

## ADMINISTRATIVE REPORT

<b>TO:</b> Shane Bourke, City Manager	<b>DATE:</b> May 13, 2025
<b>FROM:</b> Danielle Whiteway, Chief Financial Officer	<b>MEETING:</b> Financial & Administrative Services Committee
<b>REPORT WRITER:</b> Shauna Hanson, Manager Accounting	
<b>SUBJECT:</b> Q1 2025 Financial Report	

### RECOMMENDATIONS

The Financial & Administrative Services Committee recommends Council receive the unaudited financial statements and supporting information for the period ending March 31, 2025 for information.

### PREVIOUS COUNCIL / COMMITTEE DIRECTIONS

There are no previous Council or Committee directions.

### BACKGROUND

The purpose of this report is to present the unaudited financial statements and supporting information for the period ending March 31, 2025.

### ANALYSIS

The following describes significant line items, as outlined in Appendix 1.

#### Statement of Financial Position (Appendix 1 – Page 3)

The statement of financial position presents the City's financial and non-financial assets, as well as financial liabilities as of March 31, 2025.

#### *Financial Assets*

Total financial assets of the City as of March 31, 2025, were \$299M, this is slightly higher than the value on March 31, 2024, of \$298M. The \$1M increase is the net result of an increase in the City's investment in Aquatera, offset by a decline in cash and investments.

During the quarter, the City utilized its line of credit to meet short-term operating needs, while also taking advantage of opportunities to use available funds within the investment portfolio to maintain a minimum cash balance. As investments mature, the City evaluates reinvestment rates against the costs of accessing the line of credit to ensure the highest net return for available funds.

### *Financial Liabilities*

Total financial liabilities of the City as of March 31, 2025, were \$208M, a decrease of \$13M from the same period in the prior year. The decrease in financial liabilities is the result of lower deferred revenue and reduced long-term debt due to regular principal repayment.

The decline in deferred revenue as of March 31, 2025, compared to same period of the prior year, is largely due to a higher utilization of operating and capital deferred funds in the later part of the 2024 fiscal year. Grant funding is largely recognized into revenue in the last quarter of each fiscal year as projects are finalized and actual costs are determined. Projects that were funded through deferred revenue include road projects, pedestrian links and intersection improvements which utilized CCBF, MSI and LGFF grants.

### *Net-Financial Assets*

As of March 31, 2025, the City is in a net financial asset position of \$91M, indicating that the City has sufficient financial assets to settle existing liabilities and support future operations.

### *Non-Financial Assets*

As of March 31, 2025, non-financial assets, which consist of assets not easily transferable to cash, are \$723M. The most significant item included in non-financial assets is tangible capital assets with a value of \$714M. Non-financial assets represent the value the City has invested in physical assets such as infrastructure, equipment, and vehicles, as well as prepaid expenses and inventory, that will be utilized in providing services to residents.

Overall, the City has a total accumulated surplus of \$815M that will be utilized to support current year and future services. An accumulated surplus position indicates that the City has net resources available to provide future services, consisting of both cash and non-cash components. The distribution of funds within the accumulated surplus is included on Page 10 of the Appendix, which provides the allocation of funds between restricted reserves and equity in both investments and tangible capital assets.

### Statement of Operations (Appendix 1 – Pages 4-5)

The statement of operations reports on the revenues, expenses, and results as of March 31, 2025. It details the transactions impacting the City's accumulated surplus from the beginning of the year to the end of the reporting period. It differs from the City's annual operating budget as it includes non-cash items such as amortization and contributed tangible capital assets.

The City's total revenue as of March 31, 2025, was \$12.6M, this is a decrease of \$500K from the same period in the prior year. There are no significant variances to note.

The City's total expenditures as of March 31, 2025, was \$52.6M, an increase of \$2M from the prior year. Increases in salaries, wages and benefits of \$1.2M is due to contractual cost of living adjustments and the onboarding of GPPS employees. Small increases in contracted and general services and materials, goods and utilities are attributable to inflationary increases and seasonality of weather dependant operations.

As of March 31, 2025, the City had a shortfall for accounting purposes of \$40M. A shortfall at the end of the first quarter is typical for the City, as property taxes, which account for a substantial portion of the City's annual income, are levied during the second quarter. As a result of this accounting practice, the City will transition to a surplus position by the end of the second quarter. Expenditures are recorded on a more consistent basis throughout the fiscal year and are included in the unaudited financial statements as they are incurred.

#### Operating Variances (Appendix 1 – Pages 6-7)

A budget is a financial plan designed to articulate Council's strategic priorities and contains a significant number of assumptions. Once approved, the budget remains a relatively static document that becomes a guide for Management and provides a tool for financial analysis.

Operating variances result from differences between the approved budget and actual financial results. Internal and external factors influence operating variances and include, but are not limited to, population growth, operating efficiencies, economic conditions, availability of resources, weather conditions, and unforeseen conditions.

Management is responsible to actively monitor and manage the overall operating results to ensure that service delivery is maintained at acceptable levels and that operational costs are contained within available resources.

As of March 31, 2025, the City is forecasting an operating surplus from budget of \$822K, which equates to a 0.38% variance from the total City operating budget (\$215M). The overall City variance of \$822K is largely attributable to additional grant funding received, increased development activity resulting in additional permit revenues, and savings within Policing Services from vacant positions. Additional grant funding received will be reflected in revenue in the later part of the fiscal year as projects are completed.

#### Salary Variances (Appendix 1 – Page 8)

For the period ending March 31, 2025, the City had an overall deficit in wages and benefits of \$717K. This is the result of timing of contributions towards pension plans, CPP and EI. As the year progresses, the benefit contributions will decline as employees reach maximum contribution thresholds.

The City is anticipating a marginal surplus in overall wages and benefits of \$61K by year end.

#### Operating Reserves (Appendix 1 – Page 10)

Reserves are the restricted portion of the City's accumulated surplus and all decisions made with regards to the City's reserves are approved by Council in accordance with Policy 346. Reserves assist in creating a solid financial position for the City and strengthen long-term financial stability, help minimize fluctuations in budget, as well as support capital projects.

As of March 31, 2025, the City has \$107M in reserves.

#### Capital (Appendix 1 – Pages 11-13)

At the beginning of 2025, the City had \$62M of carry forward capital projects approved by Council. As capital projects are prefunded, in accordance with the approved capital plan, the carry forward balance includes \$16.8M in projects funded through long term debt that will commence in 2025.

As of March 31, 2025, the City has \$99.6M in active capital projects; approximately \$22.8M of capital projects are funded from grants and \$15.7M funded through long term debt, with the remainder being funding through capital tax and reserves. As capital projects progress, spending will reduce the balance of capital funds available.

#### Long Term Debt (Appendix 1 – Page 14)

The balance of outstanding long-term debt on March 31, 2025, is \$122M. Advances on long-term debt will occur during 2025 as borrowing facilities are utilized to support the recreational facility, MCC renovations and Maskwa Medical Center projects.

The City is well within the provincially prescribed debt limit with \$112M remaining (at Council’s 80% of provincially prescribed limit policy applied). The City continues to maintain a reasonable debt level and has a sustainable repayment schedule in place.

Procurement Activity (Appendix 1 – Page 15)

During the first quarter of 2025, there were six tenders awarded above the \$250K threshold.

**Relationship to City Council's Areas of Focus / Strategic Priorities**

Aligns long-term strategy and financial decisions through a budgeting process focused on priorities and sustainable financial health.

Enables and enhances trust, transparency and adaptability by ensuring accountability, integrity, efficiency, best practices and innovation in all operations.

**Environmental Impact**

There are no environmental impacts associated with this report.

**Economic Impact**

There are no relevant economic impacts associated with this report.

**Social Impact**

There are no social impacts associated with this report.

**Relevant Statutes / Master Plans / City Documents**

Section 153(d) of the Municipal Government Act states that:  
*“Councillors have the duty to obtain information about the operation of administration of the municipality from the Chief Administrative Officer or a person designated by the Chief Administrative Officer”*

**Risk**

This report indicates a reasonably strong and balanced financial position for the City with no significant risks apparent.

**STAKEHOLDER ENGAGEMENT**

The Appendix included with this report will be posted on the City’s website.

**BUDGET / FINANCIAL IMPLICATIONS**

For the period ending March 31, 2025, the City is expecting a surplus from budget of \$822K. This equates to approximately 0.38% of the total City operating budget (\$215M).

Operating variances have been reported in Appendix 1, Pages 6-7.

**SUMMARY / CONCLUSION**

The City is currently anticipating a surplus of approximately \$822K at year end. However, Management will continue to monitor the fiscal landscape and will implement mitigating strategies, as deemed appropriate, to reduce the likelihood of recognizing a shortfall by year end.

The City maintains a net financial asset position and accumulated surplus, indicating that there are sufficient resources to support future services. The City is also well within provincially prescribed

debt and debt servicing limits, as required by the MGA, and maintains sufficient reserves to support fiscal prudence.

<b>ATTACHMENTS</b>
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Appendix 1 – 2025 Q1 Financial Report