



## **COUNCIL – AGENDA REPORT**

**Meeting Date:** 15 April 2025

**Subject:** 2024 Annual Report and Audited Consolidated Financial Statements

**Directorate:** Corporate Services and CFO

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### **Issue:**

Council is being asked to approve the 2024 Financial Information Return and 2024 Audited Consolidated Financial Statements included in the Annual Report and accept KPMG's Audit Findings Report for information.

### **Policy / Council Direction:**

The preparation and publishing of the annual financial statements and auditor's report is a requirement of the *Municipal Government Act*.

### **Background:**

The City of Airdrie's 2024 annual financial audit is now complete. The Annual Report (which includes the Audited Consolidated Financial Statements) and the Financial Information Return (FIR) are presented for Council's review and approval. Representatives from KPMG will be in attendance to present their Audit Findings Report (confidential attachment).

The fieldwork for the 2024 annual financial audit was conducted during the five-week period from February 24 to March 28, 2025. The fieldwork for the audits of the City of Airdrie Library Board, Airdrie Housing Limited, Airdrie Mainstreet Square Real Estate Inc. and Family and Community Support Services (FCSS) were also conducted during this period.

The audit was successful and an unmodified Auditor's Report will be issued once Council approves the financial statements. All subsidiary information, which includes the City of Airdrie Library Board, Airdrie Housing Limited and Airdrie Mainstreet Square Real Estate Inc., has been fully consolidated within the City of Airdrie Consolidated Financial Statements (hereafter referred to as the "financial statements").

### **Financial Position and Financial Health**

The completion and publication of the Annual Report plays an important role in demonstrating compliance and governance. Administration is responsible for the preparation of the financial statements that are objective, accurate and in compliance with

Canadian Public Sector Accounting Standards. As a key part of maintaining public confidence through transparency, these statements show the City's financial health, provide information on changes in financial position, report on performance and demonstrate how tax dollars and government funds are used.

For a more detailed overview of the City's financial health, refer to the [2024 Annual Report](#). Full details can be found in the section titled '*Management's Discussion and Analysis*' (page 25), with significant highlights discussed below.

### **Consolidated Statement of Financial Position**

The Consolidated Statement of Financial Position is a snapshot of where the City stands financially in terms of the resources it holds and the debts it owes at a particular point in time (for the City, this is fiscal year end, December 31).

#### ***Net Financial Assets***

The City's net financial assets increased 18% in 2024 to a total balance of \$167MM. The net financial assets are an indicator of the ability of the City to meet its obligations and continue to provide services into the future.

#### ***Accumulated Surplus***

The accumulated surplus represents the net financial performance of the City since day one and includes financial and non-financial resources. At December 31, 2024, the City reported an accumulated surplus of \$1.2 billion, an increase of \$105MM over 2023. At the end of 2024, \$1 billion (or 86%) of the \$1.2 billion accumulated surplus has been spent on tangible capital assets which are those infrastructure assets developed to provide services to citizens. This means the City is left with \$167MM in accumulated surplus to finance future operations.

#### ***Cash Flow***

The Statement of Cash Flows shows the change in cash during the year. The City raised \$73MM in cash from operations and no new debt was issued. This was used to acquire \$79MM in capital assets indicating the City's strategic decision to invest in infrastructure projects. The City paid down \$7MM of debt while \$5MM was used in investing activities. Investments increased to a total of \$283MM, with the City investing funds in a manner that provides optimum investment returns with maximum security while meeting cash flow requirements. As a result of these changes, overall cash decreased by \$18MM in 2024 for a final cash position of \$29MM at December 31, 2024.

#### ***Long-Term Debt***

The City's long-term debt decreased by principal debt repayments of \$7MM to a total of \$60MM in 2024, resulting in debt per capita of \$697 (down \$129 from prior year). The City's total debt of \$60MM is currently 17% of the total debt limit of \$344MM, meaning the City can still borrow \$284MM before reaching the total debt limit.

#### ***Non-Financial Assets***

During the year, tangible capital assets increased by \$79MM to an ending balance of \$1 billion at December 31, 2024. This increase reflects City acquisitions of \$79MM and contributed assets of \$38MM less amortization of \$38MM and disposals of \$300K. The

Multi-Use Facility and Library (Inspire) contributed significantly to the increase in capital assets due to the construction in progress during 2024.

### **Reserves**

At December 31, 2024, operating reserves totaled \$67MM, which consists of \$32MM in general operating reserves, \$28MM in the tax stabilization reserve and an additional \$7MM in other small internally designated operating reserves. These reserves have been built up over the past nine years and will be used to soften the effect of future operating costs as the City implements new services, such as the new Multi-Use Facility and Library (Inspire), a fourth fire hall and phase one of a new recreation centre.

Capital reserves totaled \$52MM which includes \$24MM in general capital reserves and \$28MM allocated to other various capital reserves (e.g. Fleet, Buildings, Recreation). Offsite levied fund reserves totaled \$64MM, a decrease of \$562K over 2023, and utility fund reserves totaled \$39MM, an increase of \$5.6MM over 2023.

At the end of 2024, the total of all reserve balances was \$226MM, an increase of \$17MM from 2023. Reserve balances increased through budgeted contributions, developer levies received for growth related infrastructure, interest earned on reserve balances and carry-forward amounts for future projects. These were offset by withdraws from reserves to pay for capital projects, one-time costs approved by Council to be funded by reserves and debt payments.

The 2024 year-end operating surplus of \$5.8MM has allocated \$2MM to the General Operating Reserve and \$3.8MM to the General Capital Reserve (as endorsed at the March 18, 2025 Council meeting).

### **Consolidated Statement of Operations**

The City ended the year with an annual surplus of \$103MM. This surplus includes the City's operating and capital activity as well as financial operations related to the City's three subsidiaries: the City of Airdrie Library Board, Airdrie Housing Limited and Airdrie Mainstreet Square Real Estate Inc.

### **Revenue**

2024 revenue totaled \$310MM, an increase of 16% over 2023. This increase is primarily due to increases in contributed assets, net municipal property taxes and investment income. Actual revenue was \$24MM below budget, mostly due to federal and provincial government transfers coming in much lower than budgeted.

Throughout 2024, the City saw high ridership in Transit and favourable market conditions resulting in interest income on our investments. Airdrie continues to be one of the fastest growing cities in Alberta, with extraordinary permit revenue reflected through 2024 and additional property tax revenue received due to this growth.

### **Expenses**

The City spent \$207MM in 2024, an increase of \$12MM over 2023. When looking at expenses by function, transportation services, environmental services and protective services were the main contributors to the increased expenses year over year. The categories lending to these increases included staffing, increasing \$5MM over 2023,

amortization of tangible capital assets, increasing \$4MM over 2023, and materials, goods, supplies and utilities, increasing \$2MM over 2023. Although expenses increased in 2024, compared to budget the City's expenses were \$4.7MM less than planned mainly due to projects that will be carried forward to 2025. This indicates the City's commitment to consistent and accurate budgeting processes.

**Council Committee Routed Through:**

Administration is requesting that Council approve the 2024 Audited Consolidated Financial Statements and 2024 Financial Information Return, this report has not been routed through a committee.

**Administration Recommendation:**

That Council approves the 2024 Financial Information Return and 2024 Audited Consolidated Financial Statements and accepts KPMG's Audit Findings Report for information.

**Alternatives/Implications:**

Council could choose not to accept the reports or amend the reports as presented and require staff to return with further information. This will impact Administration's ability to meet Provincial filing requirements and staff may be required to request an extension to the deadline.

**Budget Implications:**

The 2024 Annual Report and Audited Consolidated Financial Statements recount the actual financial position of the City as at and for the year ended December 31, 2024. There are no future budget implications associated with these reports.

**Communications and Engagement:**

The 2024 Annual Report, including the Audited Consolidated Financial Statements, will be posted on the City website once approved by Council and signed off by the auditors.

**Recommendation:**

That Council:

1. approves the 2024 Financial Information Return, as presented;
2. approves the 2024 Audited Consolidated Financial Statements included in the Annual Report, as presented; and
3. accepts the KPMG LLP 2024 Audit Findings Report for information.

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Staff Presenter:	Holly Montigny
External Presenter:	Colin Mitchell and Samuel Straka, KPMG LLP
Department:	Accounting Services
Reviewed by:	Shannon Schindeler
Attachments:	#1: 2024 Financial Information Return #2: KPMG LLP 2024 Audit Findings Report (confidential attachment)
Linked Document:	<a href="#">2024 Annual Report</a>