



## **2024 Annual Financial Report**

The Corporation of the City of Red Deer  
Red Deer, Alberta  
For the Year Ended December 31, 2024  
April 29, 2025

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## **INTRODUCTORY INFORMATION**

## MAYOR AND CITY COUNCIL



Mayor K. Johnston



Councillor K. Barnstable



Councillor B. Buruma



Councillor V. Doerksen



Councillor V. Higham



Councillor C. Jefferies



Councillor C. Krah



Councillor L. Lee

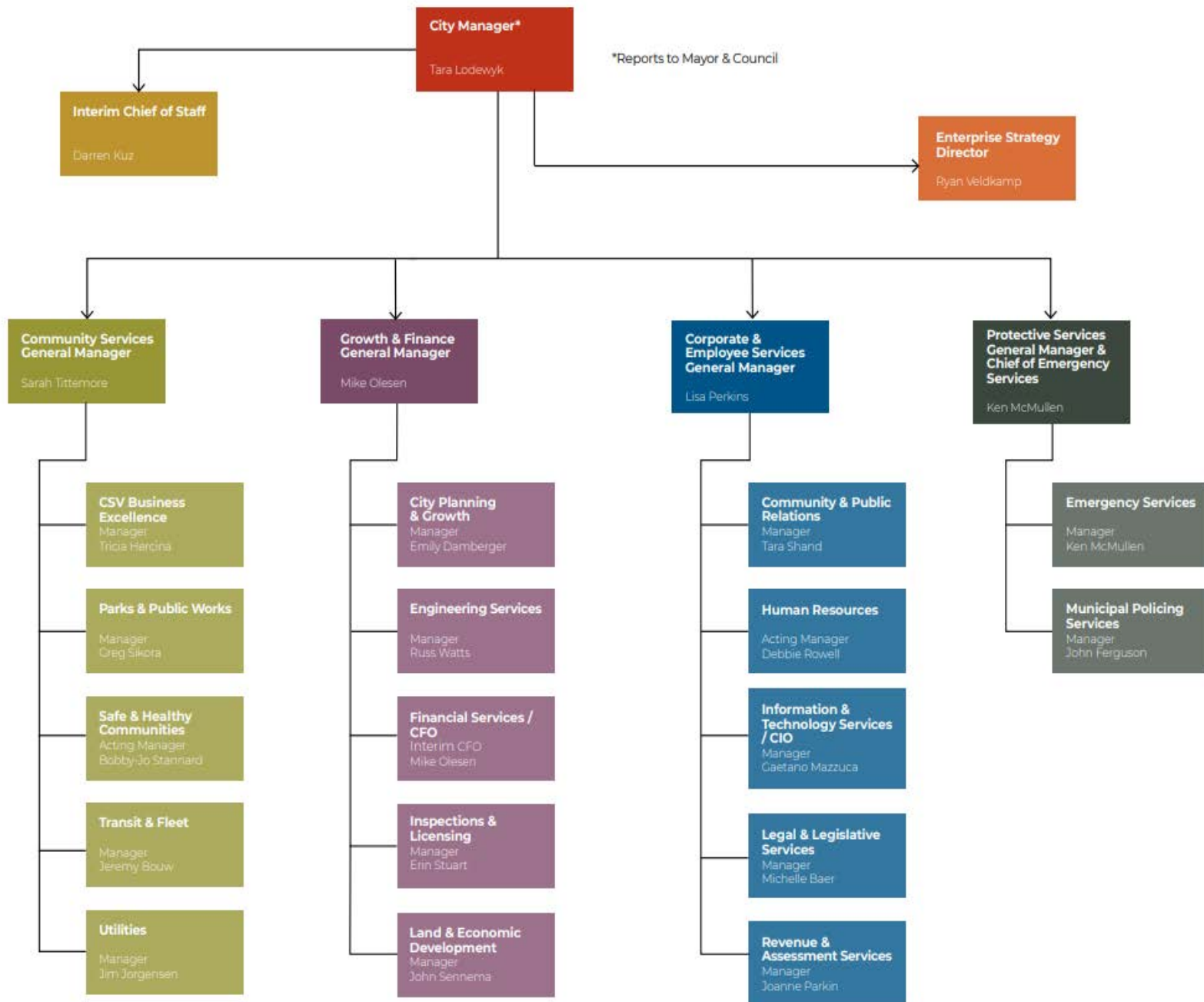


Councillor D. Wyntjes

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**

#### **Executive Summary**

Leading into 2024, Administration forecasted the pressures and adverse conditions of our overall financial health. At the time of considering an adjusted budget for 2024, Council had limited opportunity to make changes to services to help mitigate this path. Fortunately, through strong expense management we were able to outperform our 2024 budgeted plan, minimizing and slowing the adverse impact to our financial health.

Looking ahead to the 2025 plan, significant improvements have been made to our planned revenues with an anticipated tax increase of approximately 10.5%. This has been combined with the approximately \$3 million in expense/service reductions identified, which should lead to our reserves and cash position making a notable improvement by year-end.

Several pressures remain, however. Notably, The Westerner's financial position and loan remain a significant risk to the City's financial position. We continue to work with and support The Westerner in pursuing a stabilization of their operations which we are hopeful will be achieved by this important contributor to the Red Deer economy. Optimistic forecasts have been identified, and we expect to know more of their performance within this next fiscal year.

Our reserve position remains in a very pressured state. This pressure is not only felt based on the forecasted needs we have for our reserves, such as our anticipated 10-year capital plan and the protection of available contingency but is now also a factor affecting our liquidity as an organization. We have taken steps to mitigate this position, but further improvement is required.

A key step in improving our financial health was taken in 2024 with the establishment of the "Financial Roadmap: Transformation, Strategic Focus and Future Ready" project. This effort is a deliberate and comprehensive review of the City's overall financial governance and management practices. This will identify the changes required to create the means by which the City's financial health can continue to improve.

## Introduction

Mayor Ken Johnston, Members of Council of The City of Red Deer (“The City”), I am pleased to present the 2024 Annual Financial Report. The attached report provides information to taxpayers and other members of the public about The City’s 2024 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*

Operating performance in 2024 was relatively stable against the budgeted plan. Administration was able to be better than budget in several areas within their control and was able to draw less on cash reserves than was planned by year-end. However, as there was a planned use of reserves to balance the 2024 budget, this performance has not been able to fully mitigate placing our operating reserve tax supported (ORTS) well under our minimum balances and finishing in a negative position.

Rising costs and uncertainty are continuing to outpace revenue growth and are contributing to the ongoing financial challenges for The City. Although Operating revenues increased by \$28.3 million (7.4%), they fell short of budget by \$6.1 million (1.5%). The budget shortfall was almost entirely due to operating government transfers being less than expected which is only a factor of timing as these are tied to community grants that would be simply a flow-through on the expense side of our operating.

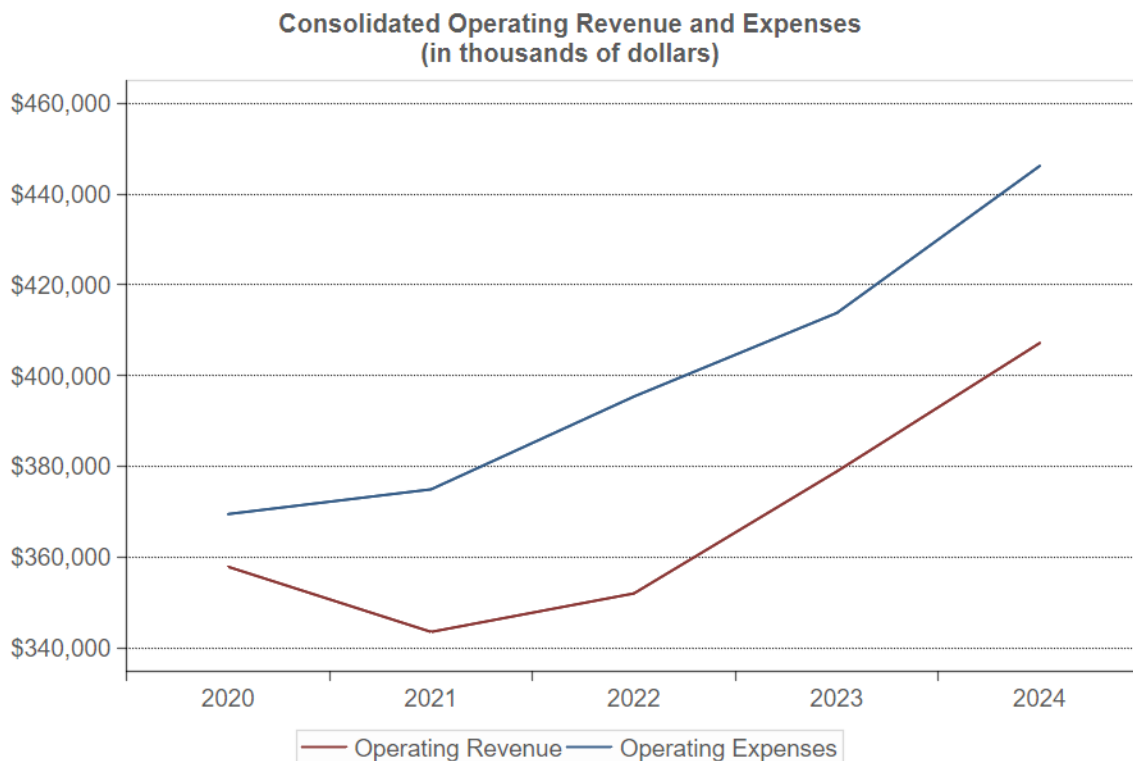
Taxes and user fees contributed to the majority of the revenue increase over 2023. Assessed values went up by \$813 million (5.1%), compared to prior years where assessed values increased very little or even went down. The increase in user fees were mainly felt in utility fees and ambulance and dispatch revenue.

Operating expenses increased by \$32.4 million (7.8%). The largest contributors to this increase are salaries (\$10.5 million, 6.7%) and grants to organizations (\$11.2 million, 75%).

Areas that had the largest changes in expenses were:

- General government services - \$13.9 million due to planned salary changes combined with the unanticipated revaluation of grant portion of the Westerner Exposition Association (“The Westerner”) loan.

- Subdivisions, land, and development - \$6.0 million due to a land inventory write down and other non-capital items expensed such as Capstone marketing costs and Buffalo site demolition work.
- Protective services and parking – \$5.9 million due to planned salary changes and the RCMP contract increase.
- Transportation and fleet - \$5.2 million due to planned salary changes, contracted services and supplies offset by the large loss on disposal of tangible capital assets from last year.
- Recreation, parks, and culture realized a decrease of \$4.8 million due to less materials and supplies expense.

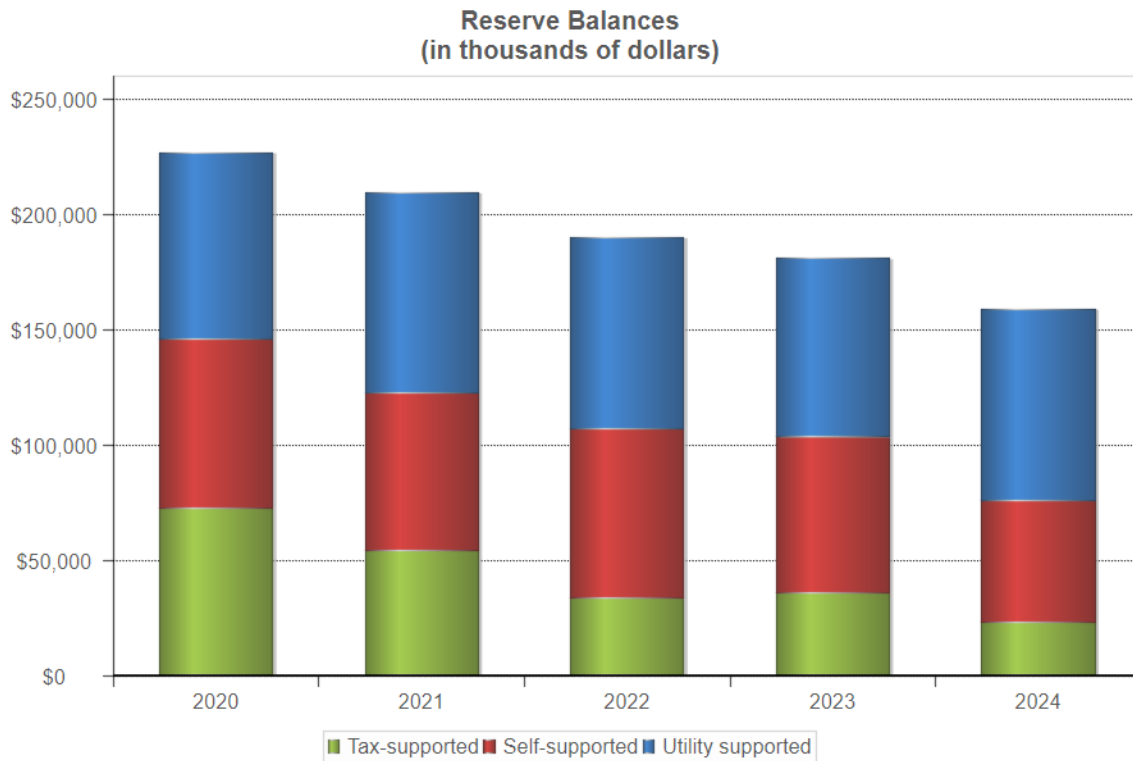


Although revenues are trending upward, as the above graph indicates, expenses have risen at a rate slightly higher than revenues, unlike last year where revenues increased over expenses.

This increase in expenses relative to revenues has impacted the City's reserves as one would expect. Reserve funds saw a large decline over 2023. The largest decreases occurred in Operating reserve-tax supported of \$13.3 million (170.0%) and land development reserve of \$6.0 million (10.9%). Most of the utility supported reserves increased in aggregate of \$5.7 million (7.4%). The decrease in Operating reserve-tax supported is due to \$7.3 million revaluation of the grant



portion of The Westerner loan and \$6.0 million made up of general expense increases in tax supported areas.

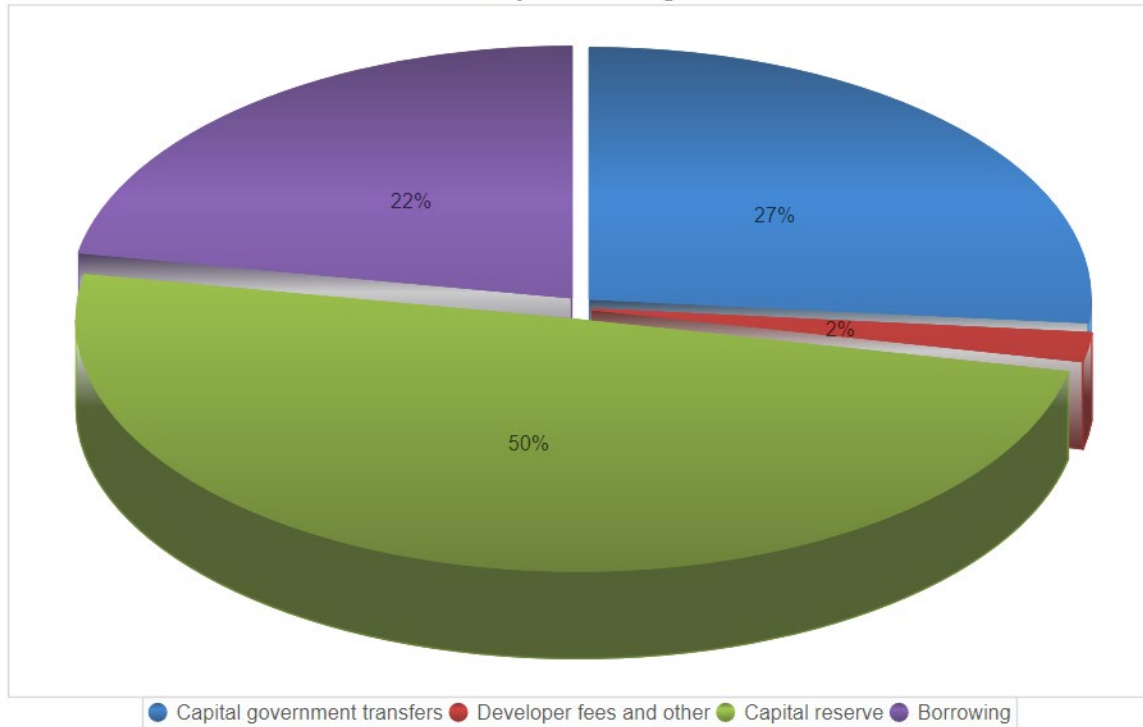


### **Capital Results**

The City's capital expenditures exceeded projections by \$22.9 million (24.8%) in 2024 but remained relatively comparable to 2023. However, the composition of funding sources has shifted from prior years with more internal funding sources utilized over external.

Capital grant revenue recognized was \$30.6 million, which is \$20.1 million (39.7%) less than last year. Although there are unspent grants deferred in 2024, the amount spent on eligible projects was lower than last year. Capital reserves made up for the shortfall in grant revenue, increasing by \$13.6 million (31.1%). The proportion of capital expenditures funded by borrowing and other external sources remains the same. Positively, the increase in tax and user fee revenue resulted in higher inflows into the capital reserves, hence why they have not declined despite the increased use of reserves to fund capital projects.

### Capital Funding



### Financial Position

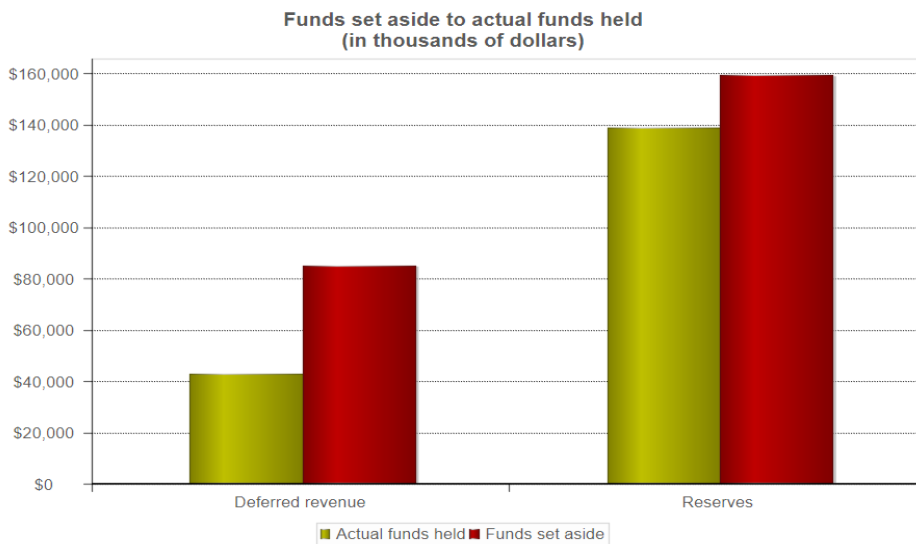
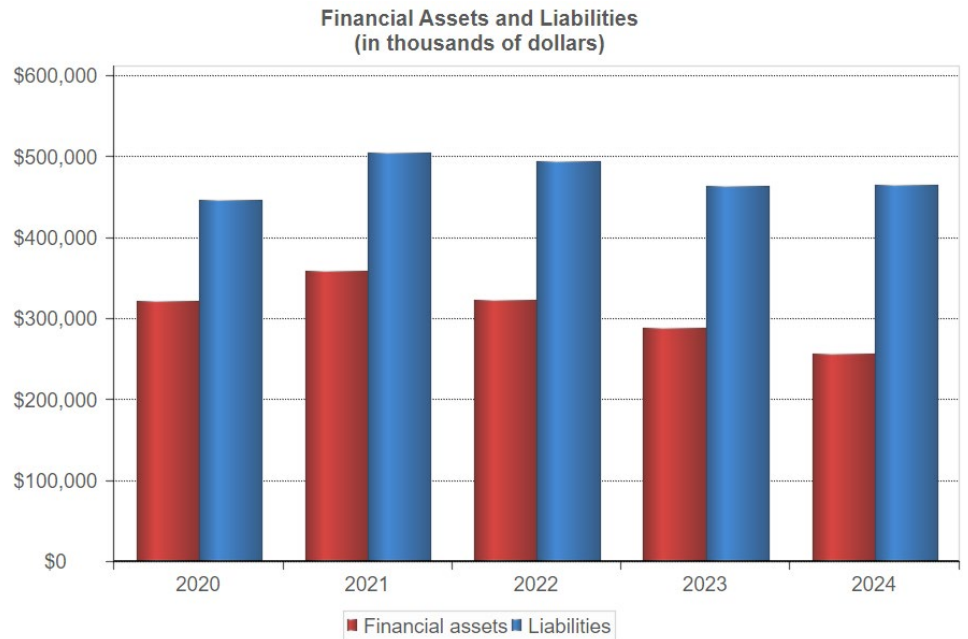
The Statement of Financial Position shows where The City finished at the end of 2024. Financial assets declined by \$32.3 million. The City received grants accrued last year of \$8.4 million, cashed in investments totaling \$28.2 million to support cash-flows, and revalued the grant portion of The Westerner loan by \$7.3 million, offset by a \$10.5 million increase in cash and cash equivalents.

The City has managed its liabilities quite well, increasing only by \$1.1 million. Where there were increases related to accounts payable and asset retirement obligations, there were similar decreases in deferred revenue and long-term debt.

This large decrease in financial assets resulted in an increase in net debt of \$33.4 million over 2023.

Such a large decrease in financial assets relative to liabilities is concerning because it calls into question The City's ability to fulfil its obligations in the future. Ideally, there should be enough cash and short-term investments to at least cover deferred revenue balances and long-term investments to cover the reserves, as both represent current funds set aside for future use. This has

been a factor identified in previous forecasts that requires a course correction to reposition our financial health in a better state.

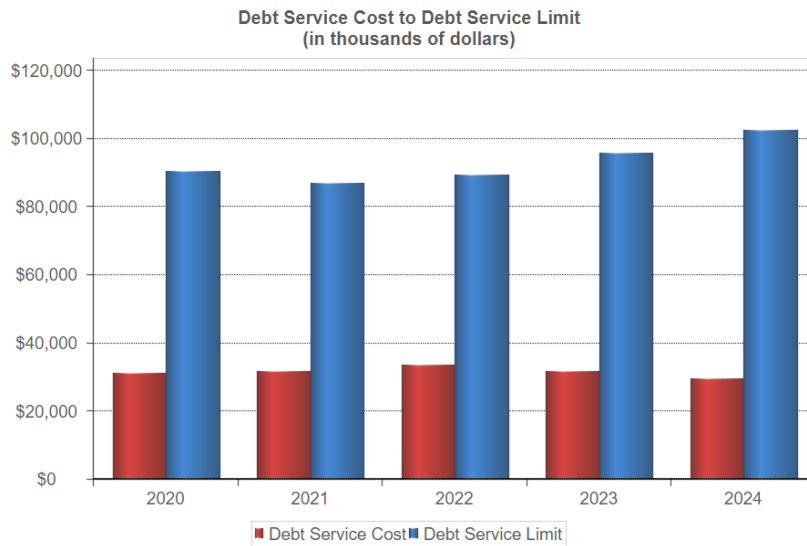
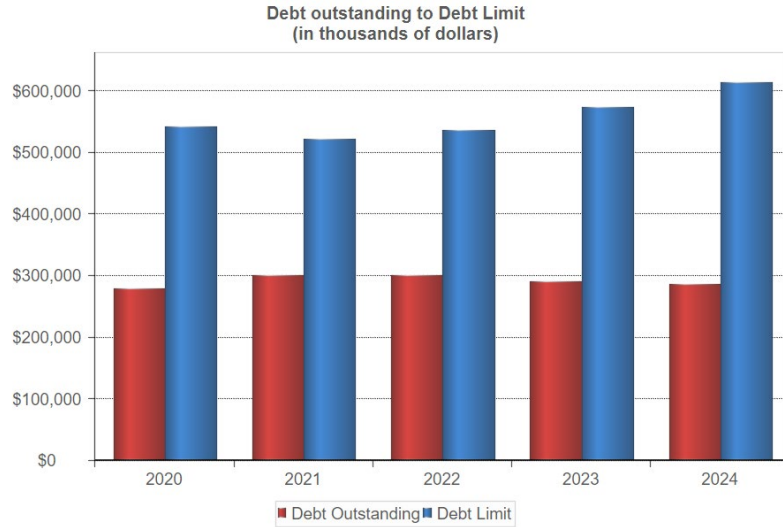


In 2024, The City had only enough cash and short-term investments to cover 51% of deferred revenue and long-term investments to cover 87% of reserves. This bar chart demonstrates the short-term liquidity issues that The City has and requires immediate attention. In 2024,

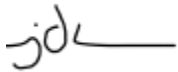
Council approved short-term borrowing limits to allow for a line of credit increase which will help mitigate this. As we continue to stabilize our operational performance, balancing our revenues and expenses, Administration anticipates this position improving in future years.

## Debt Limit

On a more positive note, increased revenues combined with reduction in long-term debt has resulted in The City's debt limit percentage to go down to 47% from 51%. Debt service limit has decreased to 29% from 33%. It should be noted that the reported debt limit only reflects the actual debt outstanding. Ongoing reporting on The City's debt limit must also consider the debt planned in the future.



Respectfully submitted,



Mike Olesen  
 General Manager of Growth & Finance  
 Interim Chief Financial Officer  
 April 29, 2025

## **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, 2024 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.

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. 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



Mike Olesen  
Interim Chief Financial Officer





**KPMG LLP**

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Canada  
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## **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, 2024;
- the consolidated statement of operations for the year then ended;
- the consolidated statement of remeasurement gains and losses for the year then ended;
- the consolidated statement of changes in net debt for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- and notes and schedules 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, 2024, and its consolidated results of operations, its consolidated remeasurement gains and losses, its consolidated changes in net debt 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.



## ***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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a long, horizontal, slightly wavy line.

Chartered Professional Accountants

Edmonton, Canada

April 29, 2025

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2024 (in thousands of dollars)

	2024	2023
<b>Financial Assets</b>		
Cash and cash equivalents (Note 2)	\$ 17,347	\$ 6,811
Accounts receivable (Note 3)	53,792	62,154
Land ready for sale (Note 4)	9,460	8,988
Investments (Note 5)	164,502	192,683
Loans receivable (Note 6)	10,818	17,578
	<b>255,919</b>	<b>288,214</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 7)	57,563	54,463
Deposits	4,105	3,708
Deferred revenue (Note 8)	85,106	89,097
Employee benefit obligations (Note 9)	16,745	16,107
Asset retirement obligations (Note 10)	15,139	10,296
Long-term debt (Note 11)	286,306	290,180
	<b>464,964</b>	<b>463,851</b>
<b>Net Debt</b>	<b>(209,045)</b>	<b>(175,637)</b>
<b>Non-Financial Assets</b>		
Tangible capital assets (Schedule 1, Note 13)	2,236,843	2,204,087
Land not ready for sale (Note 4)	35,879	39,631
Inventory held for use	4,090	4,065
Prepaid expenses	4,641	5,631
	<b>2,281,453</b>	<b>2,253,414</b>
<b>Accumulated Surplus</b>	<b>\$ 2,072,408</b>	<b>\$ 2,077,777</b>
Accumulated surplus is comprised of:		
Accumulated operating surplus (Schedule 2, Note 15)	2,074,189	2,078,246
Accumulated remeasurement loss	(1,781)	(469)

Contractual rights and obligations (Note 25)  
Contingencies (Note 26)  
Guarantees (Note 27)  
Segmented disclosure (Schedule 3, Note 28)  
Related party disclosure (Note 29)  
Subsequent event (Note 31)

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, 2024 (in thousands of dollars)

	Budget (Note 30)	2024	2023
<b>Revenues (Schedule 3)</b>			
Net municipal taxes (Note 16)	\$ 155,644	\$ 156,415	\$ 145,026
User fees and sale of goods (Note 17)	205,293	205,451	189,864
Operating government transfers (Note 18)	24,398	18,399	18,918
Investment earnings	4,118	3,739	2,828
Fines and penalties	5,587	5,923	4,728
Natural gas distribution franchise	10,554	10,105	9,267
Licenses and permits	3,494	2,672	3,518
Other operating revenue	4,144	4,473	4,729
	413,232	407,177	378,878
<b>Expenses (Schedule 3, Note 19)</b>			
General government services	49,935	59,746	45,885
Protective services and parking	101,373	98,458	92,580
Transportation and fleet	90,108	93,199	87,960
Public health and planning	25,211	19,413	15,766
Recreation, parks, and culture	58,803	59,972	64,820
Subdivisions, land, and development	1,467	7,184	1,199
Water and wastewater	46,812	45,370	44,961
Waste management	15,603	14,822	13,377
Electric	50,215	48,042	47,258
	439,527	446,206	413,806
<b>Annual Operating Deficit before Other</b>	(26,295)	(39,029)	(34,928)
<b>Other (Schedule 3)</b>			
Capital government transfers (Note 18)	25,715	30,576	50,711
Contributed tangible capital assets (Note 13)	6,629	1,797	1,244
Developer and customer contributions	1,187	2,074	2,934
Net effect of annexation (Note 13)	-	491	-
Other capital revenue	1	34	459
<b>Annual Operating Surplus (Deficit)</b>	7,237	(4,057)	20,420
<b>Accumulated Operating Surplus, start of year</b>	2,078,246	2,078,246	2,057,826
<b>Accumulated Operating Surplus, end of year</b>	\$ 2,085,483	\$ 2,074,189	\$ 2,078,246

See accompanying Notes to the Consolidated Financial Statements

**CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES**  
**For the Year Ended December 31, 2024 (in thousands of dollars)**

	2024	2023
<b>Accumulated Remeasurement Loss, start of year</b>	<b>\$ (469)</b>	<b>\$ (1,629)</b>
Unrealized gain (loss) attributable to:		
Embedded derivatives (Note 5)	(1,781)	1,147
Realized losses reclassified to Consolidated Statement of Operations:		
Embedded derivatives (Note 5)	469	13
Net remeasurement gain (loss) for the year	(1,312)	1,160
<b>Accumulated Remeasurement Loss, end of year</b>	<b>\$ (1,781)</b>	<b>\$ (469)</b>

See accompanying Notes to the Consolidated Financial Statements



## CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended December 31, 2024 (in thousands of dollars)

	Budget (Note 30)	2024	2023
<b>Annual Operating Surplus (Deficit)</b>	\$ 7,237	\$ (4,057)	\$ 20,420
Acquisition of tangible capital assets	(92,477)	(115,368)	(111,175)
Contributed tangible capital assets	(6,629)	(1,797)	(1,244)
Tangible capital assets received in annexation	-	(503)	-
Amortization of tangible capital assets	80,514	84,524	81,760
Proceeds on disposal of tangible capital assets	-	1,399	694
(Gain) loss on disposal of tangible capital assets	-	(1,011)	6,028
	(18,592)	(32,756)	(23,937)
Net reduction of land not ready for sale	-	3,752	814
Net purchase of inventory held for use	-	(25)	(451)
Net reduction (acquisition) of prepaid expenses	-	990	(1,712)
Net remeasurement gain (loss)	-	(1,312)	1,160
	-	3,405	(189)
<b>Increase in Net Debt</b>	(11,355)	(33,408)	(3,706)
<b>Net Debt, start of year</b>	(175,637)	(175,637)	(171,931)
<b>Net Debt, end of year</b>	\$ (186,992)	\$ (209,045)	\$ (175,637)

See accompanying Notes to the Consolidated Financial Statements

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2024 (in thousands of dollars)

	2024	2023
<b>Net inflow (outflow) of cash related to the following:</b>		
<b>Operating Activities</b>		
Annual operating surplus (deficit)	\$ (4,057)	\$ 20,420
Non-cash items included in annual operating surplus (deficit):		
Contributed tangible capital assets	(1,797)	(1,244)
Tangible capital assets received in annexation	(503)	-
Amortization of tangible capital assets	84,524	81,760
(Gain) loss on disposal of tangible capital assets	(1,011)	6,028
Accretion on asset retirement obligations	242	426
Change in estimate for asset retirement obligations	(106)	-
Non-cash charges to operations:		
Accounts receivable	8,362	1,372
Land ready for sale	(472)	(1,191)
Loans receivable	6,760	(533)
Accounts payable and accrued liabilities	3,100	3,183
Deposits	397	(81)
Deferred revenue	(3,991)	(22,925)
Employee benefit obligations	638	(246)
Land not ready for sale	3,752	814
Inventory held for use	(25)	(451)
Prepaid expenses	990	(1,712)
	<b>96,803</b>	<b>85,620</b>
<b>Capital Activities</b>		
Acquisition of tangible capital assets (Note 13)	(110,541)	(111,175)
Proceeds on disposal of tangible capital assets	1,399	694
Asset retirement obligations settled	(120)	(111)
	<b>(109,262)</b>	<b>(110,592)</b>
<b>Investing Activities</b>		
Investments purchased	(42,760)	(63,445)
Investments redeemed	69,629	82,574
	<b>26,869</b>	<b>19,129</b>
<b>Financing Activities</b>		
Long-term debt issued	17,565	12,767
Long-term debt repaid	(21,439)	(23,171)
	<b>(3,874)</b>	<b>(10,404)</b>
<b>Change in cash and cash equivalents during the year</b>	<b>10,536</b>	<b>(16,247)</b>
<b>Cash and cash equivalents, start of year</b>	<b>6,811</b>	<b>23,058</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 17,347</b>	<b>\$ 6,811</b>

See accompanying Notes to the Consolidated Financial Statements

## SCHEDULE 1 - CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2024 (in thousands of dollars)

	Land	Land Improvements	Buildings	Machinery, Equipment, and Furnishings	Vehicles	Engineered Structures	Assets Under Construction	2024	2023
<b>Cost:</b>									
Balance, start of year	\$ 373,200	\$ 160,754	\$ 464,885	\$ 138,244	\$ 75,387	\$ 2,287,524	\$ 86,046	\$ 3,586,040	\$ 3,491,812
Acquisition and contributions of tangible capital assets	2	10,276	2,527	8,612	6,736	86,363	3,152	117,668	112,419
Disposal of tangible capital assets	-	(116)	(2,746)	(2,280)	(3,145)	-	-	(8,287)	(18,191)
Balance, end of year	373,202	170,914	464,666	144,576	78,978	2,373,887	89,198	3,695,421	3,586,040
<b>Accumulated Amortization:</b>									
Balance, start of year	-	(76,981)	(178,029)	(87,271)	(41,634)	(998,038)	-	(1,381,953)	(1,311,662)
Amortization of tangible capital assets	-	(6,165)	(13,251)	(8,137)	(5,242)	(51,729)	-	(84,524)	(81,760)
Accumulated amortization on disposals	-	116	2,545	2,182	3,056	-	-	7,899	11,469
Balance, end of year	-	(83,030)	(188,735)	(93,226)	(43,820)	(1,049,767)	-	(1,458,578)	(1,381,953)
<b>Net book value of tangible capital assets</b>	<b>\$ 373,202</b>	<b>\$ 87,884</b>	<b>\$ 275,931</b>	<b>\$ 51,350</b>	<b>\$ 35,158</b>	<b>\$ 1,324,120</b>	<b>\$ 89,198</b>	<b>\$ 2,236,843</b>	<b>\$ 2,204,087</b>
2023 Net Book Value of Tangible Capital Assets	\$ 373,200	\$ 83,773	\$ 286,856	\$ 50,973	\$ 33,753	\$ 1,289,486	\$ 86,046	\$ 2,204,087	

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

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

For the Year Ended December 31, 2024 (in thousands of dollars)

	Unrestricted deficit	Reserves	Equity in Tangible Capital Assets	2024	2023
<b>Balance, start of year</b>	<b>\$ (42,223)</b>	<b>\$ 181,062</b>	<b>\$ 1,939,407</b>	<b>\$ 2,078,246</b>	<b>\$ 2,057,826</b>
Annual operating surplus (deficit)	(4,057)	-	-	(4,057)	20,420
Unrestricted funds designated for future use	(110,287)	110,287	-	-	-
Restricted funds used for operations	74,892	(74,892)	-	-	-
Restricted funds used for tangible capital assets	-	(57,167)	57,167	-	-
Current year funds used for tangible capital assets	(58,201)	-	58,201	-	-
Contributed tangible capital assets	(1,797)	-	1,797	-	-
Tangible capital assets received in annexation	(503)	-	503	-	-
Disposal of tangible capital assets	388	-	(388)	-	-
Amortization of tangible capital assets	84,524	-	(84,524)	-	-
Asset retirement obligations incurred	4,827	-	(4,827)	-	-
Asset retirement obligations settled	(120)	-	120	-	-
Change in estimate for asset retirement obligations	(106)	-	106	-	-
Accretion of asset retirement obligations	242	-	(242)	-	-
Long term debt related to tangible capital assets issued	17,565	-	(17,565)	-	-
Long term debt related to tangible capital assets repaid	(17,464)	-	17,464	-	-
Change in accumulated operating surplus	(10,097)	(21,772)	27,812	(4,057)	20,420
<b>Balance, end of year</b>	<b>\$ (52,320)</b>	<b>\$ 159,290</b>	<b>\$ 1,967,219</b>	<b>\$ 2,074,189</b>	<b>\$ 2,078,246</b>

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

## SCHEDULE 3 - CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE

**For the Year Ended December 31, 2024 (in thousands of dollars)**

	General government services	Protective services and parking	Transportation and fleet	Public health and planning	Recreation, parks, and culture	Subdivisions, land, and development	Water and wastewater	Waste management	Electric	Total
<b>Revenues</b>										
Net municipal taxes	\$ 20	\$ 73,216	\$ 36,979	\$ 7,856	\$ 38,344	\$ -	\$ -	\$ -	\$ -	\$ 156,415
User fees and sale of goods	341	21,210	6,304	920	12,057	3,389	70,755	18,747	71,728	205,451
Operating government transfers	1,492	4,991	537	10,359	1,020	-	-	-	-	18,399
Investment earnings	2,021	-	509	66	351	72	261	248	211	3,739
Fines and penalties	1,055	4,313	-	-	82	-	278	58	137	5,923
Natural gas distribution franchise	10,105	-	-	-	-	-	-	-	-	10,105
Licenses and permits	-	2,525	115	32	-	-	-	-	-	2,672
Other operating revenue	740	899	1,613	32	595	13	152	429	-	4,473
	15,774	107,154	46,057	19,265	52,449	3,474	71,446	19,482	72,076	407,177
<b>Expenses (Note 19)</b>										
Salaries, wages, and benefits	28,410	53,497	29,495	4,399	31,735	526	12,600	1,406	6,770	168,838
Contracted services	10,794	5,338	9,470	1,021	4,993	166	4,416	12,342	4,979	53,519
Materials and supplies	1,766	2,045	12,513	431	6,640	6,372	7,662	64	30,390	67,883
Purchases from other governments	-	33,631	-	-	-	-	-	-	-	33,631
Grants to organizations	7,926	-	1,671	13,348	3,165	-	-	-	-	26,110
Financial charges	7,499	96	482	-	192	120	1,784	15	334	10,522
Amortization	3,257	3,634	39,600	192	13,021	-	18,908	948	4,964	84,524
Accretion expense	4	3	-	-	107	-	-	128	-	242
Other expenses	90	214	(32)	22	119	-	-	(81)	605	937
	59,746	98,458	93,199	19,413	59,972	7,184	45,370	14,822	48,042	446,206
<b>Annual operating surplus (deficit) before other</b>	(43,972)	8,696	(47,142)	(148)	(7,523)	(3,710)	26,076	4,660	24,034	(39,029)
<b>Other</b>										
Capital government transfers	626	1,386	18,967	-	498	-	9,099	-	-	30,576
Contributed tangible capital assets	-	-	1,225	-	-	-	572	-	-	1,797
Developer and customer contributions	-	-	557	-	478	-	329	-	710	2,074
Net effect of annexation	(12)	-	503	-	-	-	-	-	-	491
Other capital revenue	-	-	3	-	31	-	-	-	-	34
<b>Annual operating surplus (deficit)</b>	\$ (43,358)	\$ 10,082	\$ (25,887)	\$ (148)	\$ (6,516)	\$ (3,710)	\$ 36,076	\$ 4,660	\$ 24,744	\$ (4,057)

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

## SCHEDULE 3 - CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE

**For the Year Ended December 31, 2023 (in thousands of dollars)**

	General government services	Protective services and parking	Transportation and fleet	Public health and planning	Recreation, parks, and culture	Subdivisions, land, and development	Water and wastewater	Waste management	Electric	Total
<b>Revenues</b>										
Net municipal taxes	\$ 19	\$ 63,987	\$ 34,846	\$ 8,127	\$ 38,047	\$ -	\$ -	\$ -	\$ -	\$ 145,026
User fees and sale of goods	363	16,049	5,800	674	11,739	2,325	67,835	18,113	66,966	189,864
Operating government transfers	1,390	5,773	1,604	9,116	1,035	-	-	-	-	18,918
Investment earnings	2,790	-	(129)	44	268	9	(54)	(15)	(85)	2,828
Fines and penalties	880	3,340	-	-	87	-	262	53	106	4,728
Natural gas distribution franchise	9,267	-	-	-	-	-	-	-	-	9,267
Licenses and permits	-	3,435	50	33	-	-	-	-	-	3,518
Other operating revenue	1,953	775	775	93	668	16	147	302	-	4,729
	16,662	93,359	42,946	18,087	51,844	2,350	68,190	18,453	66,987	378,878
<b>Expenses (Note 19)</b>										
Salaries, wages, and benefits	24,665	51,197	27,927	4,433	30,389	608	11,348	1,226	6,471	158,264
Contracted services	7,225	4,476	6,202	906	7,456	117	5,496	11,916	5,017	48,811
Materials and supplies	2,428	2,079	9,202	411	10,771	312	6,281	243	30,473	62,200
Purchases from other governments	-	30,984	-	-	-	-	-	-	-	30,984
Grants to organizations	763	-	1,741	9,784	2,644	-	-	-	-	14,932
Financial charges	7,630	101	509	-	185	162	1,742	13	403	10,745
Amortization	3,194	3,549	38,003	388	12,567	-	18,454	875	4,730	81,760
Accretion expense	4	2	-	-	153	-	-	267	-	426
Other expenses	(24)	192	4,376	(156)	655	-	1,640	(1,163)	164	5,684
	45,885	92,580	87,960	15,766	64,820	1,199	44,961	13,377	47,258	413,806
<b>Annual surplus (deficit) before other</b>	(29,223)	779	(45,014)	2,321	(12,976)	1,151	23,229	5,076	19,729	(34,928)
<b>Other</b>										
Capital government transfers	5,345	1,272	32,148	-	9,813	-	2,139	-	(6)	50,711
Contributed tangible capital assets	-	-	958	-	-	-	286	-	-	1,244
Developer and customer contributions	6	-	575	-	7	-	403	-	1,943	2,934
Other capital revenue	-	9	(17)	-	467	-	-	-	-	459
<b>Annual surplus (deficit)</b>	<b>\$ (23,872)</b>	<b>\$ 2,060</b>	<b>\$ (11,350)</b>	<b>\$ 2,321</b>	<b>\$ (2,689)</b>	<b>\$ 1,151</b>	<b>\$ 26,057</b>	<b>\$ 5,076</b>	<b>\$ 21,666</b>	<b>\$ 20,420</b>

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



# **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

## **For the Year Ended December 31, 2024 (in thousands of dollars)**

### **1 SIGNIFICANT ACCOUNTING POLICIES**

Significant aspects of the accounting policies adopted by The City are as follows:

#### **(a) Basis of Accounting**

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").

#### **(b) 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;
- ◆ Public health and planning;
- ◆ Recreation, parks, and culture;
- ◆ Subdivisions, land, and development;
- ◆ Water and wastewater;
- ◆ Waste management; and
- ◆ Electric.

##### **City Controlled 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, 2024 (in thousands of dollars)

#### (c) Revenue Recognition

All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. Revenues are accounted for in the period in which they are earned and measurable. Revenue items are generally recurring in nature except for other revenue such as sponsorships, donations, recoveries, and gain on sale of tangible capital assets.

##### *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. User fees and sale of goods*

User fees are recognized over the period of use and sales of goods are recognized when the goods are delivered.

##### *iii. 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.

##### *iv. Investment earnings*

Investment income includes interest income and realized gains or losses on the sale of portfolio investments. Interest income is recognized as revenue in the period it is earned and realized gains or losses are recognized on the date of disposition. When required by an external funder, investment income earned on unspent funds is allocated to the deferred revenue balance.

##### *v. Fines and penalties*

Fines and penalties have no performance obligations. They are recognized at their realizable value when The City has the authority to claim or retain an inflow of economic resources and a past transaction or event giving rise to an asset has occurred.

##### *vi. Natural gas distribution franchise*

Franchise revenue for the natural gas distribution area is recognized based on a percentage of the delivery tariff of natural gas distributed.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### For the Year Ended December 31, 2024 (in thousands of dollars)

#### *vii. Licenses and permits*

Licenses and permits with a single performance obligation at a point in time are recognized as revenue on issuance. Those which result in a continued performance obligation over time are recognized over the period that the performance obligation is satisfied.

#### *viii. Developer and customer 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.

#### **(d) Expenses**

Expenses are reported on an accrual basis and are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay. Grants to organizations are recorded as expenses when the transfer is authorized and eligibility criteria has been met by the recipient.

#### **(e) Measurement Uncertainty**

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:

- ◆ allowance for doubtful accounts receivable;
- ◆ provisions for impairment of investments;
- ◆ present value of loans receivable;
- ◆ liabilities for contaminated sites;
- ◆ employee benefit obligations;
- ◆ asset retirement obligations;
- ◆ useful lives of carrying value of tangible capital assets;
- ◆ fair value of contributed tangible capital assets; and
- ◆ valuation of inventory and land held for sale.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## For the Year Ended December 31, 2024 (in thousands of dollars)

### (f) Financial Instruments

The City's financial assets and liabilities are measured as follows:

FINANCIAL INSTRUMENT	MEASUREMENT
Cash and cash equivalents	Cost
Trade and other receivables	Lower of cost and net recoverable value
Short term deposits	Amortized cost
Bond investments	Amortized cost
Embedded derivatives	Fair value
Loans receivable	Lower of amortized cost and net realizable value
Accounts payable and accrued liabilities	Cost
Deposits	Cost
Long-term debt	Amortized cost

Financial instruments measured at cost or amortized cost are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the Consolidated Statement of Operations. Any write-downs resulting from impairment are not reversed for subsequent increases in value.

#### *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*

Short term deposits and bond investments are carried at amortized cost. 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. Transaction costs, including bond premiums and discounts are adjusted through the cost of the financial instrument and amortized on a straight-line basis over the term of the respective investments.

Bond investments with embedded derivatives are carried at fair value with transaction costs expensed as incurred. Unrealized changes in fair value are recognized in the Statement of Remeasurement Gains and Losses. When the investment is disposed, the accumulated gains or losses are reclassified to the Statement of Operations. The City estimates fair value by using the following hierarchy:

- ◆ Level 1 - Unadjusted quoted market prices in an active market for identical assets.
- ◆ Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets in inactive markets or market date for substantially the full term of the assets.
- ◆ Level 3 - Unobservable inputs that are supported by little or no market activity but are significant to the fair value of the assets.

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

### **For the Year Ended December 31, 2024 (in thousands of dollars)**

#### *iii. Loans Receivable*

Loans receivable is initially recognized at cost. Subsequently, loans receivable is recorded at the lower of amortized cost and net realizable value, when the risk of loss exists. Changes in the valuation of loans receivable are recognized in the Consolidated Statement of Operations. Interest is accrued to the extent it is deemed collectable. When the terms associated with a loan are considered to be concessionary such that all or a part of the loan is considered to be a grant, The City will expense the grant portion of the transaction in the Consolidated Statement of Operations at the time the loan is made.

#### *iv. Long-term Debt*

Long-term debt is initially recognized net of any premiums, discounts, fees, and transaction costs. Interest expense is recorded using the effective interest method. Long-term debt is subsequently measured at amortized cost.

#### **(g) Foreign Currency Translation**

Foreign currency transactions are translated at the exchange rate prevailing at the date the transactions occur. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at the financial statement date.

Unrealized foreign exchange gains and losses on bank accounts denominated in United States dollars are recognized in the Consolidated Statement of Operations.

#### **(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) Land Ready for Sale**

Land ready 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. Land ready for sale is land inventory that is in condition to be sold, is marketed for sale, and is reasonably anticipated to be sold within one year.

#### **(j) 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.

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

### **For the Year Ended December 31, 2024 (in thousands of dollars)**

#### **(k) 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.

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

Contaminated sites are a result of contamination being introduced into air, soil, water, or sediment. A contaminant can be a chemical, organic or radioactive material, or live organism. A liability for remediation of a contaminated site is recognized when the contamination exceeds an environmental standard, The City accepts responsibility for the remediation, expected future economic benefits will be given up, and a reasonable estimate for remediation can be made. The liabilities are measured using management's estimate of the undiscounted cost of remediation, including operation, maintenance, and monitoring, net of any expected recoveries.

#### **(m) Asset Retirement Obligations**

An asset retirement obligation is recognized when the following criteria are met:

- ◆ There is a legal obligation for The City to incur costs upon the retirement of a tangible capital asset;
- ◆ The tangible capital asset has been acquired or the legal obligation comes into effect, whichever is later;
- ◆ It is expected that The City will have to give up future economic benefits; and
- ◆ A reasonable estimate for retirement costs can be made.

The estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at the measurement date. These retirement activities would include landfill closure and post-closure care, removal of asbestos, and other decommissioning costs. The estimated cash flows related to these retirement activities are discounted using a present value technique when the cash flows required to settle the liability occur over an extended period of time. The liability is then adjusted annually for accretion expense.

When an asset retirement obligation is initially recognized, a corresponding increase in the respective tangible capital assets occurs and then amortized over its useful life.

Changes to the retirement cost estimate arising from revisions to the discount rate or undiscounted cash flows are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. Where a reduction in the liability estimate exceeds the carrying amount of the related assets, the difference is expensed in the Consolidated Statement of Operations.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### For the Year Ended December 31, 2024 (in thousands of dollars)

#### (n) 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.

##### *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:

ASSET TYPE	Years
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. Write-downs are accounted for as expenses in the Consolidated Statement of Operations.

##### *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.

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

### **For the Year Ended December 31, 2024 (in thousands of dollars)**

#### *iii. Tangible Capital Assets Received in a Restructuring Transaction*

Tangible capital assets acquired through a restructuring transaction such as an annexation are recorded at their carrying amount at the restructuring date and recorded as revenue on the Consolidated Statement of Operations.

#### *iv. 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 because 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.

#### *v. Intangible Assets*

Purchased intangible assets are initially recorded at cost and amortized on a straight-line basis over their useful life. Purchased intangible assets with indefinite useful lives are not amortized and reviewed annually for impairment. When conditions indicate that an intangible asset no longer contributes to The City's ability to provide goods and services or when the value of future economic benefits are less than its net book value, the intangible asset is written down. Write-downs are accounted for as expenses in the Consolidated Statement of Operations. Intangible assets that have been contributed, inherited, or internally developed are not recognized in these financial statements. Development costs are expensed as they are incurred.

#### *vi. 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.

#### *vii. Land Not Ready for Sale*

Land not ready for sale is recorded at the lower of cost and net realizable value. Cost includes the acquisition of the land and the improvements required to prepare the land for servicing such as clearing, stripping, and leveling. Land not ready for sale is held for future development and is not reasonably anticipated to be sold within one year.

#### *viii. Inventory Held for Use*

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

#### **(o) 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, 2024 (in thousands of dollars)

#### (p) Adoption of New Accounting Standards

The following summarizes newly adopted standards put forward by the Public Sector Accounting Board ("PSAB").

##### *i. 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 has been adopted prospectively and did not have a significant impact on the financial statements.

##### *ii. 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. There is no impact on the financial statements as a result of adopting this standard.

##### *iii. Purchased Intangibles*

PS1000, *Financial Statement Concepts*, has been 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. There is no impact to the financial statements as result of adopting this new guideline.

#### (q) Future Accounting Pronouncements

The following summarizes upcoming changes to PSAS.

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

PS 1202, *Financial Statement Presentation*, builds on The Conceptual Framework for Financial Reporting in the Public Sector, which serves as the foundation of public sector standard setting, replacing both PS 1000 - *Financial Statement Concepts* and PS 1100 - *Financial Statement Objectives*. Changes to financial statement presentation include but are not limited to:

- ◆ removing the net debt from the Statement of Financial Position and presenting it on its own statement
- ◆ introducing financial and non-financial liability categories in the Statement of Financial Position
- ◆ moving non-financial assets to follow financial assets on the Statement of Financial Position
- ◆ proposing a Statement of Changes in Net Assets that will combine with the Statement of Remeasurement Gains and Losses

This new standard must be adopted prospectively and will be effective in fiscal years beginning on or after April 1, 2026. The City is assessing the impact of the adoption of these standards on its financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2024 (in thousands of dollars)

### 2 CASH AND CASH EQUIVALENTS

	2024	2023
Cash	\$ 17,261	\$ 6,340
Cash in investment accounts	86	471
	\$ 17,347	\$ 6,811

The City has access to an unsecured line of credit of up to \$22,000 (2023 - \$22,000) with an interest rate of prime minus 0.75%, resulting in an effective rate of 4.70% (2023 - 6.45%) to cover any cash flow shortfalls arising from day to day operations. As at December 31, 2024, there was no amount outstanding on the line of credit (2023 - \$Nil).

Subsequent to year end, The City increased its line of credit to \$42,426 pursuant to the amended short term borrowing bylaw approved by City Council in January 2025. There was no change to the interest rate.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2024 (in thousands of dollars)

## 3 ACCOUNTS RECEIVABLE

	2024	2023
Property Taxes:		
Current taxes and grants in place of taxes	\$ 2,634	\$ 2,127
Arrears	730	475
Local improvement levies	2,462	2,679
Allowance for doubtful accounts	(199)	(166)
	5,627	5,115
Trade and Other:		
Utilities	17,721	15,366
Government transfers	17,529	30,515
Trade	6,218	4,650
Interest on investments	4,120	2,934
Goods and Services Tax	1,360	2,203
Requisition under-levy	15	77
Other receivables	1,393	1,451
Allowance for doubtful accounts	(191)	(157)
	48,165	57,039
	\$ 53,792	\$ 62,154

## 4 LAND HELD FOR SALE

	2024	2023
Residential	\$ 1,246	\$ 1,313
Industrial and commercial	8,214	7,675
Land ready for sale	9,460	8,988
Residential	21,871	25,623
Industrial and commercial	14,008	14,008
Land not ready for sale	35,879	39,631
	\$ 45,339	\$ 48,619

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### For the Year Ended December 31, 2024 (in thousands of dollars)

#### 5 INVESTMENTS

	2024		2023	
	Carrying value	Market Value	Carrying value	Market Value
Carried at amortized cost:				
Short-term deposits	\$ 25,648	\$ 25,737	\$ 36,173	\$ 36,487
Federal bonds	26,183	26,549	27,058	26,777
Provincial bonds	20,217	19,378	32,641	30,910
Municipal bonds	2,225	2,107	4,092	3,768
Canadian bank bonds	51,022	46,769	56,799	54,166
Corporate bonds	8,370	8,476	6,218	5,894
Other securities	228	228	244	240
Carried at fair value:				
Principal protected notes	30,609	30,609	29,458	29,458
	\$ 164,502	\$ 159,853	\$ 192,683	\$ 187,700

Short-term deposits are reasonably liquid investments held in Canadian Treasury Bills and Guaranteed Income Certificates. These investments are intended to be held in the short term with maturities ranging from May 12, 2025 to August 11, 2026 (2023 - August 11, 2023 to July 22, 2024) and have interest rates of 0.00% to 5.30% (2023 - 0.00% to 6.05%).

The remaining investments are intended to be held long term. They have interest rates of 0.50% to 8.00% (2023 - 0.50% to 8.00%) and mature in periods from February 5, 2025 to February 15, 2060 (2023 - January 2, 2024 to February 15, 2060). Any declines in market value below carrying value are considered temporary based on management's analysis, and therefore no write-downs have been recognized.

The City owns principal protected notes that have embedded derivatives and are adjusted to their fair value each year. As these notes are not quoted in an active market, the bid price was used to arrive at the fair value. These notes have maturity dates ranging from September 2, 2032 to November 1, 2034 (2023 - August 9, 2028 to April 19, 2033). An unrealized loss of \$1,781 (2023 - \$1,147 gain) has been recognized in the Consolidated Statement of Remeasurement Gains and Losses. Realized losses of \$469 (2023 - \$13) have been reclassified to the Consolidated Statement of Operations.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2024 (in thousands of dollars)

### 6 LOANS RECEIVABLE

	2024	2023
Westerner Exposition Association	\$ 10,317	\$ 17,077
Central Alberta Humane Society	501	501
	<b>\$ 10,818</b>	<b>\$ 17,578</b>

Expected principal payments are as follows:

2025	\$ 44
2026	46
2027	47
2028	1,049
2029	51
Thereafter	18,974
Grant portion of loan payments	(9,393)
	<b>\$ 10,818</b>

#### (a) Westerner Exposition Association

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 three tranches:

- 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. For the first five years of the agreement, payments are deferred if The Westerner's current ratio falls below 1:1.
- 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. For the first five years of the agreement, payments are deferred if The Westerner's current ratio falls below 1:1. The City recognized a grant portion of the loan at its present value using a discount rate of 2.616%. The unamortized grant portion of the loan as of December 31, 2024 is \$9,393 (2023 - \$2,133).
- Tranche 3 is a line of credit of \$1,000 that bears interest of 4.910% and is calculated using the simple interest method. As of December 31, 2024, The Westerner has drawn \$1,000 (2023 - \$500) on the line of credit with The City. The entire amount plus accrued interest is due on April 1, 2028.

On January 13, 2025, City Council approved of a bylaw amendment to suspend principal and interest payments on tranches 1 and 2 from August 1, 2024 to April 1, 2027. As a result, the grant portion of the loan has increased by \$7,337 and expensed as grants to organizations.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### For the Year Ended December 31, 2024 (in thousands of dollars)

#### (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, 2034 and bears interest at 3.600% per annum. In 2024, City Council approved a bylaw amendment to defer payments until March 31, 2025.

## 7 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2024	2023
Trade	\$ 41,027	\$ 37,066
Payroll and remittances	7,905	5,627
Liability for contaminated sites	7,020	9,268
Accrued interest on long term debt	1,179	1,243
Goods and Services Tax	411	830
Requisition over-levy	12	-
Grants to organizations	-	429
Other	9	-
	<b>\$ 57,563</b>	<b>\$ 54,463</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:

	2023	Remediation costs expended	2024
Arenas	\$ 6,058	\$ (1,778)	\$ 4,280
Parking Lots	1,156	(62)	1,094
Capstone	897	(408)	489
Water treatment plant (Note 26)	840	-	840
Streets and right of ways (Note 26)	294	-	294
Fire training facility	23	-	23
	<b>\$ 9,268</b>	<b>\$ (2,248)</b>	<b>\$ 7,020</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2024 (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.

		Amounts received including interest earned	Revenue recognized	
<b>Deferred Government Transfers</b>	2023			2024
Municipal Sustainability Initiative	\$ 38,870	\$ 1,182	\$ (18,095)	\$ 21,957
Local Government Fiscal Framework	-	14,598	(1,390)	13,208
Water for Life	18,791	504	(6,368)	12,927
Canada Community Building Fund	6,548	6,262	(2,254)	10,556
Reaching Home	497	2,426	(2,381)	542
Outreach Support Services Initiative	795	3,832	(4,135)	492
Family and Community Support Services	99	3,248	(3,259)	88
Low-income Transit Pass	106	118	(224)	-
Other government transfers	1,267	7,574	(6,697)	2,144
	66,973	39,744	(44,803)	61,914
<b>Other Deferred Revenue</b>				
Developer and customer contributions	14,611	2,502	(2,031)	15,082
Recreation amenity	2,435	78	(43)	2,470
Other	5,078	6,199	(5,637)	5,640
	22,124	8,779	(7,711)	23,192
	\$ 89,097	\$ 48,523	\$ (52,514)	\$ 85,106

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### For the Year Ended December 31, 2024 (in thousands of dollars)

#### 9 EMPLOYEE BENEFIT OBLIGATIONS

	2024	2023
Vacation, overtime, and earned days off	\$ 8,330	\$ 7,874
Sick pay entitlements	5,186	5,113
Retiring allowance	3,229	3,120
	<b>\$ 16,745</b>	<b>\$ 16,107</b>

##### *(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) Sick pay entitlements*

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.

##### *(c) 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, 2024 and extrapolated to December 31, 2026. 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 4.60% (2023 - 2.90%) and the expected salary escalations of 2.75% (2023 - 2.75%) are used to determine the accrued benefit obligation. The accrued benefit obligation is \$3,036 (2023 - \$2,905) using projected benefit method prorated on services. The net actuarial gain of \$193 (2023 - \$215) is amortized on a straight line basis over 11 years starting with the year following its determination.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### For the Year Ended December 31, 2024 (in thousands of dollars)

#### 10 ASSET RETIREMENT OBLIGATIONS

The following summarizes the total net present value for the estimated costs of The City's asset retirement obligations:

	2024	2023
Estimated retirement liability, start of year	\$ 10,296	\$ 9,981
Liabilities incurred	4,827	-
Liabilities settled	(120)	(111)
Change in estimate	(106)	-
Accretion expense	242	426
Estimated retirement liability, end of year	\$ 15,139	\$ 10,296

The City has not designated assets for settling its asset retirement obligations.

##### *(a) Landfill closure and post-closure*

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. Closure and post-closure activities include the final clay cover, landscaping, surface and ground water monitoring, leachate control, and visual inspection. The reported liability is recognized when the landfill site starts accepting waste and is based on estimates and assumptions using the best information available to management. Discounted future cash flows for closure and post-closure costs are calculated using a discount rate of 2.50% (2023 - 2.36%) and an inflation rate of 3.46% (2023 - 3.15%).

- i. The 1972 site stopped accepting waste in 2002. Estimated post-closure care is required for a period of 40 years from the time of closure. Undiscounted annual post-closure costs are estimated to be \$86 per year, increasing at the annual inflation rate until 2042. The present value of estimated future post-closure costs accrued is \$2,132 (2023 - \$2,115).
- ii. The current 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. On February 2, 2024, The City received approval from the Province of Alberta to increase capacity of the phase one site, which is now projected to last until 2037 based on current growth and usage. It is estimated that post closure care will be required for a period of 40 years from closure. Undiscounted future cash flows expected at time of closure will be \$9,403 (2023 - \$2,532) with annual post-closure costs to be \$71 per year, increasing at the annual inflation rate until 2075. The present value of estimated future closure and post closure costs accrued is \$11,537 (2023 - \$6,710).

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

### **For the Year Ended December 31, 2024 (in thousands of dollars)**

#### *(b) Asbestos abatement and other retirement obligations*

Liabilities associated with other asset retirement obligations are estimated using The City's long term investment rate of 1.96% (2023 - 2.51%) as the discount rate and an annual inflation rate of 3.27% (2023 - 3.13%). The remaining useful life of the related tangible capital asset is used to approximate the estimated date of retirement for those where the date is not otherwise known by management.

- i. The City owns various buildings that contain asbestos of which a legal obligation exists to perform abatement activities upon renovation or demolition. Abatement activities include handling and disposing of asbestos in a prescribed manner when it is disturbed. Total undiscounted future cash flows expected in the estimated year of abatement, which range from 2026 to 2063, is \$1,141 (2023 - \$1,468). The present value of estimated future cost of the abatement activities is \$985 (2023 - \$1,065).
- ii. The City owns a number of water wells, one underground fuel tank, and an ammonia ice plant, and is legally obligated to remove them when they are no longer in service. Total undiscounted future cash flows expected in the estimated year of decommissioning, which range from 2027 to 2068, is \$772 (2023 - \$743). The present value of estimated future cost of decommissioning activities is \$485 (2023 - \$406).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## For the Year Ended December 31, 2024 (in thousands of dollars)

### 11 LONG-TERM DEBT

Long-term debt is comprised of:

	2024	2023
Tax-supported debt	\$ 198,329	\$ 195,147
Self-supported debt:		
Utilities	62,012	66,242
Offsites	14,492	14,960
Land and fleet	11,473	13,831
	\$ 286,306	\$ 290,180

Current portion of long-term debt is \$19,247 (2023 - \$21,389)

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.

Expected principal and interest payments are as follows:

	Principal	Interest	Total
2025	\$ 19,247	\$ 10,252	\$ 29,499
2026	17,852	9,576	27,428
2027	17,302	8,918	26,220
2028	14,904	8,288	23,192
2029	13,711	7,742	21,453
Thereafter	203,290	63,105	266,395
	\$ 286,306	\$ 107,881	\$ 394,187

Long-term debt consists of debentures payable to the Province of Alberta and is issued on the credit and security of The City at large.

Debentures mature in annual amounts to 2054. Interest rates on these debentures range from 1.27% to 5.43% (2023 - 1.27% to 5.43%) per annum. The average annual interest rate is 3.77% (2023 - 3.66%).

During the year, a total of \$17,565 (2023 - \$12,767) was added through new debenture borrowings to fund capital projects. Interest expenses on long-term debt amounted to \$10,154 (2023 - \$10,378). Cash payments for interest and principal were \$10,218 (2023 - \$10,436) and \$21,439 (2023 - \$23,171) respectively.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### For the Year Ended December 31, 2024 (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:

	2024	2023
Total debt limit	\$ 613,928	\$ 573,407
Total debt (Note 11)	286,306	290,180
Unused debt limit	327,622	283,227
Percentage used	47 %	51 %
Total debt service limit	\$ 102,321	\$ 95,568
Total debt service (Note 11)	29,499	31,504
Unused debt service limit	72,822	64,064
Percentage used	29 %	33 %

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, 2024 (in thousands of dollars)

### 13 TANGIBLE CAPITAL ASSETS

	2024	2023
<b>Net book value</b>		
Land	\$ 373,202	\$ 373,200
Land improvements	87,884	83,773
Buildings	275,931	286,856
Machinery, equipment, and furnishings	51,350	50,973
Vehicles	35,158	33,753
Engineered structures		
Roadway system	417,198	410,012
Water system	279,705	272,237
Wastewater system	256,398	254,698
Storm system	247,383	235,117
Electrical system	122,291	116,189
Fibre optics system	1,145	1,233
	<b>2,147,645</b>	<b>2,118,041</b>
Assets under construction	89,198	86,046
	<b>\$ 2,236,843</b>	<b>\$ 2,204,087</b>

During the year, The City acquired tangible capital assets at a cost of \$115,368, of which \$110,541 was acquired with cash and \$4,827 is an increase in asset retirement obligations.

Also in 2024, \$1,797 (2023 - \$1,244) in engineered structures were contributed to The City.

Effective January 1, 2024, The City annexed a section north of Highway 11A from Red Deer County. The City received approximately 1.3 kilometres of gravel road with a net book value of \$503. Compensation of \$12 was paid to Red Deer County, resulting in a net effect of annexation of \$491.

In 2024, The City acquired works of art in the amount of \$38 (2023 - \$13), which have been expensed as 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, 2024 (in thousands of dollars)

### 14 EQUITY IN TANGIBLE CAPITAL ASSETS

	2024	2023
Tangible capital asset cost (Schedule 1)	\$ 3,695,421	\$ 3,586,040
Accumulated amortization (Schedule 1)	(1,458,578)	(1,381,953)
Long-term debt related to tangible capital assets	(254,485)	(254,384)
Asset retirement obligations (Note 10)	(15,139)	(10,296)
	<b>\$ 1,967,219</b>	<b>\$ 1,939,407</b>

### 15 ACCUMULATED OPERATING SURPLUS

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

	2024	2023
Unrestricted surplus - controlled agencies	\$ 4,786	\$ 4,467
Unrestricted deficit - capital to be financed	(57,106)	(46,690)
Reserves		
Capital projects - tax supported	18,527	18,338
Operating reserve - tax supported	(5,447)	7,828
Municipal parkland	7,528	7,340
Finance a specific purpose	3,061	3,024
Land development	49,158	55,214
Capital asset replacement (fleet)	40,713	48,120
Offsite	(37,239)	(36,045)
Solid waste management	29,672	27,725
Wastewater	26,032	24,914
Power	25,836	22,249
Water	1,449	2,355
Total reserves (Schedule 2)	159,290	181,062
Equity in tangible capital assets (Note 14)	1,967,219	1,939,407
	<b>\$ 2,074,189</b>	<b>\$ 2,078,246</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2024 (in thousands of dollars)

## 16 NET MUNICIPAL TAXES

	Budget	2024	2023
<b>Taxation</b>			
Real property taxes	\$ 195,618	\$ 196,472	\$ 185,410
Business improvement area levy	278	275	285
Grants in place of taxes	2,581	2,581	1,698
Linear and other property taxes	2,851	2,851	1,700
	201,328	202,179	189,093
<b>Requisitions</b>			
Public schools	39,545	39,632	38,170
Catholic schools	5,462	5,462	5,257
Bridges Community Living	665	655	627
Designated industrial property	12	15	13
	45,684	45,764	44,067
	\$ 155,644	\$ 156,415	\$ 145,026

## 17 USER FEES AND SALE OF GOODS

	Budget	2024	2023
Utility user fees	\$ 157,003	\$ 155,379	\$ 147,473
Ambulance and dispatch revenue	15,097	19,470	14,235
Transit revenue	5,906	6,149	5,440
Facility user fees	7,812	7,152	6,694
Electrical transmission recovery	5,275	5,608	5,271
Equipment and facility rental	4,100	3,765	3,921
Land sales	6,538	3,333	2,249
Other	3,562	4,595	4,581
	\$ 205,293	\$ 205,451	\$ 189,864

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2024 (in thousands of dollars)

## 18 GOVERNMENT TRANSFERS

	Budget	2024	2023
<b>Operating</b>			
Provincial:			
Outreach Support Services Initiative	\$ 3,823	\$ 4,135	\$ 3,893
Family and Community Support Services	3,220	3,258	3,117
911 Grant Program	2,982	2,673	3,553
Policing Support Grant	1,916	1,914	1,916
Local Government Fiscal Framework (formerly Municipal Sustainability Initiative)	1,664	1,663	1,664
Low-income Transit Program	-	264	1,331
Other provincial grants	1,071	1,548	1,293
	14,676	15,455	16,767
Federal:			
Reaching Home	2,043	2,381	1,538
Other federal grants	7,310	158	234
	9,353	2,539	1,772
Local:			
Family and Community Support Services	235	271	245
Other local grants	134	134	134
	369	405	379
<b>Total Operating</b>	<b>24,398</b>	<b>18,399</b>	<b>18,918</b>
<b>Capital</b>			
Provincial:			
Municipal Sustainability Initiative	7,458	17,821	26,268
Water for Life	561	6,369	1,946
GreenTRIP	50	-	280
	8,069	24,190	28,494
Federal:			
Canada Community Building Fund	12,522	2,254	12,887
COVID-19 Resilience Grant	3,087	4,132	8,687
Public Transit Infrastructure Fund	-	-	75
Other federal grants	2,037	-	568
	17,646	6,386	22,217
<b>Total Capital</b>	<b>25,715</b>	<b>30,576</b>	<b>50,711</b>
	\$ 50,113	\$ 48,975	\$ 69,629

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2024 (in thousands of dollars)**

**19 EXPENSES BY OBJECT**

	Budget	2024	2023
Salaries, wages, and benefits	\$ 175,682	\$ 168,838	\$ 158,264
Contracted services	54,369	53,519	48,811
Materials and supplies	61,367	67,883	62,200
Purchases from other governments	33,631	33,631	30,984
Grants to organizations	23,497	26,110	14,932
Financial charges	8,801	10,522	10,745
Amortization	80,514	84,524	81,760
Accretion expense	216	242	426
Other expenses	1,450	937	5,684
	\$ 439,527	\$ 446,206	\$ 413,806

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## For the Year Ended December 31, 2024 (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	2024	2023
	(a)	(b), (c)		
<b>Mayor:</b>				
K. Johnston	\$ 125	\$ 22	\$ 147	\$ 150
<b>Councillors:</b>				
K. Barnstable	69	12	81	80
B. Buruma	69	14	83	82
M. Dawe	-	-	-	82
V. Doerksen	69	13	82	82
V. Higham	69	17	86	86
J. Jefferies	69	15	84	84
C. Krahn	44	11	55	-
L. Lee	71	17	88	91
D. Wyntjes	69	17	86	86
	529	116	645	673
<b>City Manager:</b>				
T. Lodewyk	306	42	348	303
<b>Designated Officers:</b>				
City Assessor	157	33	190	185
Assessment Review Board Clerk	192	36	228	264
	\$ 1,309	\$ 249	\$ 1,558	\$ 1,575

(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.

(a) 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.

(b) 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## For the Year Ended December 31, 2024 (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 11.65% (2023 - 12.23%) for the excess. Employees of The City are required to make current service contributions of 7.45% to the YMPE and 10.65% (2023 - 11.23%) thereafter.

	2024	2023
Current service contributions by employer	\$ 11,755	\$ 10,753
Current service contributions by employee	10,496	9,635
	\$ 22,251	\$ 20,388

As at December 31, 2023, LAPP reported an actuarial surplus of \$15.1 billion (2022 - \$12.7 billion). This amount is not specifically allocated to the participating government organizations. The 2024 actuarial balance was not available at the date these financial statements were released.

### 22 APEX SUPPLEMENTARY PENSION PLAN

The APEX supplementary pension plan is a defined benefit pension plan sponsored by the Association of Alberta Municipalities 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 2.42% and 2.96% respectively of individual pensionable earnings up to \$180 (2023 - \$175).

	2024	2023
Current service contributions by employer	\$ 473	\$ 459
Current service contributions by employee	387	376
	\$ 860	\$ 835

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, 2024 (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). As of 2022, this plan is no longer being offered to new employees. 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, 2024 is estimated at \$205 (2023 - \$327). This liability is offset by earmarked asset investment fund held by AMSC in the amount of \$750 (2023 - \$837).

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 5.00% (2023 - 5.00%), expected salary escalations of 2.75% (2023 - 2.75%) per year, and inflation rate of 2.00% (2023 - 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.

##### *(a) Credit risk*

The City is subject to credit risk with respect to its trade and other receivables as well as loans receivable. Credit risk arises from the possibility that entities to which The City provides services may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of customers minimizes the credit risk.

##### *(b) Interest rate risk*

The City is exposed to interest rate risk on its investments whose fair value fluctuates with the rise and fall of interest rates, particularly long-term interest-bearing securities. The City minimizes the risk by holding these securities to maturity, allowing time for interest rates to stabilize over the long run.

##### *(c) Liquidity risk*

Liquidity risk is the risk that The City will be unable to fulfil its obligations on a timely basis or at a reasonable cost. The City manages its liquidity risk by monitoring its operating requirements and preparing regular cash flow forecasts. Additionally, The City has access to a line of credit to meet current and forecasted financial requirements. See Note 2 for more details on the line of credit.

It is management's opinion that The City is not exposed to significant currency or other price risk arising from its financial instruments.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### For the Year Ended December 31, 2024 (in thousands of dollars)

#### 25 CONTRACTUAL RIGHTS AND OBLIGATIONS

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

##### (a) 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 if The Westerner fails to make payments on their loan, 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.

##### (b) 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	
	2024	2023
Wastewater system and treatment plant upgrades	\$ 12,440	\$ 19,645
Fleet purchases	8,216	12,410
Roadway rehabilitation and street improvements	5,465	18,227
Subdivision development	1,833	1,019
Water system and treatment plant upgrades	1,829	2,132
911 system upgrades	1,641	2,282
Recreation facility and parks improvements	763	972
Storm sewer and drainage improvements	456	1,209
Power station and infrastructure upgrades	321	437
Administrative and technology projects	256	826
Other minor projects	211	225
	<b>\$ 33,431</b>	<b>\$ 59,384</b>

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

##### (a) Emergency Dispatch Contracts

The City has agreements with various municipalities in Central Alberta to provide emergency dispatch services. The expiry dates range from December 1, 2025 to December 31, 2029 (2023 - January 2, 2024 to November 13, 2028). The total dispatch revenue The City will receive from these contracts is \$3,697 (2023 - \$1,147).

##### (b) School Transportation Agreements

The City has entered into agreements with the Red Deer Public School and Catholic School Divisions to provide transit access for middle and high school students. Both contracts have expiry dates of June 30, 2029. The total transit revenue The City will receive from these agreements is \$10,379.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### For the Year Ended December 31, 2024 (in thousands of dollars)

#### (c) Waste Management Contracts

The City has a number of agreements related to waste management with expiry dates ranging from March 31, 2025 to March 31, 2029. (2023 - March 31, 2024 to December 31, 2027). The total estimated annual cost of these contracts are \$11,173 (2023 - \$11,265).

#### (d) RCMP Contract

The City pays 90% of the operating costs for RCMP services through to March 31, 2032. The estimated annual contract cost is \$33,600 (2023 - \$32,327).

#### (e) ENMAX Contract

In 2023, The City entered into a two year agreement with ENMAX Power Corporation to provide meter data management services to The City until December 31, 2025. The estimated remaining cost of the contract is \$3,322 (2023 - \$5,942).

#### (f) Community Support Services Contracts

The City has contracts with various community organizations to provide grant funding through Outreach Support Services Initiative and Family Community Support Services. For more information on the amounts The City received by these funders, see Note 18.

		Expiry Date		Total Cost of Contracts	
				2024	2023
Outreach Support Services Initiative	March 31, 2026	\$	6,948	\$	1,634
Family and Community Support Services	December 31, 2026		6,447		9,683
		\$	13,395	\$	11,317

#### (g) Northside Community Centre

In 2024, The City entered into a contract with the Young Men's Christian Association of Edmonton ("YMCA of Northern Alberta") to occupy the Northside Community Centre with an expiry date of June 30, 2029 . The remaining cost of the contract is \$3,805.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### For the Year Ended December 31, 2024 (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 Wastewater Treatment Plant
- ◆ Chiles Industrial Road
- ◆ North and south snow storage sites
- ◆ CP Rail Pedestrian Bridge
- ◆ Sections of the former CP Rail Line

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 (2023 - \$294)
- Area around the Water Treatment Plant - \$840 (2023 - \$840)

##### *(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. Seven 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 2024, 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, 2024 (in thousands of dollars)**

#### **27 GUARANTEES**

The City has issued an irrevocable standby letter of credit for \$7,500 (2023 - \$7,500) as required by 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 an irrevocable standby letter of credit to the Receiver General of Canada on behalf of Fisheries and Oceans Canada in the amount of \$73. The letter of credit is to guarantee work completion and quality of City waterway projects. The letter has 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 City 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) Public Health and Planning*

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, 2024 (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) 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.

#### *(g) 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.

#### *(h) 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.

#### *(i) Electric*

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, 2024 (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 agreement 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 liaison. 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 \$500 (2023 - Nil).

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

City Council approved one-time funding up to \$250 for a facility condition assessment and asset management plan for The Westerner. In 2024, there were no amounts reimbursed to The Westerner for this work (2023 - \$37). Funds remaining for the project at the end of the year amount to \$102 (2023 - \$136).

##### *(c) Loans Receivable*

In 2021, The City loaned The Westerner \$19,000 in order to relinquish the organization's long term debt with CIBC. In 2023, City Council approved a \$1,000 line of credit for The Westerner. Accrued interest receivable on these loans amounts to \$450 (2023 - \$125). For more information on loan terms and the outstanding balances, see Note 6.

##### *(d) Lease*

The City has a lease agreement with The Westerner for the land on which The Westerner operates and expires May 1, 2059. 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, 2024 (in thousands of dollars)

#### 30 BUDGET

The reported budget information is derived from the adopted operating budget and the capital cash flow budget approved by City Council on April 2, 2024 and October 15, 2024, respectively. These reported budgets do not include subsequent amendments, 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>	\$ (26,295)	\$ 33,532	\$ 7,237
Contributed tangible capital assets	6,629	(6,629)	-
Net amendments	(11,683)	-	(11,683)
<b>Final budget surplus (deficit) before funding transfers</b>	(31,349)	26,903	(4,446)
Net transfers between capital and operating	6,656	2,274	8,930
Net reserve transfers	(32,703)	50,681	17,978
Internal recoveries from capital	3,221	-	3,221
Tangible capital asset transfers	73,885	-	73,885
Long term debt issued	-	12,619	12,619
Long term debt repaid	(19,710)	-	(19,710)
<b>Final budget surplus</b>	\$ -	\$ 92,477	\$ 92,477

#### 31 SUBSEQUENT EVENT

On March 4, 2025, The United States government implemented new tariffs on Canadian exports, including 25% on goods and 10% on energy products. The Government of Canada imposed counter tariffs on the same day and is considering additional tariffs. These new measures may have a significant impact on The City's financial position and operations in future periods, primarily through increased costs associated with capital projects, energy expenditures, and the procurement of goods and services. While the immediate impacts are being managed within the currently approved budgets, sustained or escalating cost pressures may require future adjustments to financial plans and, where necessary, approval from City Council. Management is actively monitoring these developments and will provide City Council with updated financial impact assessments and mitigation options as more information becomes available.

#### 32 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 operating surplus.

#### 33 APPROVAL OF FINANCIAL STATEMENTS

City Council has approved these financial statements on April 29, 2025.

## **STATISTICAL INFORMATION**

## GENERAL MUNICIPAL DATA - UNAUDITED

2020-2024

	2024	2023	2022	2021	2020
Population	101,002	101,002	101,002	101,002	101,002
Number of dwellings	46,498	46,151	42,780	42,780	42,780
Length of open roads (in kilometres)	627	622	622	572	570
Number of business licences	4,283	4,827	4,352	4,071	4,021
Number of development permits	1,161	1,049	1,168	1,399	1,200
Average number of days from development permit application to approval	18	19	14	12	18
Value of development permits (in thousands of dollars)					
Residential	\$ 28,372	\$ 29,283	\$ 29,521	\$ 32,772	\$ 23,521
Commercial and Industrial	\$ 57,936	\$ 56,060	\$ 70,607	\$ 77,883	\$ 76,506
Other	\$ 44,318	\$ 8,400	\$ 54,168	\$ 23,861	\$ 160,968
	\$ 130,626	\$ 93,743	\$ 154,296	\$ 134,516	\$ 260,995
Unemployment rates (annual average)					
Red Deer	7.3 %	7.0 %	6.3 %	9.1 %	11.3 %
Alberta	7.0 %	5.9 %	5.8 %	8.6 %	11.3 %
Canada	6.3 %	5.4 %	5.3 %	7.5 %	9.7 %
Number of full time positions	1,287	1,310	1,345	1,312	1,312

As there was no municipal census conducted from 2020-2024, population results from 2019 are used.

Length of open roads in the years 2023-2020 have been adjusted due to a reporting error going back to 2019.

Unemployment rates are derived from Statistics Canada.

## ASSESSMENT AND TAX LEVY - UNAUDITED

2020-2024 (in thousands of dollars)

	2024	2023	2022	2021	2020
Assessed valuation	\$ 16,632,272	\$ 15,819,289	\$ 15,243,548	\$ 15,146,225	\$ 15,395,034
Percentage of total assessment					
Residential	75.57 %	75.61 %	74.86 %	74.75 %	73.99 %
Non-residential and other	24.43 %	24.39 %	25.14 %	25.25 %	26.01 %
Per capita assessed valuation	\$ 165	\$ 157	\$ 151	\$ 150	\$ 152
Mill rates (not in thousands):					
Residential					
Municipal	7.3450	7.2877	7.2187	7.2771	7.1979
Education Foundation	2.4755	2.4913	2.6475	2.6411	2.5587
Bridges Community Living	0.0408	0.0404	0.0526	0.0451	0.0515
Non-residential	9.8613	9.8194	9.9188	9.9633	9.8081
Municipal	16.3988	15.5529	14.8079	14.6734	14.0635
Education Foundation	3.7162	3.7839	3.9697	4.0507	3.7592
Bridges Community Living	0.0408	0.0404	0.0526	0.0451	0.0515
Taxes paid by the largest single taxpayer	\$ 3,388	\$ 3,266	\$ 3,432	\$ 3,368	\$ 3,364
Percent of taxes	1.65 %	1.70 %	1.87 %	1.84 %	1.83 %
Property taxes					
Current levy	\$ 205,478	\$ 191,892	\$ 183,811	\$ 183,348	\$ 183,735
Current collected	\$ 202,844	\$ 189,615	\$ 181,475	\$ 181,638	\$ 181,121
Percent collected of current levy	99 %	99 %	99 %	99 %	99 %
Gross tax collections	\$ 202,850	\$ 191,002	\$ 184,736	\$ 184,114	\$ 182,322
Taxes outstanding	\$ 3,164	\$ 2,599	\$ 2,737	\$ 2,179	\$ 3,578
Education requisitions					
Public schools	\$ 39,632	\$ 38,170	\$ 38,877	\$ 39,113	\$ 39,006
Catholic schools	\$ 5,462	\$ 5,257	\$ 5,618	\$ 5,782	\$ 5,621



## CAPITAL FUND ACTIVITIES - UNAUDITED

2020-2024 (in thousands of dollars)

	2024	2023	2022	2021	2020
Capital expenditure by segment:					
General government services	\$ 6,281	\$ 3,326	\$ 5,749	\$ 3,075	\$ 8,687
Protective services and parking	2,179	2,456	3,538	10,413	1,779
Transportation and fleet	57,254	48,103	32,212	45,141	29,472
Public health and planning	-	-	-	-	126
Recreation, parks, and culture	4,399	10,245	26,773	14,013	6,390
Subdivisions, land, and development	-	1,921	916	484	2,057
Water and wastewater	30,271	30,768	26,424	32,997	34,475
Waste management	518	1,187	1,422	249	289
Electric	13,268	11,659	17,100	8,211	6,424
Total Capital Spending	114,170	109,665	114,134	114,583	89,699
Financing Sources Applied:					
Capital government transfers	30,576	50,711	46,699	44,837	23,875
Developer and customer contributions	2,079	2,934	4,777	4,233	3,039
Other capital revenue	1,165	883	58	542	919
Net asset retirement obligations incurred (settled)	4,713	(10)	-	-	-
Debt issued	21,094	16,193	19,557	26,888	25,672
From (to) operating	(13,040)	(6,767)	338	(5,471)	(2,279)
From (to) reserves	57,167	43,596	34,487	50,832	38,880
Total Funding	103,754	107,540	105,916	121,861	90,106
Increase (decrease) in fund balance	(10,416)	(2,125)	(8,218)	7,278	407
Capital to be financed, start of year	(46,690)	(44,565)	(36,347)	(43,625)	(44,032)
Capital to be financed, end of year	\$ (57,106)	\$ (46,690)	\$ (44,565)	\$ (36,347)	\$ (43,625)

In 2024, comparative information has been reclassified to conform to the current year's presentation.

# **CONSOLIDATED REVENUE BY SOURCE - UNAUDITED**

**2020-2024 (in thousands of dollars)**

	2024	2023	2022	2021	2020
Operating Revenue:					
Net municipal taxes	\$ 156,415	\$ 145,026	\$ 136,591	\$ 135,531	\$ 135,697
User fees and sale of goods	205,451	189,864	175,730	163,857	168,425
Operating government transfers	18,399	18,918	17,614	21,471	28,016
Investment earnings	3,739	2,828	1,690	4,213	6,526
Fines and penalties	5,923	4,728	3,963	4,017	4,235
Natural gas distribution franchise	10,105	9,267	10,515	8,769	8,314
Licenses and permits	2,672	3,518	3,472	3,259	3,932
Other operating revenue	4,473	4,729	2,413	2,393	2,712
<b>Total Operating Revenue</b>	<b>407,177</b>	<b>378,878</b>	<b>351,988</b>	<b>343,510</b>	<b>357,857</b>
Capital Revenue:					
Capital government transfers	30,576	50,711	46,699	44,837	23,875
Contributed tangible capital assets	1,797	1,244	1,718	2,176	4,020
Developer and customer contributions	2,074	2,934	4,777	4,233	3,039
Net effect of annexation	491	-	-	-	-
Other capital revenue	34	459	6	19	400
<b>Consolidated Revenue</b>	<b>\$ 442,149</b>	<b>\$ 434,226</b>	<b>\$ 405,188</b>	<b>\$ 394,775</b>	<b>\$ 389,191</b>

In 2023, the adoption of new accounting standards resulted in retroactive adjustments to 2022. The new standards are not reflected in 2021-2020.

## CONSOLIDATED OPERATING EXPENSES BY FUNCTION - UNAUDITED

2020-2024 (in thousands of dollars)

	2024	2023	2022	2021	2020
Operating Expenses:					
General government services	\$ 59,746	\$ 45,885	\$ 47,971	\$ 52,118	\$ 46,674
Protective services and parking	98,458	92,580	88,530	85,611	80,273
Transportation and fleet	93,199	87,960	80,760	75,197	74,989
Public health and planning	19,413	15,766	16,510	17,217	15,661
Recreation, parks, and culture	59,972	64,820	55,546	49,704	55,437
Subdivisions, land, and development	7,184	1,199	2,224	1,427	1,643
Water and wastewater	45,370	44,961	41,327	38,291	38,238
Waste management	14,822	13,377	14,333	13,162	12,446
Electric	48,042	47,258	48,183	42,197	44,122
Total operating expenses	\$ 446,206	\$ 413,806	\$ 395,384	\$ 374,924	\$ 369,483

In 2023, the adoption of new accounting standards resulted in retroactive adjustments to 2022. The new standards are not reflected in 2021-2020.

## CONSOLIDATED EXPENSES BY OBJECT - UNAUDITED

2020-2024 (in thousands of dollars)

	2024	2023	2022	2021	2020
Operating Expenses:					
Salaries, wages, and benefits	\$ 168,838	\$ 158,264	\$ 149,442	\$ 142,455	\$ 144,744
Contracted services	53,519	48,811	45,418	41,514	41,346
Materials and supplies	67,883	62,200	57,934	48,192	48,855
Purchases from other governments	33,631	30,984	32,903	31,320	26,650
Grants to organizations	26,110	14,932	17,317	24,319	20,611
Financial charges	10,522	10,745	10,364	9,846	9,883
Amortization	84,524	81,760	79,984	76,323	75,599
Accretion expense	242	426	1,697	-	-
Other expenses	937	5,684	325	957	1,793
Total operating expenses	\$ 446,206	\$ 413,806	\$ 395,384	\$ 374,926	\$ 369,481

In 2023, the adoption of new accounting standards resulted in retroactive adjustments to 2022. The new standards are not reflected in 2021-2020.

## FINANCIAL POSITION AND ANNUAL OPERATING SURPLUS - UNAUDITED

### 2020-2024 (in thousands of dollars)

	2024	2023	2022	2021	2020
Financial assets	\$ 255,919	\$ 288,214	\$ 322,078	\$ 358,257	\$ 320,784
Liabilities	464,964	463,851	494,009	505,003	446,230
Net debt	(209,045)	(175,637)	(171,931)	(146,746)	(125,446)
Non-financial assets	2,281,453	2,253,414	2,228,128	2,195,863	2,154,712
Accumulated operating surplus	2,074,189	2,078,246	2,057,826	2,049,117	2,029,266
Accumulated remeasurement losses	(1,781)	(469)	(1,629)	-	-
Annual operating surplus (deficit)	\$ (4,057)	\$ 20,420	\$ 9,804	\$ 19,851	\$ 19,708

In 2023, the adoption of new accounting standards resulted in retroactive adjustments to 2022. The new standards are not reflected in 2021-2020. Also in 2023, comparative information has been reclassified to conform to the current year's presentation.

## CONSOLIDATED ACCUMULATED SURPLUS - UNAUDITED

### 2020-2024 (in thousands of dollars)

	2024	2023	2022	2021	2020
Unrestricted surplus-controlled agencies	\$ 4,786	\$ 4,467	\$ 2,882	\$ 2,003	\$ 1,304
Unrestricted surplus-capital to be financed	(57,106)	(46,690)	(44,565)	(36,347)	(43,625)
Reserves	159,290	181,062	190,266	203,107	227,052
Equity in tangible capital assets	1,967,219	1,939,407	1,909,243	1,880,354	1,844,535
Accumulated operating surplus	2,074,189	2,078,246	2,057,826	2,049,117	2,029,266
Accumulated remeasurement losses	(1,781)	(469)	(1,629)	-	-
Accumulated surplus	\$ 2,072,408	\$ 2,077,777	\$ 2,056,197	\$ 2,049,117	\$ 2,029,266

In 2023, the adoption of new accounting standards resulted in retroactive adjustments to 2022. The new standards are not reflected in 2021-2020. In 2024, comparative information has been reclassified to conform to the current year's presentation.

**CONSOLIDATED RESERVES - UNAUDITED**  
**2020-2024 (in thousands of dollars)**

	2024	2023	2022	2021	2020
Capital projects - tax supported	\$ 18,527	\$ 18,338	\$ 20,703	\$ 17,838	\$ 22,413
Operating reserve - tax supported	(5,447)	7,828	9,302	27,621	40,807
Municipal parkland	7,528	7,340	7,354	7,286	7,819
Finance a specific purpose	3,061	3,024	2,893	2,816	2,701
Debt repayment	-	-	(6,201)	(812)	(501)
Tax-supported reserves	23,669	36,530	34,051	54,749	73,239
Land development	49,158	55,214	58,567	53,649	57,666
Capital asset replacement (fleet)	40,713	48,120	48,238	45,080	40,293
Offsite	(37,239)	(36,045)	(33,219)	(30,345)	(25,584)
Parking	-	-	-	-	715
Self-supported reserves	52,632	67,289	73,586	68,384	73,090
Solid waste management	29,672	27,725	26,747	18,673	16,639
Wastewater	26,032	24,914	22,728	19,544	20,356
Power	25,836	22,249	24,751	30,830	29,999
Water	1,449	2,355	8,403	10,927	13,730
Utility-supported reserves	82,989	77,243	82,629	79,974	80,724
	\$ 159,290	\$ 181,062	\$ 190,266	\$ 203,107	\$ 227,053

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

In 2023, the adoption of new accounting standards resulted in retroactive adjustments to 2022. The new standards are not reflected in 2021-2020.

## LONG-TERM DEBT ISSUED BY FUNCTION - UNAUDITED

2020-2024 (in thousands of dollars)

	2024	2023	2022	2021	2020
General government services	\$ -	\$ -	\$ 5,150	\$ 19,000	\$ 662
Protective services and parking	-	2,127	-	1,368	-
Transportation and fleet	13,726	2,250	4,125	3,317	4,442
Recreation, parks, and culture	109	3,527	9,901	11,378	2,249
Water and wastewater	3,730	4,863	3,100	8,450	16,000
Total	\$ 17,565	\$ 12,767	\$ 22,276	\$ 43,513	\$ 23,353

## LONG-TERM DEBT - UNAUDITED

2020-2024 (in thousands of dollars)

	2024	2023	2022	2021	2020
Tax-supported debt	\$ 198,329	\$ 195,147	\$ 199,195	\$ 186,719	\$ 153,063
Self-supported debt	87,977	95,033	101,389	113,412	125,086
Total long-term debt	286,306	290,180	300,584	300,131	278,149
Long-term debt per capita (not in thousands)	2,835	2,873	2,976	2,972	2,754
Debt limit per regulation	613,928	573,407	535,157	521,643	541,944
Debt limit unused	327,622	283,227	234,573	221,512	263,795
Percentage of debt limit used	47 %	51 %	56 %	58 %	51 %
Service on debt limit	102,321	95,568	89,193	86,941	90,324
Service on existing debt	29,499	31,504	33,358	31,702	30,923
Service on debt limit unused	72,822	64,064	55,835	55,239	59,401
Percentage of service on debt limit used	29 %	33 %	37 %	36 %	34 %
Percentage of expenses	7 %	8 %	8 %	8 %	8 %

In 2023, the adoption of new accounting standards resulted in retroactive adjustments to 2022. The new standards are not reflected in 2021-2020.

## GOVERNMENT TRANSFERS - UNAUDITED

2020-2024 (in thousands of dollars)

	2024	2023	2022	2021	2020
<b>Operating transfers</b>					
Provincial	\$ 15,455	\$ 16,767	\$ 14,565	\$ 18,102	\$ 26,066
Federal	2,539	1,772	2,678	2,692	1,593
Local	405	379	371	677	357
	<b>18,399</b>	<b>18,918</b>	<b>17,614</b>	<b>21,471</b>	<b>28,016</b>
<b>Capital transfers</b>					
Provincial	24,190	28,494	14,276	21,470	17,274
Federal	6,386	22,217	32,423	23,367	6,601
	<b>30,576</b>	<b>50,711</b>	<b>46,699</b>	<b>44,837</b>	<b>23,875</b>
<b>Total</b>	<b>\$ 48,975</b>	<b>\$ 69,629</b>	<b>\$ 64,313</b>	<b>\$ 66,308</b>	<b>\$ 51,891</b>

## INVESTMENTS - UNAUDITED

2020-2024 (in thousands of dollars)

	2024	2023	2022	2021	2020
Short term deposits	\$ 25,648	\$ 36,173	\$ 54,451	\$ 43,319	\$ 81,873
Earnings on short term deposits	2,662	2,983	3,564	1,057	1,348
Average rate of return	5.12 %	5.25 %	2.29 %	1.05 %	2.12 %
Long term investments	138,854	156,510	156,201	156,214	154,093
Earnings on long term investments	3,739	2,828	1,690	4,213	6,526
Average rate of return	0.86 %	0.66 %	1.02 %	3.17 %	3.64 %
Fair value of embedded derivatives	30,609	29,458	27,611	-	-
Net remeasurement gains (losses)	(1,312)	1,160	(1,580)	-	-

Earnings on short term deposits are externally restricted and therefore reported in deferred revenue.

In 2023, the adoption of new accounting standards resulted in retroactive adjustments to 2022. The new standards are not reflected in 2021-2020.