



COUNCIL REQUEST FOR DECISION

MEETING DATE: April 14, 2025

SUBMITTED BY: Gene Peskens, Chief Financial Officer

PREPARED BY: Lauren Padgham, Manager, Financial Planning & Budgets

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REPORT TITLE: 2024 Year End Results

EXECUTIVE SUMMARY

The City of Leduc's financial period runs on a calendar year from January 1 to December 31. The purpose of this agenda item is to approve the December 31, 2024 Financial Statements.

This report outlines the 2024 year end results compared to the approved budget. These preliminary results are unaudited and subject to change until the approval of the 2024 Financial Statements.

This report also contains Administrations recommendation for the 2024 operational carry forward and 2025 capital budget adjustment.

RECOMMENDATION

That Council approve the Audited Financial Statements for the year ended December 31, 2024.

That the 2024 Operating Budget be adjusted to include the Operating carry forward of \$25,000.

That the 2025 Capital Budget be adjusted to include the capital adjustments of \$180,000 to be funded by the Pay As You Go Reserve.

COUNCIL HISTORY

On November 20, 2023, Council appointed the firm MNP LLP as the City's auditors for the 2023-2026 audits.

BACKGROUND / RATIONALE

2024 Audited Financial Statements

Common financial practice requires that the audit is considered active until the results are presented to Council. This means that the statements that are attached will be presented as draft until they are formally presented to Council by MNP.

On the day of presentation, a finalized version of the audited financial statements will be presented to Council. It is not anticipated that there will be any changes, but if any were to occur the changes would be identified to Council on the day of presentation by MNP LLP.

2024 Operating Reporting

The 2024 year resulted in an operating surplus of \$3.33M which represents a variance of 2.7% of the operating budget. The surplus is a result of excess revenue over expenditures including transfer to & from reserves. The operating budget surplus is calculated using the budget methodology required by the Municipal Government Act (MGA) and is not equivalent to the surplus calculated in the consolidated financial statements using Public Sector Accounting Standards.

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The *2024 Operating Summary* (attached), shows the 2024 preliminary year end results. Significant variances are detailed below:

- Utility Services Revenue – A \$1.09M favourable variance is largely due to increased consumption of water and wastewater services. This has led to franchise fees trending higher than budget by \$517K and sales of water, wastewater and waste services being \$570K higher than budget.
- Sale of Services – A \$2.07M favourable variance resulted from growth of the City. This has led to increased sales of \$1.1M for the Planning and Economic Development department for building and development permits, developer contributions and business licenses. Also, additional revenue of \$308K was generated for the Utilities Services department for new installations of meters. Recreation services trended higher than budget for admissions and membership sales of \$274K.
- Other Income – A \$2.77M favourable variance was due to off-site levy revenue being higher than anticipated. The full amount is transferred to off-site levy reserves.
- Interest & Penalties – A \$1.20M favourable variance was largely due to higher interest rates earned on cash deposits held at banking institutions. The majority of investment revenue is transferred to reserves.
- Salaries & Benefits - There was a \$957K favourable variance in personnel costs due to vacancies.
- Contract Services – A \$1.54M favourable variance was due to the following: a portion of the variance was due to Transportation Services 'on-demand service level adjustment' implementation being delayed as extra buses did not arrive in 2024; the RCMP contract was under budget due to lower member utilization; and lastly, snow clearing requirements were lower for 2024 than budgeted.
- Materials & Supplies – A \$702K favourable variance was due to the following: the Public Services department had variances due to commodity prices being lower than expected for diesel and gasoline; also, less purchases were required for fertilizers and other park supplies throughout the year.
- Debt Servicing – A \$764K favourable variance was due to timing of payments for debentures taken in 2024.
- Cost of Utilities Sold - There was a \$409K unfavourable variance due to increased overall consumption. This was offset by the additional Utility Services revenue above.

Recommended Operating Carry Forward

It is recommended that Council approve \$25,000 being carried forward into the 2025 operating budget for Workday Training credits that were not fully utilized in 2024 but will be completed in 2025.

Multi-year Capital Approval

On December 11, 2023, as part of the 2024 Budget process, Council approved a three-year capital budget (2024–2026). This multi-year approach ensures that ongoing projects automatically continue within the three-year term, eliminating the need for separate approval to carry unfinished projects into 2025. As a part of the year end process, Administration conducted a review of all projects, identifying opportunities to reduce or close projects where appropriate. This resulted in savings of \$3.8M for the year.

2024 Capital Reporting

The total Capital Budget was \$137M in 2024 with expenditures of \$91M at the end of December 31, 2024, representing 66% of the capital budget completed. The off-site levies portion of the capital budget is \$10.3M with \$6.7M expenditures, which represents 65% completed as of December 31, 2024.

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The 65th Avenue Interchange project has a large effect on the overall budget as it is a multi-year project in the second year of construction and represents 60% of the 2024 capital budget. The project incurred \$57M in expenditures in 2024 of a budget of \$82.9M. The remaining budget of \$25.2M has rolled over to 2025 to complete the project.

Excluding 65th Avenue Interchange project, total project completion is at 61% as compared to 64% completion in 2023.

A summary of the capital program can be found in the *2024 Capital Program* (attached).

2025 Budget Adjustments

Administration is requesting the following two budget adjustments to the Approved 2025-2026 Capital Plan totaling \$180K.

- 1) During the 2025 budget process, a \$90K truck purchase was not included for the new Safety Codes Officer position. Administration is now requesting this to be added to the 2025 Capital Plan.
- 2) A Capital budget request of \$90K to address recently identified structural issues in the mechanical filtration room of the deep pool at the Leduc Recreation Centre. The space is critical to the operation of the aquatic facility, and early intervention is necessary to mitigate further risk and potential service disruption.

The funding will support:

- Temporary structural repairs to stabilize the area (\$40k)
- A consultant-led feasibility review and preliminary design and development of long-term options and cost estimates (\$50k)

This initial investment will help ensure safety, maintain operations, and inform future capital planning. A detailed plan with recommendations will be brought forward once the review is complete.

COUNCIL EXPENSES BY COUNCILLOR

Reports for Mayor and Council as a department as well as individual Councillor's expenditures are included in the *2024 Councillor Reports* (attached).

STRATEGIC / RELEVANT PLANS ALIGNMENT

Aligns with City of Leduc 2023 – 2026 Strategic Plan and 2025 Approved Budget.

ORGANIZATIONAL IMPLICATIONS

ADMINISTRATION:

The preparation of the 2024 financial statements have been completed by MNP LLP, based on an audit of the 2024 year-end results. MNP LLP will present the 2024 audited financial statements to Council at the April 14, 2025, Council Meeting. In addition, these audited financial statements have been distributed to Council.

RISK ANALYSIS: FINANCIAL / LEGAL:

Financial Statements:

The MGA (s. 276-281) requires that the City of Leduc prepare financial statements for 2024 in accordance with generally accepted accounting principles for municipal governments, which are the standards approved by the Public Sector Accounting Handbook published by the Chartered Professional Accountants of Canada, subject to any modification made by the Minister of Municipal Affairs by regulation.

Administration must make these statements and the auditor's report of the statements available to the public by May 1, 2025. Administration must also prepare a financial information return for 2024. The City must submit the City's financial

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information return, the auditor's report of the return, and our financial statements with the auditor's report of the statements, to the Minister of Municipal Affairs by May 1, 2025.

These statements conclude the 2024 year end.

IMPLEMENTATION / COMMUNICATIONS:

The City's audited Financial Statements and the 2024 Councillor Reports will be posted on the City's website.

ALTERNATIVES:

That Council require a further examination and report from the Auditor (in accordance with s. 281(4) of the MGA).

That Council does not approve the recommendation that the 2025 operating budget include the 2024 operating carry forward of \$25,000.

That Council does not approve the capital budget adjustment request of \$90K.

ATTACHMENTS

- Draft City of Leduc December 31, 2024 Financial Statements
- 2024 Operating Summary
- 2024 Capital Program
- 2024 Councillor Reports