



## **COUNCIL – AGENDA REPORT**

<b>Meeting Date:</b>	21 April 2026
<b>Subject:</b>	2025 Annual Report and Audited Consolidated Financial Statements
<b>Directorate:</b>	Corporate Services and CFO

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### **Issue:**

Council is being asked to approve the 2025 Financial Information Return and the 2025 Audited Consolidated Financial Statements included in the Annual Report, and to 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 2025 annual financial audit is complete. The 2025 Annual Report, which includes the Audited Consolidated Financial Statements, and the 2025 Financial Information Return (FIR) are presented to Council for review and approval. Representatives from KPMG LLP will be in attendance to present their Audit Findings Report.

Audit fieldwork for the 2025 yearend was conducted from March 2 to March 27, 2026. The audit included the City's full reporting entity, including the City of Airdrie Library Board and Airdrie Housing Limited.

During 2025, Airdrie Mainstreet Square Real Estate Inc. (AMSQ) was dissolved, and its assets and liabilities were transferred to the City at carrying value. As AMSQ was already fully consolidated in previous years, this restructuring had no impact on the City's consolidated financial position, annual surplus, or accumulated surplus.

All required audit procedures have been completed, and subject to Council approval, KPMG LLP will issue an unmodified (clean) audit opinion confirming that the financial statements are presented fairly in accordance with Canadian Public Sector Accounting Standards.

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

The Annual Report supports transparency, accountability, and strong financial governance. Administration is responsible for preparing financial statements that are accurate, objective, and compliant with Canadian Public Sector Accounting Standards. Together, the statements provide

a clear picture of the City's financial position, results of operations, and how public funds were managed over the year.

A detailed analysis of the City's financial condition is included in the Management's Discussion and Analysis section of the 2025 Annual Report (Attachment #1). Key highlights are summarized below.

## Where the City Stands Financially

### **Net Financial Assets**

*What this means: the City's ability to meet future obligations and continue providing services.*

At December 31, 2025, the City reported net financial assets of \$190.1 million, an increase of \$23.0 million (13.7%) from the prior year. This improvement reflects strong operating results and higher investment balances, partially offset by lower yearend cash levels.

### **Accumulated Surplus**

*What this means: the total value of assets the City has built up over time.*

At December 31, 2025, the City reported an accumulated surplus of \$1.3 billion, an increase of \$108 million from 2024.

It is important to note that accumulated surplus is not cash on hand. Approximately:

- \$1.0 billion (about 80%) represents tangible capital assets such as roads, facilities, underground utilities, and other infrastructure already in service.
- The remaining \$242 million consists primarily of reserve balances and other amounts available to support future operations and capital needs.

## How the City Used its Money in 2025

### **Cash Flow**

The City generated \$102.8 million in cash from operating activities in 2025. These funds were primarily used to invest \$93.0 million in tangible capital assets, and support net investing activities of \$18.9 million, mainly within the City's investment portfolio.

Financing activities resulted in a net inflow of \$1.6 million due to new long-term debt issuance partially offset by scheduled repayments. Overall, cash decreased by \$7.5 million, with an ending balance of \$21.8 million at yearend.

### **Capital Assets**

The value of the City's tangible capital assets increased by \$84.8 million in 2025 to a total of \$1.1 billion. This growth reflects continued investment in transportation infrastructure, buildings, engineered structures, and growth-related assets.

## Preparing for the Future

### **Long-Term Debt**

The City continues to manage debt conservatively. At December 31, 2025, long-term debt totaled \$61.3 million, representing approximately 16% of the City's authorized debt limit of \$377.9 million.

Debt servicing costs remain well below provincial limits, providing flexibility to support future infrastructure as needed.

### **Reserves**

At December 31, 2025, total reserve balances were \$242.0 million, an increase of \$15.6 million over 2024.

These balances include:

- Operating reserves of \$81.3 million
- Capital reserves of \$42.2 million
- Off-site levy reserves of \$68.5 million
- Utility reserves of \$46.7 million
- Other reserves (including subsidiaries) of \$3.3 million

Reserves provide stability, help manage financial risk, and support long-term planning as the City grows.

### **Consolidated Statement of Operations**

For the year ended December 31, 2025, the City reported an annual surplus of \$99.6 million. This surplus includes the City's operating and capital activity as well as financial operations related to the City's subsidiaries.

### **Revenue**

Total consolidated revenue for 2025 was \$318.3 million, an increase of \$8.7 million (2.8%) from 2024. This increase was mainly driven by growth in municipal property tax revenue, increased user fees from service utilization, and higher investment income.

The City also recognized \$32.7 million in contributed assets, representing developer-constructed infrastructure transferred to the City during the year.

### **Expenses**

Total consolidated expenses in 2025 were \$218.7 million, up \$12.2 million (5.9%) from the prior year. This increase reflects population growth, expanded service delivery, and lifecycle impacts associated with a growing asset base, including staffing, maintenance, and amortization.

Despite these pressures, expenditures remained aligned with Council-approved budgets and long-term priorities.

### **Council Committee Routed Through:**

As Administration is requesting Council approval of the 2025 Audited Consolidated Financial Statements and Financial Information Return, this report was not routed through a committee.

### **Administration Recommendation:**

That Council approves:

1. the 2025 Financial Information Return; and
2. the 2025 Audited Consolidated Financial Statements included in the Annual Report, as presented.

**Alternatives/Implications:**

Council could choose not to approve the Financial Information Return or Audited Consolidated Financial Statements and direct Administration to return with additional information. This would impact Administration’s ability to meet Provincial filing deadlines and could require requesting an extension.

**Budget Implications:**

The 2025 Annual Report and Audited Consolidated Financial Statements reflect the City’s actual financial position for the year ended December 31, 2025. There are no future budget impacts associated with approval of these documents.

**Communications and Engagement:**

Following Council approval, the 2025 Annual Report, including the Audited Consolidated Financial Statements, will be posted on the City’s website.

**Recommendation:**

That Council approves:

1. the 2025 Financial Information Return; and
2. the 2025 Audited Consolidated Financial Statements included in the Annual Report, as presented.

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Jenelle Weisgarber, CPA, CA  
Team Leader (Term), Accounting Services

Staff Presenter:	Jenelle Weisgarber
External Presenter:	Samuel Straka, KPMG & Colin Mitchell, KPMG
Department:	Corporate Services
Reviewed by:	Shannon Schindler, Meghan Bigney
Attachments:	#1:2025 Annual Report #2:2025 Financial Information Return #3: KPMG LLP 2025 Audit Findings Report - (Confidential Attachment Closed Session Agenda)