THE CITY OF
Red Deer

COMMUNITY SNAPSHOT
2024
FINANCIAL
ANNUAL
REPORT

THE CITY OF
Red Deer

CHIEF FINANCIAL OFFICER MESSAGE

I am pleased to present the highlights of The City of Red Deer's 2024 Annual Financial Report. This document offers an overview of our financial performance and position over the past year, highlights key financial challenges, and provides context on Red Deer's broader economic conditions.

Heading into 2024, we faced significant financial pressures. While there was limited opportunity to adjust services mid-year, strong expense management helped us outperform our budget plan and reduce the impact on our financial health.

Looking ahead to 2025, improvements in revenue projections and planned expense reductions—including approximately $3 million in service savings—are expected to strengthen our cash flow and reserve position. However, our reserves remain under strain, now also affecting the City's overall liquidity.

In response, we launched a major initiative in 2024: the Financial Roadmap – Transformation, Strategic Focus, and Future Ready project. This work is a comprehensive review of our financial governance and practices, aimed at supporting long-term fiscal sustainability.

Thank you for taking the time to read this report. Your interest in the City's financial health is vital as we continue building a strong and sustainable future for Red Deer.

Mike Olesen
General Manager of Growth & Finance
Interim Chief Financial Officer

FLEXIBILITY RATIOS

DEBT OUTSTANDING AND DEBT LIMIT

The City is subject to a provincial debt limit of 1.5 x annual revenue (total revenue less capital grants and contributed assets). Council Policy dictates that the debt limit cannot exceed 75%.

|	2020	2021	2022	2023	2024
DEBIT LIMIT PERCENTAGE	51%	58%	56%	51%	47%
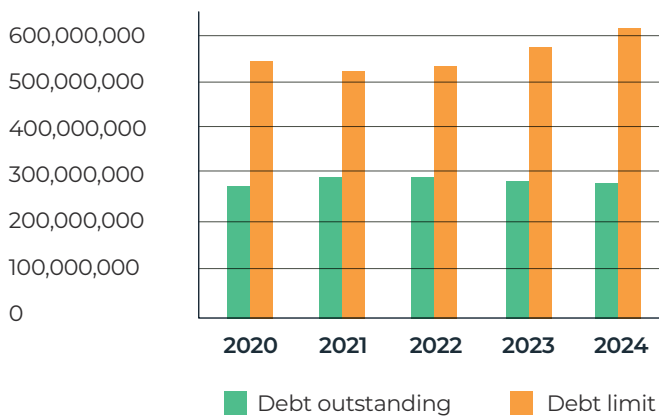
DEBT CHARGES TO REVENUE

Principal and Interest on Debt | Annual Revenue
This ratio indicates the current funds required to repay past debt borrowings and computes it as a percentage of annual revenue (total revenue less capital grants and contributed assets). Provincial regulation describes an upper limit for debt servicing of 25% of such revenue.

|	2020	2021	2022	2023	2024
DEBT CHARGES TO REVENUE	8.56%	9.12%	9.35%	8.24%	7.21%
DEBT SERVING LIMIT PERCENTAGE	34%	36%	37%	33%	29%
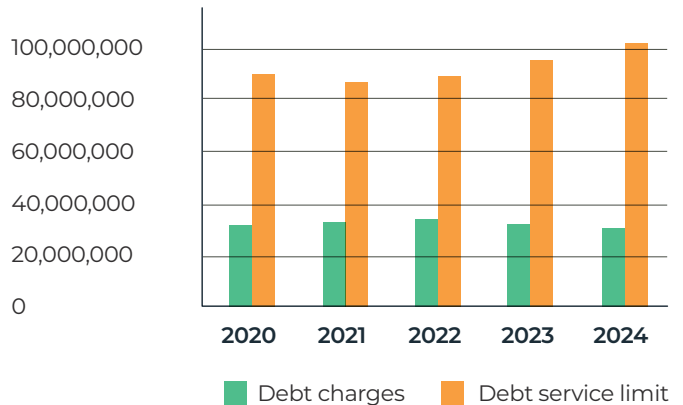
FINANCIAL ASSETS TO LIABILITIES

Total Financial Assets | Total Liabilities
This ratio is used in many sectors and indicates the ability to manage liabilities on an ongoing basis using only financial assets, like cash, receivables, and investments. An ideal target is one or greater, which indicates that financial assets are equal to or greater than total liabilities.

|	2020	2021	2022	2023	2024
FINANCIAL ASSETS TO LIABILITIES	0.72	0.71	0.65	0.62	0.55
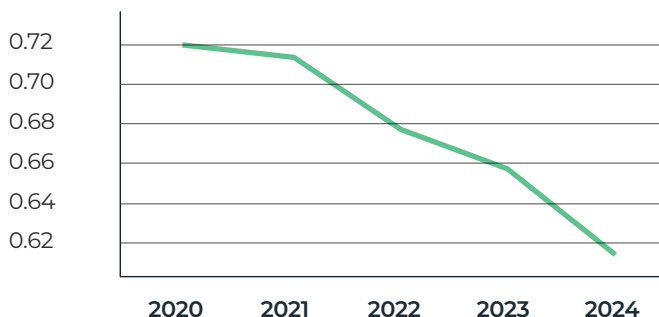
SUSTAINABILITY RATIOS

TOTAL EXPENSE TO ASSESSMENTS

Total Expenses | Total Property Assessment Value
This indicator compares total expenses to total property assessments in The City. Total assessments are used as a proxy for economic growth. Total expenses for the municipal organization should generally not rise faster than economic growth in the community in order to preserve comparative levels of service.

|	2020	2021	2022	2023	2024
TOTAL EXPENSES TO ASSESSMENTS	2.40%	2.48%	2.59%	2.62%	2.68%
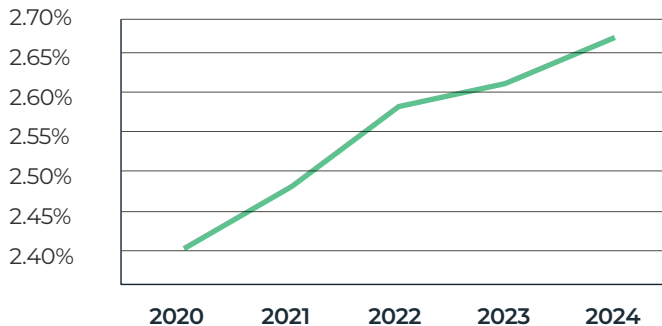
CAPITAL EXPENDITURE RATIO

Annual Capital Expenditures | Annual Depreciation
This ratio indicates whether capital investments are being made at a rate of at least the levels of depreciation each year. A value of less than one indicates that investments are less than the annual reduction in value of existing assets, and a prolonged reduction could ultimately place The City's assets at risk due to declining condition.

	2020	2021	2022	2023	2024
CAPITAL EXPENDITURE RATIO*	1.2	1.53	1.43	1.36	1.36
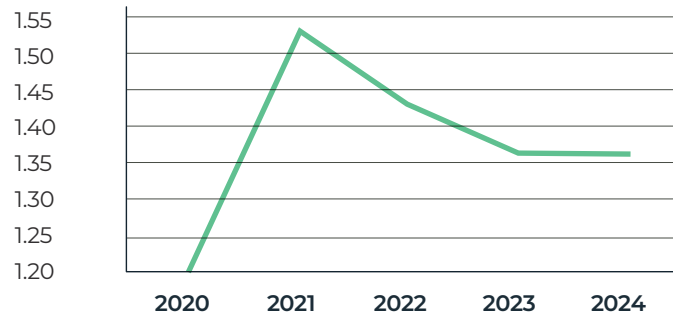


*Reclassification of inventory for use to tangible capital assets resulted in the restatement of years 2022-2023.

NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS TO COST

Net Book Value of Tangible Capital Assets | Cost of Tangible Capital Assets
This ratio compares the net book value to the original cost. It does not include land or work in progress as they are not depreciated. In an environment of investment in assets, the indicator should stay stable or increase.

|	2020	2021	2022	2023	2024
NET BOOK VALUE TO COST	0.58	0.57	0.56	0.56	0.55
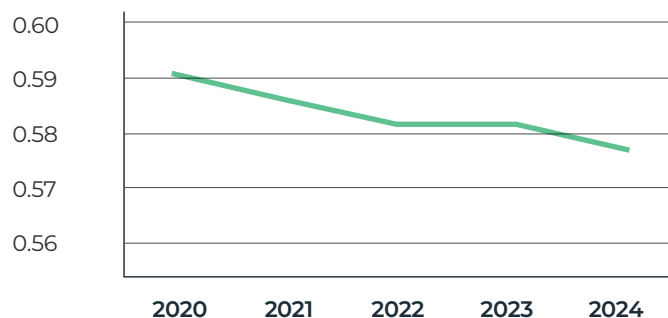
VULNERABILITY RATIOS

GOVERNMENT TRANSFER TO REVENUE

Government Transfers | Revenue

This indicator explains the level of dependence The City experiences with grants received from other levels of government by comparing to annual revenue. A higher percentage may indicate that The City is in a vulnerable position if these transfers are reduced.

|	2020	2021	2022	2023	2024
OPERATING TRANSFERS TO REVENUE	7.75%	6.17%	4.94%	4.95%	4.50%
CAPITAL TRANSFERS TO REVENUE	6.20%	11.42%	11.57%	11.71%	6.95%
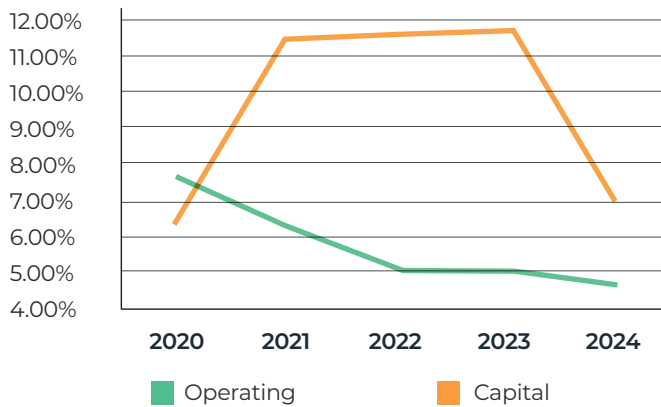
Operating   Capital

RESERVE COVERAGE

Operating Reserves | Total Expenses

This ratio is meant to illustrate the percentage of the total operating expenses that can be covered by reserves (not including capital projects – tax supported, capital asset replacement, and offsite reserves.) A municipality is more vulnerable to financial hardship during economic slowdowns if reserve coverage is too low.

	2020	2021	2022	2023	2024
RESERVE COVERAGE	51.41%	45.48%	39.09%	36.41%	30.77%
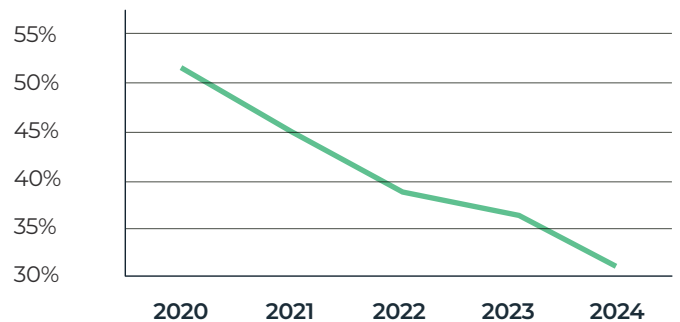
OPERATING SURPLUS (DEFICIT) TO OPERATING REVENUE

Operating Surplus (Deficit) | Total Operating Revenue

An operating surplus is expressed as a percentage of operating revenue and can be either positive or negative. A positive number indicates a surplus and a negative number indicates a deficit.
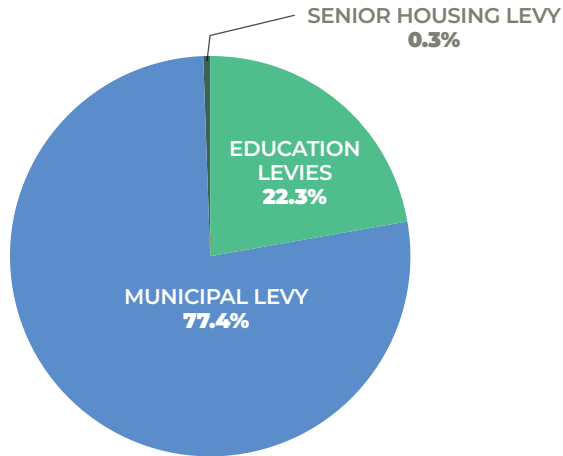
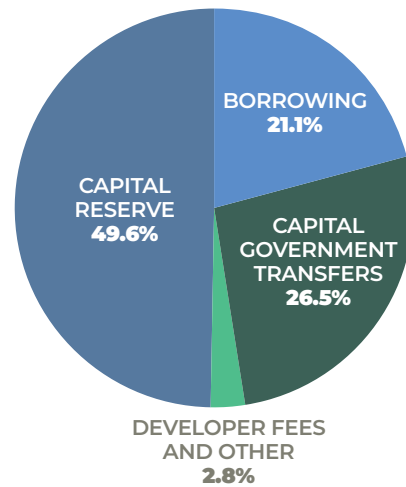|	2020	2021	2022	2023	2024
OPERATING DEFICIT TO OPERATING REVENUE	-3.25%	-9.15%	-12.33%	-9.22%	-9.59%
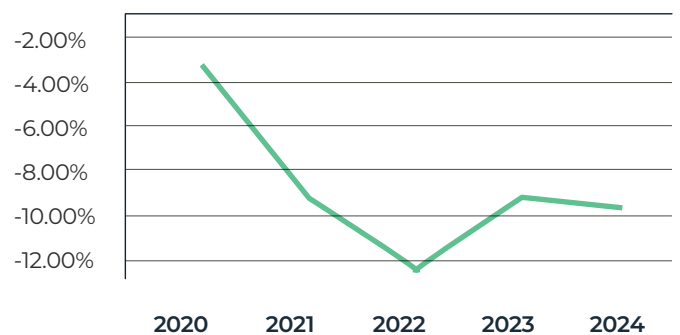
TAXES SPENT

Below represents how The City of Red Deer funding is collected and spent by departments for both capital and operating budgets.

PROPERTY TAXES LEVIED

SENIOR HOUSING LEVY
0.3%

EDUCATION LEVIES
22.3%

MUNICIPAL LEVY
77.4%

CAPITAL FUNDING SOURCES

BORROWING
21.1%

CAPITAL RESERVE
49.6%

CAPITAL GOVERNMENT TRANSFERS
26.5%

DEVELOPER FEES AND OTHER
2.8%

PROPERTY TAXES SPENT

PARKS AND PUBLIC WORKS
19.1%

EMERGENCY SERVICES
19.4%

GENERAL ADMIN AND OTHER
8.2%

SAFE & HEALTHY COMMUNITIES
18.6%

MUNICIPAL POLICING
25.5%

TRANSIT AND FLEET
9.2%

CAPITAL FUNDS SPENT

GENERAL AND OTHER
2%

SAFE AND HEALTHY COMMUNITIES
3%

TRANSIT AND FLEET
13%

ENGINEERING
16%

EMERGENCY SERVICES
1%

PARKS AND PUBLIC WORKS
18%
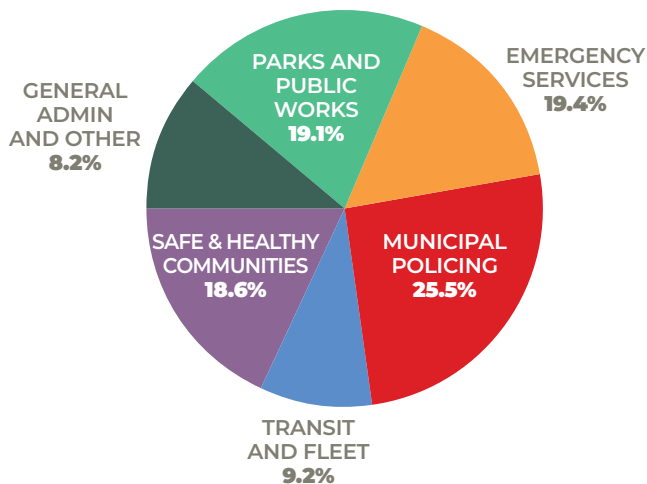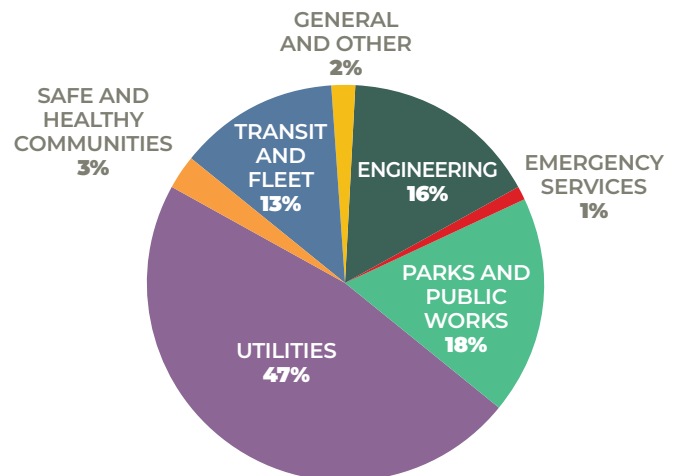
UTILITIES
47%

OVERALL FINANCIAL REPORTING

CONSOLIDATED FINANCIAL POSITION

	2022	2023	2024
FINANCIAL ASSETS	322,078	288,214	255,919
LIABILITIES	494,009	463,851	464,964
NET FINANCIAL DEBT	-171,931	-175,637	-209,045
NON-FINANCIAL ASSETS	2,228,128	2,253,414	2,281,453
ACCUMULATED SURPLUS	2,056,197	2,077,777	2,072,408

Legend: Financial assets, Liabilities, Non-financial assets
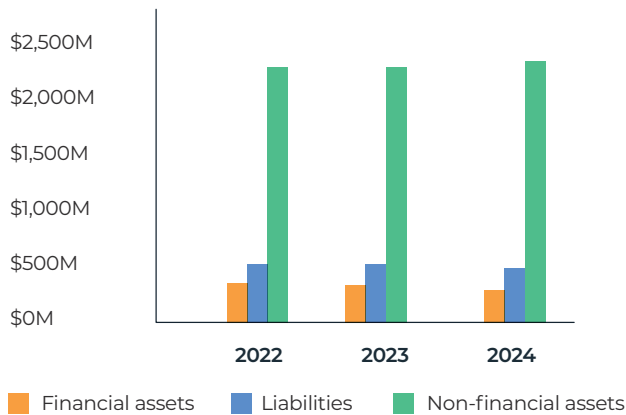
RESERVE BALANCES

	2022	2023	2024
TAX-SUPPORTED RESERVES	34,051	36,530	23,669
UTILITY-SUPPORTED RESERVES	82,629	77,243	82,989
SELF-SUPPORTED RESERVES	73,586	67,289	52,632
	190,266	**181,062**	**159,290**

Legend: Tax-supported, Utility-supported, Self-supported
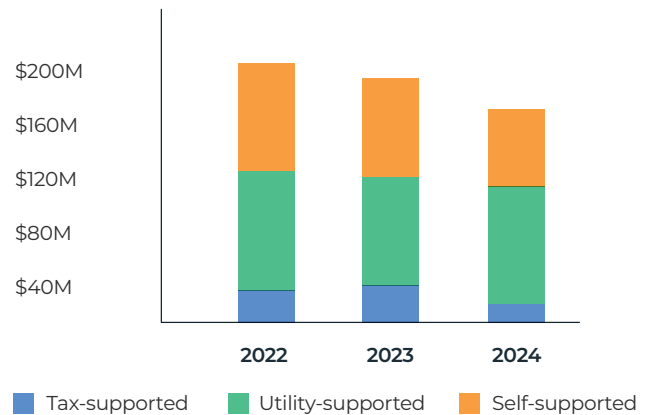
INVESTMENT PORTFOLIO

	2022	2023	2024
COST	210,652	192,683	164,502
MARKET	198,980	187,700	159,853
UNREALIZED GAIN (LOSS)	-5.54%	-2.59%	-2.83%

Legend: Cost, Market Value
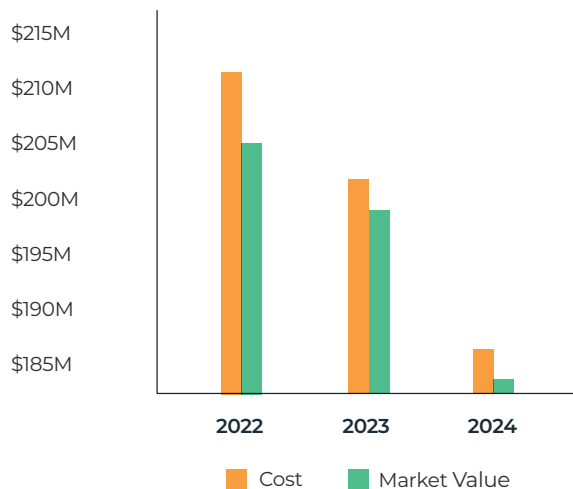
LONG-TERM DEBT

	2022	2023	2024
TAX-SUPPORTED DEBT	199,195	195,147	198,329
UTILITY-SUPPORTED DEBT	68,856	66,242	62,012
SELF-SUPPORTED DEBT	32,533	28,791	25,965
TOTAL LONG TERM DEBT	300,584	290,180	286,306
PERCENTAGE OF DEBT LIMIT USED	56%	51%	47%

Legend: Tax-supported, Utility-supported, Self-supported
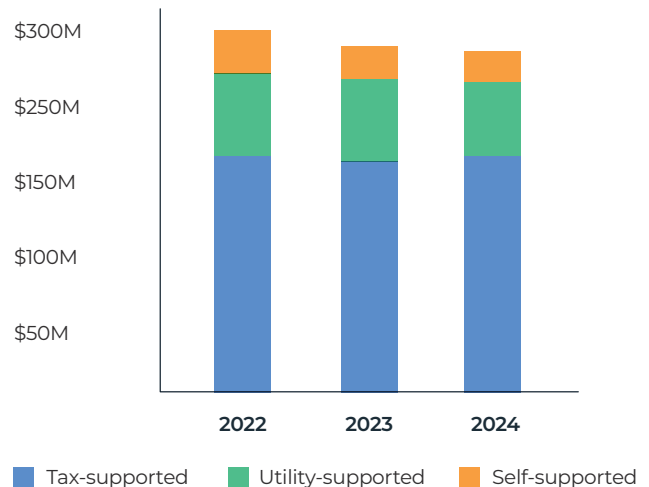
REVENUE BY SOURCE

	2024
NET MUNICIPAL TAXES	156,415
USER FEES AND SALE OF GOODS	205,451
OPERATING GOVERNMENT TRANSFERS	18,399
INVESTMENT EARNINGS	3,739
FINES AND PENALTIES	5,923
NATURAL GAS DISTRIBUTION FRANCHISE	10,105
LICENSES AND PERMITS	2,672
CAPITAL GOVERNMENT TRANSFERS	30,576
CONTRIBUTED TANGIBLE CAPITAL ASSETS	1,797
DEVELOPER AND CUSTOMER CONTRIBUTIONS	2,074
OTHER REVENUE	4,507
NET EFFECT OF ANNEXATION	491
TOTAL	**442,149**

Revenue by source pie chart:
- USER FEES AND SALE OF GOODS 46%
- NET MUNICIPAL TAXES 35%
- CAPITAL GOVERNMENT TRANSFERS 7%
- OPERATING GOVERNMENT TRANSFERS 4%
- NATURAL GAS DISTRIBUTION FRANCHISE 2%
- DEVELOPER AND CUSTOMER CONTRIBUTIONS 1%
- CONTRIBUTED TANGIBLE CAPITAL ASSETS 1%
- INVESTMENT EARNINGS 1%
- OTHER REVENUE 1%
- LICENSES AND PERMITS 1%
- FINES AND PENALTIES 1%
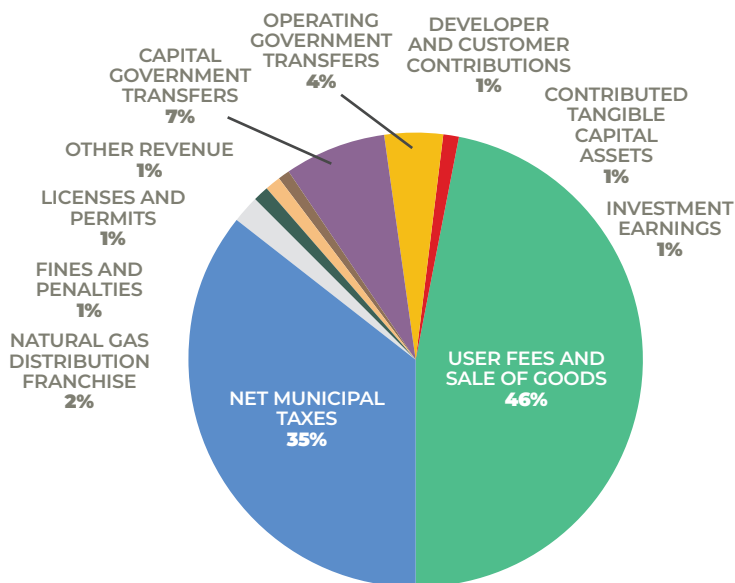
EXPENSES BY FUNCTION

	2024
GENERAL GOVERNMENT SERVICES	59,746
PROTECTIVE SERVICES AND PARKING	98,458
TRANSPORTATION AND FLEET	93,199
PUBLIC HEALTH AND PLANNING	19,413
RECREATION, PARKS AND CULTURE	59,972
SUBDIVISIONS, LAND, AND DEVELOPMENT	7,184
WATER AND WASTEWATER	45,370
WASTE MANAGEMENT	14,822
ELECTRIC LIGHT AND POWER	48,042
TOTAL	**446,206**

Expenses by function pie chart:
- PROTECTIVE SERVICES AND PARKING 22%
- TRANSPORTATION AND FLEET 21%
- GENERAL GOV. SERVICES 13%
- RECREATION, PARKS AND CULTURE 13%
- ELECTRIC 11%
- WATER AND WASTEWATER 10%
- PUBLIC HEALTH AND PLANNING 4%
- WASTE MANAGEMENT 3%
- SUBDIVISIONS, LAND AND DEVELOPMENT 3%

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