



# City of Prince Albert

RPT 2025-63

**TITLE:** 2025 Land Fund Operating and Capital Budget

**DATE:** January 20, 2025

**TO:** Special City Council

**PUBLIC:** X

**INCAMERA:**

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## RECOMMENDATIONS:

1. That the 2025 Land Fund operating budget be approved as follows:

<b><u>2025 Land Fund Budget</u></b>	
Operating Revenue	(\$460,000)
Operating Expenses	\$299,236
<b>Operating Surplus</b>	<b>(\$160,764)</b>
<b><u>Allocations:</u></b>	
Interfund Transfers	\$72,250
Transfer to Reserves	\$60,250
Transfer from Development Levies Reserve	(\$152,475)
Long Term Debt Principle Payments	\$311,845
Transfer from Improvement Fund	(\$131,106)
<b>Total Allocations</b>	<b>\$160,764</b>
<b>Balanced Budget</b>	<b>\$0</b>

2. That the 2025 Land Fund Capital expenditures of \$350,000 be funded from the Planning and Marketing Reserve and Loan Principal Payments of \$311,845, funded by the Land Development Fund Balance and Development Levies Reserve, be approved;

3. That the motions from the 2025 Land Fund Budget Committee deliberations be ratified and that Administration proceed as authorized; and,
4. That the approved 2025 Land Fund Budgeted expenditures be approved for disbursement effective January 1, 2025.

**EXECUTIVE SUMMARY:**

The City of Prince Albert's Budget Committee concluded deliberations on January 22, 2025 for the Utility, Sanitation, Airport and Land Fund Budgets, underscoring Council's commitment to supporting its growing population and addressing the rising costs of goods and services. This report is forwarding the 2025 Land Fund Operating and Capital Budget to City Council for final approval along with the resolutions of the Budget Committee for a balanced budget.

**BACKGROUND:**

The Land Fund was created via resolution of Council and set up as a combined capital-operating budget that would be run as a self-sustaining fund where all surpluses would be used for future land development. The City was one of the largest land developers but over the years' private entities have also been participating in this venture.

The Land Fund contains the City's operations to develop land, which includes lot sales and subdivision development.

The Land Fund documents cash inflows from land sales and cash outflows for land development. Administration's mandate is to operate this fund on the basis that the selling price for developed land is sufficient to recover the costs incurred. In order to generate a profit, the City's prices are typically incremented above the break-even minimum value to ensure that reserves are created to fund future property development. Administration also tries to ensure that there is a balanced mix of properties priced to accommodate demand from low, middle or high income developers.

On January 23, 2025 the Budget Committee considered the 2025 Land Fund Operating and Capital Budgets and recommended that the 2025 Land Fund Operating and Capital Budget, along with the Resolutions of the Budget Committee, be forwarded to City Council for final approval.

**PROPOSED APPROACH AND RATIONALE:**

The Director of Financial Services presented the budget package to the Budget Committee that included a new format of Questica OpenBooks that provided budgeted 2025 revenues and expenditures along with the changes relative to the previous years' approved budget. For 2025, budgeted revenues and expenditures were reviewed and adjusted as necessary as highlighted below.

### 2025 Budgeted Revenue

Budgeted revenues decreased by \$25,000 from \$485,000 in 2024 to \$460,000 in 2025.

### 2024 Budgeted Expenses

Budgeted expenses have increased by \$24,629 from \$274,607 in 2024 to \$299,236 in 2025.

### 2024 Capital Budget

Administration is requesting \$350,000 in capital spending for 2025 be funded from the Planning and Marketing Reserve and Loan Principal Payments of \$311,845 be funded by the Land Development Fund Balance and Development Levies Reserve.

### **CONSULTATIONS:**

A media release notified the public that the Budget Committee meetings for the 2025 Water Utility, Sanitation, Airport, and Land Fund Budgets was scheduled for January 22, 2025.

In addition, the budget submissions to the Budget Committee were available on the City's website for the public's review.

### **COMMUNICATION AND/OR ANNOUNCEMENT PLAN:**

Once the 2025 Land Fund Budget is approved by Council it will be posted on the City of Prince Albert website.

### **BUDGET/FINANCIAL IMPLICATIONS:**

The City creates a balanced budget, which means that non-income statement related items such as capital expenditures and reserve transactions (which sit on the balance sheet) are budgeted for in the year they occur:

- Accounting treatment for capital items has them being capitalized on the balance sheet to demonstrate the City possessing a future economic benefit from that item. Annually, to demonstrate the usage of that capital item, amortization is expensed on the income statement. Once that capital asset is at the end of its useful life, it will have been fully expensed through amortization on the income statement, and will no longer have a value on the balance sheet.

- The City is required to budget for the entire capital outlay of an asset in the year it is acquired, instead of budgeting for the annual amortization. This results in a capital budget item for 100% of the capital cost, and no budget for amortization.
- Reserves represent equity which is a balance sheet item. They are amounts that have been set aside for another future purpose.
- Interfund transfers are transactions that happen between the different funds the City controls.

A summary of the 2025 Land Fund Budget is as follows:

<b><u>2025 Land Fund Budget</u></b>	
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Operating Expenses	\$299,236
<b>Operating Surplus</b>	<b>(\$160,764)</b>
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<b>Balanced Budget</b>	<b>\$0</b>

A summary of the 2025 budget's impact on the Land Development Fund balance is as follows:

- A surplus from operations is \$160,764 out of which \$72,250 is transferred to general fund, the remaining \$88,514 to be transferred to the Land Development Fund.
- The capital expenditure for the Long Term Debt Principle Payment for the West Hill Infrastructure is \$217,800 to be funded from the Land Development Fund.
- The capital expenditure for the Long Term Debt Principle Payment for the Marquis Road West Extension is \$94,045. This payment is originally charged to the Land Development Fund but is then reimbursed by a transfer from the Development Levies Reserve.
- The interest and principle payments for the Long Term Debt for the Marquis Road West Extension is being funded by the Development Levies Reserve, as such, \$202,475 is transferred from the Development Levies Reserve to the Land Development Fund.

- A transfer of \$110,250 from the Land Development Fund to General Fund and Land Fund Reserves.

**OTHER CONSIDERATIONS/IMPLICATIONS:**

There are no policy, privacy, legal, safety or environmental implications.

**OPTIONS TO RECOMMENDATION:**

There are no options to the recommendation.

**STRATEGIC PLAN:**

The 2025 Land Fund Budget supports the strategic priority of Investing in Infrastructure by committing to supporting long-term growth and sustainable services through strategic investment in new and existing infrastructure as reflected in both the operating and capital budgets for 2025.

The 2025 Land Fund also supports the strategic priority of Building a Robust Economy by supporting the creation of a wide range of property and housing options to accommodate people who choose to relocate to Prince Albert.

**OFFICIAL COMMUNITY PLAN:**

Section 14 of the OCP highlights financial Goals and Policies aimed to “maintain effective management, efficiencies and accountability of the City’s fiscal budgets and operations”.

**PUBLIC NOTICE:**

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

**ATTACHMENTS:**

1. 2025 Land Fund Operating and Capital Budget – Final for Council Approval.
2. January 22, 2025 Budget Committee Minutes (Unofficial).

**Written by:** Melodie Boulet, Finance Manager

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