

City Financial Condition Review

Recommendation

That the November 17, 2020, Office of the City Auditor report OCA00145, be received for information.

Executive Summary

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

Report

This audit reviewed the financial condition of the City of Edmonton. There are many ways to assess a city's financial condition. In this report, the City's financial condition was assessed using nine indicator measures representing the City's revenue, operating spending, capital spending, debt, and financial position.

We found that the City's financial condition is not as healthy as it was 20 years ago.

This deterioration in financial condition is related to the substantial increase in long-term debt, of which the majority is tax-supported, as well as the growth in operating spending faster than inflation and population growth. Additional factors include: increased reliance on property taxes and government transfers, as well as a decrease in the financial assets to liabilities ratio. Offsetting factors include: increasing value and improving condition of capital assets and an increase in the City's Financial Stabilization Reserve.

This audit also assessed the effectiveness of the City's financial planning process in assessing risks to the City's financial condition. We found that the City's financial planning process is effective in assessing risks to the City's financial condition by evaluating and providing information related to each of the financial measures contained in this report. An improvement can be made around the frequency of capital asset condition reporting.

The information contained in this audit is intended to provide a historical perspective on the City's financial condition and be used to inform future financial decisions. This report makes no recommendations.

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."

Public Engagement

Public engagement was not required for this report.

Attachment

1. City Financial Condition Review Report