

COUNCIL REPORT – OFFICE OF THE CITY AUDITOR

Edmonton

CITY FINANCIAL CONDITION UPDATE

RECOMMENDATION

That the October 21, 2022, Office of the City Auditor report OCA01511, be received for information.

Report Purpose

Information only.

Executive Summary

This report presents the results of the City Financial Condition Update.

REPORT

In November 2020, the Office of the City Auditor reported on the City's financial health by reviewing nine indicators of financial health. At that time, it was difficult to predict the financial impact of COVID-19 on the City. Revenues were undetermined due to uncertain funding from other orders of government. Expenses could not be predicted due to the potential need to significantly reduce City services and spending. As the City is currently working on the 2023-2026 Budget, reviewing and reporting on these nine indicators may provide some insights on the City's financial health to inform this process.

This report updates the nine financial indicators first reported in November 2020 City Financial Condition Review. This report provides historical information on indicators from 2000 to 2021. Analysis and conclusions relating to the quality or appropriateness of any policy or budget decisions made by Council or Administration are out of scope of this review.

Overall, from 2019 to 2021, the City relied more on property tax and less on federal and provincial government grants. Operating spending decreased relative to inflation and population growth. Long-term debt per capita has increased, relative to operating expenses, as has the cost of servicing that debt. The value of capital assets increased every year and the condition of these

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assets has improved. The City's uncommitted reserves relative to operating spending and financial assets to liabilities ratio have both remained fairly consistent.

For 2020 and 2021, the City managed the financial impacts of COVID-19 through expense management strategies and use of funding from external governments. Ongoing revenue impacts to user fees and other revenue sources will be addressed through the 2023-2026 budget.

POLICY

Bylaw 16097, Audit Committee Bylaw, Section 14(d) states that, "Committee will review all reports from the City Auditor dealing with completed audit projects."

ATTACHMENTS

1. City Financial Condition Update Report