



## **2022 Annual Financial Report**

The Corporation of the City of Red Deer  
Red Deer, Alberta  
For the Year Ended December 31, 2022  
May 1, 2023

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## **INTRODUCTORY INFORMATION**

## MAYOR AND CITY COUNCIL

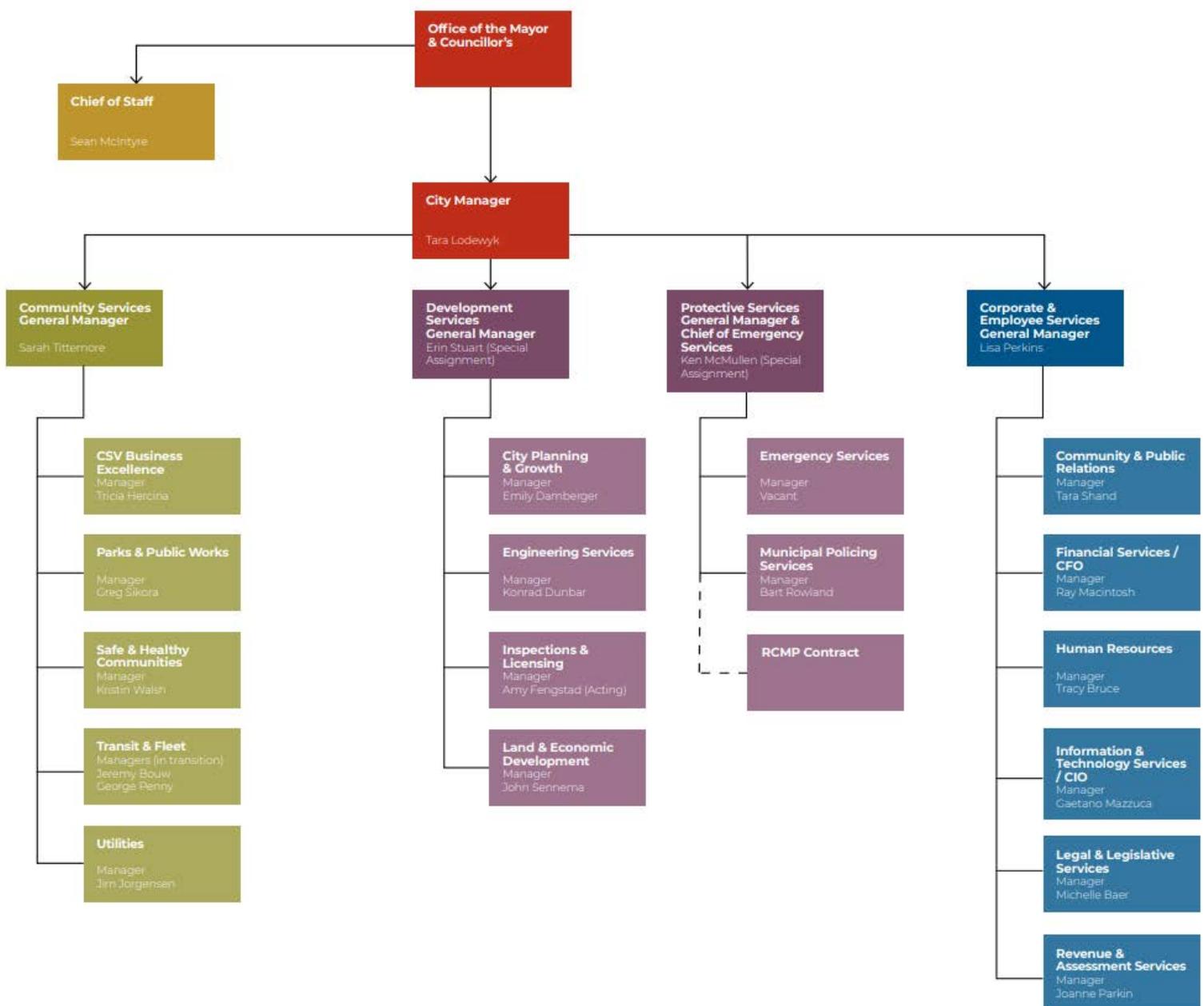


Left to Right: Councillor D. Wyntjes, Councillor C. Jefferies, Councillor M. Dawe, Councillor L. Lee, Mayor K. Johnston, Councillor K. Barnstable, Councillor V. Higham, Councillor B. Buruma, Councillor V. Doerksen.

The City of Red Deer is governed by an elected City Council comprised of a Mayor and eight Councillors. Through the City Manager, this group provides governance and leadership to City Administration. The Mayor and all Councillors are members in a number of Committees and Boards that address specific topics.

Each Councillor is elected on an 'at large' basis, meaning that Councillors are not elected on a geographic basis or in a ward. Each Councillor is available to any citizen who wishes to discuss an issue. City Council meetings are held in Council Chambers every second Monday. The meetings are open to the public.

# ORGANIZATIONAL CHART



## REPORT FROM THE CHIEF FINANCIAL OFFICER

### The City of Red Deer

#### Introduction

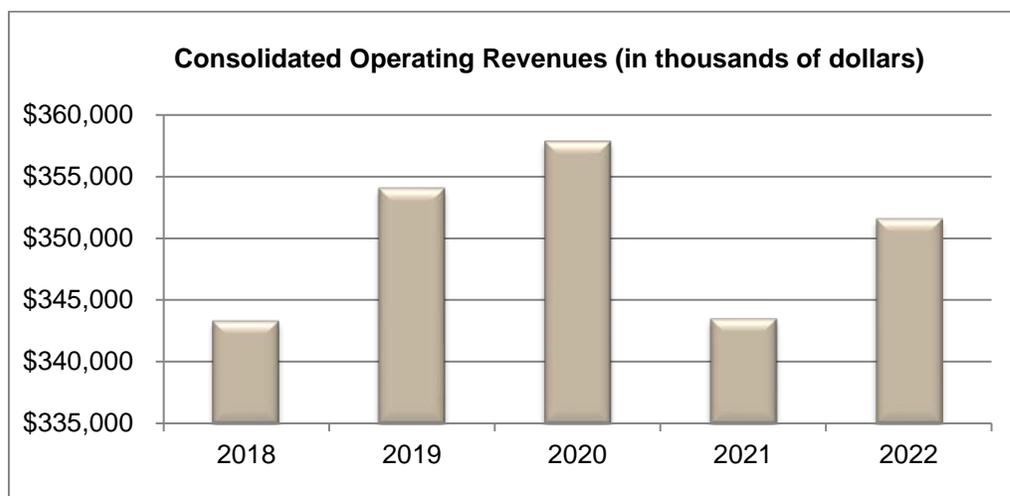
Mayor Ken Johnston, Members of Council of The City of Red Deer, I am pleased to present the 2022 Annual Financial Report of The City of Red Deer. The attached report provides information to taxpayers and other members of the public about The City's 2022 financial performance. In addition, this report describes some of The City's major financial challenges and provides an assessment of The City's general economic condition.

#### Financial Statement Highlights & Analysis

##### *Operating Results*

2022 has been an unprecedented year for The City with the economy recovering from the COVID-19 pandemic and the Bank of Canada hiking interest rates to help mitigate rising inflation. These issues, not unique to Red Deer, are posing challenges to The City's current financial strategy.

Total operating revenue has increased by \$8.1 million (3%) over last year but fell short of budget by \$14.7 million (4%).

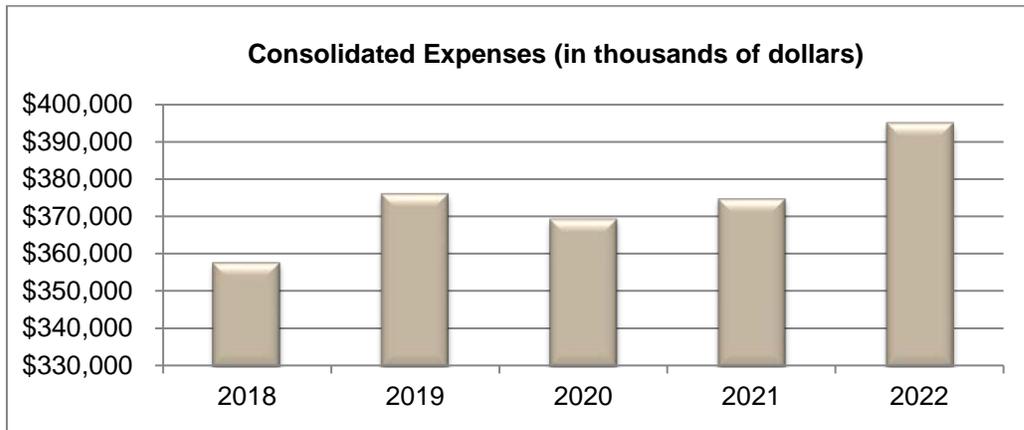


User fees and sale of goods went up by \$11.9 million due to an increase in service levels after the pandemic in recreation facilities, transit, and utilities. Most of the increase is in land sales.

Unfortunately, the recovery did not return The City’s operations to pre-pandemic levels. The expectation of revenue increases in those areas exceeded actual results.

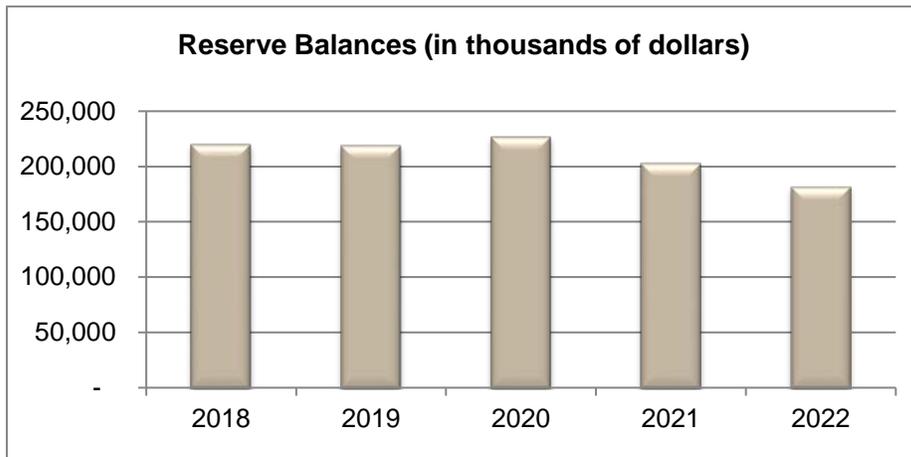
Operating expenses were also heavily impacted. Pandemic recovery as well as higher inflation have contributed to the general increase in expenses over last year in the amount of \$20.2 million (5%). These increases come in the form of higher fuel costs in transportation and fleet, higher transmission costs and tariffs for electric light and power, and increased salaries at recreation facilities, transit, as well as ongoing overtime for police and emergency services.

On an object basis, these increases are primarily impacting salaries, contracted services, and materials and supplies expense, offset by the decrease in grants to organizations. The City planned on these costs rising, however, and came within \$3.5 million (1%) of budgeted expenses.



Due to lower-than-expected revenue and increasing expenses, The City reported an operating deficit of \$43.5 million for the year ended December 31, 2022. This is \$11.2 million (35%) over budget of \$32.4 million.

Operating deficits can affect The City’s ability to fund operations in the future, as it has a direct impact on tax supported reserves. Reserves overall have declined by \$21.3 million (11%); \$18.7 million of that decrease is the Operating Reserve-Tax Supported (ORTS). The City budgeted a decline (use) of ORTS during 2022 and expected a year-end balance of \$17.5 million, however due to the operating deficit, the actual year-end balance is now \$8.9 million.



Taken together, tax-supported activities (general government services, protective services, transportation, community services, and recreation, parks, and culture) reported a deficit before capital related revenues of \$71.5 million. This is mostly related to depreciation on tangible capital assets which The City does not fund through taxes, but through equity in tangible capital assets. The remaining 25% of the shortfall must be funded through ORTS.

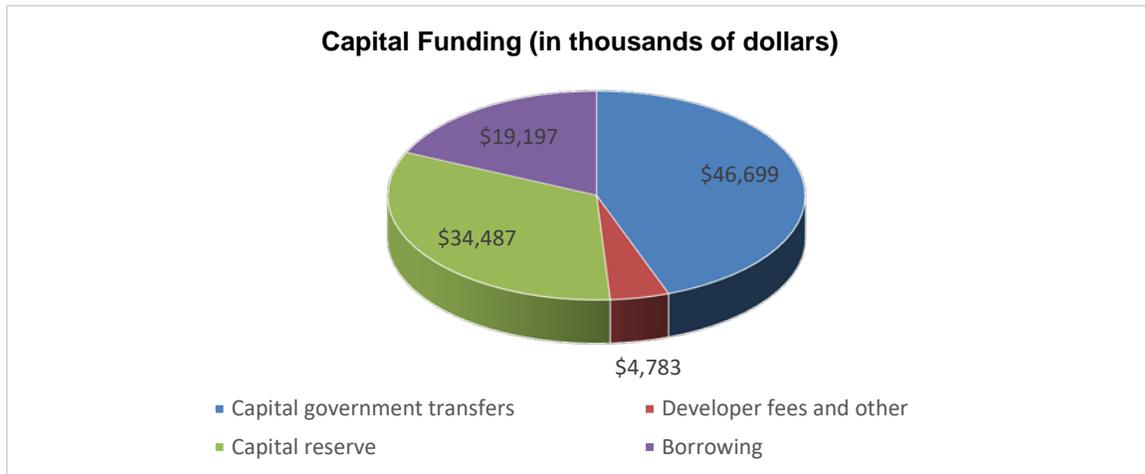
The main areas attributing to the unexpected shortfall in tax supported operations is the RCMP contract and the Kinsmen arena contaminated site accrual as well as lower-than-expected tax-supported revenues, namely investment income, transit, recreation, and fines. These shortfalls are somewhat offset by higher staff vacancies and lower finance charges in transportation and higher community services grants.

Despite this concerning decline in ORTS, self-supported operations are holding steady with no significant change from prior year when taken as a whole. The City expected the use of reserves during the past three years: future budgets will need to improve these key reserves. A revised reserve policy will be forthcoming to Council with a recommended minimum balance for ORTS.

### ***Capital Results***

The City's capital expenditures revealed a little less activity compared to last year. This is due to one of the COVID-19 grant programs ending in 2022, leaving the COVID-19 Resilience grant until December 31, 2023. Total capital grant revenue recognized in the year is \$46.7 million, which is \$8.6 million (23%) more than projected and \$1.9 million (5%) more than last year. The City put more emphasis on utilizing grants while they are still available and less on borrowing and capital reserve.

In 2022, total capital expenditures of \$105.2 million were financed with 44% capital grants, 33% reserve, 18% debenture borrowing, and 5% developer fees and other external sources.



The capital activities for The City have resulted in an overall annual surplus of \$9.7 million, which is much lower than prior year and lower than budgeted. This shows that The City has become increasingly dependent on capital grants to grow its accumulated surplus. However, it is important to note that all of this surplus is used to purchase tangible capital assets and is not available for operations.

### ***Financial Position***

The statement of financial position tells its own story. Both financial assets and liabilities declined over last year. Municipal Sustainability Initiative (MSI) and Canada Community Building Fund (CCBF) advances for 2022 have fallen by roughly half. Although, this did not change the amount of grant revenue reported in 2022, it did reduce both government transfers receivable and deferred government transfers. This indicates potential declines in capital grant revenue reported in the future, especially as the COVID-19 Resilience grant comes to an end.

Because the decrease in financial assets exceeded the decrease in liabilities, the net debt has increased by \$21.2 million (20%) from prior year.

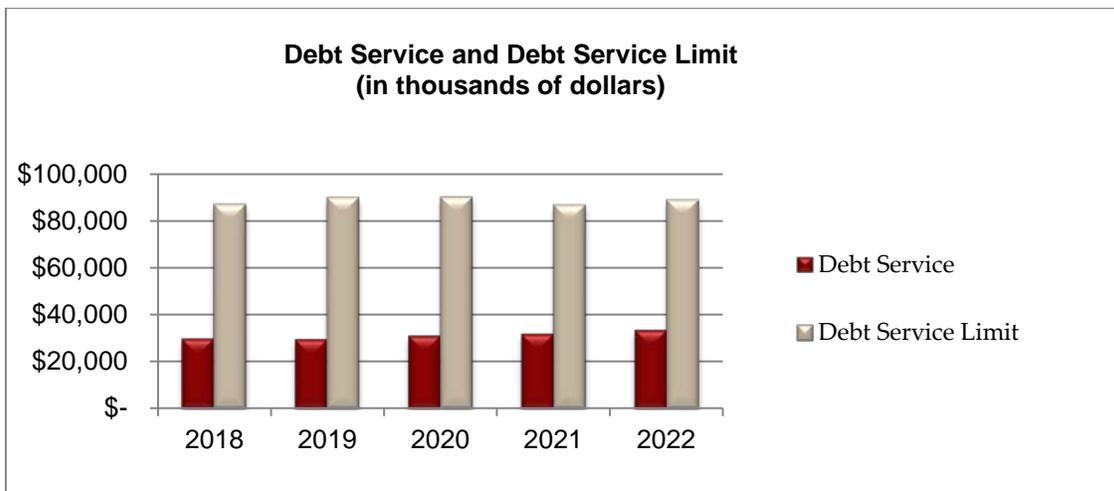
Impacts from COVID-19 recovery and rising costs are reflected in The City's financial position as well. Lower capital expenditures in 2022 have freed up more cash flows to invest in short term deposits to take advantage of the higher interest rates. Losses on sale of long-term investment has also occurred,

resulting in lower investment earnings recognized as short term interest is allocated to The City’s various deferred revenue balances.

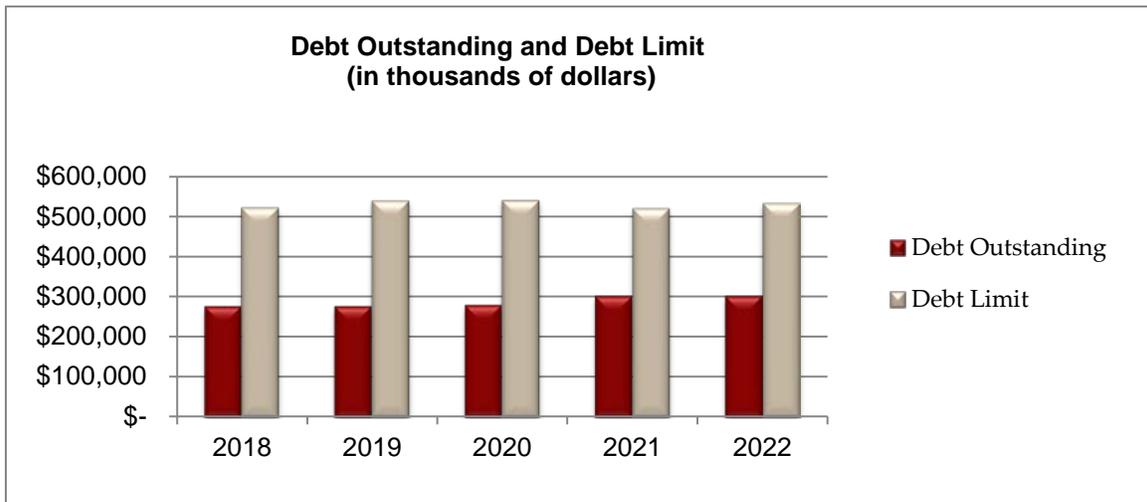
The market value of The City’s investments fell over 6% to the investment cost, the largest decline in recent memory. Actual investment losses are not realized unless the investments are sold. Management believes that these declines are temporary as interest rates stabilize and the bond market adjusts to a higher interest rate environment.

**Debt Limit**

The City’s investment portfolio is not the only area affected by a higher interest rate environment. The cost of new borrowing will increase into the foreseeable future. Though, The City has reported no substantial increase in finance charges for 2022, the debt servicing limit is more forward looking. Despite higher revenues resulting in higher debt service limit of \$89 million, total debt servicing costs have risen at a higher rate, resulting in an increase in debt service limit to 37%, up from 36%. This is largely due to full years’ worth of payments on the \$19 million debenture issued September 2021 for The Westerner Exposition Association. Although a 1% increase is not a cause for concern on its own, it is important to note that, going forward, the more expensive new debt becomes, the higher the debt servicing limit will grow relative to the debt limit.



This is illustrated by The City’s debit limit decreasing even though debt servicing increased. The debt limit percentage is now at 56%, down from 58% due to higher revenues and long-term debt remaining relatively unchanged.



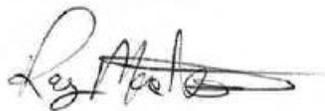
### In Summary

With no changes to service levels, no increases to property taxes combined with increased costs during the past three years has culminated in The City relying heavily on operating reserves, specifically the ORTS. This is a trend The City must improve upon in the upcoming years.

While The ORTS is an area of concern, other indicators do provide a positive picture. Utility operations remain stable and well managed, the use of debt has leveled off, and the investments made to our assets are strong. Administration has more control over costs, which are managed well, and less control over revenues, which have not achieved our planned levels.

The task before us is to maintain what we are doing right and to improve upon our key reserve balances. The City’s future budgets are moving away from a reliance on reserves as a funding source and plan to update the reserve policy to prop up reserve balances. Our next two years will also see the City develop a Long Term Financial Plan and an overall values based service level review.

Respectfully submitted,



Ray MacIntosh, MBA, CPA, CGA  
 Chief Financial Officer  
 May 1, 2023

## **FINANCIAL INFORMATION**

# MANAGEMENT REPORT

Management of The City of Red Deer is responsible for the preparation, accuracy, objectivity, and integrity of the accompanying consolidated financial statements and all other information within this financial report. Management believes that the consolidated financial statements present fairly The City's financial position as at December 31, 2022 and the results of its operations for the year then ended.

The consolidated financial statements have been prepared in compliance with legislation and in accordance with Canadian public sector accounting standards. They include certain amounts based on estimates and judgments. Management determines such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects.

Management is responsible for maintaining an adequate system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are authorized and assets are properly accounted for and safeguarded. The system is monitored and evaluated by management and reliable financial information is available for preparation of the consolidated financial statements.

The City Council reviews the consolidated financial statements principally through its Audit Committee. The external auditors have full access to the Audit Committee with and without the presence of management. The City Council has approved the consolidated financial statements.

KPMG LLP, an independent firm of chartered professional accountants, have been appointed by The City to audit the consolidated financial statements. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their engagement, and their opinion on The City's consolidated financial statements in accordance with Canadian generally accepted auditing standards.



Tara Lodewyk  
City Manager



Ray MacIntosh  
Chief Financial Officer



KPMG LLP  
2200, 10175 – 101 Street  
Edmonton, AB T5J 0H3  
Telephone (780) 429-7300  
Fax (780) 429-7379  
www.kpmg.ca

## INDEPENDENT AUDITOR'S REPORT

To His Worship the Mayor and Members of the Council of the City of Red Deer

### ***Opinion***

We have audited the consolidated financial statements of the City of Red Deer (the "Entity"), which comprise:

- the consolidated statement of financial position as at December 31, 2022
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2022, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our **auditor's** report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## ***Other Information***

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditor’s report thereon, included in a document likely to be entitled the “2022 Annual Report”.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor’s report thereon, included in a document likely to be entitled the “2022 Annual Report” as at the date of this auditor’s report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor’s report.

We have nothing to report in this regard.

## ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity’s ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity’s financial reporting process.

## ***Auditor’s Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion.



Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

*KPMG LLP*

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Chartered Professional Accountants

Edmonton, Canada

May 1, 2023

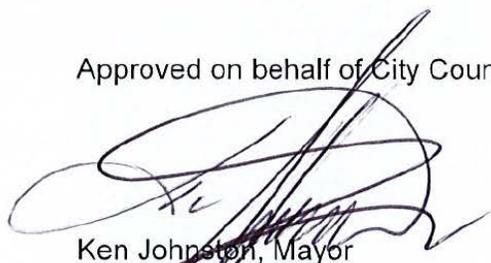
# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2022 (in thousands of dollars)

	2022	2021
<b>Financial Assets</b>		
Cash and cash equivalents (Note 2)	\$ 23,058	\$ 39,867
Accounts receivable (Note 3)	63,526	93,324
Land held for sale (Note 4)	48,242	47,814
Investments (Note 5)	212,281	199,583
Loans receivable (Note 6)	17,045	17,300
	<b>364,152</b>	<b>397,888</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 7)	51,280	60,380
Deposits	3,789	3,576
Deferred revenue (Note 8)	112,022	119,506
Employee benefit obligations (Note 9)	16,353	14,873
Landfill closure and post-closure liability (Note 10)	8,432	6,537
Long-term debt (Note 11)	300,584	300,131
	<b>492,460</b>	<b>505,003</b>
	<b>(128,308)</b>	<b>(107,115)</b>
<b>Net Debt</b>		
<b>Non-financial Assets</b>		
Tangible capital assets (Schedule 1, Note 13)	2,169,964	2,143,123
Inventory held for consumption	13,200	10,566
Prepaid expenses	3,919	2,543
	<b>2,187,083</b>	<b>2,156,232</b>
	<b>\$ 2,058,775</b>	<b>\$ 2,049,117</b>
<b>Accumulated Surplus</b> (Schedule 2, Note 15)		

Contractual rights and obligations (Note 25)  
 Contingencies (Note 26)  
 Guarantees (Note 27)  
 Segmented disclosure (Schedule 3, Note 28)  
 Related party disclosure (Note 29)

Approved on behalf of City Council:



Ken Johnston, Mayor



Kraymer Barnstable, Councillor

See accompanying Notes to the Consolidated Financial Statements

## CONSOLIDATED STATEMENT OF OPERATIONS

For the Year Ended December 31, 2022 (in thousands of dollars)

	Budget (Note 30)	2022	2021
<b>Revenues (Schedule 3)</b>			
Net municipal taxes (Note 16)	\$ 136,506	\$ 136,591	\$ 135,531
User fees and sale of goods (Note 17)	192,050	175,742	163,860
Operating government transfers (Note 18)	13,245	17,614	21,471
Investment earnings	2,883	1,285	4,213
Fines and penalties	5,597	3,963	4,017
Natural gas distribution franchise	9,667	10,515	8,769
Licenses and permits	3,322	3,472	3,259
Other operating revenue	3,008	2,401	2,390
	366,278	351,583	343,510
<b>Expenses (Schedule 3, Note 19)</b>			
General government services	47,877	47,969	52,118
Protective services and parking	85,953	88,529	85,611
Transportation and fleet	85,197	80,760	75,197
Community services	16,460	16,510	17,217
Recreation, parks, and culture	54,072	55,503	49,704
Water and wastewater	44,358	41,327	38,291
Waste management	13,478	14,120	13,162
Subdivisions, land, and development	2,860	2,224	1,427
Electric light and power	48,410	48,183	42,197
	398,665	395,125	374,924
<b>Annual Deficit before Other</b>	(32,387)	(43,542)	(31,414)
<b>Other (Schedule 3)</b>			
Capital government transfers (Note 18)	38,054	46,699	44,837
Contributed tangible capital assets (Note 13)	6,629	1,718	2,176
Developer and customer contributions	2,470	4,777	4,233
Other capital revenue	543	6	19
<b>Annual Surplus</b>	15,309	9,658	19,851
<b>Accumulated Surplus, beginning of year</b>	2,049,117	2,049,117	2,029,266
<b>Accumulated Surplus, end of year</b>	\$ 2,064,426	\$ 2,058,775	\$ 2,049,117

See accompanying Notes to the Consolidated Financial Statements

## CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended December 31, 2022 (in thousands of dollars)

	Budget (Note 30)	2022	2021
<b>Annual Surplus</b>	\$ 15,309	\$ 9,658	\$ 19,851
Acquisition of tangible capital assets	(105,575)	(105,166)	(116,515)
Contributed tangible capital assets	(6,629)	(1,718)	(2,176)
Proceeds on disposal of tangible capital assets	-	64	1,192
Amortization of tangible capital assets	80,001	79,834	76,322
Loss on disposal of tangible capital assets	-	145	2
	(32,203)	(26,841)	(41,175)
Net purchase of inventory held for consumption	-	(2,634)	(659)
Net use (acquisition) of prepaid expenses	-	(1,376)	683
	-	(4,010)	24
<b>Increase in Net Debt</b>	(16,894)	(21,193)	(21,300)
<b>Net Debt, beginning of year</b>	(107,115)	(107,115)	(85,815)
<b>Net Debt, end of year</b>	\$ (124,009)	\$ (128,308)	\$ (107,115)

See accompanying Notes to the Consolidated Financial Statements

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2022 (in thousands of dollars)

	2022	2021
<b>Net inflow (outflow) of cash related to the following:</b>		
<b>Operating Activities</b>		
Annual surplus	\$ 9,658	\$ 19,851
Non-cash items included in annual surplus:		
Amortization of tangible capital assets	79,834	76,322
Loss on disposal of tangible capital assets	145	2
Contributed tangible capital assets	(1,718)	(2,176)
Non-cash charges to operations:		
Accounts receivable	29,798	(30,716)
Land held for sale	(428)	6
Loans receivable	255	(16,672)
Accounts payable and accrued liabilities	(9,100)	8,072
Deposits	213	660
Deferred revenue	(7,484)	26,335
Employee benefit obligations	1,480	824
Landfill closure and post-closure liability	1,895	900
Inventory held for consumption	(2,634)	(659)
Prepaid expenses	(1,376)	683
	<b>100,538</b>	<b>83,432</b>
<b>Capital Activities</b>		
Acquisition of tangible capital assets	(105,166)	(116,515)
Proceeds on disposal of tangible capital assets	64	1,192
	<b>(105,102)</b>	<b>(115,323)</b>
<b>Investing Activities</b>		
Investments purchased	(88,386)	(114,308)
Investments redeemed	75,688	150,691
	<b>(12,698)</b>	<b>36,383</b>
<b>Financing Activities</b>		
Long-term debt issued	22,276	43,513
Long-term debt repaid	(21,823)	(21,531)
	<b>453</b>	<b>21,982</b>
<b>Change in cash and cash equivalents during the year</b>	<b>(16,809)</b>	<b>26,474</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>39,867</b>	<b>13,393</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 23,058</b>	<b>\$ 39,867</b>

See accompanying Notes to the Consolidated Financial Statements

## SCHEDULE 1 - CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2022 (in thousands of dollars)

	Land	Land Improvements	Buildings	Machinery, Equipment, and Furnishings	Vehicles	Engineered Structures	Assets Under Construction		
								2022	2021
<b>Cost:</b>									
Balance, beginning of year	\$ 371,924	\$ 150,657	\$ 417,220	\$ 128,537	\$ 68,267	\$ 2,126,626	\$ 112,472	\$ 3,375,703	\$ 3,263,549
Acquisition and contributions of tangible capital assets	140	4,151	15,582	5,335	4,131	88,989	(11,444)	106,884	118,691
Disposal of tangible capital assets	-	-	(280)	(963)	(120)	(90)	-	(1,453)	(6,537)
Balance, end of year	372,064	154,808	432,522	132,909	72,278	2,215,525	101,028	3,481,134	3,375,703
<b>Accumulated Amortization:</b>									
Balance, beginning of year	-	(67,233)	(154,870)	(75,121)	(33,079)	(902,277)	-	(1,232,580)	(1,161,601)
Amortization of tangible capital assets	-	(5,539)	(11,843)	(8,247)	(4,599)	(49,606)	-	(79,834)	(76,322)
Accumulated amortization on disposals	-	-	207	840	115	82	-	1,244	5,343
Balance, end of year	-	(72,772)	(166,506)	(82,528)	(37,563)	(951,801)	-	(1,311,170)	(1,232,580)
<b>Net book value of tangible capital assets</b>	<b>\$ 372,064</b>	<b>\$ 82,036</b>	<b>\$ 266,016</b>	<b>\$ 50,381</b>	<b>\$ 34,715</b>	<b>\$ 1,263,724</b>	<b>\$ 101,028</b>	<b>\$ 2,169,964</b>	<b>\$ 2,143,123</b>
2021 Net Book Value of Tangible Capital Assets	\$ 371,924	\$ 83,424	\$ 262,350	\$ 53,416	\$ 35,188	\$ 1,224,349	\$ 112,472	\$ 2,143,123	

See accompanying Notes to the Consolidated Financial Statements (Note 13)

## SCHEDULE 2 - CONSOLIDATED SCHEDULE OF CHANGE IN ACCUMULATED SURPLUS

For the Year Ended December 31, 2022 (in thousands of dollars)

	Unrestricted surplus and capital to be financed	Reserves	Equity in Tangible Capital Assets	2022	2021
<b>Balance, beginning of year</b>	<b>\$ (34,344)</b>	<b>\$ 203,107</b>	<b>\$ 1,880,354</b>	<b>\$ 2,049,117</b>	<b>\$ 2,029,266</b>
Annual Surplus	9,658	-	-	<b>9,658</b>	19,851
Unrestricted funds designated for future use	(65,358)	65,358	-	-	-
Restricted funds used for operations	52,144	(52,144)	-	-	-
Restricted funds used for tangible capital assets	-	(34,487)	34,487	-	-
Current year funds used for tangible capital assets	(70,679)	-	70,679	-	-
Contributed tangible capital assets	(1,718)	-	1,718	-	-
Disposal of tangible capital assets	209	-	(209)	-	-
Amortization of tangible capital assets	79,834	-	(79,834)	-	-
Long term debt related to tangible capital assets issued	22,276	-	(22,276)	-	-
Long term debt related to tangible capital assets repaid	(18,969)	-	18,969	-	-
Change in accumulated surplus	7,397	(21,273)	23,534	<b>9,658</b>	19,851
<b>Balance, end of year</b>	<b>\$ (26,947)</b>	<b>\$ 181,834</b>	<b>\$ 1,903,888</b>	<b>\$ 2,058,775</b>	<b>\$ 2,049,117</b>

See accompanying Notes to the Consolidated Financial Statements (Note 15)

## SCHEDULE 3 - CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE

For the Year Ended December 31, 2022 (in thousands of dollars)

	General government services	Protective services and parking	Transportation and fleet	Community services	Recreation, parks, and culture	Water and wastewater	Waste management	Subdivisions, land, and development	Electric light and power	<b>Total</b>
<b>Revenues</b>										
Net municipal taxes	\$ 391	\$ 61,173	\$ 32,990	\$ 7,517	\$ 34,520	\$ -	\$ -	\$ -	\$ -	\$ 136,591
User fees and sale of goods	314	12,661	4,755	647	9,943	64,079	17,525	5,297	60,521	175,742
Operating government transfers	696	4,719	1,078	10,132	989	-	-	-	-	17,614
Investment earnings	(284)	-	541	33	184	272	201	26	312	1,285
Fines and penalties	742	2,723	-	-	72	268	56	-	102	3,963
Natural gas distribution franchise	10,515	-	-	-	-	-	-	-	-	10,515
Licenses and permits	91	3,314	38	29	-	-	-	-	-	3,472
Other operating revenue	424	424	391	72	611	110	352	17	-	2,401
	<b>12,889</b>	<b>85,014</b>	<b>39,793</b>	<b>18,430</b>	<b>46,319</b>	<b>64,729</b>	<b>18,134</b>	<b>5,340</b>	<b>60,935</b>	<b>351,583</b>
<b>Expenses</b>										
Salaries, wages, and benefits	27,018	46,271	25,429	4,495	27,902	10,696	1,178	542	5,911	149,442
Contracted services	6,890	4,046	6,488	820	8,042	4,078	10,919	80	4,152	45,515
Materials and supplies	1,232	1,613	8,718	327	5,472	6,004	85	1,397	33,086	57,934
Purchases from other governments	-	32,903	-	-	-	-	-	-	-	32,903
Grants to organizations	2,488	-	1,268	10,732	2,829	-	-	-	-	17,317
Financial charges	6,951	102	536	-	155	1,925	12	205	478	10,364
Amortization of tangible capital assets	3,304	3,342	38,219	121	11,064	18,620	625	-	4,539	79,834
Other expenses	86	252	102	15	39	4	1,301	-	17	1,816
	<b>47,969</b>	<b>88,529</b>	<b>80,760</b>	<b>16,510</b>	<b>55,503</b>	<b>41,327</b>	<b>14,120</b>	<b>2,224</b>	<b>48,183</b>	<b>395,125</b>
<b>Annual surplus (deficit) before other</b>	<b>(35,080)</b>	<b>(3,515)</b>	<b>(40,967)</b>	<b>1,920</b>	<b>(9,184)</b>	<b>23,402</b>	<b>4,014</b>	<b>3,116</b>	<b>12,752</b>	<b>(43,542)</b>
<b>Other</b>										
Capital government transfers	1,456	1,744	24,525	-	17,554	1,420	-	-	-	46,699
Contributed tangible capital assets	-	-	914	-	139	665	-	-	-	1,718
Developer and customer contributions	-	-	3,822	-	87	240	-	-	628	4,777
Other capital revenue	-	-	-	-	-	-	-	6	-	6
<b>Annual surplus (deficit)</b>	<b>\$ (33,624)</b>	<b>\$ (1,771)</b>	<b>\$ (11,706)</b>	<b>\$ 1,920</b>	<b>\$ 8,596</b>	<b>\$ 25,727</b>	<b>\$ 4,014</b>	<b>\$ 3,122</b>	<b>\$ 13,380</b>	<b>\$ 9,658</b>

See accompanying Notes to the Consolidated Financial Statements (Note 28)

## SCHEDULE 3 - CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE

For the Year Ended December 30, 2021 (in thousands of dollars)

	General government services	Protective services and parking	Transportation and fleet	Community services	Recreation, parks, and culture	Water and wastewater	Waste management	Subdivisions, land, and development	Electric light and power	<b>Total</b>
<b>Revenues</b>										
Net municipal taxes	\$ 19	\$ 57,132	\$ 33,988	\$ 6,430	\$ 37,962	\$ -	\$ -	\$ -	\$ -	\$ 135,531
User fees and sale of goods	317	12,617	3,616	581	6,545	62,463	17,715	228	59,778	163,860
Operating government transfers	4,693	3,907	273	11,378	1,220	-	-	-	-	21,471
Investment earnings	1,316	-	877	47	200	784	319	112	558	4,213
Fines and penalties	740	2,779	-	-	33	256	53	-	156	4,017
Natural gas distribution franchise	8,769	-	-	-	-	-	-	-	-	8,769
Licenses and permits	42	3,164	29	24	-	-	-	-	-	3,259
Other operating revenue	436	436	423	94	421	137	432	11	-	2,390
	<b>16,332</b>	<b>80,035</b>	<b>39,206</b>	<b>18,554</b>	<b>46,381</b>	<b>63,640</b>	<b>18,519</b>	<b>351</b>	<b>60,492</b>	<b>343,510</b>
<b>Expenses</b>										
Salaries, wages, and benefits	25,791	45,693	24,074	4,132	24,888	10,929	1,049	525	5,374	142,455
Contracted services	6,769	3,990	4,322	2,071	5,139	4,281	10,670	24	4,248	41,514
Materials and supplies	1,102	1,346	6,533	280	5,721	4,826	62	631	27,691	48,192
Purchases from other governments	-	31,320	-	-	-	-	-	-	-	31,320
Grants to organizations	8,541	-	2,484	10,639	2,655	-	-	-	-	24,319
Financial charges	6,341	93	614	-	111	1,878	12	246	551	9,846
Amortization of tangible capital assets	3,586	3,037	37,432	83	10,949	16,342	569	-	4,324	76,322
Other expenses	(12)	132	(262)	12	241	35	800	1	9	956
	<b>52,118</b>	<b>85,611</b>	<b>75,197</b>	<b>17,217</b>	<b>49,704</b>	<b>38,291</b>	<b>13,162</b>	<b>1,427</b>	<b>42,197</b>	<b>374,924</b>
<b>Annual surplus (deficit) before other</b>	<b>(35,786)</b>	<b>(5,576)</b>	<b>(35,991)</b>	<b>1,337</b>	<b>(3,323)</b>	<b>25,349</b>	<b>5,357</b>	<b>(1,076)</b>	<b>18,295</b>	<b>(31,414)</b>
<b>Other</b>										
Capital government transfers	1,119	5,859	28,731	-	8,695	451	-	-	(18)	44,837
Contributed tangible capital assets	-	-	1,893	-	74	209	-	-	-	2,176
Developer and customer contributions	9	-	2,747	-	124	624	-	-	729	4,233
Other capital revenue	-	-	19	-	-	-	-	-	-	19
<b>Annual surplus (deficit)</b>	<b>\$ (34,658)</b>	<b>\$ 283</b>	<b>\$ (2,601)</b>	<b>\$ 1,337</b>	<b>\$ 5,570</b>	<b>\$ 26,633</b>	<b>\$ 5,357</b>	<b>\$ (1,076)</b>	<b>\$ 19,006</b>	<b>\$ 19,851</b>

See accompanying Notes to the Consolidated Financial Statements (Note 28)

# **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

## **For the Year Ended December 31, 2022 (in thousands of dollars)**

### **1 SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements (the "financial statements") of The City of Red Deer ("The City") are prepared by management in accordance with Canadian public sector accounting standards ("PSAS"). Significant aspects of the accounting policies adopted by The City are as follows:

#### **(a) Reporting Entity**

The financial statements reflect the assets, liabilities, revenues and expenses, changes in reserve balances, and change in financial position of the reporting entity. This entity is comprised of the municipal operations as well as all the organizations and committees that are controlled and therefore, accountable to City Council for the administration of their financial affairs and resources. They include the following:

#### **City Municipal and Utility Operations**

- ◆ General government services;
- ◆ Protective services and parking;
- ◆ Transportation and fleet;
- ◆ Community services;
- ◆ Recreation, parks, and culture;
- ◆ Water and wastewater;
- ◆ Waste management;
- ◆ Subdivisions, land, and development; and
- ◆ Electric light and power.

#### **Societies and Boards**

- ◆ Red Deer Public Library;
- ◆ Red Deer Downtown Business Association; and
- ◆ Red Deer River Bend Golf & Recreation Society ("River Bend Golf Course").

Interdepartmental and inter-entity transactions and balances are eliminated on consolidation.

The schedule of taxes levied includes requisitions for education and other external organizations that are not part of the municipal reporting entity.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## For the Year Ended December 31, 2022 (in thousands of dollars)

### (b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Revenues are accounted for in the period in which they are earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

#### *i. Net Municipal Taxes*

Property tax revenue is based on market value assessments determined in accordance with the Municipal Government Act ("MGA") and tax rates established annually by City Council. Taxation revenues are recorded at the time the tax billings are issued, except for local improvement taxes which are recognized as revenue in the year the capital project is completed and the Local Improvement Bylaw is approved. Assessments may change due to appeal or as a result of adjustments made by assessors to correct errors or omissions. Gains or losses on assessment changes or appeals are recorded as adjustments to tax revenue and tax receivables when a written decision is received from the authorized board or a change is generated by authorized assessment staff.

#### *ii. Government Transfers*

Government transfers and the associated externally restricted investment income are recorded as deferred revenue if the terms for use of the transfer, or the terms along with The City's actions and communications as to the use of the transfer, have not been met. These transfers are recognized as revenue as the terms are met and, when applicable, The City complies with its communicated use of the transfer. Government transfers without terms for the use of the transfer are recorded as revenue when The City is eligible to receive the funds.

#### *iii. External Contributions*

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Developer contributions received from third parties are recognized as revenue when the related expenditures have been incurred. Offsite levy revenue from external developers is deferred in the appropriate offsite deferred revenue account and recognized as revenue as The City constructs the related offsite basins.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **For the Year Ended December 31, 2022 (in thousands of dollars)**

#### **(c) Use of Estimates**

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates and assumptions.

Financial statement areas requiring the use of management estimates include:

- ◆ landfill closure and post-closure liability;
- ◆ valuation of inventory;
- ◆ employee benefit obligations;
- ◆ useful lives of carrying value of tangible capital assets;
- ◆ accrued liabilities;
- ◆ accrued receivables;
- ◆ liabilities for contaminated sites;
- ◆ allowance for doubtful accounts receivable;
- ◆ fair value of contributed tangible capital assets;
- ◆ provisions for impairment of investments; and
- ◆ present value of loans receivable.

#### **(d) Financial Instruments**

Financial assets are measured at amortized cost and consist of cash and cash equivalents, accounts receivable, investments, and loans receivable. Financial assets are tested annually for impairment. Impairment losses are recorded in the Consolidated Statement of Operations. Any write-downs resulting from impairment are not reversed for subsequent increases in value.

Financial liabilities are measured at amortized cost and include accounts payable and accrued liabilities, deposits, and long-term debt.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **For the Year Ended December 31, 2022 (in thousands of dollars)**

#### *i. Cash and cash equivalents*

Cash and cash equivalents are comprised of cash on deposits with financial institutions including bank indebtedness and highly liquid investments with original term to maturity of three months or less.

#### *ii. Investments*

Investment income is recognized as revenue in the period earned. When required by an external funder, investment income earned on deferred revenue is allocated to the deferred revenue balance. Investment premiums and discounts are amortized over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

#### *iii. Loans Receivable*

Loans receivable are initially recorded at the lower of the face value of the loan and its present value, with any difference being recorded as a grant to organization expense. Interest revenue is accrued on loans receivable as earned.

A valuation allowance is recognized when The City no longer has a reasonable expectation of collection. Loan write-offs must be approved by City Council.

#### **(e) Land Held for Sale**

Land held for sale is recorded at the lower of cost or net realizable value. Cost includes the acquisition costs of the land and the improvements required to prepare the land for servicing such as clearing, stripping, and leveling.

#### **(f) Requisition Over-levy and Under-levy**

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. If the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

#### **(g) Employee Benefit Obligations**

The cost of employment benefits, pension benefits, compensated absences, and termination benefits are recorded as an expense at the time the event giving rise to the obligation occurs.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **For the Year Ended December 31, 2022 (in thousands of dollars)**

#### **(h) Local Improvement Charges**

Construction costs associated with local improvement projects are recovered through annual tax levies collectible from property owners for work performed by The City. Taxpayers may elect to pay over a number of years or immediately prepay the outstanding local improvement charges.

#### **(i) Liability for Contaminated Sites**

Contaminated sites are a result of contamination being introduced into air, soil, water, sediment, a chemical, organic or radioactive material, or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance, and monitoring.

#### **(j) Landfill Closure and Post-Closure Liability**

Pursuant to the Alberta Environmental Protection and Enhancement Act, The City is required to fund the closure of its landfill sites and provide for post-closure care of the facility. Closure and post-closure activities include final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and site inspection and maintenance. This requirement is being provided for over the estimated remaining life of the landfill site based on usage.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### For the Year Ended December 31, 2022 (in thousands of dollars)

#### (k) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the annual surplus, provides the Consolidated Change in Net Debt for the year.

##### *i. Tangible Capital Assets*

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development, or betterment of the asset. Government contributions for the acquisition of tangible capital assets are reported as revenue and do not reduce the related tangible capital asset costs.

The cost, less residual value of the tangible capital assets, excluding land and landfill cells, are amortized on a straight-line basis over the estimated useful life as follows:

<b>ASSET TYPE</b>	<b>Years</b>
Land improvements	7-50
Buildings	10-50
Machinery, equipment, and furnishings	4-40
Vehicles	8-18
Engineered structures	
Roadway system	7-90
Water system	7-75
Wastewater system	7-75
Storm system	45-75
Electrical system	20-40
Fibre optics system	30

Amortization begins in the month the tangible capital asset is placed in service and ends in the month the tangible capital asset is disposed. Tangible capital assets under construction or development are reported as assets under construction with no amortization recorded until the asset is available for productive use. Tangible capital assets are written down when conditions indicate that they no longer contribute to The City's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. Net write-downs are accounted for as expenses in the Consolidated Statement of Operations.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **For the Year Ended December 31, 2022 (in thousands of dollars)**

#### *ii. Contributed Tangible Capital Assets*

Tangible capital assets received as contributions such as privately developed subdivisions including water systems, sanitary systems, storm systems, roads, and landscaping are recorded at their fair value at the date of completion and recorded as revenue on the Consolidated Statement of Operations. If an estimate of fair value cannot be made, the contributed tangible capital assets are recorded at a nominal value.

#### *iii. Cultural and Historical Tangible Capital Assets*

Works of art for display, archived municipal records, and municipal historical artifacts are not recorded as tangible capital assets since a reasonable estimate of the future economic benefits associated with such property cannot be made. Acquisitions of cultural and historical assets are expensed in the period the related costs are incurred.

#### *iv. Leases*

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

#### *v. Inventory Held for Consumption*

Inventories held for consumption are recorded at lower of weighted average cost and replacement cost.

#### **(I) Reserves**

Certain amounts, as approved by City Council, are set aside in accumulated surplus for future operating and capital purposes. Transfers to or from reserves are adjustments to the respective fund when approved.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **For the Year Ended December 31, 2022 (in thousands of dollars)**

#### **(m) Future Accounting Pronouncements**

The following summarizes upcoming changes to PSAS put forward by the Public Sector Accounting Board ("PSAB").

##### *i. Financial Statement Presentation*

PS1201, *Financial Statement Presentation*, requires a new statement of re-measurement gains and losses separate from the statement of operations. Included in this new statement are the unrealized gains and losses arising from the re-measurement of financial instruments and items denominated in foreign currencies, as well as the government's proportionate share of other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. This standard is applicable for the fiscal years beginning on or after April 1, 2022.

##### *ii. Financial Instruments*

PS3450, *Financial Instruments*, establishes recognition, measurement, and disclosure requirements for derivative and non-derivative financial instruments. The standard requires fair value measurement of derivatives and equity instruments; all other financial instruments can be measured at cost, amortized cost, or fair value at the election of the government. There is the requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities. This standard is applicable for fiscal years beginning on or after April 1, 2022.

##### *iii. Foreign Currency Translation*

PS2601, *Foreign Currency Translation* must be adopted in conjunction with PS3450. It requires that monetary assets and liabilities be denominated in a foreign currency and non-monetary items included in the fair value category that are denominated in a foreign currency, be adjusted to reflect the exchange rates in effect at the financial statement date. This standard is applicable for fiscal years beginning on or after April 1, 2022.

##### *iv. Portfolio Investments*

PS3041, *Portfolio Investments* has removed the distinction between temporary and portfolio investments and was amended to conform to *Financial Instruments*, PS3450. Once PS3450 and PS3041 are adopted, *Temporary Investments* PS3030 will no longer apply. This standard is applicable for fiscal years beginning on or after April 1, 2022.

##### *v. Asset Retirement Obligations*

PS3280, *Asset Retirement Obligations* defines which activities would be included in a liability for retirement of a tangible capital asset, establishes when to recognize and how to measure a liability for asset retirement, and provides the related financial statement presentation and disclosure requirements. This new standard will effectively replace PS3270, *Solid Waste Landfill Closure and Post-closure Liability*. This standard is applicable for fiscal years beginning on or after April 1, 2022.

##### *vi. Revenue*

PS3400, *Revenue* establishes standards on how to account for and report on revenue, specifically in regards to revenue arising from transactions with performance obligations (exchange transactions) and those without performance obligations (non-exchange transactions). This standard is applicable for fiscal years beginning on or after April 1, 2023.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **For the Year Ended December 31, 2022 (in thousands of dollars)**

#### *vii. Financial Statement Concepts*

PS1000, *Financial Statement Concepts*, will be amended to allow for recognition of purchased intangible assets. It makes reference to the new Public Sector Guideline 8, which defines purchased intangibles and provides further guidance on recognition and accounting treatment. This guideline is applicable for fiscal years beginning on or after April 1, 2023.

#### *viii. Public Private Partnerships*

PS3160, *Public Private Partnerships*, establishes standards on how to account for certain arrangements between public and private entities. The standard provides guidance on situations where a public entity acquires infrastructure assets using a private sector partner that designs, builds, or finances the infrastructure asset past the point where it is ready for use. This standard is applicable for fiscal years beginning on or after April 1, 2023.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2022 (in thousands of dollars)**

**2 CASH AND CASH EQUIVALENTS**

	2022	2021
Cash	\$ 22,920	\$ 39,577
Cash in investment accounts	138	290
	<b>\$ 23,058</b>	<b>\$ 39,867</b>

The City has access to an unsecured line of credit of up to \$22,000 (2021 - \$22,000) with an interest rate of prime minus 0.75%, resulting in an effective rate of 5.70% (2021 - 1.70%) to cover any bank overdraft arising from day to day cash transactions. As at December 31, 2022, there was no amount outstanding on the line of credit overdraft (2021 - \$Nil).

**3 ACCOUNTS RECEIVABLE**

	2022	2021
Property Taxes:		
Current taxes and grants in place of taxes	\$ 2,222	\$ 2,512
Arrears	508	642
Local improvement levies	2,889	3,051
Allowance for doubtful accounts	(139)	(188)
	<b>5,480</b>	<b>6,017</b>
Government transfers	32,028	57,926
Utilities	14,020	17,965
Trade	6,539	5,863
Interest on investments	2,575	1,477
Goods and Services Tax	1,257	1,295
Other receivables	1,816	2,972
Allowance for doubtful accounts	(189)	(191)
	<b>58,046</b>	<b>87,307</b>
	<b>\$ 63,526</b>	<b>\$ 93,324</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### For the Year Ended December 31, 2022 (in thousands of dollars)

#### 4 LAND HELD FOR SALE

	2022		2021	
Residential	\$	1,422	\$	1,017
Industrial and commercial		6,375		7,166
Land held ready for sale		7,797		8,183
Residential		25,623		25,623
Industrial and commercial		14,822		14,008
Land held not ready for sale		40,445		39,631
	\$	48,242	\$	47,814

Land held ready for sale is land in a condition to be sold, marketed for sale, and reasonably anticipated to be sold within one year. Land held not ready for sale is land held for future development and is not reasonably anticipated to be sold within one year.

#### 5 INVESTMENTS

	2022		2021	
	Cost	Market Value	Cost	Market Value
Short-term deposits	\$ 54,451	\$ 54,901	\$ 43,319	\$ 43,420
Federal government	20,984	19,544	18,633	18,748
Provincial government	33,802	29,347	36,207	36,626
Municipal government	4,315	3,751	3,959	3,996
Canadian banks	90,296	83,995	86,035	85,903
Corporate	8,141	7,160	10,481	10,472
Other	292	282	949	962
	\$ 212,281	\$ 198,980	\$ 199,583	\$ 200,127

Short-term deposits are reasonably liquid investments held in various financial institutions, notably Canadian Treasury Bills and Guaranteed Income Certificates. These investments have interest rates of 0.00% to 5.25% (2021 - 0.76% to 1.35%) with maturities of generally one year or less.

The remaining investments are intended to be held long term. They have interest rates of 0.50% to 6.53% (2021 - 0.50% to 6.47%) and mature in periods from January 27, 2023 to February 15, 2060 (2021 - January 13, 2022 to February 15, 2060).

Any declines in market value below cost are considered to be temporary and therefore no write-downs have been recorded.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### For the Year Ended December 31, 2022 (in thousands of dollars)

#### 6 LOANS RECEIVABLE

	2022	2021
Westerner Exposition Association	\$ 16,501	\$ 16,715
Central Alberta Humane Society	544	585
	<b>\$ 17,045</b>	<b>\$ 17,300</b>

Principal to be received are as follows:

2023	\$ 43
2024	44
2025	46
2026	48
2027	402
Thereafter	18,671
Grant portion of loan payments	(2,209)
	<b>\$ 17,045</b>

#### (a) *Westerner Exposition Association*

In 2021, The City entered into a loan agreement with the Westerner Exposition Association ("The Westerner"). The term of the loan is 30 years ending September 29, 2051 and is receivable in two tranches:

- i. Tranche 1 is \$10,000 with payments calculated at 50% earnings before interest, taxes, depreciation, and amortization ("EBITDA") of the previous fiscal year with payments not exceeding \$500. Tranche 1 bears interest of 2.616% and is calculated using the simple interest method.
- ii. Tranche 2 is \$9,000 with payments calculated as a percentage of annual EBITDA, commencing at 0% of EBITDA up to \$1,000, 75% of EBITDA between \$1,000 and \$2,000, 90% of EBITDA between \$2,000 and \$3,000, and 100% of EBITDA over \$3,000. Tranche 2 bears no interest. The difference between the face value of the loan and its present value of \$6,715 (2021 - \$6,715) is to be amortized over the term of the loan. The unamortized grant portion of the loan as of December 31, 2022 is \$2,209 (2021 - \$2,285).
- iii. Subsequent to December 31, 2022, Council agreed to amend the loan agreement for five years, allowing payments to be deferred if The Westerner's current ratio falls below 1:1.

For information on other transactions between The City and The Westerner, see Note 29.

#### (b) *Central Alberta Humane Society*

The City provided a loan to Central Alberta Humane Society for the construction of a new facility. The term of the loan is 25 years ending October 1, 2036 and bears interest at a rate of 3.600% per annum.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2022 (in thousands of dollars)**

**7 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	2022		2021
Trade	\$ 38,098	\$	44,707
Liability for contaminated sites	6,917		4,916
Payroll and remittances	3,506		6,062
Accrued interest	1,301		1,278
Grants to organizations	1,040		3,040
Goods and Services Tax	396		339
Other	22		38
	<b>\$ 51,280</b>	\$	<b>60,380</b>

*(a) Liability for contaminated sites*

The City owns properties that have undergone environmental site assessments. Where the assessments identified environmental contamination, liabilities for future environmental remediation were established.

Remediation activity for each contaminated site is as follows:

	2021	Remediation accrued	Remediation costs expended	2022
Kinsmen Arena (Note 26)	\$ 2,277	\$ 2,169	\$ -	<b>\$ 4,446</b>
Parking Lots	1,156	-	-	<b>1,156</b>
Capstone	1,061	-	(63)	<b>998</b>
Fire training facility	128	-	(105)	<b>23</b>
Streets and right of ways (Note 26)	294	-	-	<b>294</b>
	<b>\$ 4,916</b>	<b>\$ 2,169</b>	<b>\$ (168)</b>	<b>\$ 6,917</b>

*(b) Grants to organizations*

In 2016, The City entered into an agreement with Red Deer Polytechnic (formerly Red Deer College) to provide \$11,500 over nine years toward the construction of sporting facilities related to the 2019 Canada Winter Games. As at December 31, 2022, The City has \$1,000 (2021 - \$3,000) remaining to be repaid in equal annual instalments until October 1, 2024.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### For the Year Ended December 31, 2022 (in thousands of dollars)

#### 8 DEFERRED REVENUE

Deferred revenue is comprised of the funds noted below, the use of which are externally restricted or subject to stipulations from the funders.

	2021	Amounts received including interest earned	Revenue recognized	2022
<b>Deferred Government Transfers</b>				
Municipal Sustainability Initiative	\$ 52,362	\$ 12,424	\$ 12,230	\$ 52,556
Water for Life	20,590	1,097	1,278	20,409
Canada Community Building Fund	21,704	6,185	15,379	12,510
Alberta Relief for Transit Operators	-	2,130	855	1,275
Outreach Support Services Initiative	963	4,120	4,027	1,056
Family and Community Support Services	823	2,331	3,151	3
Municipal Stimulus Program	1,332	-	1,332	-
Other government transfers	780	8,896	8,542	1,134
	<b>98,554</b>	<b>37,183</b>	<b>46,794</b>	<b>88,943</b>
<b>Other Deferred Revenue</b>				
Recreation amenity	2,382	123	80	2,425
Developer and customer contributions	14,619	4,733	4,697	14,655
Other	3,951	6,455	4,407	5,999
	<b>20,952</b>	<b>11,311</b>	<b>9,184</b>	<b>23,079</b>
	<b>\$ 119,506</b>	<b>\$ 48,494</b>	<b>\$ 55,978</b>	<b>\$ 112,022</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2022 (in thousands of dollars)**

**9 EMPLOYEE BENEFIT OBLIGATIONS**

	2022	2021
Vacation, overtime, and earned days off	\$ 7,906	\$ 7,443
Retiring allowance	2,978	3,084
Other employment benefits	5,469	4,346
	\$ 16,353	\$ 14,873

*(a) Vacation, overtime, and earned days off*

The liability is comprised of vacation, overtime, and earned days off that employees are deferring to future years. Employees are entitled to these benefits within the next fiscal year.

*(b) Retiring allowance*

For employees who are eligible under the Local Authorities Pension Plan and have a minimum of 15 years of service, The City provides a retiring allowance. This allowance provides eligible employees with one day of vacation pay for each year of employment with The City. The retiring allowance is not currently funded. An actuarial valuation was completed by an independent actuary as at December 31, 2021 and extrapolated to December 31, 2023. Key actuarial assumptions used in the valuation were based on a number of assumptions about future events, which reflect management's best estimates.

The expected discount rate of 2.90% (2021 - 2.90%) and the expected salary escalations of 2.75% (2021 - 2.75%) are used to determine the accrued benefit obligation. The accrued benefit obligation is \$2,737 (2021 - \$2,850) using projected benefit method prorated on services. The net actuarial gain of \$241 (2021 - \$234 loss) is amortized on a straight line basis over 13 years starting with the year following its determination.

*(c) Other employee benefits*

Employees accumulate sick day entitlements up to maximums set in the various union agreements that may be used for casual or short term benefits. Employees are also eligible for Employee Disability Support Plan ("EDSP") and sick plan benefits for longer-term disability. The liability is recorded on an accrual basis based on the most recent five-year average usage of sick time, EDSP, and sick plan benefits.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### For the Year Ended December 31, 2022 (in thousands of dollars)

#### 10 LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The estimated total landfill liability is based on the sum of discounted future cash flows for closure and post-closure activities for 40 years after closure using a discount rate of 2.26% (2021 - 2.16%) and annual inflation of 3.00% (2021 - 1.97%). The reported liability is based on estimates and assumptions with respect to events using the best information available to management. Future events, such as changes to regulatory requirements, may result in significant changes to the estimated total expenses and will be recognized prospectively as a change in estimate when applicable.

The 1972 landfill site reached its full capacity and was permanently closed in 2002. It is estimated that post-closure care will be required for a period of 40 years from the time of closure. The present value of estimated future post-closure costs has been calculated and accrued.

The new waste management facility commenced operation in 2001 and consists of three phases of development. All three phases combined are estimated to provide capacity to 2055. Closure activities will be ongoing as the landfill reaches final design elevation. Closure and post-closure costs are based on an independent study conducted in 2012. Phase one of the landfill has an estimated capacity of 336,792 (2021 - 424,328) cubic metres remaining, which is projected to last until 2025 based on current growth and usage. It is estimated that post closure care will be required for a period of 40 years from closure. The present value of estimated future closure and post closure costs has been calculated and accrued.

The City has not designated assets for settling closure and post-closure liabilities.

The following summarizes the total net present value for the estimated costs of closure and post-closure care:

	1972 Site	2001 Site Phase One	2022	2021
Total estimated closure and post-closure costs	\$ 2,203	\$ 6,863	\$ 9,066	\$ 7,167
Estimated capacity used	100 %	91 %	91 %	88 %
Liability recognized as of December 31	2,203	6,229	8,432	6,537
Estimated capacity remaining	-%	9 %	9 %	12 %
Remaining estimated costs to be recognized	\$ -	\$ 634	\$ 634	\$ 630

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### For the Year Ended December 31, 2022 (in thousands of dollars)

#### 11 LONG-TERM DEBT

Long-term debt is comprised of:

	2022	2021
Tax-supported debt	\$ 199,195	\$ 186,719
Self-supported debt:		
Utilities	68,856	75,737
Offsites	16,405	19,309
Land and other	16,128	18,366
	<b>\$ 300,584</b>	<b>\$ 300,131</b>

Current portion of long-term debt is \$23,118 (2021 - \$21,784)

Tax-supported debt represents the amount funded by municipal taxes. Self-supported debt represents the amount funded through self-supported municipal operations including fleet, subdivisions, offsite levies collected from developers, wastewater, waste management, and electric light and power.

Principal and interest payments are as follows:

	Principal	Interest	Total
2023	\$ 23,118	\$ 10,240	\$ 33,358
2024	21,200	9,451	30,651
2025	18,544	8,748	27,292
2026	17,114	8,106	25,220
2027	16,528	7,486	24,014
Thereafter	204,080	59,954	264,034
	<b>\$ 300,584</b>	<b>\$ 103,985</b>	<b>\$ 404,569</b>

Long-term debt consists of debentures payable to the Province of Alberta.

Debentures mature in annual amounts to 2052 (2021 - 2051). Interest rates on these debentures range from 1.27% to 5.38% (2021 - 1.27% to 5.38%) per annum. The average annual interest rate is 3.55% (2021 - 3.42%). Debenture debt is issued on the credit and security of The City at large.

During the year, a total of \$22,276 (2021 - \$43,513) was added through new debenture borrowings to fund capital projects. Interest expenses on long-term debt amounted to \$10,043 (2021 - \$9,588). Cash payments for interest and principal were \$10,020 (2021 - \$9,414) and \$21,823 (2021 - \$21,531) respectively.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### For the Year Ended December 31, 2022 (in thousands of dollars)

#### 12 DEBT LIMIT

Section 276(2) of the MGA requires that debt and debt limits as defined by Alberta Regulation 255/2000 for The City be disclosed as follows:

	2022	2021
Total debt limit	\$ 534,549	\$ 521,643
Total debt	300,584	300,131
Percentage used	56 %	58 %
Total debt service limit	89,092	86,941
Total debt service	33,358	31,702
Percentage used	37 %	36 %

The debt limit is calculated at 1.5 times revenue of The City as defined in Alberta Regulation 255/00 and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of The City. Rather, the financial statements must be interpreted as a whole.

Pursuant to section 6(1) of the Regulation, The City has elected to include revenue, total debt and debt service costs for controlled agencies in its debt limit and debt service limit calculations. The controlled agencies that have been included are Red Deer Public Library, Red Deer Downtown Business Association, and River Bend Golf Course.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2022 (in thousands of dollars)**

**13 TANGIBLE CAPITAL ASSETS**

	2022	2021
<b>Net book value</b>		
Land	\$ 372,064	\$ 371,924
Land improvements	82,036	83,424
Buildings	266,016	262,350
Machinery, equipment, and furnishings	50,381	53,416
Vehicles	34,715	35,188
Engineered structures		
Roadway system	401,938	407,739
Water system	263,825	225,134
Wastewater system	254,847	255,229
Storm system	231,809	229,066
Electrical system	110,198	106,042
Fibre optics system	1,107	1,139
	<b>2,068,936</b>	2,030,651
Assets under construction	<b>101,028</b>	112,472
	<b>\$ 2,169,964</b>	\$ 2,143,123

In 2022, \$1,718 (2021 - \$2,176) in land improvements and engineered structures were contributed to The City.

In 2022, The City acquired works of art in the amount of \$58 (2021 - \$Nil), which have been expensed through materials and supplies.

For additional information, see Schedule 1 - Consolidated Schedule of Tangible Capital Assets.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### For the Year Ended December 31, 2022 (in thousands of dollars)

#### 14 EQUITY IN TANGIBLE CAPITAL ASSETS

	2022	2021
Tangible capital assets (Schedule 1)	\$ 3,481,134	\$ 3,375,703
Accumulated amortization (Schedule 1)	(1,311,170)	(1,232,580)
Long-term debt related to tangible capital assets	(266,076)	(262,769)
<b>Equity in tangible capital assets (Schedule 2)</b>	<b>\$ 1,903,888</b>	<b>\$ 1,880,354</b>

#### 15 ACCUMULATED SURPLUS

Accumulated surplus consists of restricted and unrestricted amounts including operating surplus, reserves, and equity invested in tangible capital assets.

	2022	2021
Unrestricted surplus in controlled agencies	\$ 2,883	\$ 2,003
Capital to be financed	(29,830)	(36,347)
Reserves		
Finance a specific purpose	2,893	2,816
Capital projects - tax supported	20,703	17,838
Municipal parkland	7,354	7,286
Operating reserve - tax supported	8,897	27,621
Debt repayment	(6,201)	(812)
Capital asset replacement (fleet)	48,238	45,080
Land development	58,567	53,649
Offsite	(33,219)	(30,345)
Power	24,751	30,830
Water	8,403	10,927
Wastewater	22,728	19,544
Solid waste management	18,720	18,673
<b>Total reserves (Schedule 2)</b>	<b>181,834</b>	<b>203,107</b>
<b>Equity in tangible capital assets (Note 14)</b>	<b>1,903,888</b>	<b>1,880,354</b>
<b>Accumulated surplus (Schedule 2)</b>	<b>\$ 2,058,775</b>	<b>\$ 2,049,117</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2022 (in thousands of dollars)**

**16 NET MUNICIPAL TAXES**

	Budget (Note 30)	2022	2021
<b>Taxation</b>			
Real property taxes	\$ 179,366	\$ 179,058	\$ 177,141
Grants in place of taxes	1,113	1,113	910
Local improvement levies	-	59	-
Linear and other property taxes	1,659	1,659	3,062
	182,138	181,889	181,113
<b>Requisitions</b>			
Public schools	39,047	38,877	39,112
Catholic schools	5,782	5,618	5,782
Bridges Community Living	791	791	676
Designated industrial property	12	12	12
	45,632	45,298	45,582
	\$ 136,506	\$ 136,591	\$ 135,531

**17 USER FEES AND SALE OF GOODS**

	Budget (Note 30)	2022	2021
Utility user fees	\$ 142,514	\$ 136,701	\$ 134,442
Ambulance and dispatch revenue	10,945	11,116	11,196
Electrical transmission recovery	5,275	5,275	5,275
Land sales	14,180	5,219	150
Transit revenue	5,438	4,538	3,441
Facility user fees	6,380	5,415	3,293
Equipment and facility rental	3,882	3,328	2,582
Other	3,436	4,150	3,481
	\$ 192,050	\$ 175,742	\$ 163,860

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2022 (in thousands of dollars)**

**18 GOVERNMENT TRANSFERS**

	Budget (Note 30)	2022	2021
<b>Operating</b>			
Provincial:			
Outreach Support Services Initiative	\$ 3,836	\$ 4,027	\$ 5,195
911 Grant Program	1,582	2,431	1,691
Family and Community Support Services	3,108	3,151	3,085
Municipal Policing Assistance Grant	1,616	1,616	1,616
Municipal Sustainability Initiative	585	918	968
Alberta Relief for Shortfalls for Transit Operators	-	855	-
Other provincial grants	1,334	1,567	5,547
	12,061	14,565	18,102
Federal:			
Reaching Home	815	2,417	2,671
Other federal grants	-	261	21
	815	2,678	2,692
Local:			
Family and Community Support Services	235	237	247
Other local grants	134	134	430
	369	371	677
<b>Total Operating</b>	<b>13,245</b>	<b>17,614</b>	<b>21,471</b>
<b>Capital</b>			
Provincial:			
Municipal Sustainability Initiative	15,040	11,312	8,218
Municipal Stimulus Program	369	1,332	10,674
Water for Life	-	1,278	77
GreenTRIP	204	355	2,474
Other provincial grants	-	-	25
	15,613	14,277	21,468
Federal:			
COVID-19 Resilience Grant	19,788	16,989	19,446
Canada Community Building Fund	2,564	15,379	3,539
Public Transit Infrastructure Fund	89	54	276
Other federal grants	-	-	108
	22,441	32,422	23,369
<b>Total Capital</b>	<b>38,054</b>	<b>46,699</b>	<b>44,837</b>
	\$ 51,299	\$ 64,313	\$ 66,308

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2022 (in thousands of dollars)**

**19 EXPENSES BY OBJECT**

	Budget (Note 30)	2022	2021
Salaries, wages, and benefits	\$ 151,997	\$ 149,442	\$ 142,455
Contracted services	49,562	45,515	41,514
Materials and supplies	57,570	57,934	48,192
Purchases from other governments	30,098	32,903	31,320
Grants to organizations	16,893	17,317	24,319
Financial charges	11,853	10,364	9,846
Amortization of tangible capital assets	80,001	79,834	76,322
Other expenses	691	1,816	956
	\$ 398,665	\$ 395,125	\$ 374,924

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### For the Year Ended December 31, 2022 (in thousands of dollars)

#### 20 SALARIES AND BENEFITS DISCLOSURE

The following City Council and executive salaries and benefits are disclosed as required by Alberta Regulation 313/2000 of the MGA.

	Salaries	Benefits	2022	2021
	(a)	(b), (c)		
<b>Mayor:</b>				
K. Johnston	\$ 125	\$ 23	\$ 148	\$ 25
T. Veer	-	-	-	123
	125	23	148	148
<b>Councillors:</b>				
K. Barnstable	69	11	80	15
S. Buchanan	-	-	-	68
B. Buruma	69	14	83	15
M. Dawe	69	14	83	79
V. Doerksen	69	13	82	15
T. Handley	-	-	-	68
V. Higham	69	16	85	80
J. Jefferies	69	15	84	15
K. Johnston	-	-	-	66
L. Lee	76	16	92	87
F. Wong	-	-	-	59
D. Wyntjes	69	16	85	83
	559	115	674	650
<b>City Manager:</b>				
A. Seabrooke	-	-	-	182
T. Lodewyk (d)	249	175	424	159
<b>Designated Officer:</b>				
City Assessor	149	32	181	177
	\$ 1,082	\$ 345	\$ 1,427	\$ 1,316

(a) Salary includes regular base pay, overtime, lump sum payments, gross honoraria, and any other direct cash remuneration. The City does not pay bonuses to employees.

(b) Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, long and short-term disability plans, professional memberships, tuition, and car allowance. Benefits and allowances also include supplementary employee retirement plan payments and moving and relocation allowances.

(c) Benefits for City Councillors include accidental death and dismemberment, group life, health care, dental coverage, registered savings plan, internet and phone allowances, transit, and Canada Pension Plan.

(d) Included in benefits for the City Manager is a lump sum payout from the Muni SERP retirement plan in the amount of \$133 in 2022. For more information regarding Muni SERP, see Note 23.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **For the Year Ended December 31, 2022 (in thousands of dollars)**

#### **21 LOCAL AUTHORITIES PENSION PLAN**

Employees of The City participate in the Local Authorities Pension Plan ("LAPP"), which is a multi-employer plan governed by the Alberta Public Sector Pension Plans Act. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund. Contributions for current service are recorded as expenditures in the year in which they become due.

The City is required to make current service contributions to LAPP of 8.45% of pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings ("YMPE") and 12.80% for the excess. Employees of The City are required to make current service contributions of 7.45% to the YMPE and 11.80% thereafter.

Total current service contributions by The City to LAPP in 2022 were \$10,727 (2021 - \$11,330). Total contributions by the employees of The City to LAPP in 2022 were \$9,625 (2021 - \$10,270).

As at December 31, 2021, LAPP reported an actuarial surplus of \$11.9 billion (2020 - \$4.96 billion). This amount is not specifically allocated to the participating government organizations. The 2022 actuarial balance was not available at the date these financial statements were released.

#### **22 APEX SUPPLEMENTARY PENSION PLAN**

The APEX supplementary pension plan is an Alberta Urban Municipality Association ("AUMA") sponsored defined benefit pension plan covered under the provisions of the Alberta Employment Pension Plans Act. It provides supplementary pension benefits to a prescribed class of employees and supplements the LAPP.

Employees and The City are required to make current service contributions to APEX of 2.61% and 3.85% respectively (2021 - 2.61%, 3.85%) of individual pensionable earnings up to \$171 (2021 - \$162).

Total current service contributions by The City to APEX were \$560 (2021 - \$525). Total current service contributions by the employees of The City were \$380 (2021 - \$356).

The cost of post-retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of salary and benefit escalation and retirement age of employees. The costs of post-retirement benefits are fully funded.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **For the Year Ended December 31, 2022 (in thousands of dollars)**

#### **23 MUNI SUPPLEMENTARY EMPLOYEE RETIREMENT PLAN**

Muni SERP is a supplementary employee retirement plan defined by The City and administered by the Alberta Municipal Services Corporation ("AMSC"). The plan provides supplementary retirement benefits to a prescribed class of employees in excess of the limits of the Income Tax Act (Canada). The supplementary benefit takes the form of a lump sum cash payment upon retirement or death. Muni SERP supplements APEX and LAPP and is a voluntary, non-contributory defined benefit employee retirement plan. The total current and past service liability to The City as at December 31, 2022 is estimated at \$443 (2021 - \$800). This liability is offset by earmarked asset investment fund held by AMSC in the amount of \$883 (2021 - \$1,234).

A projected accrued benefit cost with prorating on service method is used to determine the accrued benefit obligation. Key actuarial assumptions used in the valuation were based on actuarial estimates. Those assumptions involve forecasts of expected future inflation rates, discount rates, wage and salary increases, maximum pension limit under the Income Tax Act, and employee turnover and mortality. Key assumptions are as follows: expected discount rate of 4.75% (2021 - 4.20%), expected salary escalations of 2.75% (2021 - 2.75%) per year, and inflation rate of 2.00% (2021 - 2.00%).

#### **24 RISK MANAGEMENT OF FINANCIAL INSTRUMENTS**

The City's financial instruments consist of cash and cash equivalents, accounts receivable, investments, loans receivable, accounts payable and accrued liabilities, deposits, and long term debt. It is management's opinion that The City is not exposed to significant currency risks arising from these financial instruments.

The City is subject to credit risk with respect to property tax receivables, loans receivable, and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which The City provides services may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk. The City is also subject to interest rate risk due to fluctuations in rates on its investments, loans receivable, and long term debt.

Unless otherwise noted, the carrying value of the financial instruments approximates fair value.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### For the Year Ended December 31, 2022 (in thousands of dollars)

#### 25 CONTRACTUAL RIGHTS AND OBLIGATIONS

The following are The City's significant contractual capital rights and obligations:

*(a) Developer agreement rights*

The City entered into various developer agreements where engineered structures will be contributed to The City as at the date of their completion. Developer agreements in effect in 2022 that will result in future contributed assets total \$473 (2021 - \$1,051).

*(b) Lease rights*

The City has agreements to lease land to The Westerner with an expiry date of May 1, 2059 and to the Alberta Sports Hall of Fame Museum Society with an expiry date of November 9, 2042. At the time of expiry or lease termination, or failure to make payments on their loan to The City in the case of the Westerner, all buildings and other improvements on these properties will be contributed to The City. The estimated fair values of the tangible capital assets at those future dates is unknown at this time.

*(c) Construction obligations*

The City has commitments with various developers and contractors for capital projects. The following table is a summary of capital contractual obligations related to those projects:

Construction Contracts	Committed Amount	
	2022	2021
Recreation facility improvements	\$ 5,826	\$ 29,544
Wastewater system and treatment plant upgrades	5,658	6,357
Roadway rehabilitation and street improvements	4,838	3,174
Fleet purchases	4,599	1,782
911 system upgrades	2,449	421
Power station and infrastructure upgrades	1,787	1,506
Water system and treatment plant upgrades	1,766	2,777
Subdivision development	1,515	-
Storm sewer and drainage improvements	1,122	1,176
Administrative and IT projects	558	3,689
Museum enhancements	305	-
Other minor projects	247	214
	\$ 30,670	\$ 50,640

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### For the Year Ended December 31, 2022 (in thousands of dollars)

The following are The City's significant operating contractual rights and obligations:

*(a) Fee for Service Contracts*

The City has agreements with various municipalities in Central Alberta to provide emergency dispatch services. The expiry dates range from November 13, 2023 to December 31, 2027 (2021 - December 31, 2022 to December 31, 2026). The total dispatch revenue The City will receive from these contracts is \$2,725 (2021 - \$2,993).

*(b) Lease rights*

The City has lease agreements with various third parties with expiry dates ranging from April 4, 2023 to September 1, 2037. The total revenue The City will receive from these agreements is \$4,723.

*(c) Solid Waste and Recyclables Collection Contracts*

The City's solid waste and recyclables collection contracts are based on a percentage of the utility billing for the year. See the chart below for all significant contracts related to solid waste collection and recycling:

Contract Name	Expiry Date	Estimated Annual Cost	
		2022	2021
Green cart collection	March 31, 2024	\$ 2,739	\$ 2,439
Waste Management Facility	December 31, 2027	2,005	2,183
Blue cart collection	April 30, 2024	1,981	2,035
Black cart collection	April 30, 2024	1,879	1,754
Commercial garbage collection	December 31, 2025	1,472	1,973
		\$ 10,076	\$ 10,384

*(d) RCMP Contract*

The City pays 90% of the operating costs for RCMP services through to March 31, 2032. The estimated annual contract cost for 2022 is \$30,953 (2021 - \$30,163).

*(e) ENMAX Contract*

In 2021, The City entered into a two year agreement with ENMAX Power Corporation to provide meter data management services to The City until December 31, 2023. The estimated remaining cost of the contract is \$2,885 (2021 - \$5,736).

*(f) Community Support Services Contracts*

The City has contracts with various community organizations to provide grant funding through Outreach Support Services Initiative for \$1,664 (2021 - \$3,161) and Family Community Support Services for \$2,990 (2021 - \$2,990). The contracts have expiry dates of March 31, 2023 and December 31, 2023 respectively.

*(g) Lambourne Environmental Contract*

In 2022, The City entered into a contract with Lambourne Environmental Ltd. to pump and haul biosolids from the Wastewater Treatment Plant lagoons. The total contract amount is not to exceed \$3,000 over the contract period ending December 31, 2025.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **For the Year Ended December 31, 2022 (in thousands of dollars)**

#### **26 CONTINGENCIES**

##### *(a) Environmental Contingencies*

The City continues to review environmental objectives and liabilities for its activities and properties as well as any potential reclamation obligations. There are contaminated sites that The City has identified that may result in remediation obligations. A liability has not been recorded for these sites because either, at this time, the likelihood The City becoming responsible for the site is not determinable, the amount of the liability cannot be estimated, or both. These sites include:

- Queens Business Park
- NE Section 26 Eastbend Village
- 46 Street and 49 Avenue
- Area around the Water and Wastewater Treatment Plants
- Sections of the former CP Rail Line
- Chiles Industrial Road
- North and south snow storage sites

There are other contaminated sites identified in The City where remediation costs can be estimated and have been recorded in the financial statements, but uncertainty around the full extent of the contamination still exists. These sites include:

- Ross and Taylor Drive - \$294 (2021 - \$294)
- Kinsmen Arena - \$4,446 (2021 - \$2,277)

##### *(b) Land Expropriation Compensation*

In 2009, The City acquired land under the Expropriation Act from several property owners in connection with various road development projects. Eight property owners have since filed with the Alberta Land Compensation Board for compensation to which they believe they are entitled. At this time, The City cannot determine the amount or the likelihood of the remaining compensation in these cases, therefore, no liability has been accrued in these financial statements.

##### *(c) Active Lawsuits*

During 2022, there were various legal claims pending against The City, arising in the ordinary course of its operations. The City defends all claims made against it, but the outcome of these cases is presently indeterminable. At this time, The City cannot estimate the financial impact of these cases and therefore, no liability has been accrued in these financial statements.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **For the Year Ended December 31, 2022 (in thousands of dollars)**

#### **27 GUARANTEES**

The City has issued an irrevocable standby letter of credit for \$5,800 as required by its supplier, The Alberta Electric System Operator, in the event of payment default for electrical distribution charges. The letter of credit has not been utilized to date.

The City has issued four irrevocable standby letters of credit to the Receiver General of Canada on behalf of Fisheries and Oceans Canada in the amounts of \$584, \$525, \$364, and \$73. The letters of credit are to guarantee work completion and quality of City waterway projects. The letters have not been utilized to date.

#### **28 SEGMENTED DISCLOSURE**

The City is a diversified municipal government that provides a wide range of services to its citizens. For management reporting purposes, The City's operations and activities are organized and reported by functions and services provided. For each reported segment, revenues and expenses represent amounts that are directly attributable to the segments and amounts that are allocated on a reasonable basis. Investment earnings are allocated to each segment based on an average of fund balances. Net tax revenue is allocated to each tax-supported segment based on the budgeted expenditures in those segments.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1. For additional information, see Schedule 3 - Consolidated Schedule of Segmented Disclosure.

Certain functions that have been disclosed in the segmented information, along with the services provided, are as follows:

*(a) General Government Services*

This category of functions is used to report activities that provide for the overall operation of The City, which are common to, or affect all of the services provided by The City, including Council and legislative, general administration, property assessment, taxation administration, licensing, elections, and municipal census.

*(b) Protective Services and Parking*

This category of functions is used to report activities that provide for the public safety of the inhabitants of The City, including police, bylaw enforcement, and disaster management services as well as fire, ambulance, and parking authority.

*(c) Transportation and Fleet*

This category of functions is used to report activities related to public transportation, including roads and streets, public transit, storm sewers and drainage, and the equipment pool.

*(d) Community Services*

This function is used to report activities related to the development and management of social issues in the community, including public housing, research, and addressing at-risk group needs.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **For the Year Ended December 31, 2022 (in thousands of dollars)**

*(e) Recreation, Parks, and Culture*

This function is used to report activities related to providing recreational and cultural opportunities to the community.

*(f) Water and Wastewater*

These functions report activities related to acquiring, treating, and supplying water as well as collection or removal and treatment and disposal of sanitary sewage.

*(g) Waste Management*

This function is used to report activities related to the collection of recyclables, garbage, and other waste material, the maintenance and operation of sanitary landfill sites, and management of solid waste landfill closure and post-closure.

*(h) Subdivisions, Land, and Development*

This function is used to report activities related to the development of land and infrastructure for use by The City or for resale.

*(i) Electric Light and Power*

This function is used to report activities related to the operation and maintenance of electric transmission and distribution facilities and delivery of power.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **For the Year Ended December 31, 2022 (in thousands of dollars)**

#### **29 RELATED PARTY DISCLOSURE**

In 2020, The Westerner and The City announced that financial challenges at The Westerner resulted in a request for support whereby The City assumed temporary financial oversight of the organization. A relationship framework was signed September 29, 2021 for a term of five years. Two City Councillors have been appointed to The Westerner's board and the City Manager attends meetings as a liason. All transactions between the related parties are recorded at their exchange amount.

##### *a) Grants to organizations*

The City paid grants to The Westerner in the amount of \$2,500 (2021 - \$5,550) to support its operations.

##### *b) Facility Assessment and Asset Management Plan*

City Council approved of one-time funding up to \$250 for a facility condition assessment and asset management plan for The Westerner. In 2022, amounts reimbursed to The Westerner for this work amount to \$111.

##### *b) Loans Receivable*

In 2021, The City loaned The Westerner \$19,000 in order to relinquish the organization's long term debt with CIBC. For more information on the outstanding balance of the loan, see Note 6.

##### *c) Lease*

The City has a lease agreement with The Westerner for the land on which The Westerner operates and expires May 1, 2059. Both parties pay a nominal amount to each other. For information about The City's contractual rights associated with this lease agreement, see Note 25.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### For the Year Ended December 31, 2022 (in thousands of dollars)

#### 30 BUDGET

The reported budget information is derived from the adopted operating budget approved by Council on March 28, 2022 and the capital cash flow budget approved by Council on February 21, 2023. These reported budgets do not include subsequent amendments by Council, internal fund transfers, debt issuance and repayment, and other internal recoveries. The table below reconciles The City's final budget to the reported budget presented in these financial statements.

	Operating	Capital	Total
<b>Reported budget surplus (deficit)</b>	\$ (32,387)	\$ 47,696	\$ 15,309
Contributed tangible capital assets	6,629	(6,629)	-
Net amendments	(949)	-	(949)
<b>Final budget surplus (deficit) before funding transfers</b>	(26,707)	41,067	14,360
Add (less) funding transfers:			
Net transfers between capital and operating	(7,517)	754	(6,763)
Net reserve transfers	(20,485)	51,117	30,632
Internal recoveries from capital	3,358	-	3,358
Tangible capital asset transfers	73,486	-	73,486
Long term debt issued	-	12,637	12,637
Long term debt repaid	(22,135)	-	(22,135)
<b>Final budget surplus</b>	\$ -	\$ 105,575	\$ 105,575

#### 31 COMPARATIVE INFORMATION

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year annual surplus.

#### 32 APPROVAL OF FINANCIAL STATEMENTS

City Council has approved these financial statements on May 1, 2023.

## **STATISTICAL INFORMATION**

## GENERAL MUNICIPAL DATA - UNAUDITED

### 2018-2022

	2022	2021	2020	2019	2018
Population	101,002	101,002	101,002	101,002	99,832
Number of dwellings	42,780	42,780	42,780	42,780	42,664
Length of open roads (in kilometres)	838	838	837	837	567
Number of development permits	1,168	1,399	1,200	569	1,381
Value of development permits (in thousands of dollars)					
Residential	\$ 29,521	\$ 32,772	\$ 23,521	\$ 27,431	\$ 35,193
Commercial and Industrial	\$ 70,607	\$ 77,883	\$ 76,506	\$ 85,664	\$ 143,085
Other	\$ 54,168	\$ 23,861	\$ 160,968	\$ 5,809	\$ 55,535
	\$ 154,296	\$ 134,516	\$ 260,995	\$ 118,904	\$ 233,813
Unemployment rates (annual average)					
Red Deer	6.3 %	9.1 %	11.3 %	6.5 %	5.9 %
Alberta	5.8 %	8.6 %	11.3 %	6.8 %	6.5 %
Canada	5.3 %	7.5 %	9.7 %	5.7 %	5.8 %
Number of full time positions	1,345	1,312	1,312	1,402	1,519

As there was no municipal census conducted from 2020-2022, population results from 2019 are used. For similar reasons, 2018 population figures are taken from 2016 census results.

Unemployment rates are derived from Statistics Canada.

**ASSESSMENT AND TAX LEVY - UNAUDITED**

**2018-2022 (in thousands of dollars)**

	2022	2021	2020	2019	2018
Assessed valuation	\$ 15,243,548	\$ 15,146,225	\$ 15,395,034	\$ 15,603,264	\$ 15,724,614
Percentage of total assessment					
Residential	74.86 %	74.75 %	73.99 %	74.23 %	74.67 %
Non-residential and other	25.14 %	25.25 %	26.01 %	25.77 %	25.33 %
Per capita assessed valuation	\$ 151	\$ 150	\$ 152	\$ 154	\$ 158
Mill rates (not in thousands):					
Residential					
Municipal	7.2187	7.2771	7.1979	6.9476	6.6264
Education Foundation	2.6475	2.6411	2.5587	2.7098	2.6269
Bridges Community Living	0.0526	0.0451	0.0515	0.0373	0.0321
	9.9188	9.9633	9.8081	9.6947	9.2854
Non-residential					
Municipal	14.8079	14.6734	14.0635	13.9121	13.7448
Education Foundation	3.9697	4.0507	3.7592	3.8668	3.8047
Bridges Community Living	0.0526	0.0451	0.0515	0.0373	0.0321
	18.8302	18.7692	17.8742	17.8162	17.5816
Taxes paid by the largest single taxpayer	\$ 3,432	\$ 3,368	\$ 3,364	\$ 3,364	\$ 3,275
Percent of taxes	1.87 %	1.84 %	1.83 %	1.84 %	1.84 %
Property taxes					
Current levy	\$ 183,811	\$ 183,348	\$ 183,735	\$ 182,619	\$ 178,423
Current collected	\$ 181,475	\$ 181,638	\$ 181,121	\$ 180,054	\$ 176,315
Percent collected of current levy	99 %	99 %	99 %	99 %	99 %
Gross tax collections	\$ 184,736	\$ 184,114	\$ 182,322	\$ 182,442	\$ 178,491
Taxes outstanding	\$ 2,737	\$ 2,179	\$ 3,578	\$ 3,352	\$ 2,676
Education requisitions					
Public schools	\$ 38,877	\$ 39,113	\$ 39,006	\$ 39,640	\$ 39,763
Catholic schools	\$ 5,618	\$ 5,782	\$ 5,621	\$ 5,650	\$ 5,672

**CAPITAL FUND ACTIVITIES - UNAUDITED**

**2018-2022 (in thousands of dollars)**

	2022	2021	2020	2019	2018
Capital expenditure by segment:					
General government services	\$ 5,749	\$ 3,075	\$ 8,687	\$ 3,238	\$ 3,077
Protective services and parking	3,538	10,413	1,779	998	2,167
Transportation and fleet	32,212	45,141	29,472	38,503	37,285
Community services	-	-	126	37	131
Recreation, parks, and culture	26,773	14,013	6,390	8,716	20,708
Water and wastewater	26,424	32,997	34,475	23,629	16,820
Waste management	1,422	249	289	3,580	3,373
Subdivisions, land, and development	916	484	2,057	1,143	3,390
Electric light and power	7,515	8,211	6,424	10,437	9,390
<b>Total Capital Spending</b>	<b>104,549</b>	<b>114,583</b>	<b>89,699</b>	<b>90,281</b>	<b>96,341</b>
Financing Sources Applied:					
Capital government transfers	46,699	44,837	23,875	25,451	32,185
Developer and customer contributions	4,777	4,233	3,039	4,029	5,088
Other capital revenue	58	542	919	3,388	848
Debt issued	24,707	26,888	25,672	21,835	24,427
From (to) operating	338	(5,471)	(2,279)	(3,217)	(2,262)
From (to) reserves	34,487	50,832	38,880	35,509	42,142
<b>Total Funding</b>	<b>111,066</b>	<b>121,861</b>	<b>90,106</b>	<b>86,995</b>	<b>102,428</b>
Increase (decrease) in fund balance	6,517	7,278	407	(3,286)	6,087
Capital fund balance, beginning of year	(36,347)	(43,625)	(44,032)	(40,746)	(46,833)
<b>Capital fund balance, end of year</b>	<b>\$ (29,830)</b>	<b>\$ (36,347)</b>	<b>\$ (43,625)</b>	<b>\$ (44,032)</b>	<b>\$ (40,746)</b>

**CONSOLIDATED REVENUE BY SOURCE - UNAUDITED**

**2018-2022 (in thousands of dollars)**

	2022	2021	2020	2019	2018
Operating Revenue:					
Net municipal taxes	\$ 136,591	\$ 135,531	\$ 135,697	\$ 135,166	\$ 130,975
User fees and sale of goods	175,742	163,860	168,426	174,098	170,279
Operating government transfers	17,614	21,471	28,016	14,667	13,615
Investment earnings	1,285	4,213	6,526	7,508	2,793
Fines and penalties	3,963	4,017	4,235	6,938	6,650
Natural gas distribution franchise	10,515	8,769	8,314	8,632	8,343
Licenses and permits	3,472	3,259	3,932	3,112	3,624
Other operating revenue	2,401	2,390	2,711	3,949	7,052
<b>Total Operating Revenue</b>	<b>351,583</b>	<b>343,510</b>	<b>357,857</b>	<b>354,070</b>	<b>343,331</b>
Capital Revenue:					
Capital government transfers	46,699	44,837	23,875	25,451	32,185
Contributed tangible capital assets	1,718	2,176	4,020	7,349	19,325
Other capital contributions	4,783	4,252	3,439	6,657	5,333
<b>Consolidated Revenue</b>	<b>\$ 404,783</b>	<b>\$ 394,775</b>	<b>\$ 389,191</b>	<b>\$ 393,527</b>	<b>\$ 400,174</b>

In 2020, comparative information has been reclassified to conform to the current year's presentation.

**CONSOLIDATED OPERATING EXPENSES BY FUNCTION - UNAUDITED**

**2018-2022 (in thousands of dollars)**

	2022		2021		2020		2019		2018
Operating Expenses:									
General government services	\$ 47,969	\$	52,118	\$	46,674	\$	41,556	\$	43,109
Protective services and parking	88,529		85,611		80,273		81,689		77,884
Transportation and fleet	80,760		75,197		74,989		80,859		79,998
Community services	16,510		17,217		15,661		14,700		13,047
Recreation, parks, and culture	55,503		49,704		55,437		57,958		50,328
Water and wastewater	41,327		38,291		38,238		37,551		35,258
Waste management	14,120		13,162		12,446		15,341		14,064
Subdivisions, land, and development	2,224		1,427		1,643		2,196		3,198
Electric light and power	48,183		42,197		44,122		44,398		41,030
<b>Total operating expenses</b>	<b>\$ 395,125</b>	\$	<b>374,924</b>	\$	<b>369,483</b>	\$	<b>376,248</b>	\$	<b>357,916</b>

In 2019 and 2018, comparative information has been reclassified to conform to the current year's presentation.

**CONSOLIDATED EXPENSES BY OBJECT - UNAUDITED**

**2018-2022 (in thousands of dollars)**

	2022		2021		2020		2019		2018
Operating Expenses:									
Salaries, wages, and benefits	\$ 149,442	\$	142,455	\$	144,744	\$	149,044	\$	146,380
Contracted services	45,515		41,514		41,346		44,480		40,486
Materials and supplies	57,934		48,192		48,855		53,441		51,041
Purchases from other governments	32,903		31,320		26,650		26,370		24,661
Grants to organizations	17,317		24,319		20,611		16,514		10,216
Financial charges	10,364		9,846		9,883		10,260		10,071
Amortization of tangible capital assets	79,834		76,323		75,599		75,455		74,536
Other expenses	1,816		957		1,793		684		524
<b>Total operating expenses</b>	<b>\$ 395,125</b>	\$	<b>374,926</b>	\$	<b>369,481</b>	\$	<b>376,248</b>	\$	<b>357,915</b>

## FINANCIAL POSITION AND ANNUAL SURPLUS - UNAUDITED

2018-2022 (in thousands of dollars)

	2022	2021	2020	2019	2018
Financial assets	\$ 364,152	\$ 397,888	\$ 360,415	\$ 325,398	\$ 320,213
Liabilities	492,460	505,003	446,230	412,782	401,062
Net debt	(128,308)	(107,115)	(85,815)	(87,384)	(80,849)
Non-financial assets	2,187,083	2,156,232	2,115,081	2,096,942	2,073,128
Accumulated surplus	2,058,775	2,049,117	2,029,266	2,009,558	1,992,279
Annual surplus	\$ 9,658	\$ 19,851	\$ 19,708	\$ 17,279	\$ 42,258

## CONSOLIDATED ACCUMULATED SURPLUS - UNAUDITED

2018-2022 (in thousands of dollars)

	2022	2021	2020	2019	2018
Unrestricted surpluses in controlled agencies	\$ 2,883	\$ 2,003	\$ 1,304	\$ 1,177	\$ 147
Capital to be financed	(29,830)	(36,347)	(43,625)	(44,032)	(40,746)
Reserves	181,834	203,107	227,052	219,268	219,938
Equity in tangible capital assets	1,903,888	1,880,354	1,844,535	1,833,145	1,812,940
Total	\$ 2,058,775	\$ 2,049,117	\$ 2,029,266	\$ 2,009,558	\$ 1,992,279

**CONSOLIDATED RESERVES - UNAUDITED**  
**2018-2022 (in thousands of dollars)**

	2022	2021	2020	2019	2018
Finance a specific purpose	\$ 2,893	\$ 2,816	\$ 2,701	\$ 2,581	\$ 1,954
Capital projects - tax supported	20,703	17,838	22,413	27,068	33,133
Municipal parkland	7,354	7,286	7,819	7,184	6,922
Operating reserve - tax supported	8,897	27,621	40,807	33,375	33,738
Debt repayment	(6,201)	(812)	(501)	1,446	3,155
Tax-supported reserves	33,646	54,749	73,239	71,654	78,902
Capital asset replacement (fleet)	48,238	45,080	40,293	34,843	20,234
Land development	58,567	53,649	57,666	61,474	63,009
Parking	-	-	715	1,376	1,637
Offsite	(33,219)	(30,345)	(25,584)	(20,686)	(6,257)
Self-supported reserves	73,586	68,384	73,090	77,007	78,623
Power	24,751	30,830	29,999	26,834	24,148
Water	8,403	10,927	13,730	8,539	3,873
Wastewater	22,728	19,544	20,356	21,424	18,042
Solid waste management	18,720	18,673	16,639	13,810	16,349
Utility-supported reserves	74,602	79,974	80,724	70,607	62,412
Total	\$ 181,834	\$ 203,107	\$ 227,053	\$ 219,268	\$ 219,937

In 2022, comparative information has been reclassified to conform to the current year's presentation.

## LONG-TERM DEBT ISSUED BY FUNCTION - UNAUDITED

2018-2022 (in thousands of dollars)

	2022	2021	2020	2019	2018
General government services	\$ 5,150	\$ 19,000	\$ 662	\$ -	-
Protective services and parking	-	1,368	-	-	-
Transportation and fleet	4,126	3,316	4,442	3,975	1,500
Recreation, parks, and culture	9,900	11,379	2,249	7,193	10,235
Water and wastewater	3,100	8,450	16,000	7,400	4,971
Electric light and power	-	-	-	1,000	5,506
<b>Total</b>	<b>\$ 22,276</b>	<b>\$ 43,513</b>	<b>\$ 23,353</b>	<b>\$ 19,568</b>	<b>\$ 22,212</b>

## LONG-TERM DEBT - UNAUDITED

2018-2022 (in thousands of dollars)

	2022	2021	2020	2019	2018
Tax-supported debt	\$ 199,195	\$ 186,719	\$ 153,063	\$ 151,298	\$ 145,479
Self-supported debt	101,389	113,412	125,086	123,390	129,735
<b>Total long-term debt</b>	<b>300,584</b>	<b>300,131</b>	<b>278,149</b>	<b>274,688</b>	<b>275,214</b>
Population (not in thousands)	101,002	101,002	101,002	101,002	99,832
Long-term debt per capita (not in thousands)	2,976	2,972	2,754	2,720	2,757
Debt limit per regulation	534,549	521,643	541,944	522,996	517,919
Debt limit unused	233,965	221,512	263,795	248,308	242,705
Percentage of debt limit used	56 %	58 %	51 %	53 %	53 %
Service on debt limit	89,092	86,941	90,324	87,166	86,320
Service on existing debt	33,358	31,702	29,396	29,724	31,309
Service on debt limit unused	55,734	55,239	60,928	57,442	55,011
Percentage of service on debt limit used	37 %	36 %	33 %	34 %	36 %
Percentage of expenses	8 %	8 %	8 %	8 %	9 %

**GOVERNMENT TRANSFERS - UNAUDITED**

**2018-2022 (in thousands of dollars)**

	2022	2021	2020	2019	2018
<b>Operating transfers</b>					
Provincial	\$ 14,565	\$ 18,102	\$ 26,066	\$ 13,505	\$ 12,509
Federal	2,678	2,692	1,593	732	729
Local	371	677	357	430	376
	<b>17,614</b>	<b>21,471</b>	<b>28,016</b>	<b>14,667</b>	<b>13,614</b>
<b>Capital transfers</b>					
Provincial	14,277	21,468	17,275	22,164	21,349
Federal	32,422	23,369	6,600	3,287	10,607
Local	-	-	-	-	229
	<b>46,699</b>	<b>44,837</b>	<b>23,875</b>	<b>25,451</b>	<b>32,185</b>
<b>Total</b>	<b>\$ 64,313</b>	<b>\$ 66,308</b>	<b>\$ 51,891</b>	<b>\$ 40,118</b>	<b>\$ 45,799</b>