



Report to Council

To: Mayor and Council File No: 1880-03\2025
Date: May 12, 2025
From: Elma Hamming, Director, Financial Services
Subject: 2024 Audited Financial Statements

Purpose:

To provide Council with the 2024 Audited Financial Statements.

Recommendation:

THAT Council accept the 2024 Audited Financial Statements as presented.

Background:

a. Rationale:

The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards as prescribed by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Preparation of financial statements are the responsibility of management. The financial statements received a clean opinion from the City's auditors.

Enterprise Resource Planning (ERP) Launch: 2024 marks a significant change in financial systems tracking as the City upgraded to an ERP system launched January 1, 2024. It has been a steep learning curve for City staff with employee turnover in key positions, labour budget constraints and limited contractual resources. Staff has met the legislative deadlines while managing the current workload, learning new systems, creating new reports to complete required tasks, creating new functions to address transactions that were not flowing correctly, creating new integrations for both budgeting and financial statement software and making corrections to data due to the steep learning curve across the organization. Through all the challenges, all City staff supported one another in a combined effort to see the new system succeed with reliable data and improved functionality, to create a financial ERP system that the organization can build on as the City grows and deliver on timely periodic reporting going forward.

Year in Review: The 2024 Statement of Financial Position (Statement A) (*Chart 1*) shows the City's financial position at the specific point of time of December 31, 2024 in a net financial asset position. Financial assets increased due to an increase in cash and investments of \$8.8M, and liabilities also increased due to an increase in accounts payable of \$10M and long-term debt of \$31.5M issued with the Active Living Center (ALC) project. In October 2024, \$31.5M in long term debt was issued for the ALC project and \$17M of debt proceeds were not yet utilized at the close of 2024. Debt from the ALC debt issue is reinvested in the short term based on the ALC cashflow projection which indicates timing of cashflow needs.

Non-financial assets are substantially related to tangible capital assets. The City increased total capital assets by \$55M, including \$4.6M contributed by developers, and \$13.4M recorded in net amortization, for an overall net increase in tangible capital assets of \$43M.

Chart 1 Statement of Financial Position (Statement A)

Statement of Financial Position (Statement A)

| (in \$000's) | 2024 Actual | 2023 Actual | \$ Change |
|-----------------------------|-------------|-------------|-----------|
| Financial Assets | \$ 146,926 | \$ 138,085 | \$ 8,841 |
| Liabilities | 109,113 | 67,550 | 41,563 |
| Net Financial Assets | 37,813 | 70,535 | (32,722) |
| Non-Financial Assets | 702,483 | 659,427 | 43,056 |
| Accumulated Surplus | \$ 740,296 | \$ 729,962 | \$ 10,334 |

Reviewing the financial position over a period of years, the Assets to Liabilities ratio (*Chart 2*) shows a sharp decrease in 2024 due to the \$31.5M in debt issuance of which \$24.7M has been utilized and included in the non-financial asset total. The Assets to Liabilities is also shown in dollars in *Chart 3*. The City had been in a cycle of debt retirement but 2024 marks the first of three years to increase debt with the purpose of investing in community infrastructure through the ALC project.

Long term debt is a tool to fairly distribute the cost of assets across generations as the community benefits from the asset over the asset's lifecycle. This trend will continue to fluctuate as the full debt of \$121M is issued and is offset by the timing of capitalization, and then the ratio will begin to increase again as debt is repaid. This is a normal municipal financial cycle that coincides with asset lifecycles.

Chart 2 Total Assets to Total Liabilities Ratio

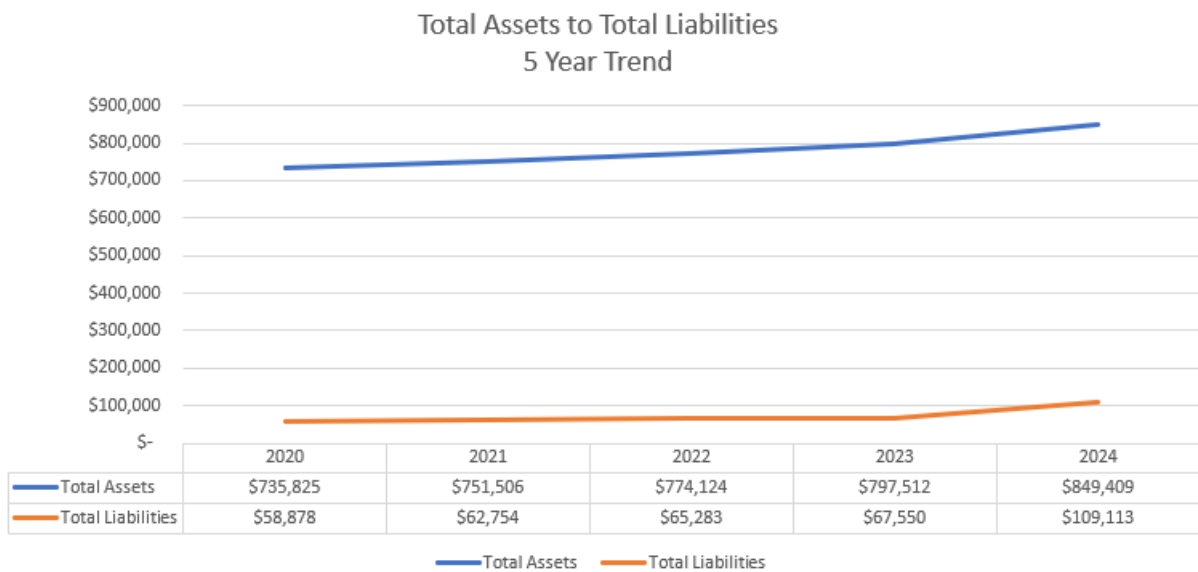
Indicator Story: This indicator measures the extent to which government can use debt to finance its operations.

> 1 Assets are greater than debt . There is Accumulated Surplus. Sustainable.

< 1 Debt greater than assets and indicates operations have been financed by issuing debt. Not Sustainable.



Chart 3 Total Assets to Total Liabilities in Dollars



Statement of Operations (Statement B)

The 2024 budget reported in the Statement of Operations is based on the 2024 Financial Plan Bylaw #5980, adopted by Council January 22, 2024. The budget does not include the 2023 budget carryovers or 2024 budget amendments by Council during the year as this a requirement of Public Sector Accounting Standards (PSAS).

PSAS for financial statements require adjustments differing from the budget as follows:

Revenue:

- Omit transfers from reserves
- Include developer-contributed assets
- Include net gains on disposal of capital assets
- Include MFA actuarial adjustments

Expenses:

- Omit transfers to reserves
- Omit debt principal payments
- Omit tangible capital asset costs
- Include net losses on disposal of capital assets
- Include amortization expense (representing the use of tangible capital assets)

As a result, the reported 2024 surplus in the Statement of Operations is \$10.9M (*Chart 4*)

Chart 4 Statement Operations (Statement B)

| (in \$000's) | 2024 Budget | 2024 Actual | 2023 Actual |
|---------------------------------|-------------|-------------|-------------|
| Revenue | \$ 112,145 | \$ 117,955 | \$ 123,653 |
| Expenses | 107,424 | 107,028 | 103,323 |
| Annual (Deficit) Surplus | \$ 4,721 | \$ 10,927 | \$ 20,330 |

Public sectors can measure financial health with key financial ratios by using the Total Expenses (excluding amortization and interest) to Property Tax Revenue indicator (Chart 5), which measures a government's spending compared to municipal taxation revenues, excluding amortization and interest. Analyzing this trend over several years indicates that service levels are sustainable with property tax revenues, and expenses are not outpacing revenues. Chart 6 shows the same information for revenues and expenses but as dollar values rather than as a ratio.

In both Chart 5 and Chart 6, it is evident that both revenues and expenses are increasing at a proportional rate over time as the City grows with development and related services. Note that a portion of the revenues are transferred into reserves for future use in accordance with Council direction through the financial plan.

Chart 5 Total Expenses (excluding amortization and interest) to Property Tax Revenue

Indicator Story: This indicator measures a government's spending compared to the municipality's taxation revenues, excluding amortization and interest.

Maintaining/decreasing ratio indicates service levels are sustainable with property tax.

Increasing ratio indicates service levels or cost of service is escalating in greater proportion to tax revenues and either service levels need to be decreased or property taxation increased.

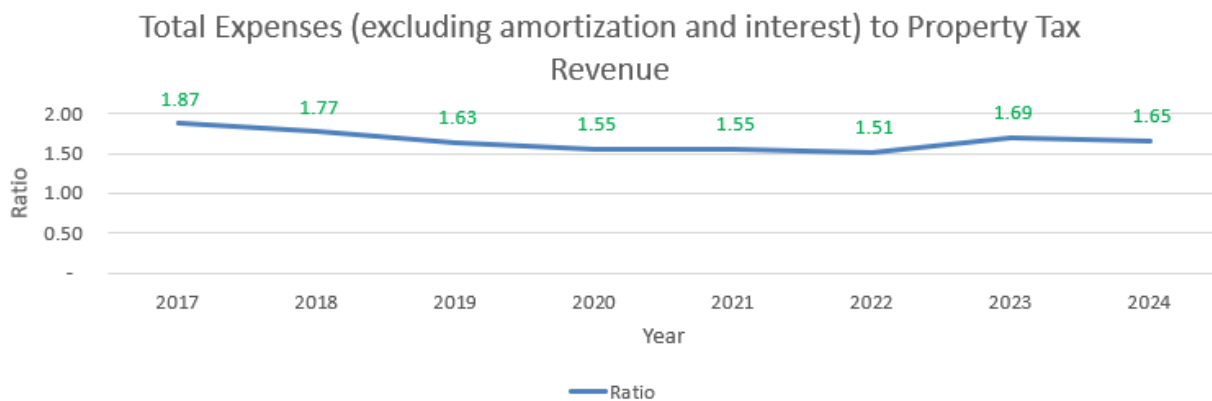
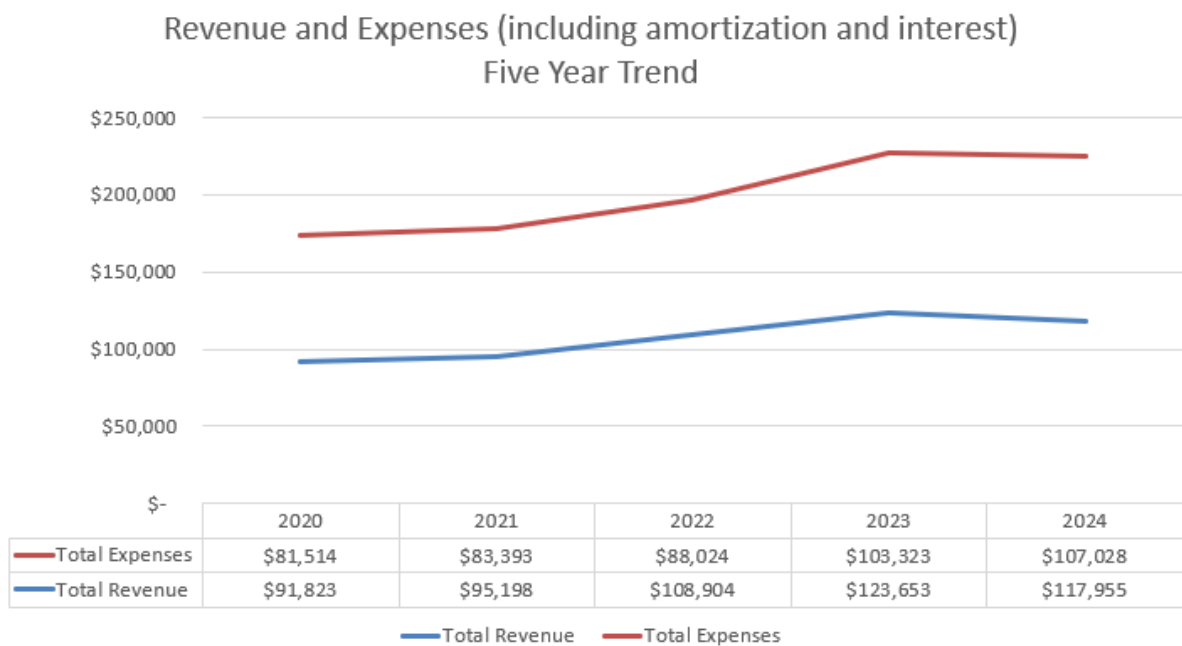


Chart 6 Revenue and Expenses (including amortization and interest)



2024 Budget vs Financial Statement Variances

Taxation revenue was less than budgeted due to property tax appeals and an adjustment on a local area service receivable that had been previously recorded as revenue. With the update of the ERP system and new senior staff, a thorough review and reconciliation of all accounts was completed to ensure there was a comprehensive understanding of all assets and liability balances.

Sales of services revenue is lower than budgeted predominantly due to lower than expected building permit revenues.

Both government transfers and developer contributions were higher than budgeted which is expected as these are often higher-level estimates during budget setting. Grant agreements need to be in place before they are budgeted and grants are not recorded as revenues until there are offsetting expenses. Developer contributions are always budgeted for conservatively and depend on timing of the project deliverable.

Total actual expenses were lower than budget by approximately \$396,000.

b. Relevant Policy/Bylaw/Resolutions/Legislative Authority:

Community Charter Section 98 and 167.

c. Council's Strategic Plan Alignment:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Governance & Organizational Excellence | <input type="checkbox"/> Livability |
| <input type="checkbox"/> Recreation, Parks & Natural Areas | <input type="checkbox"/> Vibrancy |
| <input type="checkbox"/> Environmental Leadership | <input type="checkbox"/> Not Applicable |

d. Committee Recommendations: N/A

Financial Implications:

N/A

Alternatives & Implications:

N/A

Communication:

Financial Statements will be included with Annual Report provided to Council in June. Financial Statements and related data will be submitted to the inspector as required under the *Community Charter* Section 167(4).

Attachments:

Attachment 1- 2024 Financial Statements

Reviewed by: Insert Name, Position Title

Reviewed by: Kevin Poole, Director, Corporate Administration

Approved by: Peter Weeber, Chief Administrative Officer