



City of  
**Prince Albert**

---

**RPT 2025-10**

**TITLE:** 2025 Long-Term Debt Summary

**DATE:** November 20, 2024

**TO:** Budget Committee

**PUBLIC:** X

**INCAMERA:**

---

**RECOMMENDATION:**

That this report be received as information and used for discussion during the 2025 Budget deliberations.

**EXECUTIVE SUMMARY:**

This report summarizes all existing external debt owed by the City. Principal and interest payments are funded from a combination of taxation, revenues and reserves. The annual budget must be sufficient to cover the principal and interest payments required by the City.

**PROPOSED APPROACH AND RATIONALE:****Long Term Debt – External Funding**

Table 1.0 lists the unaudited loan balances as of December 31, 2024 and the 2025 budgeted payments and interest for all funds.

**Table 1.0 - 2025 Budgeted Payments by Fund**

Purpose of Loan	Unaudited Loan Balance at December 31, 2024	Interest Rate	2025 Budgeted Principal Payment	2025 Budgeted Interest Payment
<b>General Fund</b>				
Transit Buses	\$845,000	3.40%	\$274,000	\$25,191
Irrigation at Golf Course	\$1,768,000	3.40%	\$73,000	\$59,034
10% of West Hill Development	\$74,700	3.40%	\$24,200	\$2,228
Arena and Aquatic Centre (\$16M)	\$15,506,936	3.45%	\$259,362	\$527,530
Arena and Aquatic Centre (\$30M)	\$29,624,311	4.40%	\$392,220	\$1,291,965
Arena and Aquatic Centre (\$18M)	\$18,000,000	4.25%	\$3,306,727	\$671,310
<b>General Fund Totals</b>	<b>\$65,818,947</b>		<b>\$4,329,508</b>	<b>\$2,577,257</b>
<b>Land Fund</b>				
90% of West Hill Development	\$672,300	3.40%	\$217,800	\$20,054
Marquis Road West Extension	\$3,221,221	3.45%	\$94,042	\$108,430
<b>Land Fund Totals</b>	<b>\$3,893,521</b>		<b>\$311,842</b>	<b>\$128,484</b>
<b>Water Utility Fund</b>				
Water Reservoir on River Street	\$5,602,000	3.40%	\$229,000	\$187,052
Upgrades to Water Reservoirs on 2nd Avenue West and Marquis Road	\$5,242,000	3.40%	\$214,000	\$175,041
Waste Water Treatment Plant-Design	\$2,326,040	3.45%	\$38,904	\$79,130
Raw Water Pump House	\$12,408,457	3.45%	\$207,538	\$422,130
<b>Water Utility Fund Totals</b>	<b>\$25,578,497</b>		<b>\$689,442</b>	<b>\$863,353</b>
<b>Sanitation Fund</b>				
Waste Cell Construction	\$5,153,770	3.05%	\$578,547	\$142,490
<b>Sanitation Fund Totals</b>	<b>\$5,153,770</b>		<b>\$578,547</b>	<b>\$142,490</b>
<b>Total for all Funds</b>	<b>\$100,444,735</b>		<b>\$5,909,339</b>	<b>\$3,711,584</b>

## Long-Term Debt Internally Funded

Table 2.0 shows capital projects internally funded by the General Fund. Principal and interest payments are transferred to the General Fund on an annual basis.

**Table 2.0 - Internal Financing Balances Owing to General Fund**

	2025	2026	2027	2028	2029
<b>Water Utility Fund</b>					
Water Meter Replacement	\$ 1,580,531	\$ 1,070,192	\$ 543,523	\$ -	\$ -
<b>BALANCES AT YEAR END</b>	<b>\$ 1,580,531</b>	<b>\$ 1,070,192</b>	<b>\$ 543,523</b>	<b>\$ -</b>	<b>\$ -</b>

## Debt Limit

The City has a debt limit of \$120 million dollars approved by the Saskatchewan Municipal Board. The accessible debt limit available after consideration of the existing long-term debt and line of credit is estimated to be \$7.6 million.

Debt Limit	\$ 120.0 M
Line of Credit	\$ (12.0) M
Loan Balance December 31, 2024	\$ (100.4) M
Accessible Funds	<u>\$ 7.6 M</u>

Therefore, it is estimated that the City will have additional debt capacity of \$7.6 million, combined with the \$12 million line of credit, resulting in \$19.6 million available.

## Debt Per Capita

Table 3.0 lists the long-term debt levels and interest per capita.

**Table 3.0 - Historical Debt per Capita**

	Estimate 2025	Estimate 2024	2023	2022	2021
Gross external debt	\$94,535,396	\$100,444,735	\$85,649,709	\$58,388,591	\$19,103,724
Capita per census	37,756	37,756	37,756	37,756	37,756
Debt per capita	\$2,504	\$2,660	\$2,269	\$1,546	\$506
Interest expense on long term debt	\$3,711,584	\$3,161,354	\$2,900,699	\$1,899,902	\$828,274
Interest per capita	\$98	\$84	\$77	\$50	\$22

**BUDGET/FINANCIAL IMPLICATIONS:**

The interest portion of the loan payments are reported on the statement of operations (income statement). The principal payments reduce the long-term liability on the statement of financial position (balance sheet). Therefore, the City budgets for the interest portion of the loan payments as an operating expense and must also budget an operating surplus that is sufficient to cover the principal portion of the outstanding loans.

Any reserve funding used for principal and interest payments are reflected in the reserve projections included in the budget.

Debt Ratio: The debt ratio is a comparison of total debt (liabilities) to total assets. This ratio tells you the proportion of an entity's assets that are financed by debt. A ratio greater than 1 (or 100%) shows that a considerable amount of assets are funded through debt and can be an indicator of potential issues in defaulting on loan payments or cash flow. A ratio below 1 means that a larger portion of assets are funded through equity (i.e. funded by the City).

	<b>30-Jun-2024</b>	<b>31-Dec-23</b>	<b>31-Dec-22</b>	<b>31-Dec-21</b>	<b>31-Dec-20</b>
	<b>Unaudited</b>				
Total Debt	146,084,960	129,259,595	93,497,880	44,205,282	41,431,467
Total Assets	580,363,119	557,755,462	484,296,598	426,628,240	407,466,466
<b>Debt Ratio</b>	<b>0.25</b>	<b>0.23</b>	<b>0.19</b>	<b>0.10</b>	<b>0.10</b>
<b>Other Municipalities:</b>		<b>31-Dec-23</b>	<b>31-Dec-22</b>	<b>31-Dec-21</b>	
Moose Jaw		0.17	0.18	0.18	
Swift Current		0.44	0.48	0.44	
Saskatoon		0.10	0.10	0.12	
North Battleford		0.23	0.22	0.21	

The City's debt ratio is in a healthy position, especially in comparison to other municipalities. From 2020-2021 the ratio was around 10% meaning 10% of assets were funded through debt, the remaining 90% was therefore funded through the City. From 2022-2024, additional debt was taken on for large scale projects - as these projects are completed the assets will be capitalized which will bring the debt ratio back down, along with the repayment of debt.

**PUBLIC NOTICE:**

Public Notice pursuant to the Public Notice Bylaw No. 24 of 2015 is not required.

**ATTACHMENTS:**

1. Appendix A – Long-Term Debt - 5 Year Annual Payment Schedule and Appendix B – Long-Term Debt - 5 Year Loan Balance Schedule

**Written by:** Cory Selander, Audit Manager

**Approved by:** Senior Accounting Manager, Director of Financial Services & City Manager