in business operations. The general reserve policy and balances are monitored on an ongoing basis, with the next formal review planned for 2021.

In 2018, City Council approved City Policy C604, Edmonton Police Services (EPS) Funding Formula. This funding formula will provide funding certainty to allow for long-term budgeting and workforce planning. In line with the funding formula, City Council also approved the establishment of an EPS Reserve fund through City Policy C605 to allow for the management of police operational surpluses and deficits over the long term. One hundred per cent of any annual EPS operating surplus will be placed in the reserve, and 100 per cent of any annual operating deficit will be drawn from the reserve. The reserve will also fund the EPS operating and capital requirements in adherence with the related reserve policy. Further discussion of the funding formula and reserve is provided for in the Financial Control and Accountability section.



A schedule of reserves has been provided in Note 15 to the financial statements. The reserve balance of $721.8 million at the end of 2018 has increased by $287.8 million over the prior year balance of $434.0 million. As previously mentioned, the net increase was primarily the result of $257.4 million in new reserves approved as part of the 2018 Reserves Review, where balances were previously included as Advances for construction within the Accumulated surplus. The overall reserve balance includes reserves of the City of Edmonton Library Board, Edmonton Economic Development Corporation, Non-Profit Housing Corporation, and Fort Edmonton Management Company, as approved by their respective Boards.

Financial Stabilization Reserve
(millions of $)



The Financial Stabilization Reserve (FSR) was established in 1997 to provide flexibility in addressing financial risks associated with revenue instability and emergent financial issues, and to ensure the orderly provision of services to citizens. The appropriated balance of the reserve represents funds that have been set aside by City Council to fund future commitments. The FSR is uncommitted and provides the City with flexibility to address significant emergent financial issues. The reserve is not intended to be used to stabilize future tax rate increases. City policy establishes that the FSR must have a minimum balance of 5 per cent with a target balance of 8.3 per cent of current general government expenses (excluding non-cash amortization). Any annual general government surplus would be applied to the reserve in the subsequent year. Any annual tax-supported deficit would draw on the reserve.

In 2018, Administration conducted a risk-based review of the FSR as required by City Policy C217D Reserve and Equity Accounts, and concluded that the respective minimum and target balances of 5 per cent and 8.3 per cent of current general government expenses (excluding non-cash amortization) were appropriate.

The policy requires that a risk-based review of the FSR be completed every three years to ensure the sufficiency of the minimum and target percentages.

As of December 31, 2018, the FSR balance is $130.3 million. During the year, the general government surplus from 2017 of $31.2 million was transferred to the reserve, $13.6 million net funding was transferred to the appropriated balance to fund future project expenses, and $12.5 million was transferred to the Planning and Development Reserve (previously referred to as Current Planning Reserve) to replenish the funds that had previously been transferred from the reserve to support tax-supported operations. The City will draw $7.6 million from the FSR in 2019 to offset the 2018 tax-supported operating deficit of $2.4 million and to fund $5.2 million in 2018 operating projects that were not completed by year-end and that have outstanding commitments in 2019, as approved by City Council. During the 2019–2022 budget deliberations, Council approved a tax-smoothing strategy that will see $25.4 million drawn from the FSR from 2019–2021 to fund operating expenditures, with a full repayment back to the reserve in 2022. As part of the strategy, $7.4 million will be drawn from the reserve in 2019.

The City's general reserve procedures do not allow for the FSR to be used to offset or stabilize tax-levy increases on a permanent basis. However, the FSR can be used to smooth tax rate increases over a budget cycle if the funds are eventually replenished. After reflecting the approved transactions noted above, the reserve balance of $115.2 million will exceed the minimum level as set in City Policy C217D--currently $113.4 million--but will be below the target level of $188.2 million.

The appropriated balance as of December 31, 2018 is $68.1 million. Throughout 2018, City Council approved $28.9 million in funding from the appropriated balance to fund future project expenses, and $37.6 million was withdrawn to fund expenses. Amounts within the appropriated FSR of $8.3 million were released back to the FSR as the funding was no longer required.

As of December 31, 2018, the City had six reserves that were in deficit balances. The City maintains reserves that are used to accommodate differences between expenses and related funding sources. These include the Neighbourhood Renewal, Interim Financing, Community Revitalization Levy and Brownfield Redevelopment Reserves. In accordance with City Policy C217D Reserve and Equity Accounts, reserves that are expected to have deficit balances will only be established if future funding to offset the deficit balance has been identified at the time of the reserve's creation. A review of the City's deficit reserve balances was included as part of the 2018 Reserves Review and confirmed that all reserves are performing consistent with long-term plans, with existing shortfalls to be recovered through future funding sources.

FINANCIAL OPERATIONS

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

Consolidated Statement of Operations
(millions of $)

		2018 Actual		2017 Actual		2016 Actual		2015 Actual		2014 Actual
Operating Revenues	$	3,050.3	$	3,023.8	$	3,043.2	$	2,926.4	$	2,674.8
Capital Revenues		941.8		687.0		758.7		636.9		487.7
Operating Expenses		3,029.4		2,956.1		2,836.6		2,764.0		2,604.8
Excess of Revenues over Expenses	**$**	**962.7**	**$**	**754.7**	**$**	**965.3**	**$**	**799.3**	**$**	**557.7**

Consolidated revenues exceed expenses for the year by $962.7 million after accounting for government transfers for capital, contributed tangible capital assets, developer and customer contributions for capital and local improvements. Operating revenues have remained fairly consistent, with a majority of revenue coming from property taxes, user fees and the City's growing investment in EPCOR. Capital revenues vary from year to year based on fluctuations in development activities and timing of significant capital projects. Expenses over the past five years reflect the demand for additional services and infrastructure that comes with a growing population. Tax-supported expenses have been increasing with the growth in taxable property assessments, indicating that expenses are growing at a consistent and sustainable rate with the economy.

In 2017, City Council approved the transfer of the City's Drainage Utility to EPCOR, effective September 1, 2017. The financial results for 2017 include Drainage Utility revenues and expenses up to August 31, 2017, while it was still being managed and operated by the City.

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

PROGRESS WAS MADE IN 2018 ON SIGNIFICANT CAPITAL PROJECTS, INCLUDING THE NEIGHBOURHOOD RENEWAL PROGRAM, ROADWAYS, KATHLEEN ANDREWS TRANSIT GARAGE, NORTHWEST POLICE CAMPUS, STANLEY H. MILNER LIBRARY AND VALLEY LINE LRT SOUTHEAST.

OPERATING REVENUES

Operating Revenues
(millions of $)

	2018 Budget (A)	2018 Actual (B)	Variance (B–A)	2017 Actual (C)	Variance (B–C)
Net taxes available for municipal purposes	$ 1,594.7	$ 1,592.0	$ (2.7)	$ 1,505.8	$ 86.2
User fees and sales of goods and services	677.0	633.1	(43.9)	696.4	(63.3)
Subsidiary operations – EPCOR	272.8	295.2	22.4	256.3	38.9
Franchise fees	168.4	158.4	(10.0)	159.7	(1.3)
Government transfers – operating	107.4	113.0	5.6	107.5	5.5
Fines and penalties	94.8	87.7	(7.1)	90.1	(2.4)
Licenses and permits	75.7	74.8	(0.9)	75.7	(0.9)
Investment earnings	83.9	66.5	(17.4)	116.9	(50.4)
Developer/ customer contributions – operating	34.7	29.6	(5.1)	15.4	14.2
Operating Revenues	**$ 3,109.4**	**$ 3,050.3**	**$ (59.1)**	**$ 3,023.8**	**$ 26.5**

COMPARISON TO BUDGET

Operating revenues were lower than budget by $59.1 million, or 1.9 per cent of the revenue budget, due to lower than budgeted revenue from user fees and sales, less than expected investment earnings, and lower than budgeted franchise fees that were partially offset by greater than budgeted net income for EPCOR.

User fees and sales were lower than budgeted because of fewer than expected land sales due to market conditions and development for civic use, and fewer land sales related to the Blatchford Redevelopment because of delays in the start of construction. The lower than budgeted revenues were partially offset by unbudgeted revenue earned by the Edmonton Economic Development Corporation from assuming operations of the EXPO Centre in 2018.

Investment earnings were less than anticipated because equity markets around the world experienced a decline in 2018. Considerable political uncertainty, rising interest rates and a slowing global economic expansion were key factors influencing negative returns.

Franchise fees were lower than budget based on a revision to the gas franchise fee delivery rate, on which the franchise fee is calculated.

COMPARISON TO PRIOR YEAR

Overall, operating revenues increased by $26.5 million from the prior year due to an increase of $86.2 million in taxation revenue from a combined rate increase and growth, and an increase of $38.9 million in EPCOR earnings, partially offset by a decrease of $63.3 million from user fees and sales of goods and services and $50.4 million lower investment earnings. There was a net increase of $15.1 million from various other revenue sources.

Net taxes available for municipal purposes (property taxes) are the primary source of revenue available to the City to pay for municipal services. Total tax revenues in 2018 were $2,076.3 million, with $480.5 million collected on behalf of the Province for education school tax and $3.8 million for business improvement areas. Net taxes for municipal services are collected annually to support operations, with certain amounts directed towards specific programs such as neighbourhood renewal, community revitalization and LRT construction. The remaining tax revenues are applied generally across all departments. Note 17 to the financial statements provides further detail with respect to tax revenue.

User fees and sales decreased from the prior year due to lower utility rate revenue resulting from the transfer of the Drainage Utility to EPCOR. In 2017 the City had eight months of Drainage Utility operations before being transferred on September 1, 2017. This was partially offset with higher revenue earned by the Edmonton Economic Development Corporation as a result of assuming operations of the EXPO Centre on January 1, 2018, and higher land sales.

Investment earnings were less than in 2017 because, as with the variance from budgets, equity markets around the world experienced a decline in 2018.

$295.2 M **2018 EPCOR EARNINGS**

CAPITAL REVENUES

Capital revenues comprise government transfers, contributed tangible capital assets, developer and customer contributions and local improvement revenues. These revenue sources are approved by City Council as funding sources for capital projects through the capital budget process.

Capital Revenues
(millions of $)

	2018 Budget (A)	2018 Actual (B)	Variance (B–A)	2017 Actual (C)	Variance (B–C)
Government transfers – capital	$ 716.5	$ 699.3	$ (17.2)	$ 412.6	$ 286.7
Contributed tangible capital assets	101.0	203.9	102.9	217.2	(13.3)
Developer and customer contributions – capital	90.4	26.7	(63.7)	40.9	(14.2)
Local improvements	12.7	11.9	(0.8)	16.3	(4.4)
Capital Revenues	**$ 920.6**	**$ 941.8**	**$ 21.2**	**$ 687.0**	**$ 254.8**

COMPARISON TO BUDGET

Capital revenues of $941.8 million were $21.2 million higher than budget during the year due to greater than anticipated contributed tangible capital assets of $102.9 million, which were partially offset by $81.7 million fewer than expected capital developer and customer contributions, government transfers, and local improvements.

Government transfers – capital were lower than budget by $17.2 million due to the timing of capital projects, particularly bus purchases, and certain building rehabilitation projects. This was partially offset by $82.7 million in P3 Canada Fund capital grant revenues recognized related to eligible expenditures incurred for the Valley Line LRT Southeast project since project inception.

Contributed tangible capital assets were greater than budget by $102.9 million as a result of the transfer of the EXPO Center, Northlands Coliseum and Northlands Park to the City during the year. In 2017, City Council approved a Staged Surrender Agreement transferring ownership of these assets to the City in 2018 in forgiveness of the outstanding EXPO Center loan. Upon transferring the Northlands assets, the City recognized the assets at their estimated fair market value of $129.9 million. A total of $47.4 million representing the balance of the advances secured by Tangible capital assets was transferred to tangible capital assets, with the remaining $82.5 million recognized as Contributed tangible capital assets.

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

COMPARISON TO PRIOR YEAR

Capital revenues increased from the prior year by $254.8 million due to an increase in government transfers of $286.7 million that was partially offset by a decrease in contributed tangible capital assets and developer and customer contributions of $13.3 million and $14.2 million, respectively.

Government transfers – capital increased over prior year due to advancement on key projects funded through government grants in 2018, including the Valley Line LRT Southeast and Bus Renewal and Replacement.

Contributed tangible capital assets decreased from prior year as a result of the transfer of Drainage Utility to EPCOR and reduced development activity, resulting in fewer developer contributed infrastructure assets such as roads and sidewalks. Effective September 1, 2017 drainage assets are contributed by developers to EPCOR. The decrease was partially offset by an increase in contributed tangible capital assets as a result of the transfer of the EXPO Center, Northlands Coliseum and Northlands Park to the City during the year.

Developer and customer contributions were lower than the prior year due to the transfer of Drainage Utility to EPCOR effective September 1, 2017.

OPERATING EXPENSES

Operating Expenses by Function
(millions of $)

	2018 Budget (A)	2018 Actual (B)	Variance (A–B)	2017 Actual (C)	Variance (B–C)
Transportation services	$ 896.8	$ 904.6	$ (7.8)	$ 868.0	$ 36.6
Protective services	711.0	702.2	8.8	673.6	28.6
Community services	714.0	684.2	29.8	611.0	73.2
Waste Management Utility	207.6	203.7	3.9	211.7	(8.0)
Drainage Utility				117.5	(117.5)
Land Enterprise	70.6	27.6	43.0	11.6	16.0
Fleet Services	36.4	40.9	(4.5)	30.4	10.5
Corporate administration, general municipal and other	423.0	466.2	(43.2)	432.3	33.9
Operating Expenses	**$ 3,059.4**	**$ 3,029.4**	**$ 30.0**	**$ 2,956.1**	**$ 73.3**

COMPARISON TO BUDGET

Operating expenses of $3,029.4 million varied from budget by $30.0 million, or 1.0 per cent of the consolidated expenses budget.

Community services expenses were under budget in 2018 by $29.8 million, or 4.2 per cent of the allocated budget. This was primarily due to lower Revolving Industrial Servicing Fund rebate payouts of $23.0 million, lower than anticipated grant payments related to the Affordable Housing program of $7.4 million, and a delay in land contributions to the Community Development Corporation of $5.9 million. Rebate payouts were lower than budgeted through the industrial servicing rebate program due to slower than expected progress by external developers on some industrial developments. Grant payments were less than anticipated under the Affordable Housing grant program due to delays in grant applications. These favourable variances are partially offset with higher expenses incurred by the Edmonton Economic Development Corporation as a result of assuming operations of the EXPO Centre on January 1, 2018.

Land Enterprise experienced lower than budgeted costs for land sales due to the timing of sales as a result of market conditions and project delays.

Corporate administration, general municipal and other were greater than anticipated due to higher amortization as a result of the completion of a number of significant capital projects over the last two years.

COMPARISON TO PRIOR YEAR

In 2018, operating expenses increased by $73.3 million over the prior year. All areas had increases related to personnel costs consistent with contractual rate adjustments, partially offset with lower year over year costs resulting from the transfer of drainage services operations to EPCOR on September 1, 2017. In addition to these changes from 2017, expense fluctuations occurred from the prior year for the following reasons by function.

Transportation Services costs increased in 2018 due to various factors, including higher amortization costs due to additional bridge and roadway assets coming into service, and higher snow and ice control costs as a result of an increase in the number and severity of snow events in 2018.

Protective Services costs increased over prior year due to personnel costs to support the City's annexation of a portion of Leduc County and a new contract for the Edmonton Police Association, and additional costs related to legalization of cannabis.

Community Services had increased expenses in 2018 due to the Edmonton Economic Development Corporation assuming operations of the Expo Centre on January 1, 2018, and as a result of funding provided to EPCOR through the Sanitary Servicing Strategy Fund for construction of sanitary sewer infrastructure. Since the Drainage Utility transfer to EPCOR on September 1, 2017, the funding provided to EPCOR is reflected as an external expense. Prior to the transfer, the sanitary sewer infrastructure was constructed by the City Drainage Utility and funded internally through the Sanitary Servicing Strategy Fund.

Corporate administration, general municipal and other cost increases were the result of additional personnel costs and an increase in amortization due to additional assets coming into service over the last two years.

Operating Expenses by Object
(millions of $)

		2018 Actual (A)		2017 Actual (B)		Variance (A–B)
Salaries, wages and benefits	$	1,614.1	$	1,577.0	$	37.1
Materials, goods and utilities		303.5		282.1		21.4
Contracted and general services		309.8		283.4		26.4
Interest and bank charges		131.2		145.5		(14.3)
Grants and other		117.2		93.0		24.2
Amortization of tangible capital assets		533.7		556.2		(22.5)
Loss on disposal/transfer of tangible capital assets		19.9		18.9		1.0
Operating Expenses	**$**	**3,029.4**	**$**	**2,956.1**	**$**	**73.3**

COMPARISON TO PRIOR YEAR

In terms of operating expense variances by type, the $73.3 million increase from the prior year was mainly related to net increases in personnel costs of $37.1 million, contracted and general services of $26.4 million, grants and other of $24.2 million, and materials, goods and utilities of $21.4 million. This variance was partially offset with lower amortization of $22.5 million. The remainder of the increase from prior year is attributable to interest and bank charges, and loss on disposal/transfer of tangible capital assets.

Salaries, wages and benefits increases over prior year are consistent with contractual rate adjustments, partially offset by lower personnel costs as a result of the transfer of the Drainage Utility to EPCOR in 2017.

Contracted and general services increased mainly as a result of expenses incurred by the Edmonton Economic Development Corporation as a result of assuming operations of the EXPO Centre on January 1, 2018 and higher snow and ice control costs due to an increase in the number and severity of snow events in 2018.

Grants and other costs increased in 2018 primarily due to an increase in funding provided to EPCOR through the Sanitary Servicing Strategy Fund for construction of sanitary sewer infrastructure as discussed previously under Community Services.

Materials, goods and utilities increased mainly due to higher land sales costs as more land sales occurred in 2018, higher fuel costs largely as a result of an increase in fuel prices, and higher snow and ice control costs due to an increase in the number and severity of snow events in 2018.

Amortization of tangible capital assets for the entire City decreased in comparison to prior year mainly as a result of the transfer of Drainage Utility assets to EPCOR in 2017, and an impairment of the Edmonton Compost Facility recorded as amortization in 2017. This is partially offset by additional bridge and roadway assets coming into service in 2018 related to work on arterial roadways and the Neighbourhood Renewal Program.

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

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


JAMES RAMSEY LTD.

FINANCIAL CONTROL AND ACCOUNTABILITY

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

FISCAL POLICIES

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

The City has policies in place for various reserves, including the Financial Stabilization Reserve, that ensure sufficient funds are in place to satisfy the financial needs of the operations being supported by the reserve.

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

On June 26, 2018, City Council approved City Policy C604, Edmonton Police Services (EPS) Funding Formula. The policy established guidelines and the approach for the planning and approval of the multi-year funding formula for the EPS. This funding formula will provide funding certainty to allow for long-term budgeting and workforce planning for EPS and other tax-supported operations. It allows the City to sustainably allocate budget funds based on predictable indicators that reflect police cost inflation and changes in demand. To this end, City Council also approved the establishment of an EPS Reserve fund to allow for the management of police operational surpluses and deficits over the long term through City Policy C605, Edmonton Police Services Reserve.

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

In 2018, Administration developed a new Land Governance Model to replace the previous Land Management Strategy and strengthen the City's corporate approach to land management. The new model helps ensure land management decisions are made from an integrated perspective that includes input from across the corporation. The new Land Governance Model also provides for on-going monitoring of City land holdings to ensure they are used appropriately to meet the City's needs. The model defines the process and funding related to strategic land acquisitions for future municipal purposes, specifically restricting the use of land enterprise retained earnings to fund strategic land acquisitions for municipal purposes on an interim basis.

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

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

In April of 2018, City Council approved the Fiscal Policy for the Blatchford Renewable Energy Utility. The Fiscal Policy provides the overarching framework that outlines the financial parameters that will guide the long term financial sustainability of the utility. In December 2018, City Council approved Bylaw 17943, which established the Blatchford Renewable Energy Utility. Bylaw 17943 outlines requirements for properties receiving energy service through the utility and the relevant rates, fees and charges.

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

STRATEGIC PLANNING

The City of Edmonton follows a strategic planning framework that enables a consistent and integrated approach to strategy development, planning and performance evaluation.

After extensive public consultation, Council approved the foundational components of Edmonton's strategic plan 2019—2028 in June 2018. This guiding document outlined four 10-year strategic goals, including the unifying principle of being a connected city, to guide decision making. The document also includes a vision for Edmonton in 2050. Edmonton's plan as set out in this guiding document recognizes the importance of Edmontonians, institutions, community and businesses working together to achieve the City's goals and vision.

Edmonton's strategic framework will guide the work of Administration through two key plans. First is in the development of The City Plan, which will outline the way the city will build and grow to two million people. Second is the Corporate Business Plan, which outlines the services and projects that Administration will implement to contribute to achieving the goals and vision, as well as ongoing services.

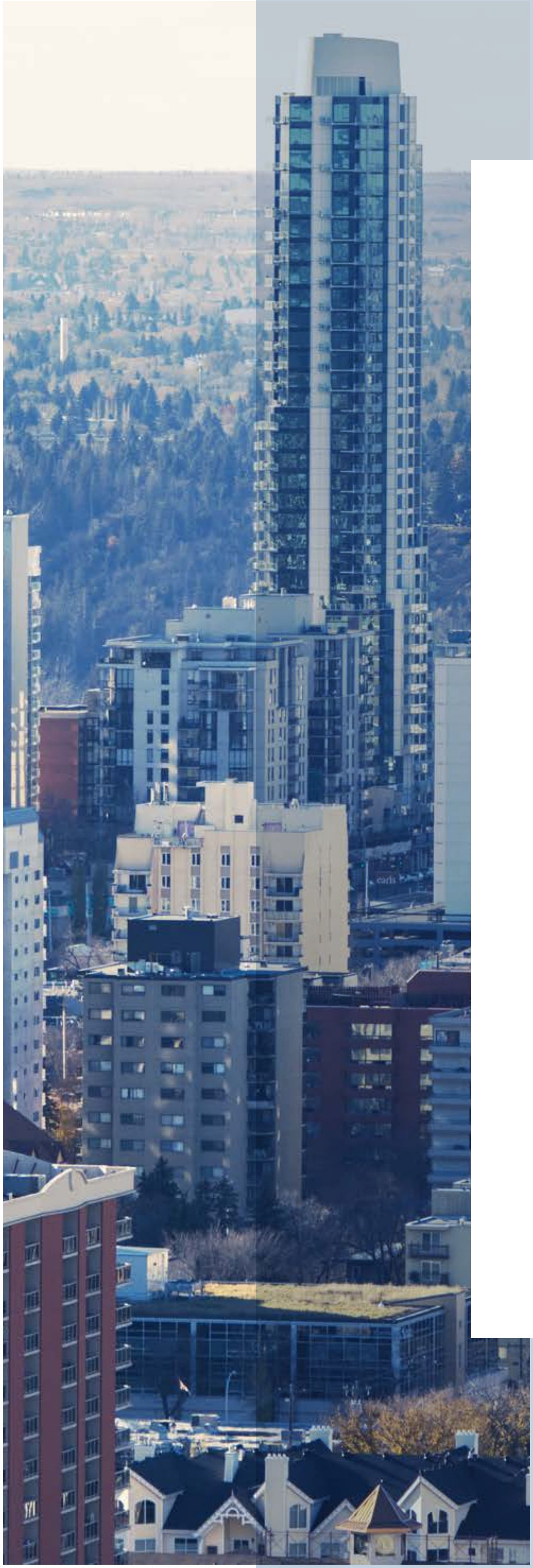
The City Plan is part of a larger story; it is the connection point between Edmonton's strategic plan and the Corporate Business Plan. It will identify how Edmonton actualizes the four goals — Healthy City, Urban Place, Regional Prosperity and Climate Resilience — in our community.

The Corporate Business Plan will align the City's work to the 10-year goals established by City Council and the community. The purpose of the plan is for Edmontonians to clearly see how the City is investing their tax dollars to build a city that meets their needs. The plan will define where projects and initiatives will make an impact by clarifying which work is making transformational impacts on the strategic goals, and which work is improving the overall business and/or services of the City. The Corporate Business Plan will be updated annually to address emerging issues support continuous improvement to help the City achieve the goals developed by the community, and ensure ongoing excellence in service delivery.

Council's strategic plan and the Corporate Business Plan will be presented to Council in early 2019. Enterprise performance management will be used to monitor, evaluate and measure the City's actions and progress towards the strategic goals.

City Council approved City Policy C600, Enterprise Performance Management, on May 8, 2018. This policy establishes the City's approach to enterprise performance management as a systematic process to prioritize, measure, report and improve performance relative to what is important to Council and residents. Monitoring progress enables data-driven decision making and drives continuous improvement. When fully operational, enterprise performance management will support the prioritization of projects and processes, reporting, learning and improvement, and will increase accountability to Edmontonians and Council.

$130.3 M **BALANCE OF CITY'S FINANCIAL STABILIZATION RESERVE**



PROGRAM AND SERVICE REVIEW

The purpose of the Program and Service Review is to determine whether municipal services align with the expectations of Council and Edmontonians by examining relevance, effectiveness and efficiency.

The review resulted in budget savings and recommendations for process improvements, many of which have been incorporated into the 2019–2022 Operating and Capital budgets. The Program and Service Review team will continue to identify savings and provide recommendations to ensure the City's financial efficiency and progress toward City Council's goals.

At the end of 2018, there are completed reviews for 20 of 73 services, and reviews of an additional 25 services are in progress. Administration will continue to conduct reviews that thoughtfully consider the perspectives of diverse stakeholders and the service expected by all Edmontonians.

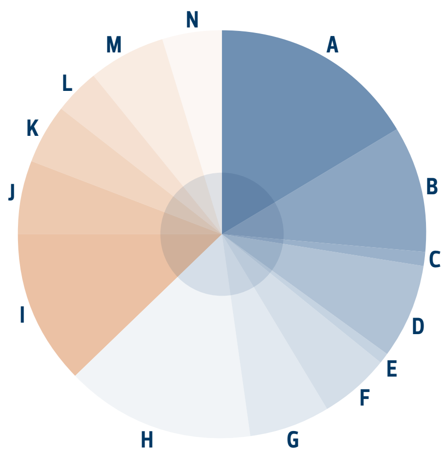
BUDGETING

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

The multi-year process includes opportunities to adjust the budget twice a year through the supplementary budget adjustment process approved by City Council. During the supplementary budget adjustment process, Council can adjust the capital and operating budgets in response to changing project needs, new funding opportunities, changes in federal and provincial budgets, changes imposed by legislation, Council directed changes in priorities, operating impacts of capital projects, unforeseen impacts to economic forecasts, and emerging issues. On December 14, 2018, City Council approved the 2019–2022 Operating and Capital budgets.

The operating budget identifies how resources for the day-to-day costs required to run the city are allocated, for services such as maintaining roads and public transit, police, bylaws and fire rescue services, as well as parks and waste management.

The approved operating budget includes a 2.6 per cent a year general property tax increase over the next four years. The 2.6 per cent increase in 2019 is made up of a 0.5 per cent increase for all civic operations, 0.6 per cent for Valley Line LRT, 0.3 per cent for alley renewal, and 1.2 per cent for the Edmonton Police Service. The chart below shows the portion of the City's tax-supported budget that is spent on each major expense category:



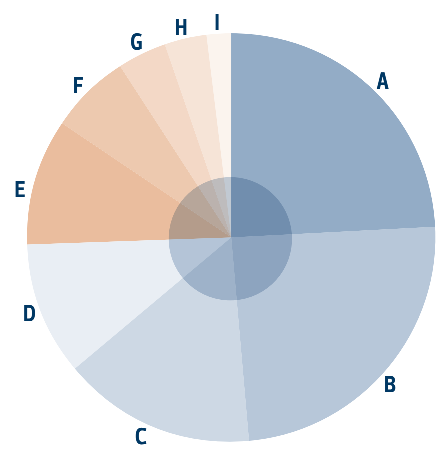
2019 Budget by Major Expense Category

		%
A	Community Services & Attractions	16.4%
B	Debt Repayment	10.0%
C	Valley Line	1.2%
D	Fire Rescue Services	7.4%
E	City Governance	1.0%
F	Neighbourhood Renewal	5.5%
G	Planning & Housing	6.4%
H	Police Service	14.9%
I	Public Transit	12.3%
J	Roads & Traffic Management	5.9%
K	Transfer for Capital Purchases (PAYGO)	4.7%
L	Corporate Expenditures	3.6%
M	Corporate Support	6.0%
N	Operational Support	4.7%
		100.0%

The Bylaw to establish the 2019 municipal tax for all property types will be set by City Council in April 2019. Changes to the operating budget that will impact the tax-levy may be completed prior to the taxation bylaw approval.

The capital budget strikes a balance between investments in infrastructure growth and the requirement to maintain and renew existing City assets. It determines the investment in Edmonton's hard infrastructure, including the construction of buildings such as recreation centers and libraries, and transportation assets including LRT lines and bridges. The foundation of the 2019–2022 Capital Budget is the 2019–2028 Capital Investment Outlook, a high level overview of the City's capital investment requirements over the next ten years that supports the strategic direction of Council.

The four-year capital budget will see investment of $5.0 billion on infrastructure based on the approved capital budget. The funding and financing sources are as follows:



2015–2018 Capital Budget – Funding Sources
(millions of $)

A	Provincial Grants	$	1,224.4
B	Tax-supported Debt Financing		1,214.6
C	Reserves		769.1
D	Federal Grants		526.6
E	Pay As You Go		502.2
F	Accumulated Surplus and Retained Earnings		333.7
G	Self-liquidating Debt Financing		187.3
H	Other		174.2
I	Fees & Levies		87.7
		$	**5,019.8**

ACCOUNTING AND FINANCIAL REPORTING

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

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

Administration reviews operating financial update reports on a monthly basis for areas that report to the City Manager. This process includes comparing year-to-date and year-end projected results relative to corresponding budgets and reporting on significant City reserves. Quarterly operating reporting includes debt and economic updates that are reviewed by Administration and provided to City Council along with recommendations to address opportunities and challenges. City Council reviews capital reporting for second, third and fourth quarters, which includes reporting on major projects in comparison to originally approved budgets and timelines. Both operating and capital performance reports are used to help guide budget strategies.

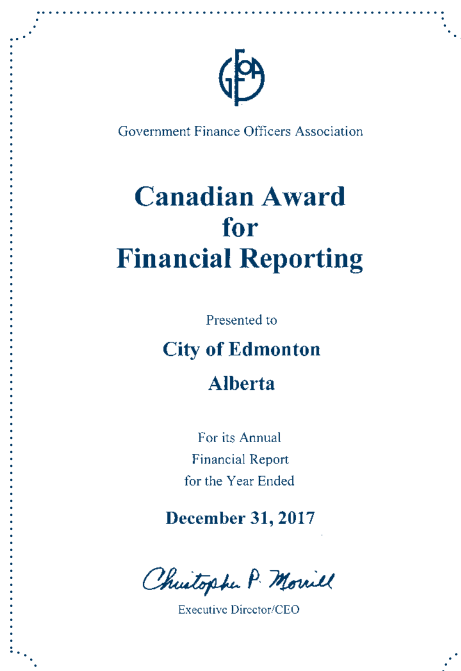
The operating budget is also presented in a format consistent with audited annual financial statements that are amended for adjustments required to adhere to PSAS. The objective is to provide City Council and other users of the financial statements and budget documents an improved understanding of the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

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

RECOGNITION FOR ACHIEVEMENT

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Canadian Award for Financial Reporting to the City of Edmonton for its annual financial report for the fiscal year-ended December 31, 2017. The Canadian Award for Financial Reporting program was established to encourage Canadian municipal governments to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports. To receive a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report that conforms to program standards. Such reports should go beyond the minimum requirements of public sector accounting standards and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments and address user needs. A Canadian Award for Financial Reporting is valid for a period of one year and, in 2017, Edmonton received this award for the 25th consecutive year.


Government Finance Officers Association

Canadian Award for Financial Reporting

Presented to

City of Edmonton

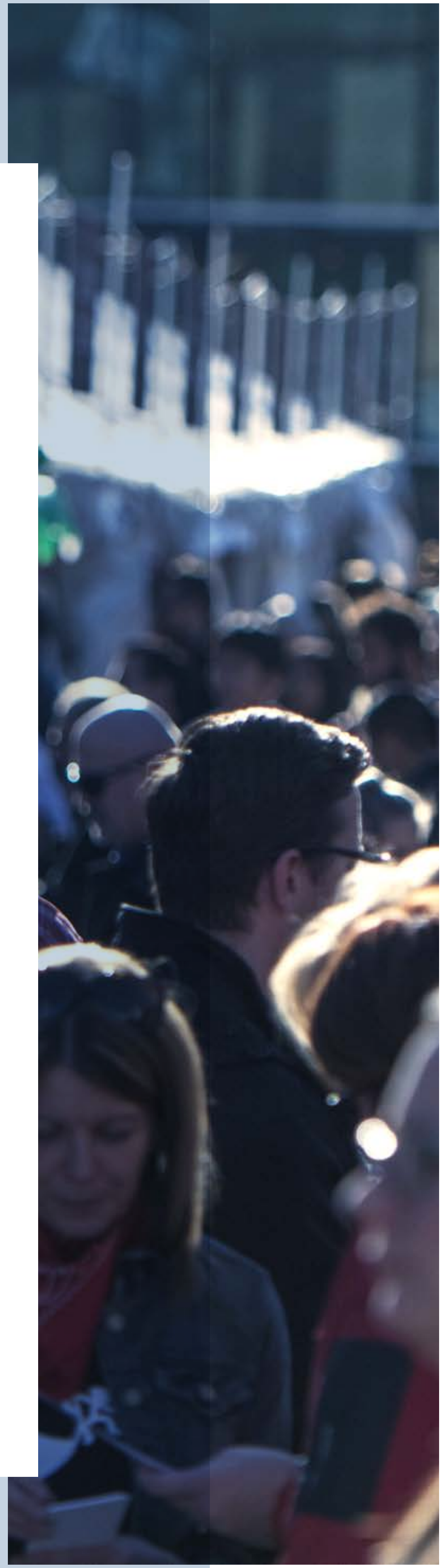
Alberta

For its Annual Financial Report for the Year Ended

December 31, 2017

Christopher P. Morrill

Executive Director/CEO



The GFOA established the Popular Annual Financial Reporting Awards Program to recognize local governments that produce high quality summarized annual financial reports. The reports must be readily accessible and easily understandable to the general public and other interested parties without a background in public finance. The City received the Popular Annual Financial Reporting Award for the fifth consecutive year for their 2017 Financial Report to Citizens.

The City also received the GFOA award for Distinguished Budget Presentation for the 2016–2018 fiscal years beginning January 1, 2016 and ending December 31, 2018. To be eligible for this award, a governmental unit must publish a budget document of the highest quality that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

AUDITING PROCESS

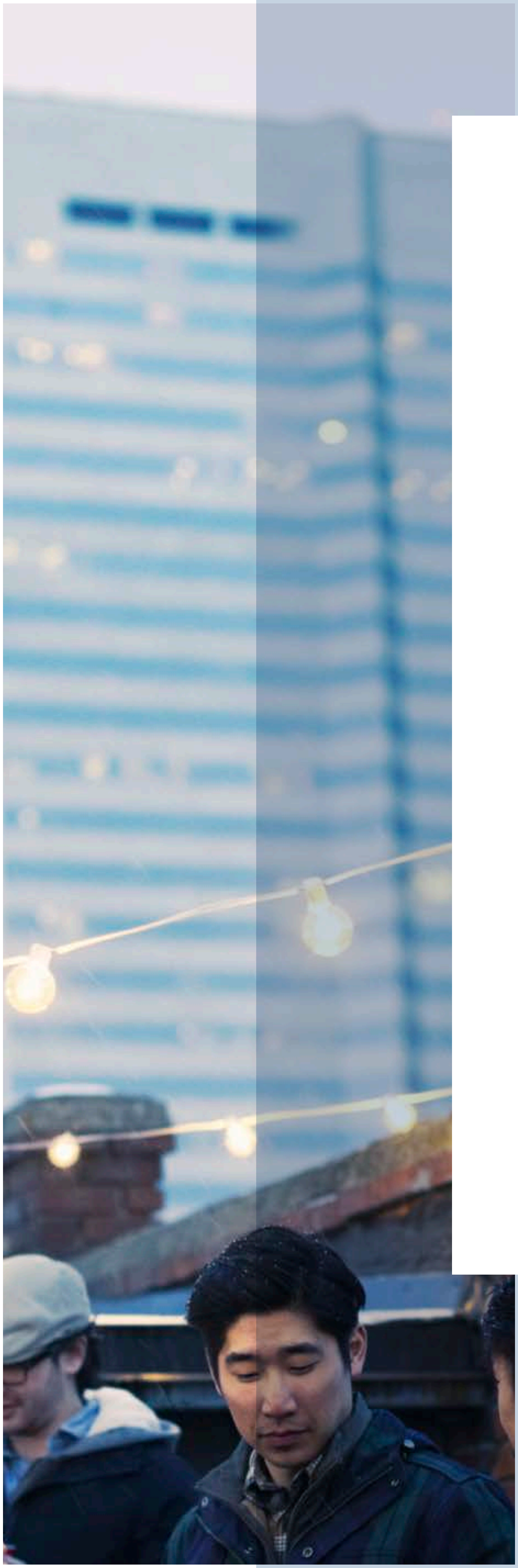
The MGA requires municipal councils to appoint an independent auditor. In 2015, a tender for audit services was completed and City Council appointed the firm of KPMG LLP, Chartered Professional Accountants, as External Auditor for a five-year term. The auditor must report to City Council on the annual consolidated financial statements. KPMG also audits the Provincial Financial Information Return and each pension and benefit plan administered by the City. Certain government transfer programs also require external audit.

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

The City has an internal audit function independent of the City Administration. The Office of the City Auditor reports directly to City Council through Audit Committee, empowered by Bylaw 12424, City Auditor. This bylaw establishes the position of City Auditor and delegates powers, duties, and functions to this position. The City Auditor has two roles:

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

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



LONG-TERM SUSTAINABILITY

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

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

In November 2018, Audit Committee was presented with the 2018–2019 Corporate Strategic Risk Register. This document identified the City's top 10 risks to achieving the City's strategic goals, with the greatest risks being economic swings and uncertainty regarding funding from other orders of government, both of which are discussed further below. The current process, consistent with the requirements of the Enterprise Risk Management Policy, is to update the register on a regular basis and present it to the Audit Committee for analysis and discussion. The City continually monitors global, national, and local political, economic, social, and technological developments and trends, to plan for future risks and opportunities. These risks are considered and factored into the risk register, business plans, and operating and capital budgets, in an effort to ensure the City is able to provide services and infrastructure to its growing population in a sustainable manner.

ECONOMIC RISKS

Edmonton's population and economy is expected to continue growing, increasing the demand for new services and the pressure on existing services. The City has limited revenue generation tools and Alberta's economy has historically been dominated by a single, volatile industry. In addition, considerable global political uncertainty and rising interest rates are contributing to slowing global economic expansion and economic uncertainty. This means that the next four years present uncertainty and the City should be prepared for potential negative shocks to its economy. The City's business plans and operating and capital budgets aim to balance these economic realities with the need to provide quality services and infrastructure to a growing population.

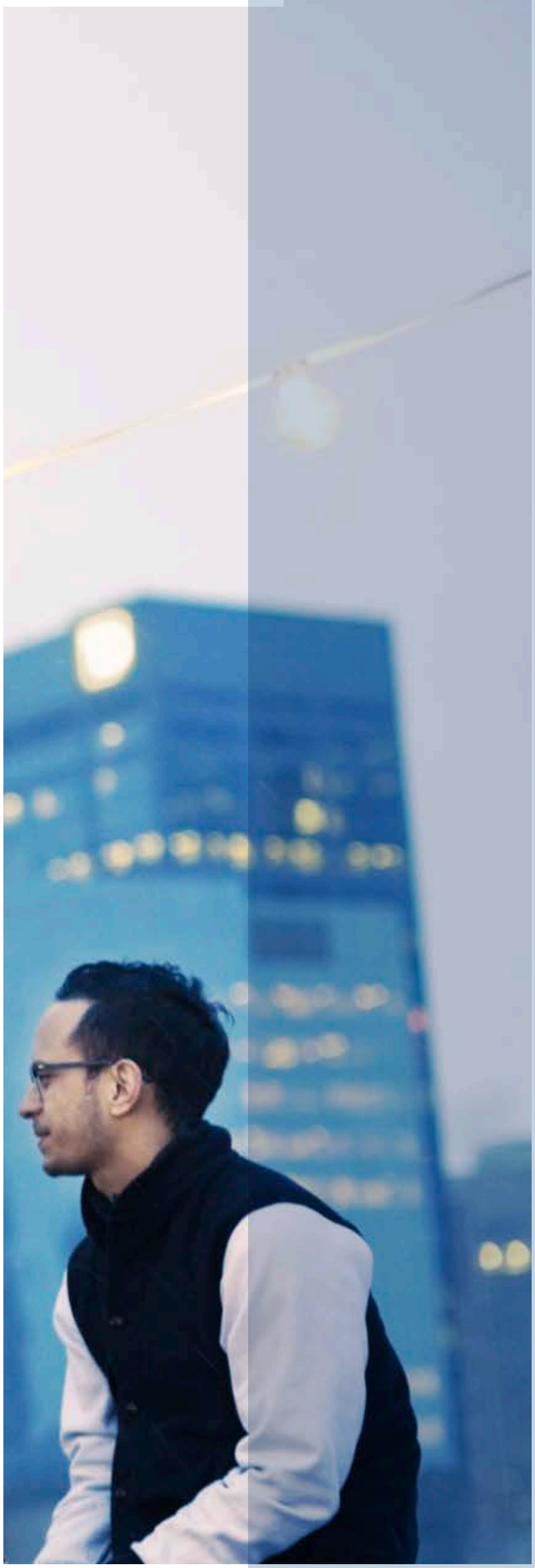
25TH **CONSECUTIVE YEAR THE CITY HAS RECEIVED THE CANADIAN AWARD FOR FINANCIAL REPORTING**

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

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

The City manages a broad range of infrastructure assets. As of 2017, 49 per cent of City assets are in very good/good condition, 41 per cent are in fair condition, and 10 per cent are in poor or very poor condition. This represents a 7.7 per cent reduction of assets in poor condition since 2011. The City uses a customized assessment methodology — the Risk-based Infrastructure Management System (RIMS) — which was developed by the City in 2011. Over the last decade, RIMS has evolved into a dynamic analytical tool designed to predict the optimal funding for the renewal of existing infrastructure.

EDMONTON'S POPULATION AND ECONOMY IS EXPECTED TO CONTINUE GROWING, INCREASING THE DEMAND FOR NEW SERVICES AND THE PRESSURE ON EXISTING SERVICES.



INTERGOVERNMENTAL

As Edmonton continues to grow and diversify, so does the scale and complexity of the services it provides. Edmonton requires appropriate legislation, programs and policies that will enable the City to govern effectively and efficiently, respond to local needs, and enhance the quality of life for residents. Edmonton can achieve this in part by building and leveraging relationships with other orders of government, other municipalities, and municipal organizations.

The City of Edmonton exists in an environment of ever-present financial uncertainty around the security and stability of provincial and federal grants. The City's infrastructure program is highly dependent on grant funding. The City is working closely with the Province on the City Charters, which will provide Edmonton with more stable revenue sources that will enable the City to better plan and construct major infrastructure projects.

Since 2014, the Government of Alberta has worked with Edmonton and Calgary to develop City Charters that recognize the unique challenges and opportunities Alberta's two largest cities face every day. The two cities have evolved into complex corporations responsible for billions of dollars in services, infrastructure and operations. The charters will provide Edmonton and Calgary with more authority and flexibility related to funding and other governing policies to help address risks and sustainability challenges faced by the two cities.

The *City Charters Fiscal Framework Act* (Framework) received royal assent on December 11, 2018. The fiscal framework provides baseline infrastructure funding for Edmonton and Calgary that is tied to the Province of Alberta's future revenue growth. The fiscal framework will replace the cities' Municipal Sustainability Initiative (MSI) funding when that program is complete in 2022. The Framework introduces a revenue-sharing component that increases the funding cities will receive as provincial revenue and fuel sales grow. This funding formula provides a predictable level of funding that will help cities plan and construct major infrastructure projects. Additional components of the framework will see dedicated funding for long-term transit in the two cities and a new fund for significant regional infrastructure projects in the two cities' metropolitan regions.

The *City of Edmonton Charter 2018 Regulation* (Regulation) was formally approved by the Government of Alberta on April 4, 2018. The Regulation contains policy tools that could provide the City with increased authority or flexibility in areas such as administrative governance, assessment and taxation, city planning and environment. City Council, with input from residents and businesses, can decide which of the Charter policy tools are most appropriate for Edmonton. This is a public process that will require significant analysis, public and stakeholder engagement, policy changes, and bylaw amendments.

Another important aspect of the Charters that was unveiled in 2017 is a historic collaboration agreement. This agreement commits the Province and its two largest cities to collaboration on the development of solutions for complex and emerging issues. Formal collaboration tables made up of senior provincial and City administration meet on a regular basis to work on emerging issues of mutual concern.

Administration expects that all the elements of the City Charters will be completed and in place by early 2019.

A new, modernized MGA is now in place for Edmonton and other municipalities across the province. The MGA is the second-largest piece of legislation in Alberta and helps define how Alberta municipalities are governed, funded and developed. The City of Edmonton has been an active participant in the Government of Alberta's MGA review process since 2012. On October 26, 2017 the Government of Alberta proclaimed the majority of the amendments to the MGA. The rest of the amendments came into force in phases over 2018. The modernized MGA takes into account how important it is for Edmonton and regional municipalities to collaborate on issues of shared importance such as land use, infrastructure, and funding of regional services. Edmonton now has more input into decisions that affect growth and development and provide long-term benefits to residents and the region.

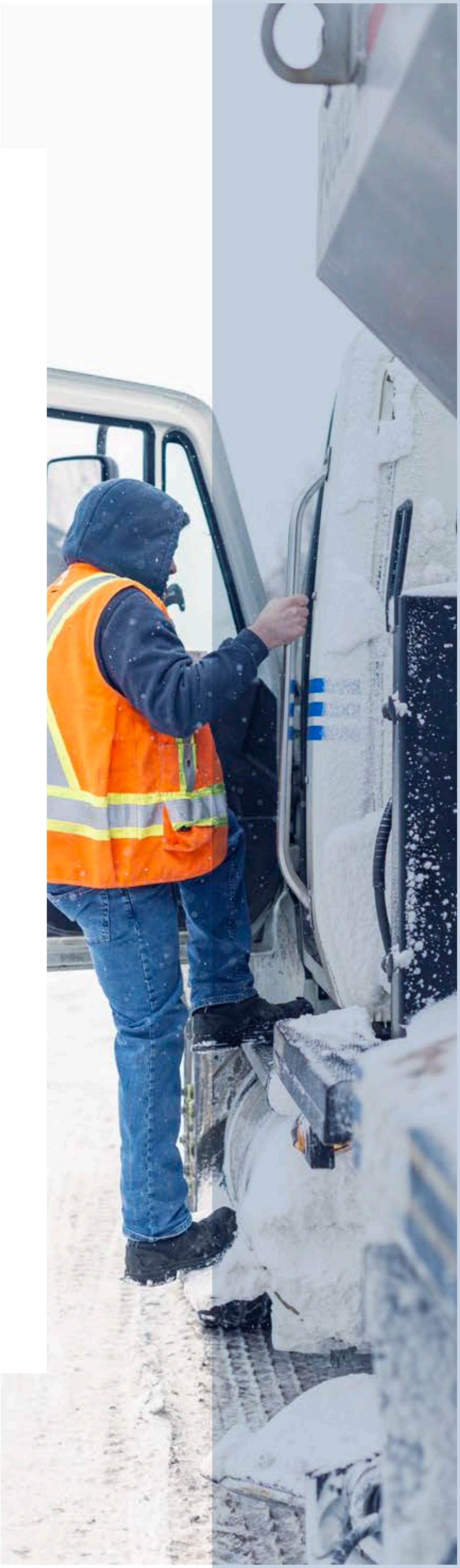
City Administration is currently working on the implementation of the new provisions resulting from the MGA Review and the *City of Edmonton Charter, 2018 Regulation* as guided by Council's priorities.

The City Charters and modernized MGA helps ensure that the long-term sustainability needs of the City of Edmonton are met and will support efficient local governance.

OTHER RISKS

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

- Environmental risks are monitored through internal City practices and policies, which aid in the effective management of environmental risks and responsibilities. City Council approved Edmonton's Environmental Management System Policy as well as an Environmental Policy. The policies ensure commitment to sound environmental management practices, and stewardship in all aspects of its corporate activities. Standard environmental management system practices across the City will address environmental regulatory compliance, pollution prevention and continual improvement.



- The corporate Property and Casualty Risk Management area provides risk management advice, claims adjusting, purchase of insurance and risk control inspections.
- Ongoing proactive analysis of the physical, contractual and insurance risks associated with capital projects or major initiatives and establishment of appropriate measures to identify and control project risk. For example, Valley Line LRT Southeast, from Mill Woods to Downtown, is being developed with the construction, operation and maintenance provided through a P3 delivery method, which shares risks between the City and its private partners. In 2017, City Council approved City Policy C591, Capital Project Governance Policy, which sets out to ensure that an appropriate level of development is completed on projects prior to them moving onto the delivery phase. This rigorous risk management process helps to ensure that key projects are completed safely, on time, on budget, on quality, and in scope.
- Hedges are purchased for future fuel purchases when deemed beneficial in order to stabilize operating budgets in the face of fuel price fluctuations. Similarly, forward currency contracts are used to mitigate foreign exchange risk within the City's foreign equity investments and capital purchases.
- Borrowing is completed through the Alberta Capital Finance Authority, which allows Alberta municipalities to borrow at interest rates which would not be available to municipalities acting independently. The interest rates are set for the term of the borrowing, therefore reducing risk associated with interest rate fluctuations.
- The City has a Financial Stabilization Reserve that may be used to address emergent needs without impacting the City's financial position in the long-term. A financial risk based review was completed for the City in 2018, identifying potential risks faced by the City and the probable financial cost of each risk. The review substantiated the minimum and target balances of the reserve established through City policy.
- The City's Debt Management Fiscal Policy provides for prudent management of debt and ensures debt is used responsibly without burdening the financial health and long-term sustainability of the City. Administration continues to monitor the use of debt and provide debt forecasts as part of ongoing reporting to City Council.
- The City continues to leverage data analytics in order to discover and communicate meaningful patterns in data, which help to predict and improve business and financial performance, recommend strategies, and guide financial decision-making.

AA+ **CREDIT RATING FROM STANDARD AND POOR'S**

CONCLUSION

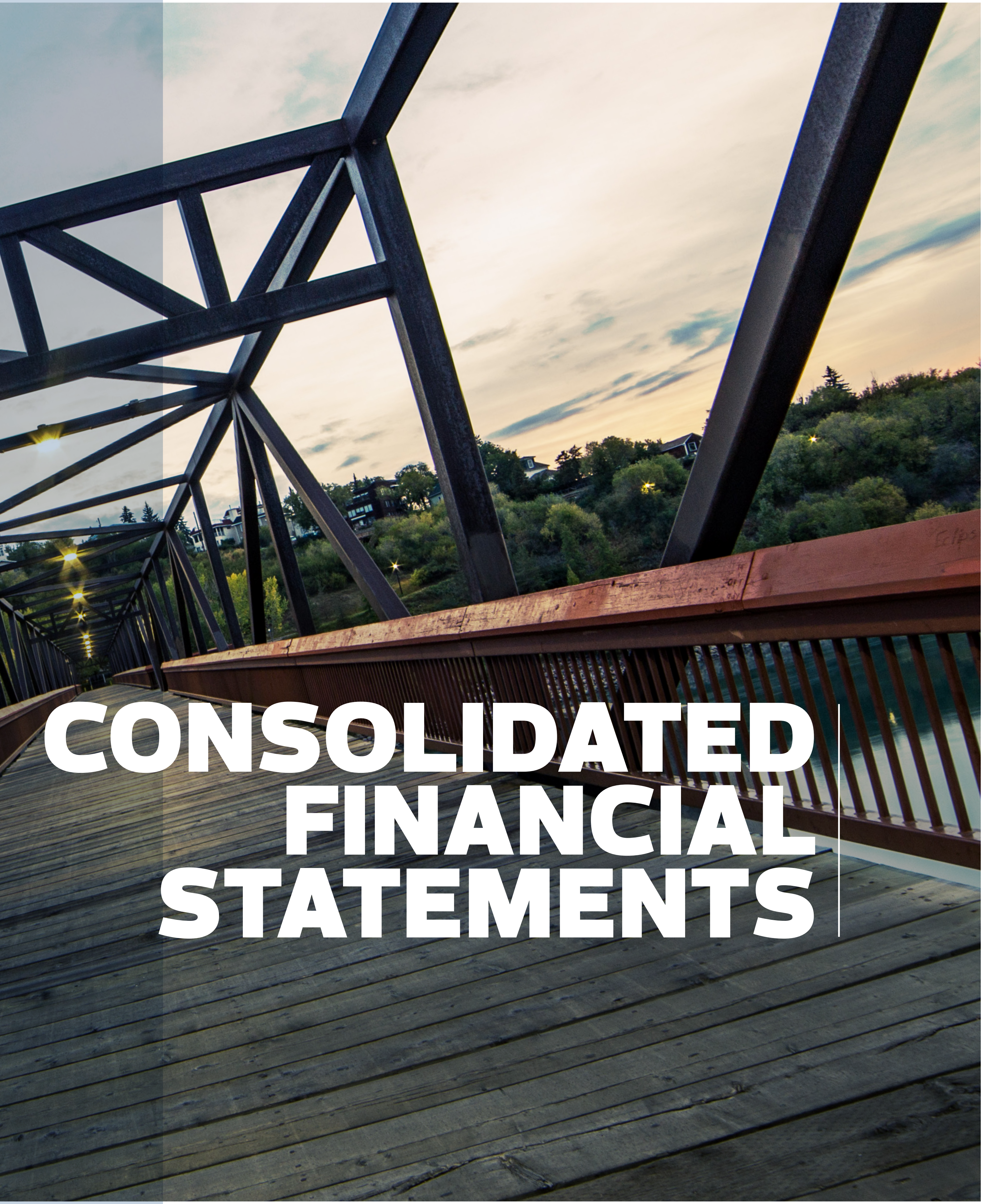
Throughout 2018, the City of Edmonton has maintained its financial health and the City's economic performance remains one of the best in the province.

For the seventh consecutive year, Standard & Poor's has given the City of Edmonton a rating of AA+. This rating is the second-highest possible, and reflects the City's strong financial and economic fundamentals. In August 2018, Standard & Poor's revised their yearly outlook rating of the City of Edmonton downward from stable to negative and kept the outlook at negative for 2018. The outlook reflects Edmonton's increasing debt burden, lower than anticipated budgetary performance, and potential downgrade in future ratings depending on the magnitude, timing and funding of additional capital projects, including Stage two of the Valley Line LRT. However, the outlook also indicated that the City has an exceptional liquidity position, strong financial management and low contingent liabilities. The rating considered the management team to be experienced and qualified to effectively enact appropriate fiscal policies and respond to external risks.

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

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

Stacey Padbury, CPA, CA
Acting Chief Financial Officer
Financial and Corporate Services
April 16, 2019



CONSOLIDATED FINANCIAL STATEMENTS

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

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

Linda D.M. Cochrane
City Manager

April 16, 2019
Edmonton, Canada

Stacey Padbury, CPA, CA
Acting Chief Financial Officer
Financial and Corporate Services

April 16, 2019
Edmonton, Canada

INDEPENDENT AUDITORS' REPORT

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

OPINION

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

- the consolidated statement of financial position as at December 31, 2018
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes and schedules to the consolidated financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2018, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BASIS FOR OPINION

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

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

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

INDEPENDENT AUDITORS' REPORT (CONT)

OTHER INFORMATION

Management is responsible for the other information. Other information comprises the information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled the "Annual Report".

Our opinion on the financial statements does not cover the other information 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, other than the financial statements and the auditors' report thereon, included in "Annual Report" as at the date of this auditors' report.

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

We have nothing to report in this regard.

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.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

INDEPENDENT AUDITORS' REPORT (CONT)

We also:

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

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

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

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

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

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

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

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

KPMG LLP

Chartered Professional Accountants

April 16, 2019
Edmonton, Canada

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31 (in thousands of dollars)

		2018		2017
Financial Assets				
Cash and cash equivalents (Note 2)	$	**851,969**	$	436,288
Receivables (Note 3)		**482,852**		536,508
Investments (Note 4)		**1,872,281**		1,984,566
Debt recoverable (Note 5)		**10,296**		10,571
Land for resale		**271,257**		262,641
Investment in EPCOR (Note 20)		**3,749,075**		3,560,911
		7,237,730		6,791,485
Liabilities				
Promissory notes payable (Note 6)		**59,597**		59,766
Accounts payable and accrued liabilities (Note 7)		**867,667**		771,190
Deposits		**50,274**		45,772
Deferred revenue (Note 8)		**493,161**		373,053
Employee benefit obligations (Note 9)		**154,819**		142,658
Landfill closure and post-closure care (Note 10)		**27,794**		29,837
Long-term debt (Note 11)		**3,046,194**		2,912,130
		4,699,506		4,334,406
Net Financial Assets		**2,538,224**		2,457,079
Non-financial Assets				
Tangible capital assets (Note 12)		**11,686,947**		10,727,980
Inventory of materials and supplies		**40,165**		43,472
Other assets (Note 13)		**31,150**		70,755
		11,758,262		10,842,207
Accumulated Surplus (Note 16)	**$**	**14,296,486**	$	13,299,286

Commitments, contingent liabilities, contingent assets and contractual rights (Notes 22, 24, 25 and 26)
See accompanying notes to consolidated financial statements.

Approved on behalf of City Council:

Mayor Don Iveson

Councillor Andrew Knack

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

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

	Budget	2018	2017
Revenues			
Net taxes available for municipal purposes (Note 17)	$ 1,594,733	**$ 1,591,960**	$ 1,505,833
User fees and sale of goods and services	676,979	**633,091**	696,400
Subsidiary operations – EPCOR (Note 20)	272,800	**295,173**	256,317
Franchise fees	168,438	**158,437**	159,719
Government transfers – operating (Note 18)	107,362	**113,081**	107,488
Fines and penalties	94,860	**87,668**	90,130
Licenses and permits	75,691	**74,756**	75,688
Investment earnings	83,873	**66,511**	116,876
Developer and customer contributions – operating	34,684	**29,598**	15,396
	3,109,420	**3,050,275**	3,023,847
Expenses			
Transportation services:			
Bus and light rail transit	467,250	**472,150**	461,400
Roadway and parking	429,504	**432,491**	406,596
	896,754	**904,641**	867,996
Protective services:			
Police	449,371	**444,492**	422,439
Fire rescue	215,942	**211,158**	207,048
Bylaw enforcement	45,720	**46,595**	44,101
	711,033	**702,245**	673,588
Community services:			
Parks and recreation	274,771	**279,149**	258,780
Planning and corporate properties	208,067	**175,764**	151,058
Convention and tourism	51,621	**73,326**	45,881
Public library	65,023	**61,766**	59,859
Community and family	65,231	**60,098**	62,394
Public housing	49,331	**34,050**	33,087
	714,044	**684,153**	611,059
Utility and enterprise services:			
Waste Services Utility	207,614	**203,657**	211,654
Land Enterprise	70,638	**27,591**	11,579
Drainage Utility			117,512
	278,252	**231,248**	340,745
General municipal	203,509	**232,384**	222,342
Corporate administration	215,280	**230,179**	205,877
Fleet services	36,352	**40,881**	30,379
Ed Tel Endowment Fund	4,163	**3,642**	4,115
	3,059,387	**3,029,373**	2,956,101
Excess of Revenues over Expenses before Other	50,033	**20,902**	67,746
Other			
Government transfers – capital (Note 18)	716,543	**699,347**	412,606
Contributed tangible capital assets (Note 12)	101,000	**203,883**	217,249
Developer and customer contributions – capital	90,353	**26,688**	40,866
Local improvements	12,683	**11,909**	16,306
Excess of Revenues over Expenses	970,612	**962,729**	754,773
Accumulated Surplus, beginning of year	13,299,286	**13,299,286**	14,702,004
Subsidiary operations – EPCOR – other comprehensive income (loss) (Note 20)		**49,134**	(37,523)
Drainage Utility contributed capital transfer to EPCOR and other adjustments (Note 20)		**(14,663)**	(2,119,968)
Accumulated Surplus, end of year	$ 14,269,898	**$ 14,296,486**	$ 13,299,286

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	**2018**	2017
Excess of Revenues over Expenses	$ 970,612	**$ 962,729**	$ 754,773
Acquisition of tangible capital assets	(2,647,846)	**(1,290,468)**	(1,138,291)
Contributed tangible capital assets (Note 12)	(101,000)	**(203,883)**	(217,249)
Proceeds on disposal of tangible capital assets		**4,759**	5,226
Amortization of tangible capital assets	498,673	**533,649**	556,215
Loss on disposal/transfer of tangible capital assets		**19,867**	18,879
Tangible capital assets contributed to EPCOR (Note 20)		**24,520**	34,666
Transfer of Drainage Utility tangible capital assets to EPCOR			3,527,620
	(2,250,173)	**(911,556)**	2,787,066
Net use of inventory of materials and supplies		**3,307**	9,507
Net change in other assets		**(7,806)**	109
		(4,499)	9,616
Subsidiary operations – EPCOR – other comprehensive income (loss) (Note 20)		**49,134**	(37,523)
Drainage Utility contributed capital transfer to EPCOR and other adjustments (Note 20)		**(14,663)**	(2,119,968)
		34,471	(2,157,491)
Increase (decrease) in net financial assets	(1,279,561)	**81,145**	1,393,964
Net Financial Assets, beginning of year	2,457,079	**2,457,079**	1,063,115
Net Financial Assets, end of year	$ 1,177,518	**$ 2,538,224**	$ 2,457,079

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

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

	2018	2017
Net inflow (outflow) of cash and cash equivalents:		
Operating Activities		
Excess of revenues over expenses	$ 962,729	$ 754,773
Add (deduct) items not affecting cash and cash equivalents:		
Subsidiary operations – EPCOR (Note 20)	(295,173)	(256,317)
Amortization of tangible capital assets	533,649	556,215
Loss on disposal/transfer of tangible capital assets	19,867	18,879
Contributed tangible capital assets	(203,883)	(217,249)
Change in non-cash items:		
Receivables	53,656	(66,754)
Debt recoverable	275	902
Land for resale	(8,616)	(38,800)
Inventory of materials and supplies	3,307	8,077
Other assets	(7,806)	109
Accounts payable and accrued liabilities	96,477	70,368
Deposits	4,502	(7,646)
Deferred revenue	120,108	90,778
Employee benefit obligations	12,161	10,923
Landfill closure and post-closure care	(2,043)	7,390
	1,289,210	931,648
Capital Activities		
Acquisition of tangible capital assets	(1,290,468)	(1,138,291)
Proceeds on disposal of tangible capital assets	4,759	5,226
	(1,285,709)	(1,133,065)
Investing Activities		
Dividend from subsidiary (Note 20)	166,000	152,670
Net decrease (increase) in investments	112,285	(85,784)
Transfer of Drainage Utility cash to EPCOR		(66,212)
	278,285	674
Financing Activities		
Promissory notes issued	218,997	219,472
Repayment of promissory notes	(219,166)	(239,575)
Debenture borrowings	276,036	277,428
Repayment of long-term debt	(241,796)	(200,281)
Increase in public-private partnership (P3) term debt	99,824	88,846
	133,895	145,890
Increase (decrease) in cash and cash equivalents	415,681	(54,853)
Cash and cash equivalents, beginning of year	436,288	491,141
Cash and cash equivalents, end of year	$ 851,969	$ 436,288

Operating activities for 2018 include $46,026 (2017 – $35,554) of interest received and $104,380 (2017 – $102,992) of interest paid.

See accompanying notes to consolidated financial statements.

SCHEDULE 1 – CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2018 (in thousands of dollars)

	Opening Balance	Additions and Transfers	Disposals and Transfers	**Closing Balance**
Cost				
Land	$ 1,504,742	$ 121,523	$ (4,660)	**$ 1,621,605**
Land improvements	1,200,461	63,519	(7,206)	**1,256,774**
Buildings	2,689,803	324,937	(2,589)	**3,012,151**
Vehicles	990,761	112,174	(34,220)	**1,068,715**
Machinery and equipment	834,248	102,414	(15,213)	**921,449**
Engineered structures:				
Roadway system	7,594,004	345,226	(22,176)	**7,917,054**
Light rail transit	1,324,187	20,752		**1,344,939**
Waste	169,022	1,123	(1,519)	**168,626**
Bus system	171,235	1,984		**173,219**
Other	46,968	192		**47,160**
	16,525,431	1,093,844	(87,583)	**17,531,692**
Assets under construction	924,395	447,918	(28,928)	**1,343,385**
	17,449,826	1,541,762	(116,511)	**18,875,077**
Accumulated Amortization				
Land improvements	452,599	35,890	(5,671)	**482,818**
Buildings	990,036	100,983	(2,546)	**1,088,473**
Vehicles	629,965	62,378	(31,147)	**661,196**
Machinery and equipment	465,868	70,716	(13,389)	**523,195**
Engineered structures:				
Roadway system	3,574,355	217,481	(14,478)	**3,777,358**
Light rail transit	388,365	33,223		**421,588**
Waste	134,079	3,785	(134)	**137,730**
Bus system	77,494	7,666		**85,160**
Other	9,085	1,527		**10,612**
	6,721,846	533,649	(67,365)	**7,188,130**
Net Book Value	$ 10,727,980	$ 1,008,113	$ (49,146)	**$ 11,686,947**

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.

Included in disposals and transfers is $24,520 of tangible capital assets contributed to EPCOR (Note 20) and $4,678 of tangible capital assets contributed to the Province of Alberta.

See accompanying notes to consolidated financial statements.

SCHEDULE 2 – CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the year ended December 31, 2018 (in thousands of dollars)

	Tax – Supported										
	Transportation Services	Protective Services	Community Services	Fleet Services	Other Tax-Supported	Total Tax-Supported	Waste Services	Land Enterprise	EPCOR	Ed Tel Endowment Fund	**2018**
Revenues											
Net taxes available for municipal purposes	$ 382,508	$ 570,141	$ 357,010	$ 490	$ 281,811	$ 1,591,960	$	$	$	$	**$ 1,591,960**
User fees and sale of goods and services	159,831	30,471	153,860	17,108	26,616	387,886	215,425	29,780			**633,091**
Subsidiary operations – EPCOR									295,173		**295,173**
Franchise fees					158,437	158,437					**158,437**
Government transfers – operating	4,861	29,371	33,552		43,793	111,577	1,504				**113,081**
Fines and penalties		60,748	799		26,121	87,668					**87,668**
Licenses and permits	494	3,376	59,411		11,475	74,756					**74,756**
Investment earnings			1,839		31,484	33,323	974			32,214	**66,511**
Developer and customer contributions – operating		96	29,502			29,598					**29,598**
Appropriation of earnings					46,014	46,014				(46,014)	
	547,694	694,203	635,973	17,598	625,751	2,521,219	217,903	29,780	295,173	(13,800)	**3,050,275**
Expenses											
Salaries, wages and benefits	345,473	561,686	285,485	84,026	285,214	1,561,884	50,588	1,665			**1,614,137**
Materials, goods and utilities	104,097	33,796	59,974	51,697	26,304	275,868	10,583	17,014			**303,465**
Contracted and general services	96,983	82,242	160,359	(142,259)	(767)	196,558	104,177	5,377		3,642	**309,754**
Interest and bank charges	68,914	2,490	40,121	(1,467)	10,517	120,575	9,129	1,525			**131,229**
Grants and other	6	592	90,083		22,281	112,962	2,300	2,010			**117,272**
Amortization of tangible capital assets	275,344	22,508	48,162	48,553	115,432	509,999	23,650				**533,649**
Loss (gain) on disposal/transfer of tangible capital assets	13,824	(1,069)	(31)	331	3,582	16,637	3,230				**19,867**
	904,641	702,245	684,153	40,881	462,563	2,794,483	203,657	27,591		3,642	**3,029,373**
Excess (shortfall) of Revenues over Expenses before Other	(356,947)	(8,042)	(48,180)	(23,283)	163,188	(273,264)	14,246	2,189	295,173	(17,442)	**20,902**
Other											
Government transfers – capital	581,778	8,826	72,602	2,563	33,571	699,340	7				**699,347**
Contributed tangible capital assets	71,327		46,191		86,365	203,883					**203,883**
Developer and customer contributions – capital	6,609		14,758		3,893	25,260	1,428				**26,688**
Local improvements					11,909	11,909					**11,909**
	659,714	8,826	133,551	2,563	135,738	940,392	1,435				**941,827**
Excess (shortfall) of Revenues over Expenses	$ 302,767	$ 784	$ 85,371	$ (20,720)	$ 298,926	$ 667,128	$ 15,681	$ 2,189	$ 295,173	$ (17,442)	**$ 962,729**

SCHEDULE 2 – CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the year ended December 31, 2017 (in thousands of dollars)

	Tax – Supported											
	Transportation Services	Protective Services	Community Services	Fleet Services	Other Tax-Supported	Total Tax-Supported	Waste Services	Drainage Services	Land Enterprise	EPCOR	Ed Tel Endowment Fund	**2017**
Revenues												
Net taxes available for municipal purposes	$ 370,601	$ 547,213	$ 319,123	$	$ 268,896	$ 1,505,833	$	$	$	$	$	**$ 1,505,833**
User fees and sale of goods and services	158,725	30,104	121,868	13,641	27,561	351,899	210,061	123,795	10,645			**696,400**
Subsidiary operations – EPCOR										256,317		**256,317**
Franchise fees					165,787	165,787		(6,068)				**159,719**
Government transfers – operating	1,308	30,096	31,458		44,622	107,484	4					**107,488**
Fines and penalties		65,888	835		23,407	90,130						**90,130**
Licenses and permits	487	3,570	59,604		11,416	75,077		611				**75,688**
Investment earnings			(3,256)		53,670	50,414	272	635			65,555	**116,876**
Developer and customer contributions – operating		288	15,090		18	15,396						**15,396**
Appropriation of earnings					34,432	34,432					(34,432)	
	531,121	677,159	544,722	13,641	629,809	2,396,452	210,337	118,973	10,645	256,317	31,123	**3,023,847**
Expenses												
Salaries, wages and benefits	318,124	538,376	274,599	80,097	272,701	1,483,897	49,271	42,198	1,659			**1,577,025**
Materials, goods and utilities	93,020	32,477	59,482	43,652	24,352	252,983	11,237	13,393	4,456			**282,069**
Contracted and general services	118,908	80,292	123,602	(136,617)	(22,009)	164,176	107,180	3,689	4,236		4,115	**283,396**
Interest and bank charges	59,337	1,148	41,174	1,050	18,629	121,338	9,302	13,629	1,228			**145,497**
Grants and other	1	615	68,268		25,828	94,712	(1,695)	3				**93,020**
Amortization of tangible capital assets	263,400	18,891	44,778	43,012	108,494	478,575	33,943	43,697				**556,215**
Loss (gain) on disposal/transfer of tangible capital assets	15,206	1,789	(844)	(815)	224	15,560	2,416	903				**18,879**
	867,996	673,588	611,059	30,379	428,219	2,611,241	211,654	117,512	11,579		4,115	**2,956,101**
Excess (shortfall) of Revenues over Expenses before Other	(336,875)	3,571	(66,337)	(16,738)	201,590	(214,789)	(1,317)	1,461	(934)	256,317	27,008	**67,746**
Other												
Government transfers – capital	312,244	7,481	62,126	4,320	24,435	410,606		2,000				**412,606**
Contributed tangible capital assets	86,909		56,548		7,168	150,625		66,624				**217,249**
Developer and customer contributions – capital	3,030		19,096		505	22,631	5,600	12,635				**40,866**
Local improvements					16,306	16,306						**16,306**
	402,183	7,481	137,770	4,320	48,414	600,168	5,600	81,259				**687,027**
Excess (shortfall) of Revenues over Expenses	$ 65,308	$ 11,052	$ 71,433	$ (12,418)	$ 250,004	$ 385,379	$ 4,283	$ 82,720	$ (934)	$ 256,317	$ 27,008	**$ 754,773**

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, 2018 (in thousands of dollars)

	City of Edmonton Library Board	Edmonton Economic Development Corporation	Non-Profit Housing Corporation	Fort Edmonton Management Company	Edmonton Combative Sports Commission	Waste RE-solutions Edmonton
Financial Position						
Financial Assets	$ 26,727	$ 24,290	$ 5,362	$ 3,195	$ 189	$ 2,276
Liabilities	15,556	21,977	18,254	757	20	2,058
Net FInancial Assets (Debt)	11,171	2,313	(12,892)	2,438	169	218
Non-financial Assets	33,813	7,381	33,114	592		4
Accumulated Surplus	**$ 44,984**	**$ 9,694**	**$ 20,222**	**$ 3,030**	**$ 169**	**$ 222**
Operations						
Revenues	55,850	75,707	8,857	4,026	26	353
Expenses	62,180	73,642	7,535	4,374	113	367
Other	10,547		712			
Excess (shortfall) of Revenues over Expenses	**4,217**	**2,065**	**2,034**	**(348)**	**(87)**	**(14)**
Accumulated Surplus, beginning of year	40,767	7,629	18,188	3,378	256	236
Accumulated Surplus, end of year	**$ 44,984**	**$ 9,694**	**$ 20,222**	**$ 3,030**	**$ 169**	**$ 222**

For the year ended December 31, 2017 (in thousands of dollars)

	City of Edmonton Library Board	Edmonton Economic Development Corporation	Non-Profit Housing Corporation	Fort Edmonton Management Company	Edmonton Combative Sports Commission	Waste RE-solutions Edmonton
Financial Position						
Financial Assets	$ 18,521	$ 20,143	$ 3,956	$ 3,693	$ 300	$ 3,498
Liabilities	10,241	16,795	19,581	835	44	3,269
Net Financial Assets (Debt)	8,280	3,348	(15,625)	2,858	256	229
Non-financial Assets	32,487	4,281	33,813	520		7
Accumulated Surplus	**$ 40,767**	**$ 7,629**	**$ 18,188**	**$ 3,378**	**$ 256**	**$ 236**
Operations						
Revenues	52,024	49,454	8,232	3,965	284	644
Expenses	60,160	46,259	7,583	3,263	157	653
Other	10,373		675			
Excess (shortfall) of Revenues over Expenses	**2,237**	**3,195**	**1,324**	**702**	**127**	**(9)**
Accumulated Surplus, beginning of year	38,530	4,434	16,864	2,676	129	245
Accumulated Surplus, end of year	**$ 40,767**	**$ 7,629**	**$ 18,188**	**$ 3,378**	**$ 256**	**$ 236**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (in thousands of dollars)

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

01 SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

The City of Edmonton Library Board
(Edmonton Public Library)

Edmonton Economic Development Corporation
(including EFF Media Investments Ltd. and TEC Edmonton joint venture)

Fort Edmonton Management Company

Edmonton Combative Sports Commission

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

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

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

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. Other comprehensive income (loss) arising from fair value adjustments is reported on the Consolidated Statement of Operations and Accumulated Surplus as an adjustment to Accumulated Surplus. Contributions of tangible capital assets to EPCOR from the City are recorded as an increase to the investment in EPCOR.

Effective September 1, 2017, the City transferred the net assets and operations of the Drainage Utility to EPCOR Utilities Inc. (EPCOR). Results for the Drainage Utility for the period January 1 to August 31, 2017 are included in the comparative information in the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Schedule of Segment Disclosures.

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

The City is the sole Shareholder of its subsidiary corporation, 2492369 Canada Corporation, carrying on business as Waste RE-solutions Edmonton (WRsE). At the October 10, 2018 Annual General Shareholder Meeting, the City, in its capacity as Shareholder, passed a resolution to begin the process to put the 2492369 Canada Corporation into dormancy. It is anticipated that the wind down of operations of WRsE will continue into 2019. There are no reporting changes in 2018 resulting from the Shareholder's decision.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (in thousands of dollars)

B. BASIS OF ACCOUNTING

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

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

C. USE OF ESTIMATES

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

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

D. FOREIGN CURRENCY

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

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (in thousands of dollars)

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. 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.

I. INVESTMENTS

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

J. DEBT RECOVERABLE

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

K. 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 are comprised of tangible capital assets, inventory of materials and supplies and other assets.

i. Tangible Capital Assets

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

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (in thousands of dollars)

ii. Contributed Tangible Capital Assets

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

iii. Leases

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

iv. Land Under Roads

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

v. Inventory of Materials and Supplies

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

vi. Cultural, Historical and Works of Art

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

L. DEPOSITS

Deposits are held for the purposes of securing the compliance of a third party to contractual stipulations or to secure the future provision of services from the City. Deposits are returned when third party compliance with contractual stipulations is established. The City recognizes deposits into revenue when a third party defaults on the contractual stipulations or when the City provides future services.

M. LANDFILL CLOSURE AND POST-CLOSURE LIABILITIES

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

N. 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (in thousands of dollars)

O. EMPLOYEE BENEFIT OBLIGATIONS

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

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

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

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

P. PUBLIC-PRIVATE PARTNERSHIPS

A public-private partnership (P3) is a contractual agreement between a public authority and a private entity for the provision of infrastructure and/or services. The City's P3 is assessed based on the substance of the underlying agreement. Costs incurred during construction or acquisition are recognized as Tangible capital assets (classified as assets under construction), with a corresponding obligation, both based on the estimated percentage of project completion. The asset will be amortized over the estimated useful life once in-service. The obligation is reduced by payments made during and upon completion of construction and over the service period.

Q. RESERVES FOR FUTURE EXPENDITURES

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

R. 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.

S. BUDGET INFORMATION

Operating budget information is consistent with amounts approved by City Council in April 2018, with the passing of Bylaw 18312 – 2018 Property Tax and Supplementary Property Tax Bylaw. The budget is reported on an accrual basis, consistent with principles applied in the consolidated financial statements.

Capital budgets reflect the 2018 budget originally approved by City Council in December 2014 as a part of the overall 2015–2018 capital budget, plus any carry forward of unspent capital budget from previous years. Capital budget adjustments made as part of the spring and fall supplementary capital budget adjustment process are not reflected.

T. CHANGES IN ACCOUNTING POLICY

Effective January 1, 2018, the City implemented the following accounting standards required for government organizations with fiscal years beginning on or after April 1, 2017. The adoption of these standards was applied on a prospective basis and only impact note disclosures as reflected in Notes 25, 26 and 27.

i. Related Party Disclosures and Inter-Entity Transactions

PS 2200, *Related Party Disclosures* defines a related party and establishes disclosures required for related party transactions; PS 3420, *Inter-entity Transactions* establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

ii. Assets, Contingent Assets and Contractual Rights

PS 3210, *Assets* provides guidance for applying the definition of assets set out PS 1000, *Financial Statement Concepts,* and establishes general disclosure standards for assets; PS 3320, *Contingent Assets* defines and establishes disclosure standards on contingent assets; PS 3380, *Contractual Rights* defines and establishes disclosure standards on contractual rights.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (in thousands of dollars)

U. FUTURE ACCOUNTING STANDARD PRONOUNCEMENTS

The following summarizes upcoming changes to PSAS. In 2019, the City will continue to assess the impact and prepare for the adoption of these standards. While the timing of standard adoption can vary, certain standards must be adopted concurrently. The requirements in PS1201, *Financial Statement Presentation,* PS3450, *Financial Instruments,* PS2601, *Foreign Currency Translation* and PS3041, *Portfolio Investments* must be implemented at the same time.

The following standards are not anticipated to have a material impact on the financial statements:

i. Restructuring Transactions

PS3430, *Restructuring Transactions* establishes standards on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities, together with related program or operating responsibilities. This standard is applicable for fiscal years beginning on or after April 1, 2018.

Management continues to assess the following standards to determine their impact on the financial statements:

ii. Financial Statement Presentation

PS1201, *Financial Statement Presentation,* requires a new statement of re-measurement gains and losses separate from the statement of operations. Included in this new statement are the unrealized gains and losses arising from the re-measurement of financial instruments and items denominated in foreign currencies, as well as the government's proportionate share of other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. This standard is applicable for fiscal years beginning on or after April 1, 2021.

iii. Financial Instruments

PS3450, *Financial Instruments* establishes recognition, measurement, and disclosure requirements for derivative and non-derivative financial instruments. The standard requires fair value measurement of derivatives and equity instruments; all other financial instruments can be measured at cost/amortized cost or fair value at the election of the government. Unrealized gains and losses are presented in a new statement of re-measurement gains and losses. There is the requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities. This standard is applicable for fiscal years beginning on or after April 1, 2021.

iv. Foreign Currency Translation

PS2601, *Foreign Currency Translation,* requires that monetary assets and liabilities denominated in a foreign currency and non-monetary items included in the fair value category, denominated in a foreign currency, be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses are to be presented in the new statement of re-measurement gains and losses. This standard is applicable for fiscal years beginning on or after April 1, 2021.

v. Portfolio Investments

PS3041, *Portfolio Investments* has removed the distinction between temporary and portfolio investments. This section was amended to conform to PS3450, *Financial Instruments,* and now includes pooled investments in its scope. Upon adoption of PS3450 and PS3041, PS3030, *Temporary Investments* will no longer apply. This standard is applicable for fiscal years beginning on or after April 1, 2021.

vi. Asset Retirement Obligations

PS3280, *Asset Retirement Obligations* establishes guidance on the accounting and reporting of legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. This standard is applicable for fiscal years beginning on or after April 1, 2021.

vii. Revenue

PS3400, *Revenue* provides a framework for recognizing, measuring and reporting revenue by differentiating between revenue that arises from transactions that include performance obligations and transactions that do not have performance obligations. This standard is applicable for fiscal years beginning on or after April 1, 2022.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (in thousands of dollars)

02 CASH AND CASH EQUIVALENTS

		2018		2017
Cash	$	15,116	$	44,679
Temporary investments		836,853		391,609
	$	851,969	$	436,288

Temporary investments consist of bankers' acceptances, treasury bills and commercial paper, at cost, which approximates market value. These investments have effective interest rates of 0.0 to 1.9 per cent (2017 – 0.0 to 1.3 per cent) and generally mature within ninety days from the date of purchase. Temporary investments are capable of reasonably prompt liquidation and may be used to manage the City's cash position throughout the year from the date of purchase.

The City has access to an unsecured line of credit of up to $100,000 to cover any bank overdrafts arising from day to day cash transactions. No amounts were outstanding on the line of credit as of December 31, 2018 (2017 – $0).

03 RECEIVABLES

		2018		2017
Trade and other	$	166,155	$	210,432
Local improvements		105,836		103,785
Taxes		64,369		58,277
Government transfers:				
P3 Canada Fund		82,650		
Public Transit Infrastructure Fund		53,432		26,782
Building Canada Fund		7,824		37,134
Green Transit Incentives Program		1,981		100,058
Other		605		40
	$	482,852	$	536,508

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (in thousands of dollars)

04 INVESTMENTS

	Amortized Cost		Market Value	
	2018	2017	**2018**	2017
Cash	**$ 509**	$ 1,096	**$ 509**	$ 1,096
Amounts (payable) receivable – net	**(341)**	279	**(341)**	279
Fixed income:				
Short-term notes and deposits	**62,431**	86,055	**62,328**	85,947
Government and government guaranteed bonds	**520,150**	593,236	**510,451**	584,048
Corporate bonds and debentures	**383,428**	382,846	**372,342**	375,376
Pooled fund	**92,077**	92,076	**89,163**	93,255
	1,058,086	1,154,213	**1,034,284**	1,138,626
Common and preferred shares:				
Canadian	**279,583**	266,943	**260,457**	293,774
International	**419,045**	440,458	**396,135**	447,332
Global	**83,941**	84,786	**74,405**	81,259
	782,569	792,187	**730,997**	822,365
Pooled infrastructure funds	**31,146**	31,423	**38,392**	33,306
Other investments	**312**	5,368	**312**	5,368
	$ 1,872,281	$ 1,984,566	**$ 1,804,153**	$ 2,001,040

Short-term notes and deposits have effective interest rates of 0.6 to 2.3 per cent (2017 – 0.4 to 1.6 per cent) and mature in less than one year. Government and corporate bonds and debentures have effective interest rates of 1.8 to 5.2 per cent (2017 – 1.2 to 4.6 per cent) with maturity dates from March 27, 2019 to December 1, 2064 (2017 – March 8, 2018 to December 1, 2064). The pooled fixed income fund represents an interest in a fund consisting of corporate bonds, government bonds and inflation-linked bonds.

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

Declines in market value of investments below amortized cost are considered to be temporary in nature.

Investments with a cost of $825,035 (2017 – $842,479) and market value of $787,562 (2017 – $862,229) are managed within the Ed Tel Endowment Fund, in accordance with City Bylaw 11713. An annual appropriation from the earnings of the fund of $46,014 (2017 – $34,432), including a special dividend of $9,203 (2017 – $0) 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.

The Sinking Fund assets, which were comprised of short-term notes and deposits, government and government guaranteed bonds and corporate bonds and debentures, were sold in 2018 to repay the remaining outstanding debentures of $100,000 that were secured by these assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (in thousands of dollars)

05 DEBT RECOVERABLE

Debt recoverable of $10,296 (2017 – $10,571) consists of amounts borrowed by the City and provided to the Edmonton Catholic School Board, to be recovered through a lease agreement. The financial arrangement is in accordance with section 264 of the MGA and is authorized by City bylaws. The arrangement has the same general repayment terms as the respective debt with interest accrued on outstanding amounts. As of December 31, 2018, the Edmonton Catholic School Board is in compliance with the terms of the financial arrangement. Lease receivables of $10,296 bear an implicit annual interest rate of 4.3 per cent (2017 – 4.3 per cent) and will be recovered in annual amounts to the year 2044.

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

	Principal	Interest	**Total**
2019	$ 237	$ 445	**$ 682**
2020	247	435	**682**
2021	258	424	**682**
2022	269	413	**682**
2023	280	402	**682**
Thereafter	9,005	4,622	**13,627**
	$ 10,296	$ 6,741	**$ 17,037**

06 PROMISSORY NOTES PAYABLE

As at December 31, 2018, the City has three (2017 – four) promissory notes payable with maturity dates from February 20, 2019 to April 17, 2019 (2017 – February 22, 2018 to April 18, 2018) with interest rates ranging from 0.5 per cent to 1.0 per cent (2017 – 0.3 per cent to 0.6 per cent).

The promissory notes are being accounted for at amortized cost, with the amount for the three notes at maturity totaling $60,000 (2017 – $60,000) and a discounted value of $59,597 (2017 – $59,766).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (in thousands of dollars)

07 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		2018		2017
Trade and other	**$**	**598,137**	$	515,112
Developer obligations		**165,288**		134,339
Payroll and remittances		**81,781**		99,900
Accrued interest		**22,461**		21,839
	$	**867,667**	$	771,190

08 DEFERRED REVENUE

Deferred revenue is comprised of the funds noted below, the use of which is externally restricted. These funds are recognized as revenue in the period they are used for the purpose specified.

Interest earned on contributions is included in contributions received. Certain deferred revenues relate to government transfers as further described in Note 18.

		2017		Externally Restricted Contributions Received		Revenue Recognized		**2018**
Operating:								
Revenue in advance of service performed and other	$	27,297	$	49,102	$	48,515	**$**	**27,884**
Affordable Housing Municipal Block Funding		16,918		284		1,014		**16,188**
Development permits		14,901		11,723		11,265		**15,359**
Deferred lease incentives		3,232		4,325		825		**6,732**
		62,348		65,434		61,619		**66,163**
Capital:								
Municipal Sustainability Initiative		274,917		293,924		267,769		**301,072**
Climate Leadership Plan				177,336		105,367		**71,969**
Fort Edmonton Park Expansion		16,201		16,349		12,359		**20,191**
Alberta Community Resilience Program		7,680		320		14		**7,986**
Federal Gas Tax Fund				51,434		43,605		**7,829**
Milner Library Renewal		2,382		5,074		407		**7,049**
Other		5,353		5,283		5,846		**4,790**
Alberta Innovation and Science Program		64		3,052				**3,116**
Parks Community Initiatives		3,288		3,436		3,728		**2,996**
Alberta Community Partnership Program		820		10		830		
		310,705		556,218		439,925		**426,998**
	$	373,053	$	621,652	$	501,544	**$**	**493,161**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (in thousands of dollars)

09 EMPLOYEE BENEFIT OBLIGATIONS

	2018	2017
Accrued vacation	**$ 77,753**	$ 75,934
Post-employment benefits	**33,356**	29,743
Banked overtime	**12,994**	12,382
Major medical and dental plans	**10,351**	7,906
Supplementary management retirement plan	**6,354**	5,990
Group life insurance plan	**5,875**	2,361
Health care spending	**5,298**	4,807
Income replacement plan	**2,095**	2,678
Other	**743**	857
	$ 154,819	$ 142,658

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

In order to measure the post-employment obligation, an actuarial valuation was completed by Aon Hewitt as at December 31, 2018 regarding the continuation of benefit coverage while eligible employees are on long-term disability. The discount rate used in the valuation is 2.0 per cent (2017 – 2.0 per cent). The accrued benefit obligation as at December 31, 2018 is $29,177 (2017 – $26,522). The change is comprised of current service cost of $8,551 (2017 – $8,197), interest cost of $657 (2017 – $557), actuarial gain of $2,156 (2017 actuarial loss – $8) and benefits paid during the year of $4,397 (2017 – $3,765).

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 2018 were $1,427 (2017 – $1,424). Eligible dental obligations for 2018 were $376 (2017 – $409). Other post-employment benefits were $2,376 (2017 – $1,388).

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 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 $6,354 (2017 – $5,990) has been based upon an actuarial valuation completed by Aon Hewitt as at December 31, 2018. Unamortized net losses of $568 (2017 – $1,256) will be amortized over the twelve (2017 – eleven) year average remaining service period of active plan participants.

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

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 2018 expenses of amounts not used in the current year that are eligible to be carried forward under the terms of the plan.

The income replacement plan was a disability plan partially funded by employees, which was discontinued in April 1991. The outstanding obligation will be paid to employees in accordance with the terms and conditions of the plan. The obligation is based on an actuarial valuation as at December 31, 2018, completed by Aon Hewitt.

Other employee benefit obligations for 2018 include $171 (2017 – $301) for the Fire Chief and Deputy Fire Chiefs' Supplementary Pension Plan liability (Note 21c).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (in thousands of dollars)

10 LANDFILL CLOSURE AND POST-CLOSURE CARE

Under Provincial legislation, the City has a liability for closure and post-closure care costs for its landfill sites. The Clover Bar landfill site was closed to the public in August 2009. The City has continued using the landfill internally and anticipates final closure by 2021. From the time of final closure, the post closure period is expected to be 25 years. The costs to maintain a closed solid waste landfill site are based on estimated future expenses in current dollars by applying a discount rate at the City's average long-term borrowing rate of 3.7 per cent (2017 – 3.9 per cent) and inflation rate of 1.6 per cent (2017 – 1.6 per cent). An amount of $27,794 (2017 – $29,837) has been accrued. The liability was reduced by $2,043 (2017 – $3,264) in the year to reflect cash outlays for post closure care.

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

11 LONG-TERM DEBT

A. DEBT PAYABLE

Debt payable includes the following amounts:

	2018	2017
Debentures	**$ 3,468,595**	$ 3,471,110
Mortgages	**6,870**	7,936
Public-private partnership (P3) term debt	**188,670**	88,846
	3,664,135	3,567,892
Less debt attributed to and secured by offsetting amounts receivable from:		
EPCOR Utilities Inc.	**617,941**	655,762
	$ 3,046,194	$ 2,912,130
Long-term debt comprises:		
Self-liquidating debt	**451,084**	530,824
Tax-supported debt:		
Debenture debt	**2,406,440**	2,292,460
Public-private partnership (P3) term debt	**188,670**	88,846
	$ 3,046,194	$ 2,912,130

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (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. EPCOR receivable amounts offset self-liquidating debt and interest payments.

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
2019	$ 63,824	$ 121,323	$ 185,147	$ 30,667	$ 154,480
2020	63,320	124,267	187,587	31,657	155,930
2021	64,030	130,315	194,345	32,268	162,077
2022	64,366	132,958	197,324	33,221	164,103
2023	62,452	135,483	197,935	30,966	166,969
Thereafter	751,033	1,950,764	2,701,797	459,162	2,242,635
	$ 1,069,025	$ 2,595,110	$ 3,664,135	$ 617,941	$ 3,046,194

Interest:	Self-Liquidating	Tax-Supported	Gross Payment	Less: EPCOR Receivable	Net Payment
2019	$ 40,721	$ 87,453	$ 128,174	$ 23,996	$ 104,178
2020	37,990	83,079	121,069	22,604	98,465
2021	35,235	86,184	121,419	21,150	100,269
2022	32,458	81,091	113,549	19,690	93,859
2023	29,655	75,912	105,567	18,195	87,372
Thereafter	186,557	707,415	893,972	124,791	769,181
	$ 362,616	$ 1,121,134	$ 1,483,750	$ 230,426	$ 1,253,324

Total Payments:	Self-Liquidating	Tax-Supported	Gross Payment	Less: EPCOR Receivable	Net Payment
2019	$ 104,545	$ 208,776	$ 313,321	$ 54,663	$ 258,658
2020	101,310	207,346	308,656	54,261	254,395
2021	99,265	216,499	315,764	53,418	262,346
2022	96,824	214,049	310,873	52,911	257,962
2023	92,107	211,395	303,502	49,161	254,341
Thereafter	937,590	2,658,179	3,595,769	583,953	3,011,816
	$ 1,431,641	$ 3,716,244	$ 5,147,885	$ 848,367	$ 4,299,518

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (in thousands of dollars)

B. DEBT AND DEBT SERVICE LIMITS

A Regulation under section 271 of the MGA requires that debt, debt limit and debt service (principal and interest payments) limit be disclosed. The debt limit, as defined in the Regulation, is two times consolidated revenue net of capital government transfers and contributed tangible capital assets. As allowed under the Regulation, the revenue from EPCOR subsidiary operations are eliminated in calculating the debt limits. Consistently, debt and debt service costs relating to EPCOR are also eliminated from the calculation. The debt service limit is calculated at 0.35 times of the same revenue. Incurring debt beyond these limits requires approval by the Minister of Municipal Affairs.

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

		2018		2017
Total debt limit per Regulation	**$**	**5,587,398**	$	5,649,404
Total debt		**3,046,194**		2,912,130
Percentage used (%)		**54.5**		51.5
Total debt service limit per Regulation	**$**	**977,795**	$	988,646
Total debt service		**284,343**		264,616
Percentage used (%)		**29.1**		26.8

C. MATURITIES AND INTEREST RATES

Existing long-term debt matures in annual amounts in periods 2019 through 2050 and debenture interest is payable at rates ranging from 1.7 to 8.5 per cent (2017 – 1.8 to 8.5 per cent).

The average annual interest rate is 3.7 per cent for 2018 (2017 – 3.9 per cent).

D. INTEREST ON LONG-TERM DEBT

		2018		2017
Self-liquidating debt	**$**	**47,705**	$	51,175
Tax-supported debt		**86,584**		85,810
Public private partnership (P3) term debt		**18,815**		13,349
		153,104		150,334
Less payments on offsetting amounts receivable		**31,105**		25,593
Long-term debt interest included in interest and bank charges	**$**	**121,999**	$	124,741

E. PUBLIC PRIVATE PARTNERSHIP (P3) OBLIGATION

		2018		2017
Valley Line LRT:				
P3 service commencement liability	**$**	**94,618**	$	44,423
P3 term debt		**188,670**		88,846
Total P3 Obligation	**$**	**283,288**	$	133,269

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (in thousands of dollars)

In February 2016 the City entered into a P3 agreement with TransEd Partners General Partnership (TransEd) for the design, construction, operation, and maintenance of the Valley Line LRT Southeast. The construction period runs from 2016–2020 and the operating period from 2020–2050. During construction of the the Valley Line LRT Southeast, the City recognizes capital costs as assets under construction and makes progress payments on 50.0 per cent of the capital costs, based on percentage of construction completion. Payments on the remaining 50.0 per cent of the capital costs are deferred and recognized as a P3 obligation to TransEd of which 16.7 per cent will be settled upon service commencement in 2020. The remaining 33.3 per cent, which represents P3 term debt, is to be repaid by monthly interest and principal payments starting in 2020 over 30 years at an interest rate of 4.4 per cent, with the final payment in 2050.

As of December 31, 2018, the total P3 obligation is $283,288 based on 38.9 per cent of project completion. A P3 service commencement liability of $94,618 (2017 – $44,423) is reported in Accounts payable and accrued liabilities – Trade and other (Note 7) and the P3 term debt of $188,670 (2017 – $88,846) is recognized as Long-term debt.

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

	Principal	Interest	**Total**
2019	$	$	**$**
2020	172	348	**520**
2021	3,094	8,285	**11,379**
2022	3,233	8,146	**11,379**
2023	3,379	8,000	**11,379**
Thereafter	178,792	127,733	**306,525**
	$ 188,670	$ 152,512	**$ 341,182**

12 TANGIBLE CAPITAL ASSETS

	Net Book Value	
	2018	2017
Land	**$ 1,621,605**	$ 1,504,742
Land improvements	**773,956**	747,862
Buildings	**1,923,678**	1,699,767
Vehicles	**407,519**	360,796
Machinery and equipment	**398,254**	368,380
Engineered structures:		
Roadway system	**4,139,696**	4,019,649
Light rail transit	**923,351**	935,822
Waste	**30,896**	34,943
Bus system	**88,059**	93,741
Other	**36,548**	37,883
	10,343,562	9,803,585
Assets under construction	**1,343,385**	924,395
	$ 11,686,947	$ 10,727,980

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

A total of $203,883 in land, land improvements, buildings and engineered structures were contributed to the City in 2018 (2017 – $217,249) and were recorded at their fair value at the time received.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (in thousands of dollars)

13 OTHER ASSETS

		2018		2017
Prepaid expenses – operational	**$**	**21,067**	$	16,710
Benefit plan assets		**10,083**		6,634
Advances secured by tangible capital assets				47,411
	$	**31,150**	$	70,755

On December 5, 2017, City Council approved the termination and release of the EXPO Center loan agreement between the City and Northlands, effective January 1, 2018. A Staged Surrender Agreement was also approved transferring ownership of the EXPO Center and Northlands Coliseum to the City, effective January 1, 2018, and Northlands Park later in 2018. During the year, the EXPO Center loan agreement, previously classified as Advances secured by tangible capital assets, was forgiven by the City in consideration for the EXPO Center, Northlands Coliseum and Northlands Park. The outstanding amount of the advance of $47,411 was reclassified to Tangible capital assets. Contributed tangible capital assets of $82,539 were recognized for the remaining value of the EXPO Center, Northlands Coliseum and Northlands Park based on the estimated fair market value on the date of asset transfer.

14 EQUITY IN TANGIBLE CAPITAL ASSETS

		2018		2017
Tangible capital assets (Schedule 1)	**$**	**18,875,077**	$	17,449,826
Accumulated amortization (Schedule 1)		**(7,188,130)**		(6,721,846)
Long-term debt (Note 11)		**(3,046,194)**		(2,912,130)
Long-term debt for land redevelopment		**87,372**		73,331
Debt recoverable (Note 5)		**10,296**		10,571
Debt for advances secured by tangible capital assets (Note 13)				47,411
Debt secured by Sinking Fund assets (Note 4)				93,737
	$	**8,738,421**	$	8,040,900

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (in thousands of dollars)

15 RESERVES FOR FUTURE EXPENDITURES

	2018	2017
General Government:		
Pay-As-You-Go capital	$ 159,316	$
Financial stabilization	130,271	125,110
Local improvement	119,653	116,786
Sanitary servicing strategy fund	68,661	
Financial stabilization – appropriated	68,118	85,049
Affordable housing	37,050	31,354
LRT	32,759	31,186
Fleet services – vehicle replacement	25,203	19,158
Funds in lieu – residential	23,182	18,461
Parkland	19,734	19,239
Developer recoveries	17,804	
Planning and development	16,372	6,355
Traffic safety and automated enforcement	15,424	29,186
Pay-As-You-Go capital – Edmonton Police Services	11,629	
Natural areas	8,585	9,421
Tree management	7,091	5,630
Tax-supported debt	6,458	5,144
Enterprise portfolio/Commonwealth Stadium	4,723	8,492
Rogers Place Arena capital	3,792	2,262
Revolving industrial servicing fund	3,200	1,378
Perpetual care	2,912	3,990
Heritage resources	2,792	2,269
Motor vehicle insurance	2,500	2,500
Vehicle for hire	1,907	1,398
Development incentive	1,716	
St. Francis Xavier	1,610	1,380
Edmonton Police Service	1,162	
Other	845	1,577
Aggregate site development and land reclamation		1,820
Brownfield redevelopment	(2,900)	(1,900)
Community revitalization levy – Quarters	(8,202)	(7,827)
Community revitalization levy – Belvedere	(9,098)	(7,003)
Neighbourhood renewal	(15,061)	(38,606)
Community revitalization levy – Capital City Downtown	(23,586)	(22,791)
Interim financing	(32,657)	(29,650)
	702,965	421,368
City of Edmonton Library Board	11,549	8,983
Edmonton Economic Development Corporation	4,211	1,805
Non-Profit Housing Corporation	3,033	1,596
Fort Edmonton Management Company	30	262
	$ 721,788	$ 434,014

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (in thousands of dollars)

16 ACCUMULATED SURPLUS

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

		2018		2017
General government operations	**$**	**(2,279)**	$	31,209
Excess earnings on Sinking Fund				1,539
Restricted surplus:				
EPCOR Utilities Inc.		**3,749,075**		3,560,911
Ed Tel Endowment Fund		**825,035**		842,479
Land Enterprise		**102,779**		107,041
Pension and benefits		**25,855**		21,053
Edmonton Economic Development Corporation		**13,311**		17,914
Fort Edmonton Management Company		**2,649**		2,952
Waste RE-solutions Edmonton		**2,017**		3,150
Non-Profit Housing Corporation		**1,107**		969
City of Edmonton Library Board		**628**		652
Edmonton Combative Sports Commission		**169**		256
Waste Services Utility		**29,240**		9,877
Reserves for future expenditures (Note 15)		**721,788**		434,014
Equity in tangible capital assets (Note 14)		**8,738,421**		8,040,900
Advances for construction		**86,691**		224,370
	$	**14,296,486**	$	13,299,286

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (in thousands of dollars)

17 NET TAXES AVAILABLE FOR MUNICIPAL PURPOSES

		Budget		**2018**		2017
Taxes:						
Property taxes	$	2,017,048	**$**	**2,015,884**	$	1,928,978
Revenue in lieu of taxes		43,226		**39,080**		43,424
Community revitalization levy		23,199		**22,589**		16,882
Other		2,700		**8,922**		8,344
Special tax – alley lighting		1,000		**837**		991
Tax appeals and allowances		(11,000)		**(11,002)**		(14,357)
		2,076,173		**2,076,310**		1,984,262
Less taxes on behalf of:						
Education		481,440		**480,479**		474,754
Business revitalization zones and other				**3,871**		3,675
		481,440		**484,350**		478,429
Net taxes available for municipal purposes	$	1,594,733	**$**	**1,591,960**	$	1,505,833

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

Local improvement levies are not included in net taxes available for municipal purposes and are reflected separately on 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, 2018 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 2018, $3,550 (2017 – $3,976) incremental tax levy was collected in the Quarters CRL, including $884 (2017 – $812) in education taxes. The Belvedere CRL collected $935 (2017 – $863) in incremental tax levy during the year, including $243 (2017 – $170) in education taxes. The Capital City Downtown CRL collected $12,194 (2017 – $12,043) in incremental tax levy during the year, including $4,783 (2017 – $3,302) in education taxes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (in thousands of dollars)

18 GOVERNMENT TRANSFERS

		Budget		**2018**		2017
Operating:						
Federal	$	44,847	**$**	**45,877**	$	45,759
Provincial		62,515		**67,204**		61,729
		107,362		**113,081**		107,488
Capital:						
Federal		156,719		**178,414**		42,826
Provincial		559,824		**520,933**		369,780
		716,543		**699,347**		412,606
Total Government Transfers	$	823,905	**$**	**812,428**	$	520,094

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 2018, the City received $206,152 (2017 – $111,814), including earned interest of $534 (2017 – $3) and temporary rental income of $0 (2017 – $8) and net of $1,401 received on behalf of regional transit partners. In 2018, the City recognized $108,075 (2017 – $142,890) as capital government transfers and a receivable of $1,981 (2017 – $100,058) has been recorded.

In 2008, the Province introduced a grant for Affordable Housing 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 2018, the City recognized operating government transfers of $1,014 (2017 – $99). In 2018, the City recorded $16,188 (2017 – $16,918) as deferred revenue, including interest of $284 (2017 – $161).

In 2007, the Province introduced the Municipal Sustainability Initiative (MSI) program to provide municipalities with sustainable funding. In 2018, the City received $293,924 (2017 – $262,735) from the Province, including earned interest of $5,119 (2017 – $2,729). In 2018, the City recognized $268,182 (2017 – $185,409) as capital government transfers and $0 (2017 – $1,052) as operating government transfers. In 2018, the City recorded $301,072 (2017 – $274,917) as deferred revenue, including $413 that was returned to the grant due to the sale of MSI funded property.

Under the Federal Gas Tax Fund, the City received $51,434 (2017 – $48,650), and recognized $0 (2017 – $5,012) as capital government transfers and $43,605 (2017 – $43,605) as operating government transfers, to fund debt servicing costs related to the South LRT. In 2018, $7,829 (2017 – $0) has been recorded as deferred revenue.

In 2018, the City received a grant of $22,325 (2017 – $22,325) from the Province for Family and Community Support Services funding. In 2018, $22,325 (2017 – $22,325) was recognized as operating government transfers.

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 2018, the City received $69,195 (2017 – $281) and recorded $39,885 (2017 – $37,134) as capital government transfers. A receivable has been recorded for $7,824 (2017 – $37,134).

Under the Public Transit Infrastructure Fund, the Province agrees to provide on behalf of itself and the Federal Government a cost-sharing grant which is comprised of the Province's contribution of 25 per cent and the Federal Government's contribution of 50 per cent of the eligible expenditures. An agreement was signed between the City and the Province in 2017 to support the funding of improved and expanded public transit systems. In 2018, the City received $55,561 (2017 – $5,717) and recorded $82,211 (2017 – $32,499) as capital government transfers and a receivable has been recorded of $53,432 (2017 – $26,782).

In 2018, the Province has introduced the Climate Leadership Plan designed to diversify Alberta's economy, create jobs and reduce greenhouse gas emissions that cause climate change. An agreement was signed between the City and the Province for the Valley Line LRT Expansion Project – Stage 1 under the Plan. In 2018, the City received $177,336 including earned interest of $1,636 and recognized $105,367 as capital government transfers and recorded $71,969 as deferred revenue.

In 2016, through the P3 Canada Fund, an agreement was signed to provide funding for the construction of Valley Line LRT. In 2018, the City recognized $82,650 (2017 – $0) as capital government transfers and recorded $82,650 (2017 – $0) as receivable.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (in thousands of dollars)

19 EXECUTIVE SALARIES AND BENEFITS

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

	Salaries	Benefits	**2018**	2017
Mayor:				
Iveson	$ 200	$ 44	**$ 244**	$ 217
	200	44	**244**	217
Councillors:				
Banga	113	25	**138**	123
Cartmell	113	22	**135**	19
Caterina	113	25	**138**	123
Dziadyk	113	24	**137**	19
Esslinger	113	26	**139**	124
Hamilton	113	25	**138**	19
Henderson	113	23	**136**	122
Knack	113	26	**139**	124
McKeen	113	23	**136**	122
Nickel	113	24	**137**	121
Paquette	113	26	**139**	19
Walters	113	26	**139**	124
Anderson				103
Gibbons				108
Loken				105
Oshry				126
	1,356	295	**1,651**	1,501
Chief Administrative Officer (City Manager)	403	6	**409**	419
Designated Officers	1,156	94	**1,250**	917
	$ 3,115	$ 439	**$ 3,554**	$ 3,054

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

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (in thousands of dollars)

20 SUBSIDIARY OPERATIONS — EPCOR

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

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

The following table provides condensed supplementary financial information for EPCOR.

	2018	2017
Financial position:		
Current assets	**$ 481,988**	$ 906,653
Capital assets	**9,581,485**	8,962,308
Other assets	**592,129**	474,460
Total assets	**10,655,602**	10,343,421
Current liabilities (including current portion of long-term debt of $70,294 (2017 – $442,205))	**630,267**	960,339
Non-current liabilities	**3,704,458**	3,446,968
Long-term debt	**2,630,176**	2,424,053
Total liabilities	**6,964,901**	6,831,360
Accumulated other comprehensive income	**98,274**	49,140
Share capital	**797,528**	797,528
Retained earnings	**2,794,899**	2,665,393
Shareholder's equity	**$ 3,690,701**	$ 3,512,061
Results of operations:		
Revenues	**$ 1,760,076**	$ 2,047,430
Gain on sale and dividend income from investment in Capital Power		1,541
Expenses	**(1,464,903)**	(1,792,654)
Net income	**$ 295,173**	$ 256,317
Changes in shareholder's equity:		
Shareholder's equity – opening	**$ 3,512,061**	$ 2,672,193
Net Income	**295,173**	256,317
Other comprehensive income (loss)	**49,134**	(37,523)
Dividend to shareholder (City of Edmonton)	**(166,000)**	(152,670)
Capital contribution from shareholder (City of Edmonton) and other equity adjustments	**333**	773,744
Shareholder's equity – ending	**$ 3,690,701**	$ 3,512,061

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (in thousands of dollars)

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

In 2018, the City contributed $24,520 (2017 – $34,666) 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 $59,186 (2017 – $34,666), less related accumulated amortization of $812 (2017 – $0). This difference of $58,374 (2017 – $34,666) will be amortized over the useful life of the assets contributed.

On September 1, 2017, the City transferred the Drainage Utility net assets and operations to EPCOR pursuant to the Asset and Liability Transfer agreement. In 2018, EPCOR finalized its analysis of the assets transferred resulting in a reduction of $14,184 to the amount previously recorded in 2017 as Capital assets, Share capital and Capital contribution from shareholder. The City has reflected this adjustment in the current year.

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

2019	$	32,600
2020		33,478
2021		222,217
2022		34,780
2023		32,398
Thereafter		2,316,850
	$	2,672,323

EPCOR has issued letters of credit for $80,499 (2017 – $65,820) 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.

		2018		2017
Dividend paid to the City	**$**	**166,000**	$	152,670
Franchise fees paid to the City		**91,818**		86,836
Financing expenses paid or payable to the City		**26,386**		15,324
Sales of administrative and construction services from the City		**24,165**		18,956
Property taxes and other taxes paid to the City		**18,638**		16,982
Costs of capital construction paid or payable to the City		**71,661**		4,285
Power and water purchased by the City		**7,745**		4,463
Other services purchased by the City		**76,399**		82,906

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.

		2018		2017
Trade and other receivables	**$**	**63,148**	$	45,727
Property, plant and equipment		**71,661**		4,285
Trade and other payables		**23,885**		43,794
Loans and borrowings issued in the name of the City		**622,412**		664,596
Deferred revenue and other liabilities		**106,066**		64,236

The City's financial statements include the net balance payable to EPCOR within Accounts payable and accrued liabilities – Trade and other (Note 7) and offsetting receivables from EPCOR of $617,941 (2017 – $655,762), presented on a PSAS basis, which have been applied to reduce the City's consolidated Long-term Debt (Note 11).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (in thousands of dollars)

21 PENSION AND LONG-TERM DISABILITY PLANS

A. LOCAL AUTHORITIES PENSION PLAN

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

The City is required to make current service contributions to the Plan of 10.39 per cent of pensionable payroll up to the yearly maximum pensionable earnings (YMPE) and 14.84 per cent thereafter. Employees of the City are required to make current service contributions of 9.39 per cent of pensionable salary up to YMPE and 13.84 per cent thereafter. Contributions for current service are recorded as expenses in the year in which they become due.

Total current service contributions by the City to the LAPP in 2018 were $102,018 (2017 – $109,905) and by the employees to the LAPP in 2018 were $93,467 (2017 – $101,359).

The LAPP reported a surplus for the overall plan as at December 31, 2017 of $4,835,515. Information as at December 31, 2018 was not available at the time of preparing these financial statements.

B. SPECIAL FORCES PENSION PLAN

Police officers employed by the City are participants in the multi-employer Special Forces Pension Plan (SFPP). The City is required to make current service contributions to the Plan of 10.26 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 2.79 per cent of pensionable payroll were implemented July 1, 2010 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 9.16 per cent of pensionable salary. As well, past service contributions of 0.75 per cent and 2.79 per cent of pensionable salary are required, consistent with those described for the City. Contributions for current and past service are recorded as expenses in the year in which they become due.

Total current and past service contributions by the City to the SFPP in 2018 were $29,533 (2017 – $28,565) and by the employees to the SFPP in 2018 were $27,300 (2017 – $26,405).

The SFPP reported a surplus for the plan as at December 31, 2017 of $71,143 comprised of a deficit of $148,634 for pre-1992 and a surplus of $219,777 relating to post-1991. Information as at December 31, 2018 was not available at the time of preparing these financial statements.

C. CITY-SPONSORED PENSION PLANS

The City, in conjunction with the City of Edmonton Investment Committee, administers Pension Fund and Long-term Disability Plan assets on behalf of third parties. Related trust assets not owned by the City have been excluded from the reporting entity. Assets consist of government, government guaranteed and corporate bonds valued at market quotations from Canadian and global investment dealers, along with Canadian, international and global common and preferred shares valued at the closing price on the stock exchange where listed. Other investments within the Pension Funds and Long-term Disability Plan include global infrastructure assets. The City's share of the 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. The plan is being wound up and surplus funds attributable to the City are not yet known. The surplus fund position is being held in trust by the City until the assets are distributed.

Total benefits paid during the year were $0 (2017 – $0).

ii. Police Supplementary Pension Plan

The Police Supplementary Pension Plan (PSPP) provides benefits supplementary to the LAPP for 15 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 $55 (2017 – $54).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (in thousands of dollars)

iii. Fire Fighters' Supplementary Pension Plan

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

Total benefits paid during the year were $8,360 (2017 – $7,738). Employer contributions for the year were $3,609 (2017 – $3,508) and employee contributions for the year were $3,055 (2017 – $2,926).

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 $299 (2017 – $216). Employer contributions were $82 (2017 – $73) and employee contributions for the year were $21 (2017 – $20).

Actuarial valuations for Annuity, Police Supplementary, Fire Chief and Deputy Fire Chiefs' Supplementary Pension Plans and an actuarial extrapolation for the FFSPP were completed by Aon Hewitt as at December 31, 2018. The most recent required actuarial valuation for funding purposes for the FFSPP was at December 31, 2017. Each 2018 actuarial valuation and extrapolation were based upon a number of assumptions about future events, which reflect management's best estimates, including salary increases. The expected inflation rate is 2.0 per cent (2017 – 2.0 per cent). The discount rate used to determine the accrued benefit obligation is 5.75 per cent (2017 – 5.75 per cent). The expected rate of return on plan assets is 5.75 per cent (2017 – 5.75 per cent). The Fire Chief Plan assumes a 0.5 per cent (2017 – 0.5 per cent) merit and promotion increase per annum for those with greater than 5 years of service.

Each pension fund's assets are valued at fair value. The fair value actual rate of return is negative 3.1 per cent (2017 – positive 10.7 per cent).

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

	Annuity	PSPP	FFSPP	Fire Chief	**2018**	2017
Fair value of assets	$ 14,705	$ 12,097	$ 220,858	$ 3,507	**$ 251,167**	$ 262,024
Accrued benefit obligation		255	193,847	3,986	**198,088**	200,252
Funded status – surplus (deficit)	14,705	11,842	27,011	(479)	**53,079**	61,772
Unamortized net actuarial loss (gain)			1,975	308	**2,283**	(8,389)
Accrued benefit asset (liability)	14,705	11,842	28,986	(171)	**55,362**	53,383
Valuation allowance	14,705	11,842			**26,547**	26,919
Employee portion of accrued benefit asset			13,044		**13,044**	12,044
Net fund asset (liability)	$	$	$ 15,942	$ (171)	**$ 15,771**	$ 14,420

The net actuarial loss is amortized on a straight line basis over the expected average remaining service life (EARSL) of the Fire Fighters' plan of 16.3 years (2017 – 16.4 years) and of the Fire Chief plan of 1.0 years (2017 – 1.6 years). The accrued benefit asset for the FFSPP is shared 55 per cent by the City as the employer and 45 per cent by employees. The net employer share of the fund asset balance for the FFSPP is included in Receivables – Trade and other (Note 3). The net fund liability for the Fire Chief Plan is included within Employee Benefit Obligations – Other (Note 9).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (in thousands of dollars)

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

	Annuity	PSPP	FFSPP	Fire Chief	**2018**	2017
Current service cost	$	$	$ 6,773	$ 38	**$ 6,811**	$ 6,264
Amortization of actuarial loss (gain)	619	1,300	(515)	(73)	**1,331**	210
Increase (decrease) in valuation allowance	214	(586)			**(372)**	1,228
Less: employee contributions			(3,055)	(21)	**(3,076)**	(2,946)
Benefit plan expense (income) for the year	833	714	3,203	(56)	**4,694**	4,756
Interest cost on accrued benefit obligation		14	11,424	218	**11,656**	11,012
Expected return on plan assets	(833)	(728)	(13,239)	(210)	**(15,010)**	(13,798)
Benefit plan interest (income) expense	(833)	(714)	(1,815)	8	**(3,354)**	(2,786)
Total benefit plan related expense (income)	$	$	$ 1,388	$ (48)	**$ 1,340**	$ 1,970

D. LONG–TERM DISABILITY PLAN

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

An actuarial valuation of the Plan was completed by Aon Hewitt as at December 31, 2018. The Plan's assets are valued at fair value.

	2018	2017
Fair value of assets	**$ 130,017**	$ 135,381
Less: Accrued benefit obligation	**109,809**	93,167
Net assets	**$ 20,208**	$ 42,214

22 COMMITMENTS

A. CONTRACTUAL OBLIGATIONS

To mitigate the risk of fluctuation in fuel prices, the City has entered into swap transactions to purchase 21.5 million litres of heating oil for monthly periods from January 2019 through December 2019. The contracts have settlement dates ranging from February 7, 2019 through January 8, 2020 at prices from $0.63 to $0.79 per litre, for a total commitment of $15,165.

In February 2016 the City entered into a P3 agreement with TransEd Partners General Partnership (TransEd) for the design, construction, operation, and maintenance of the Valley Line LRT Southeast. The construction period runs from 2016–2020 and the operating period from 2020–2050. The total commitment for construction over the life of the contract is $1,456,495. As of December 31, 2018, $566,576 of the construction costs have been recognized by the City. The total commitment for the service level payments and maintenance payments to be made during the operating period is based on current estimated ridership levels and inflation. The total service level payments and maintenance payments are estimated to be $976,621 and $264,910 respectively. Additional details are provided in (Note 11e).

B. LEASE COMMITMENTS

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

2019	$ 28,895
2020	26,094
2021	24,638
2022	24,997
2023	23,299
Thereafter	247,814
	$ 375,737

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (in thousands of dollars)

23 LIABILITY FOR CONTAMINATED SITES

As of December 31, 2018, the liability for contaminated sites includes sites associated with former City operations, sites acquired through tax forfeiture, historical acquisition of properties, and former unofficial waste disposal sites from early in the City's history. The nature of contamination includes chemicals, heavy metals, salt, biosolids and other organic and inorganic contaminants. The sources of contamination include underground fuel storage tanks, fuel handling, vehicle storage and maintenance, metal manufacturing, stockyards, incinerators, wastewater treatment plants and lagoons and the leaching of materials deposited in unauthorized landfills.

Liability estimates are based on environmental site assessments or are derived by extrapolating remediation costs incurred by the City for similar sites. The City has recognized a net increase in the liability of $740 over the prior year, representing a total liability for the remediation of contaminated sites of $20,294 (2017 – $19,554). The liability is reported in Accounts payable and accrued liabilities – Trade and other (Note 7) in the Consolidated Statement of Financial Position.

24 CONTINGENT LIABILITIES

A. The City is the defendant in various lawsuits as at December 31, 2018. Where the occurrence of future events is considered likely to result in a loss with respect to an existing condition, and the amount of loss can be reasonably estimated, amounts have been included within accrued liabilities. Where the resulting losses, if any, cannot be determined or the occurrence of future events is unknown, amounts have not been recorded, and the City's Administration believes there will be no material adverse effect on the financial position of the City.

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

25 CONTINGENT ASSETS

The City has outstanding legal claims against third parties as at December 31, 2018 for which the probability of settlement in favour of the City is likely, resulting in $20,137 in future assets.

Contingent assets are not recorded in the financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (in thousands of dollars)

26 CONTRACTUAL RIGHTS

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

The City enters into service agreements, partnership agreements and other developer agreements that result in either contributed assets or contributed funds with average annual revenues of $301,165.

	Government transfers	Future lease revenue	**Total**
2019	$ 570,041	$ 19,442	**$ 589,483**
2020	297,504	16,844	**314,348**
2021	297,772	15,765	**313,537**
2022	97,267	13,849	**111,116**
2023	92,421	13,372	**105,793**
Thereafter	122,072	258,396	**380,468**
	$ 1,477,077	$ $337,668	**$ 1,814,745**

27 RELATED PARTY DISCLOSURE

A related party exists when one party has the ability to exercise control or shared control over the other. Two or more parties are related when they are subject to common control and influence. Related party transactions are disclosed if they occurred at a value other than or terms different from that which would have been arrived at if the parties were unrelated and the transaction has a material effect on the consolidated 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, 2018 there were no material transactions to disclose that occurred between related parties at a value other than or terms different from that which would have been arrived at if the parties were unrelated.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (in thousands of dollars)

28 SEGMENT DISCLOSURES

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

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

A. TAX-SUPPORTED PROGRAMS

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

i. Transportation Services

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

ii. Protective Services

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

iii. Community Services

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

iv. Fleet Services

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

v. Other Tax-Supported

Other Tax-Supported consists of corporate administration, general municipal services, tax appeals and allowances and excess (deficiency) in Sinking Fund earnings. 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. Also included is Waste RE-solutions Edmonton.

C. DRAINAGE SERVICES

Drainage Services includes the results for the Sanitary Drainage Utility (collection and transmission of wastewater) as well as the Stormwater Drainage Utility (collection and transmission of storm water) and design and construction activities for the period January 1 to August 31, 2017. The Drainage Utility net assets and operations were transferred to EPCOR effective September 1, 2017.

D. 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.

E. EPCOR

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

F. ED TEL ENDOWMENT FUND

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018 (in thousands of dollars)

29 COMPARATIVE INFORMATION

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

STATISTICAL REVIEW

STATISTICAL REVIEW FOR THE YEARS 2014 TO 2018 GENERAL MUNICIPAL DATA

Unaudited

	2018	2017	2016	2015	2014
Population (Note 1)	**932,546**	932,546	932,546	877,926	877,926
Population age distribution (%) (Note 1)					
0–4	**6.44**	6.44	6.44	6.13	6.13
5–19	**16.65**	16.65	16.65	16.74	16.74
20–29	**16.57**	16.57	16.57	16.18	16.18
30–39	**16.90**	16.90	16.90	15.94	15.94
40–49	**13.05**	13.05	13.05	13.45	13.45
50–59	**13.02**	13.02	13.02	13.82	13.82
60–64	**5.31**	5.31	5.31	5.29	5.29
65+	**12.06**	12.06	12.06	12.45	12.45
Area[1]					
in hectares	**69,980**	69,980	69,980	69,980	69,980
in square kilometres (rounded)	**700**	700	700	700	700
Number of housing starts[2]	**8,003**	8,506	7,263	13,311	9,798
Value of building permits[3] ($000) (Note 2)	**$ 4,927,058**	$ 5,162,555	$ 5,411,122	$ 5,993,183	$ 6,450,625
Household median total income[3] (Note 3)					
Metro Edmonton	**$ 98,890**	$ 98,890	$ 98,890	$ 101,870	$ 101,470
Alberta	**$ 96,470**	$ 96,470	$ 96,470	$ 100,300	$ 100,750
Canada	**$ 82,110**	$ 82,110	$ 82,110	$ 80,940	$ 78,870
Consumer price index[3] **– 2002 base year**					
Metro Edmonton	**140.8**	137.1	134.9	133.4	131.8
Alberta	**140.6**	137.3	135.2	133.7	132.2
Canada	**133.4**	130.4	128.4	126.6	125.2
Unemployment rate[3] (%) **– annual average**					
Metro Edmonton	**6.4**	8.1	7.4	6.0	5.1
Alberta	**6.6**	7.8	8.1	6.0	4.7
Canada	**5.8**	6.3	7.0	6.9	6.9
City of Edmonton employees (Note 4)	**15,115**	14,700	15,180	14,866	14,352

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

Notes

1. The population and population age distribution for 2016, 2017 and 2018 reflects 2016 Statistics Canada Census information, and 2014 and 2015 reflects 2014 City Census information.
2. Values reflect the metropolitan area of Edmonton.
3. Updated figures for 2017 and 2018 household median total income are not yet available. The amounts shown reflect the latest 2016 data. The household median income reflects the "median total income, all families" per Statistics Canada.
4. Positions are stated in full time equivalents, as budgeted, and exclude EPCOR

STATISTICAL REVIEW FOR THE YEARS 2014 TO 2018 ASSESSMENT AND TAX LEVY

Unaudited (in thousands of dollars, except per capita)

		2018		2017		2016		2015		2014
Assessment:										
Total taxable assessment	**$**	**171,095,395**	$	167,195,780	$	169,956,730	$	161,846,047	$	149,252,793
Percentage of total assessment represented by:										
Residential properties (%)		**75.7**		75.5		75.0		74.5		73.9
Commercial properties (%)		**24.3**		24.5		25.0		25.5		26.1
Taxable assessment per capita	**$**	**183,471**	$	179,290	$	182,250	$	184,350	$	170,006
Assessment for principal taxpayers (%) (Note 1)		**4.6**		4.6		4.7		4.7		4.7
Rates of taxation (mills):										
Single family residences		**8.69**		8.51		8.00		7.75		8.01
Other residential property		**9.62**		9.41		8.85		8.58		8.84
Commercial and industrial		**21.22**		20.76		19.13		18.85		18.00
Property tax levy, collections, and arrears:										
Arrears at January 1 (net)	**$**	**58,205**	$	60,691	$	54,714	$	46,481	$	49,487
Tax Levy		**2,055,541**		1,962,110		1,864,069		1,742,986		1,604,987
Appeals and adjustments		**(11,425)**		(10,819)		(10,436)		(12,036)		(8,391)
Collections:										
Regular		**(1,991,843)**		(1,906,354)		(1,812,704)		(1,695,180)		(1,568,194)
Community Revitalization Levy		**(22,589)**		(16,882)		(11,979)		(7,934)		(2,071)
Arrears		**(37,669)**		(44,236)		(36,011)		(30,878)		(40,758)
Penalties on prior year arrears		**14,217**		13,695		13,038		11,275		11,421
Arrears at December 31 (net)	**$**	**64,437**	$	58,205	$	60,691	$	54,714	$	46,481
Percentage of current property taxes collected (%)		**98.5**		98.6		98.4		98.4		98.4
Percentage of net property tax arrears collected (%)		**64.7**		72.9		67.6		66.4		82.4
Property tax arrears per capita (gross)	**$**	**72.67**	$	69.74	$	66.55	$	64.06	$	54.09
Property tax arrears per capita (net)		**68.94**		62.42		65.08		62.32		52.94
Property tax levy per capita		**2,204.22**		2,104.04		1,999.98		1,985.35		1,828.16
Business revitalization zone tax levy	**$**	**3,742**	$	3,686	$	3,475	$	3,595	$	3,406
Education requisitions	**$**	**480,479**	$	474,754	$	448,086	$	427,019	$	406,400

Source: City of Edmonton Financial and Corporate Services

Note

1. Includes the ten highest taxpayers by assessment value.

STATISTICAL REVIEW FOR THE YEARS 2014 TO 2018
INVESTMENT FUNDS (Note 1)

Unaudited (in thousands of dollars)

	2018	2017	2016	2015	2014
Balanced Fund					
Net assets – market value	**$ 687,330**	$ 696,559	$ 654,169	$ 625,543	$ 592,482
Net assets – cost	**713,331**	693,425	658,057	617,299	575,361
Net earnings	**19,492**	35,015	39,962	41,462	44,849
Fund rate (%)	**2.8**	5.3	6.5	7.2	8.5
Market (%)	**(1.0)**	6.8	4.8	5.8	10.9
Ed Tel Endowment Fund					
Net assets – market value	**$ 787,562**	$ 862,229	$ 813,397	$ 793,285	$ 766,277
Net assets – cost	**825,035**	842,478	815,471	788,961	745,839
Net earnings	**28,571**	61,439	66,736	71,765	86,754
Fund rate (%)	**3.4**	7.5	8.5	9.6	12.7
Market (%)	**(3.0)**	10.8	8.1	7.8	12.1
Sinking Fund (Note 2)					
Net assets – market value	**$**	$ 89,594	$ 85,931	$ 82,016	$ 76,511
Net assets – cost		89,962	84,721	79,215	73,704
Net earnings:					
Required	**3,239**	4,363	4,014	3,674	3,356
Deficiency	**(2,626)**	(2,146)	(1,532)	(1,188)	(672)
Total	**$ 613**	$ 2,217	$ 2,482	$ 2,486	$ 2,684
Fund rate (%)	**0.7**	2.6	3.1	3.4	3.9
Market (%)	**N/A**	1.0	1.3	3.4	6.2

Source: City of Edmonton Financial and Corporate Services

Note

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

STATISTICAL REVIEW FOR THE YEARS 2014 TO 2018 LONG–TERM DEBT

Unaudited (in thousands of dollars, except per capita)

	2018	2017	2016	2015	2014
Debenture borrowing					
Self-liquidating	**$ 47,988**	$ 102,782	$ 156,268	$ 107,061	$ 85,983
Tax-supported	**228,048**	263,492	285,850	211,810	424,365
	$ 276,036	$ 366,274	$ 442,118	$ 318,871	$ 510,348
Debt limit per regulation	**$ 5,587,398**	$ 5,649,404	$ 5,627,370	$ 5,556,132	$ 5,139,094
Total debt limit used	**3,046,194**	2,912,130	3,338,950	3,033,233	2,895,724
Percentage used (%)	**54.52**	51.55	59.33	54.59	56.35
Debt service limit per regulation	**977,795**	988,646	984,790	972,323	899,341
Total debt service limit used	**284,343**	264,616	341,022	285,745	319,428
Percentage used (%)	**29.08**	26.77	34.63	29.39	35.52
General government debt service (Note 1)	**230,246**	278,619	186,503	231,799	150,248
General government debt service as a percentage of general government operating expenses (%) (Note 1)	**8.2**	10.7	7.5	9.8	6.9
Long-term debt (gross)					
Self-liquidating	**$ 1,069,025**	$ 1,186,586	$ 1,147,510	$ 1,099,361	$ 1,047,876
Tax-supported	**2,595,110**	2,381,306	2,282,778	2,039,820	1,968,059
Long-term debt (net of EPCOR)					
Self-liquidating	**$ 451,084**	$ 530,824	$ 1,056,172	$ 993,403	$ 927,665
Tax-supported	**2,595,110**	2,381,306	2,282,778	2,039,820	1,968,059
Net debt per capita					
Self-liquidating	**$ 484**	$ 569	$ 1,133	$ 1,132	$ 1,057
Tax-supported	**2,783**	2,554	2,448	2,323	2,242
	$ 3,267	$ 3,123	$ 3,581	$ 3,455	$ 3,299
Percentage of net debt to be retired					
Within 5 years	**31.9**	34.3	29.9	28.2	26.7
Within 10 years	**64.3**	66.7	56.3	53.1	50.3

Source: City of Edmonton Financial and Corporate Services

Note

1. Debt service includes principal and net interest.

STATISTICAL REVIEW FOR THE YEARS 2014 TO 2018 CONSOLIDATED EXPENSES

Unaudited (in thousands of dollars)

Operating Expenses by Function	2018	2017	2016	2015	2014
Transportation services	**$ 904,641**	$ 867,996	$ 814,330	$ 819,086	$ 786,116
Protective services	**702,245**	673,588	659,181	605,174	582,322
Community services	**684,153**	611,059	571,205	543,882	479,448
Utility and enterprise services	**231,248**	340,745	373,213	384,224	326,639
Corporate administration, general municipal and other	**466,205**	432,334	391,329	355,775	349,098
Fleet services	**40,881**	30,379	27,306	55,877	81,159
	$ 3,029,373	$ 2,956,101	$ 2,836,564	$ 2,764,018	$ 2,604,782

Operating Expenses by Object	2018	2017	2016	2015	2014
Salaries, wages and benefits	**$ 1,614,137**	$ 1,577,025	$ 1,538,465	$ 1,447,873	$ 1,370,715
Materials, goods and utilities	**303,465**	282,069	267,614	332,393	295,168
Contracted and general services	**309,754**	283,396	282,086	281,781	262,641
Interest and bank charges	**131,229**	145,497	128,505	128,871	112,543
Grants and other	**117,272**	93,020	79,970	71,767	72,099
Amortization of tangible capital assets	**533,649**	556,215	526,622	491,104	479,470
Loss on disposal/transfer of tangible capital assets	**19,867**	18,879	13,302	10,229	12,146
	$ 3,029,373	$ 2,956,101	$ 2,836,564	$ 2,764,018	$ 2,604,782

Source: City of Edmonton Financial and Corporate Services

STATISTICAL REVIEW FOR THE YEARS 2014 TO 2018 CONSOLIDATED REVENUE AND CAPITAL FINANCING

Unaudited (in thousands of dollars)

Revenues	**2018**	2017	2016	2015	2014
Net taxes available for municipal purposes	**$ 1,591,960**	$ 1,505,833	$ 1,433,782	$ 1,338,107	$ 1,230,097
User fees and sale of goods and services	**633,091**	696,400	743,314	758,538	674,639
Subsidiary operations – EPCOR	**295,173**	256,317	309,053	259,680	190,849
Franchise fees	**158,437**	159,719	144,720	138,012	133,654
Government transfers – operating	**113,081**	107,488	112,767	120,562	117,491
Fines and penalties	**87,668**	90,130	91,164	85,679	83,660
Licenses and permits	**74,756**	75,688	74,498	81,220	79,340
Investment earnings	**66,511**	116,876	126,782	133,880	150,363
Developer and customer contributions – operating	**29,598**	15,396	7,091	10,750	14,748
Revenues before capital	**$ 3,050,275**	$ 3,023,847	$ 3,043,171	$ 2,926,428	$ 2,674,841
Government transfers – capital	**699,347**	412,606	330,813	181,216	224,599
Contributed tangible capital assets	**203,883**	217,249	348,298	344,317	177,478
Developer and customer contributions – capital	**26,688**	40,866	68,510	97,924	63,153
Local improvements	**11,909**	16,306	11,057	13,394	22,402
	$ 3,992,102	$ 3,710,874	$ 3,801,849	$ 3,563,279	$ 3,162,473

Capital Additions by Financing Source	**2018**	2017	2016	2015	2014
Capital additions	**$ 1,541,762**	$ 1,355,540	$ 1,461,901	$ 1,332,191	$ 1,131,266
Financing sources applied:					
Pay-As-You-Go	**119,159**	105,502	193,745	232,145	222,086
Debt	**229,178**	204,194	511,577	351,099	387,039
Government transfers – Provincial	**520,933**	472,831	211,860	179,216	224,221
Government transfers – Federal	**178,414**	42,826	15,505	2,000	378
Developer/partnership	**241,143**	281,432	428,296	419,772	242,814
Reserves/user fees/other	**252,935**	248,755	100,918	147,959	54,728
	$ 1,541,762	$ 1,355,540	$ 1,461,901	$ 1,332,191	$ 1,131,266

Source: City of Edmonton Financial and Corporate Services

STATISTICAL REVIEW FOR THE YEARS 2014 TO 2018 FINANCIAL POSITION, ANNUAL SURPLUS AND RESERVES

Unaudited (in thousands of dollars)

Financial Position and Annual Surplus **Changes to Accumulated Surplus**	**2018**	2017	2016	2015	2014
Financial assets	**$ 7,237,730**	$ 6,791,485	$ 5,715,772	$ 5,325,233	$ 5,061,714
Liabilities	**4,699,506**	4,334,406	4,652,657	4,244,110	4,010,432
Net financial assets	**2,538,224**	2,457,079	1,063,115	1,081,123	1,051,282
Non-financial assets	**11,758,262**	10,842,207	13,638,889	12,666,631	11,841,040
Accumulated surplus – ending	**$ 14,296,486**	$ 13,299,286	$ 14,702,004	$ 13,747,754	$ 12,892,322
Annual excess of revenues over expenses	**$ 962,729**	$ 754,773	$ 965,285	$ 799,261	$ 557,691
Other changes to accumulated surplus	**$ 34,471**	$ (2,157,491)	$ (11,035)	$ 56,171	$ 28,315

Reserves	**2018**	2017	2016	2015	2014
General Government:					
Pay-As-You-Go capital	**$ 159,316**	$	$	$	$
Financial stabilization	**130,271**	125,110	92,852	93,286	94,772
Local improvement	**119,653**	116,786	108,795	105,418	97,386
Sanitary servicing strategy fund	**68,661**				
Financial stabilization – appropriated	**68,118**	85,049	30,255	18,627	23,222
Affordable housing	**37,050**	31,354	27,761	25,244	21,750
LRT	**32,759**	31,186	31,056	14,467	20,299
Fleet services – vehicle replacement	**25,203**	19,158	14,798	6,797	24,937
Funds in lieu – residential	**23,182**	18,461	23,780	21,577	16,414
Parkland	**19,734**	19,239	21,533	25,054	18,891
Developer recoveries	**17,804**				
Planning and development	**16,372**	6,355	13,988	22,727	25,394
Traffic safety and automated enforcement	**15,424**	29,186	29,650	29,394	18,565
Pay-As-You-Go capital – Edmonton Police Services	**11,629**				
Natural areas	**8,585**	9,421	9,368	9,328	9,280
Tree management	**7,091**	5,630	3,535	3,269	3,413
Tax-supported debt	**6,458**	5,144	4,318	3,592	6,727
Enterprise portfolio/Commonwealth Stadium	**4,723**	8,492	10,638	12,029	10,821
Rogers Place Arena capital	**3,792**	2,262	751		
Revolving industrial servicing fund	**3,200**	1,378	539	(166)	(763)
Perpetual care	**2,912**	3,990	6,950	6,542	5,704
Heritage resources	**2,792**	2,269	2,703	3,787	3,226
Motor vehicle insurance	**2,500**	2,500	2,500	2,500	2,500
Vehicle for hire	**1,907**	1,398	1,188	910	
Development incentive	**1,716**	966	1,016	1,671	1,716
St. Francis Xavier	**1,610**	1,380	1,138	887	677
Edmonton Police Service	**1,162**				
Other	**845**	611	1,095	2,273	2,126
Aggregate site development and land reclamation		1,820	1,803	754	114
Brownfield redevelopment	**(2,900)**	(1,900)			
Community revitalization levy – Quarters	**(8,202)**	(7,827)	(9,156)	(8,845)	(8,961)
Community revitalization levy – Belvedere	**(9,098)**	(7,003)	(5,938)	(4,721)	(5,396)
Neighbourhood renewal	**(15,061)**	(38,606)	589	252	803
Community revitalization levy – Capital City Downtown	**(23,586)**	(22,791)	(14,913)	(8,637)	(3,603)
Interim financing	**(32,657)**	(29,650)	(26,588)	(18,653)	(6,688)
	702,965	421,368	386,004	369,363	383,326
City of Edmonton Library Board	**11,549**	8,983	4,696	4,245	1,712
Edmonton Economic Development Corporation	**4,211**	1,805	800	488	1,414
Non-Profit Housing Corporation	**3,033**	1,596	1,020	1,308	1,305
Fort Edmonton Management Company	**30**	262	300	230	1,355
	$ 721,788	$ 434,014	$ 392,820	$ 375,634	$ 389,112

Source: City of Edmonton Financial and Corporate Services

RELATED BOARDS AND AUTHORITIES

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

THE CITY OF EDMONTON NON-PROFIT HOUSING CORPORATION

11604 145 Street NW
Edmonton, Alberta T5M 1V9
Phone: 780-474-5706 Fax: 780-474-8175
E-mail: info@myhomeed.ca
Web: www.myhomeed.ca
Chair: Carol Engelking
Executive Director: Jim Fowler

EDMONTON ECONOMIC DEVELOPMENT CORPORATION

3rd Floor, World Trade Centre Edmonton
9990 Jasper Avenue NW
Edmonton, Alberta T5J 1P7
Phone: 780-424-9191
E-mail: info@edmonton.com
Web: www.eedc.ca
Chair: Angela Fong
CEO: Derek Hudson

EDMONTON POLICE COMMISSION

Suite 1803 Scotia Place, Tower 2
10060 Jasper Avenue NW
Edmonton, Alberta T5J 3R8
Phone: 780-414-7510 Fax: 780-414-7511
E-mail: info@edmontonpolicecommission.ca
Web: www.edmontonpolicecommission.com
Chair: Tim O'Brien
Chief of Police: Dale McFee

EDMONTON PUBLIC LIBRARY

MNP Tower, 7th Floor
10235 101 Street
Edmonton, Alberta T5J 3G1
Phone: 780-496-7000
Web: www.epl.ca
Chair: Brian Heidecker
CEO: Pilar Martinez

EPCOR UTILITIES INC.

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

FORT EDMONTON MANAGEMENT COMPANY

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

WASTE RE-SOLUTIONS EDMONTON

9th Floor Chancery Hall, 3 Sir Winston Churchill Square
Edmonton, Alberta T5J 3C3
E-mail: wasteresolutions@edmonton.ca
Chair: Robert Seidel
President: Todd Burge

For more information visit: www.edmonton.ca

If you have inquiries about the 2018 Annual Report, direct them by mail or phone at:

The City of Edmonton, Financial and Corporate Services
5th Floor, Chancery Hall, 3 Sir Winston Churchill Square NW,
Edmonton, AB, Canada T5J 2C3 **Phone: 311**