

FINANCIAL REPORT

Q2 2025

(unaudited)



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Q2 VARIANCE REPORT

A memo on behalf of City Administration

The City of Red Deer’s financial position is showing gradual improvement, driven in part by the difficult yet necessary decisions made through the 2025 budget process. These actions have begun to stabilize our finances and lay the groundwork for renewed fiscal strength.

Looking ahead, the recently adopted Financial Roadmap offers a 20-year strategic lens to guide further enhancements in governance, tools, and policies—prioritizing long-term affordability, smarter decision-making, and resilience. It outlines clear opportunities in areas such as strengthening financial policies, modernizing systems, enhancing reporting, and building organizational capacity.

With that guidance, the City is committed to improving financial health through a focus on reducing vulnerability, increasing flexibility, and reinforcing sustainability. Regular updates on progress will ensure transparency and accountability as we pursue these priorities.

For further information on The City’s long term sustainability plan, The Financial Roadmap, please find the full document located

<https://www.reddeer.ca/city-government/city-budgets-and-financial-planning/financial-roadmap/>

Tricia Hercina

Tricia Hercina
Acting General Manager of Finance

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2025 (in thousands of dollars)
Unaudited

	June 30, 2025	June 30, 2024	December 31, 2024
Financial Assets			
Cash and cash equivalents	\$79,294	\$64,100	\$12,247
Accounts receivable	126,998	107,758	53,768
Land ready for sale	9,460	8,988	9,460
Investments	166,303	162,136	163,949
Loans receivable	10,796	18,078	10,818
	392,851	361,060	250,242
Liabilities			
Accounts payable and accrued liabilities	50,744	54,008	57,239
Deposits	4,117	4,157	4,103
Deferred revenue	86,530	78,762	84,765
Employee benefit obligations	16,208	15,578	16,208
Asset retirement obligations	15,139	10,296	15,139
Long-term debt	287,123	283,212	286,306
	459,861	446,013	463,760
Net Debt	(67,010)	(84,953)	(213,518)
Non-Financial Assets			
Tangible capital assets	2,215,358	2,186,647	2,225,215
Land not ready for sale	35,879	39,631	35,879
Inventory held for use	4,382	6,865	3,894
Prepaid expenses	1,742	1,747	4,520
	2,257,361	2,234,890	2,269,508
Accumulated Surplus	\$2,190,351	\$2,149,937	\$2,055,990

UNCONSOLIDATED STATEMENT OF OPERATIONS

For the Period Ended June 30, 2025 (in thousands of dollars)
Unaudited

	June 30, 2025	June 30, 2024	Year ended December 31, 2024
Revenues			
Net municipal taxes	\$179,851	\$157,723	\$156,509
User fees and sale of goods	109,045	97,983	202,005
Operating government transfers	5,880	6,462	17,469
Investment earnings	3,360	959	3,489
Fines and penalties	2,587	2,510	5,842
Natural gas distribution franchise	5,229	5,035	10,105
Licenses and permits	12,425	1,956	2,672
Other revenue	1,912	2,299	4,353
	320,289	274,927	402,444
Expenses by Object			
Salaries, wages, and benefits	78,628	76,067	162,971
Contracted services	21,003	21,936	52,325
Materials and supplies	27,488	27,793	66,619
Purchases from other governments	6,870	7,553	33,631
Grants to organizations	10,892	14,550	31,096
Financial charges	4,224	4,065	10,464
Amortization	42,519	40,784	83,285
Accretion expense	-	-	242
Other expenses	34	-	1,100
	191,658	192,748	441,733
Annual operating surplus (deficit) before other	128,631	82,179	(39,289)
Other items			
Capital government transfers	4,591	5,432	30,576
Contributed tangible capital assets	-	-	1,797
Developer and customer contributions	1,136	724	2,074
Net effect of restructuring transactions	-	-	491
Other capital revenue	3	-	34
Annual operating surplus (deficit)	\$134,361	\$88,335	\$(4,317)

UNCONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS

For the Period Ended June 30, 2025 (in thousands of dollars)
Unaudited

	Opening Balance January 1, 2025	Additions	Reductions	Closing Balance June 30, 2025
Unrestricted Surplus (Deficit)				
Operating fund	\$ -	\$147,766	\$ -	\$147,766
Capital fund	(57,109)	-	(6,745)	(63,854)
	(57,109)	147,766	(6,745)	83,912
Reserves				
Capital projects - tax supported	18,527	15,864	(16,609)	17,782
Operating reserve - tax supported	(5,447)	-	-	(5,447)
Municipal parkland	7,528	6	(12)	7,522
Finance a specific purpose	3,061	22	-	3,083
Land development	49,158	96	-	49,254
Capital asset replacement (fleet)	40,713	3,828	(910)	43,631
Offsite	(37,239)	5,153	(5,487)	(37,573)
Solid waste management	29,672	1,612	(1,178)	30,106
Wastewater	26,032	8,682	(6,940)	27,774
Water	1,449	7,990	(5,798)	3,641
Power	25,836	6,761	(7,036)	25,561
	159,290	50,014	(43,970)	165,334
Equity in Tangible Capital Assets				
Constructed tangible capital assets	1,825,681	4,492	(37,963)	1,792,210
Construction in progress	89,197	32,726	(4,492)	117,431
Contributed tangible capital assets	310,336	-	(4,619)	305,717
Long-term debt for capital purposes	(254,485)	7,601	(10,449)	(257,333)
Asset retirement obligations	(15,139)	-	-	(15,139)
	1,955,590	44,819	(57,523)	1,942,886
Remeasurement Gain (Loss)	(1,781)	-	-	(1,781)
Accumulated Surplus	\$2,055,99	\$242,599	\$(108,238)	\$2,190,351

UNCONSOLIDATED STATEMENT OF CASH FLOWS

For the Period Ended June 30, 2025 (in thousands of dollars)
Unaudited

	June 30, 2025	Year ended December 31, 2024
Net inflow (outflow) of cash related to the following:		
Operating Activities		
Annual operating surplus (deficit)	\$134,361	\$(4,317)
Non-cash items included in annual operating surplus (deficit):		
Contributed tangible capital assets	-	(1,797)
Tangible capital assets received in annexation	-	(503)
Amortization of tangible capital assets	42,519	83,285
(Gain) loss on disposal of tangible capital assets	(543)	(950)
Accretion on asset retirement obligations	-	242
Change in estimate for asset retirement obligations	-	(106)
Non-cash charges to operations:		
Accounts receivable	(73,230)	8,270
Land ready for sale	-	(473)
Loans receivable	22	6,760
Accounts payable and accrued liabilities	(6,495)	3,519
Deposits	14	396
Deferred revenue	1,765	(3,492)
Employee benefit obligations	-	630
Land not ready for sale	-	3,752
Inventory held for use	(488)	(122)
Prepaid expenses	2,778	871
	100,703	95,965
Capital Activities		
Acquisition of tangible capital assets	(32,726)	(109,344)
Proceeds on disposal of tangible capital assets	607	1,319
Asset retirement obligations settled	-	(120)
	(32,119)	(108,145)
Investing Activities		
Investments purchased	(39,395)	(42,760)
Investments redeemed	37,041	69,428
	(2,354)	26,668
Financing Activities		
Long-term debt issued	10,449	17,565
Long-term debt repaid	(9,632)	(21,439)
	817	(3,874)
Change in cash and cash equivalents during the year	67,047	10,614
Cash and cash equivalents, start of year	12,247	1,633
Cash and cash equivalents, end of year	\$79,294	\$12,247

CAPITAL PROJECT INFORMATION

For the Period Ended June 30, 2025 (in thousands of dollars)

Unaudited

	Inception to Date Budget	Inception to Date Actual	Budget Remaining	Period to Date Actual
Capital Expenditures by Function:				
Transportation	319,452	221,477	97,975	7,460
Wastewater	91,183	25,663	65,520	4,497
Subdivisions	106,135	43,049	63,086	371
Fleet	108,576	54,364	54,212	4,417
Electric	57,251	18,561	38,690	5,824
Recreation, parks and culture	90,473	64,245	26,228	3,696
Water	42,386	21,923	20,463	3,012
General government services	36,515	20,011	16,504	2,577
Waste management	12,968	1,899	11,069	152
Fire and ambulance	12,494	7,591	4,903	402
Police and other protective	3,834	3,281	553	318
Public health and planning	169	27	142	-
	881,436	482,091	399,345	32,726
Capital Funding by Source:				
Net reserve transfers	417,443	71,820	345,623	6,456
Capital government transfers	258,210	176,904	81,306	4,591
Capital debt issued	172,175	114,871	57,304	10,449
Operating funded by capital	(8,274)	(32,315)	24,041	1,029
Transfer to other projects	(16,026)	(38,429)	22,403	
Other capital revenue	14,224	87,488	(73,264)	516
Developer and customer contributions	43,559	92,757	(49,198)	1,136
Asset retirement obligations	125	5,919	(5,794)	-
Operating debt approved as capital	-	-	-	1,804
	881,436	479,015	402,421	25,981
Capital Surplus (deficit)	-	3,076	(3,076)	6,745

OPERATING BUDGET VARIANCES

For the Period Ended June 30, 2025

Division / Department	Explanation	Total Variance	Favourable vs Unfavourable
Office of City Manager			
City Manager/Chief of Staff	Vacancies	\$65,277	Favourable
Community Services			
Community Services GM	Vacancies, leave of absence, delay in hiring.	\$41,235	Favourable
Parks & Public Works	Internal permit repairs revenue expected to increase, but external snow removal and concrete work lower, and equipment and facility rentals to be lower as well. Turf and infrastructure maintenance from contracted services and other consulting services to be higher, but wages lower.	\$ 246,262	Unfavourable
Utilities	Electric transmission recovery and water consumption higher, but wastewater volumes and landfill tonnages to be lower. Wages, biosolid treatment contracted services and material & supplies for water and wastewater treatment lower.	\$6,216,810	Favourable

OPERATING BUDGET VARIANCES CONTINUED

For the Period Ended June 30, 2025

Division / Department	Explanation	Total Variance	Favourable vs Unfavourable
Safe & Healthy Communities	Building maintenance requests higher. Vacancies, leave of absence, and delay in hiring.	\$724,896	Favourable
Transit & Fleet	Contracted maintenance services and parts, material & supplies for the fleet higher.	\$2,243,174	Unfavourable
Finance & General Programs			
CSV Business Excellence	Vacancies, leave of absence, delays in hiring.	\$289,346	Favourable
Financial Services	Vacancies, leaves of absence, delays in hiring.	\$156,417	Favourable
General Municipal Revenue	Investment earnings higher. Vacancy factor, new debt issued since approved budget, training allocation, and foreign exchange to be higher.	\$ 2,390,374	Unfavourable

OPERATING BUDGET VARIANCES CONTINUED

For the Period Ended June 30, 2025

Division / Department	Explanation	Total Variance	Favourable vs Unfavourable
Corporate & Employee Services			
Corporate & Employee Services GM	Vacancy gaps	\$12,495	Favourable
Revenue & Assessment	Grants in place of taxes, property and business taxes higher, and arrears lower. Vacancies, leave of absence, delay in hiring.	\$1,652,674	Favourable
Human Resources	Partnerships in injury reduction revenue from WCB higher and contracted services lower.	\$147,515	Favourable
Community & Public Relations	Vacancies, leaves of absence, delay in hiring along with consulting and professional services to occur later.	\$46,680	Favourable
Information & Technology	Cancellation of old telephone contract, timing of new Telephony / HCM projects, staffing vacancies and leaves of absences, recovery adjustments and increased software licensing and maintenance costs.	\$247,678	Unfavourable
Legal & Legislative Services	Vacancies, leave of absence, delay in hiring and higher membership revenue.	\$171,054	Favourable

OPERATING BUDGET VARIANCES CONTINUED

For the Period Ended June 30, 2025

Division / Department	Explanation	Total Variance	Favourable vs Unfavourable
Growth & Development			
Growth & Development GM	Vacancies, leave of absence, and delay in hiring.	\$118,688	Favourable
Engineering	Higher utility alignment and street permit revenue, vacancies.	\$383,198	Favourable
Planning	Increased revenue, decreased staffing costs from vacancies offset from increased Economic Development initiative costs.	\$14,340	Favourable
Inspections & Licensing	Increased permit revenue net with decreased parking revenue; staff vacancies due to difficulties finding qualified staff; decreased parking commissionaires time from reduced coin collection and decreased utility charges.	\$1,009,876	Favourable
Land & Economic Development	Increased revenue from land rent and tax roll transfers; vacancies, staff secondment; increased costs and Ad-hoc Economic Development Committee; decreased City's airport cost.	\$2,415,537	Unfavourable

OPERATING BUDGET VARIANCES CONTINUED

For the Period Ended June 30, 2025

Division / Department	Explanation	Total Variance	Favourable vs Unfavourable
Protective Services			
Protective Services GM	Vacancies, leave of absence, and delay in hiring.	\$3,315	Favourable
Emergency Services	Wireless 911 grant higher and increase in emergency response, higher call volumes due to additional ambulances. Lower wages due to vacancies and long-term leaves, offset by increased costs of materials & supplies, uniform and boots, higher IT software refresh and building maintenance.	\$3,127,181	Favourable
Municipal Policing	Virtual Opioid Dependency Program (VOPD) grant offset by expenses; higher automated traffic enforcement, photo radar offset by lower manual tickets due to slower transition from automated traffic enforcement to Community Peace Officer enforcement; increased criminal record checks. Lower wages to due vacancies offset by increased contract services for commissionaires due to slower transition from photo radar and VOPD costs offsetting grant revenue.	\$4,324,646	Favourable
Total Operating Surplus		\$10,962,621	Favourable

Q2 2025 PROCUREMENT ACTIVITY REPORT

Awarded over \$200,000 from April 1, 2025 – June 30, 2025

This information is available to all vendors with bids & tenders accounts.

Attached is the procurement activity for Q2 that was posted on bids & tenders. All competitions were best value.

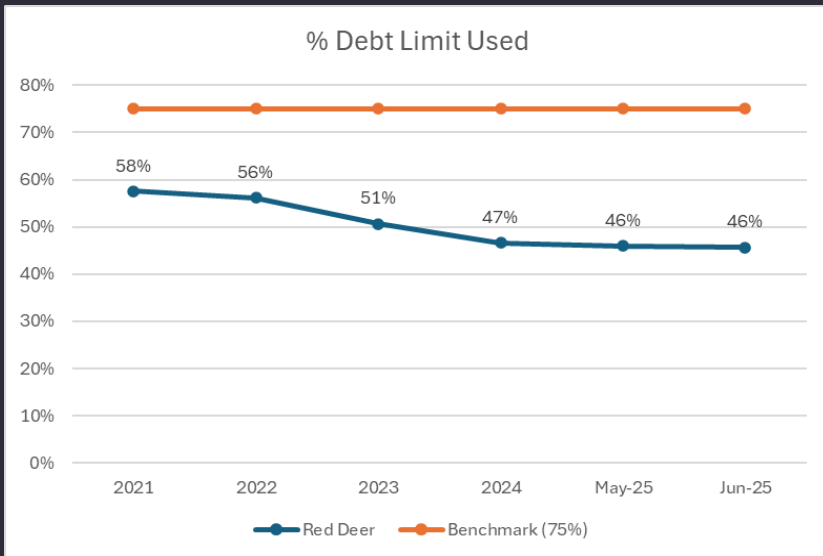
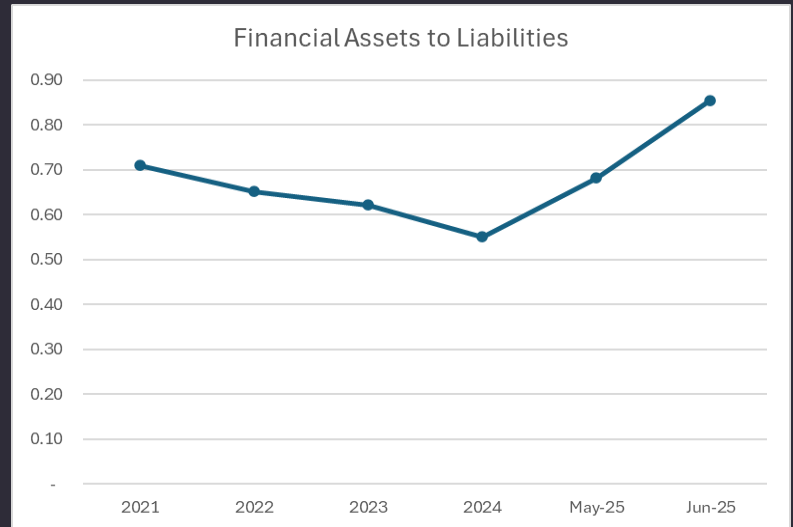
Project Name	Awarded Vendor	Completed Submissions	Company Location	Awarded Value
Power Transformer 15T2 Replacement	IGB Technologies Inc. ILJIN Electric USA, Inc.	9	Houston, TX	\$ 3,407,250.00
Pavement Rehabilitation - 2025	Border Paving Ltd	2	Red Deer, AB	\$ 2,465,158.80
Capstone Area Redevelopment - Phase B2 - Underground Utilities	Pidherney's Inc.	4	Blackfalds, AB	\$ 3,021,881.42
Facility Construction For Non-Sanitary Hydrovac Materials	Pidherney's Inc.	4	Blackfalds, AB	\$ 3,643,718.79
Signal Infrastructure Replacement Program - 2025	Can-Traffic Services Ltd.	1	Sherwood Park, AB	\$ 1,307,090.40
2025 Stormwater Model Update	Kerr Wood Leidal Associates Limited	4	Burnaby, BC	\$ 384,793.50
30th Avenue Street Lighting	T.A. Excavating Ltd	5	Lethbridge, AB	\$ 255,486.00
Underground Utilities Construction	Pidherney's Inc.	2	Blackfalds, AB	\$ 8,458,857.48
Pavement Lifecycle Enhancement - 2025	Border Paving Ltd	1	Red Deer, AB	\$ 370,755.00
SORENSEN STATION WASHROOM RENOVATIONS	RBW Consulting (2015) Ltd	4	Red Deer, AB	\$ 400,000.00
Cured-In-Place Pipe Rehabilitation	Insituform Technologies Ltd	3	Edmonton, AB	\$ 1,382,673.50

FLEXIBILITY RATIOS

As at June 30, 2025

Flexibility Ratios are important to monitor as they are indicators of The City's ability to respond to financial pressures by using available tools like reserves, user fees, or debt.

Measures the City's ability to cover its liabilities using only financial assets (cash, receivables & investments).



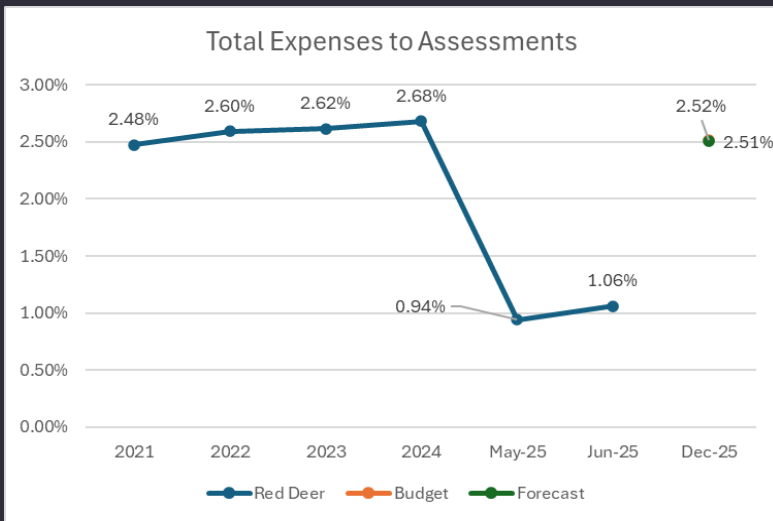
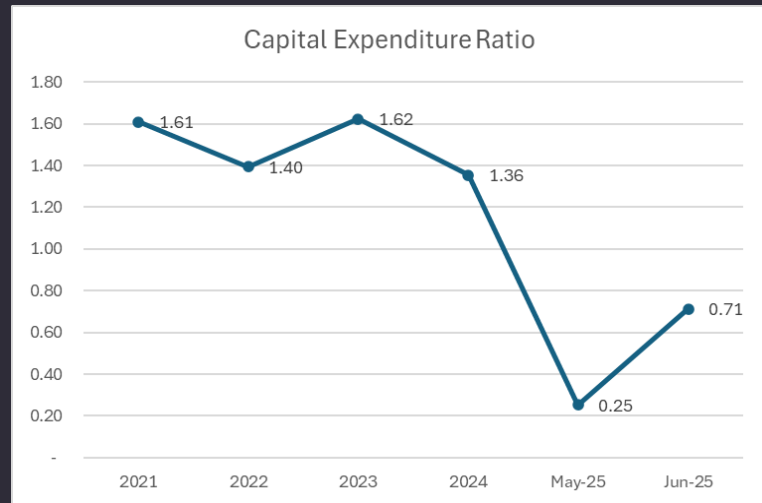
Measures how much of the City's allowable debt capacity has been utilized.

SUSTAINABILITY RATIOS

As at June 30, 2025

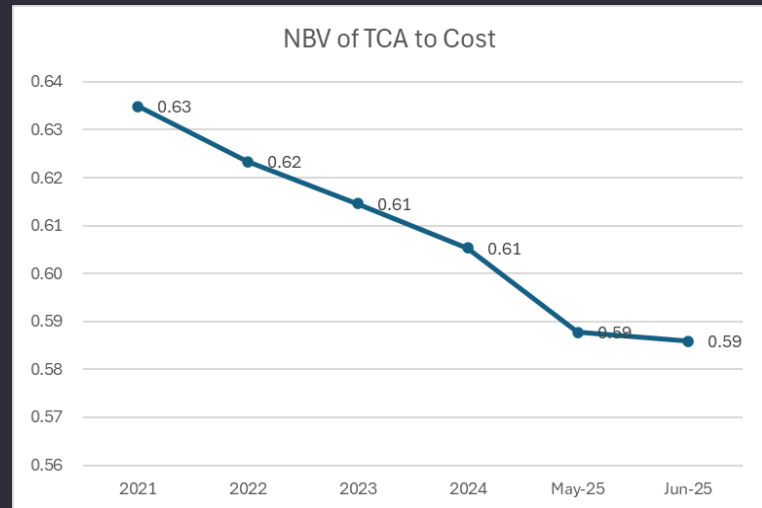
Sustainability ratios are indicators demonstrating The City's ability to deliver services and meet financial commitments without increasing debt or taxes beyond what the local economy can support.

This ratio compares capital expenditures to the annual depreciation of existing assets.
 >1 – Indicates City is investing to maintain and grow asset base
 <1 – May indicate underinvestment in infrastructure



This ratio compares total City expenses to the overall City property assessment base.

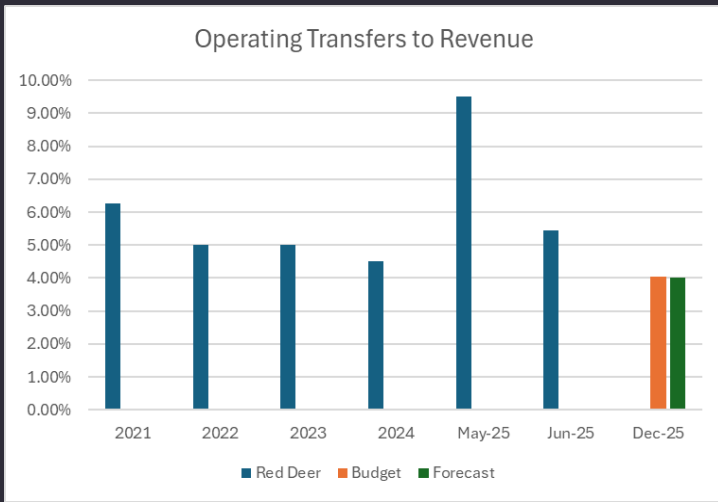
This ratio measures the condition and aging of the City's infrastructure and other capital assets.



VULNERABILITY RATIOS

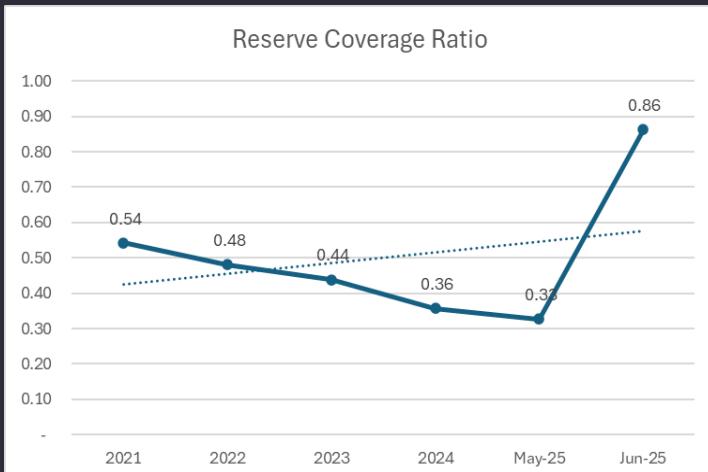
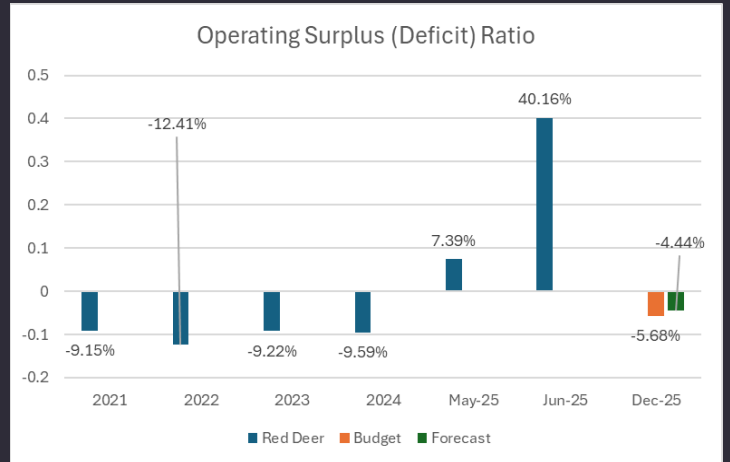
As at June 30, 2025

Vulnerability ratios are indicators demonstrate The City’s exposure to external revenue sources it does not control, such as government grants.



This ratio measures the City's reliance on external funding (grants).

This ratio measures fiscal sustainability. Positive ratio indicates surpluses while negative ratio signals potential structural imbalances.



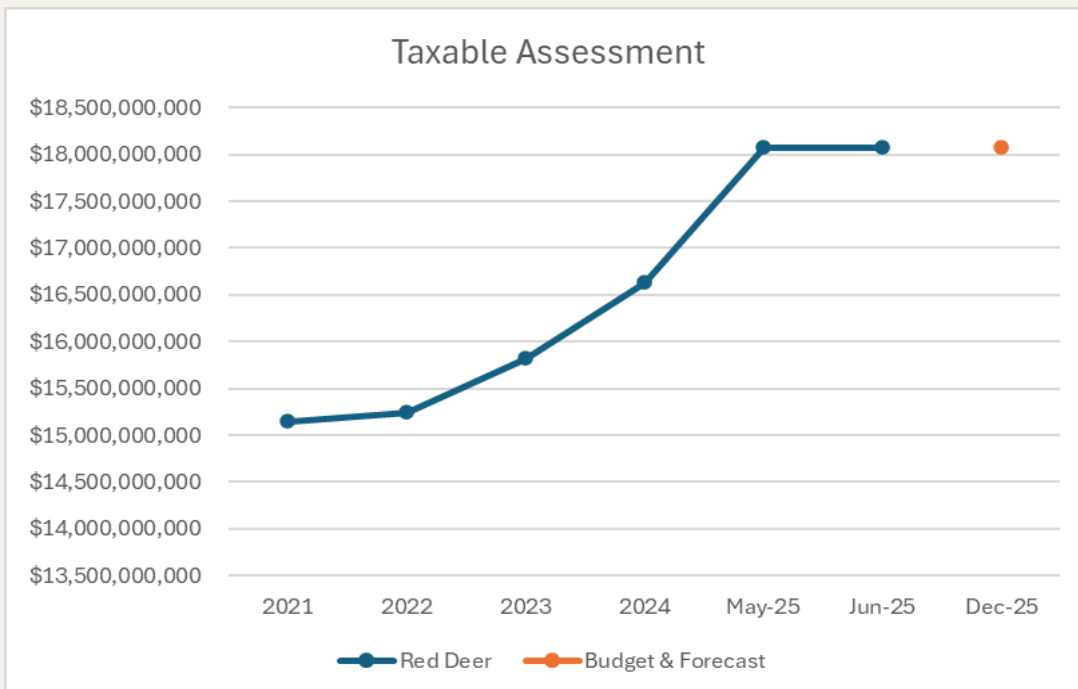
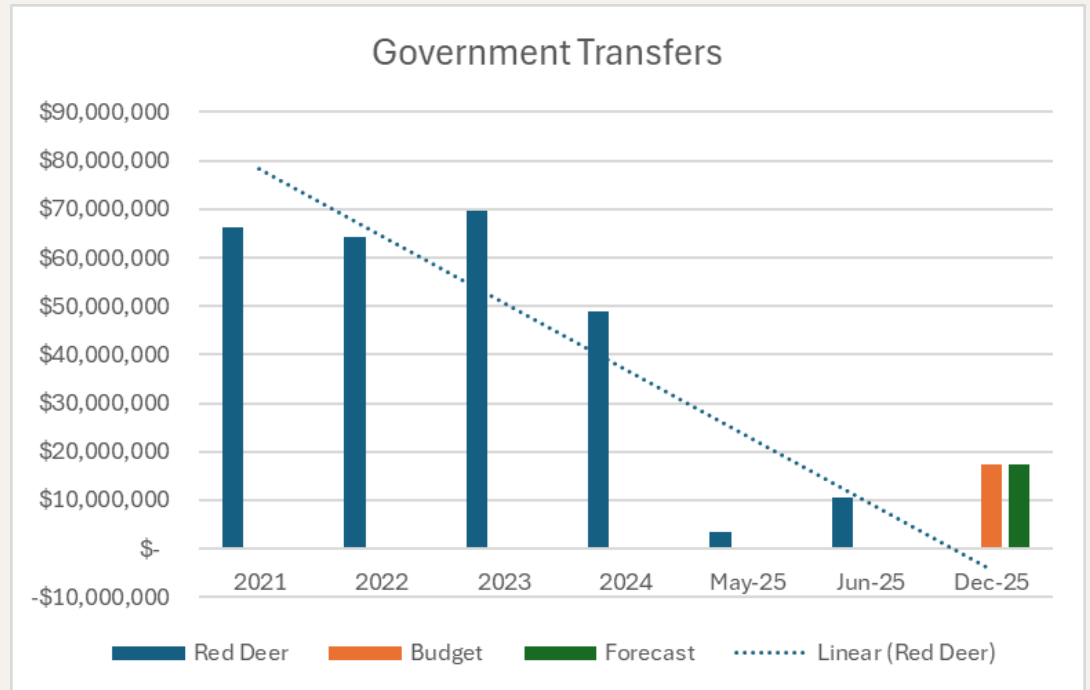
This ratio measures the City's resilience to financial stocks. The ratio measures the percentage of operating expenses that can be covered by reserves.

FINANCIAL TRENDS

Key Areas of Interest to Monitor

Each quarter financial trends will be highlighted that The City is monitoring to help create an understanding of important influencers / inputs into The City's financial realities.

Transfers of funding to The City from other levels of government have been trending downwards. (Excluding CoVid related grants).

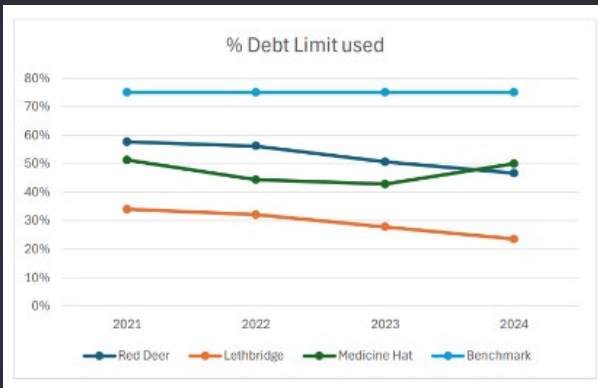


Taxable Assessment demonstrates the overall value of the tax base for The City.

BENCHMARKS TO ALBERTA CITIES

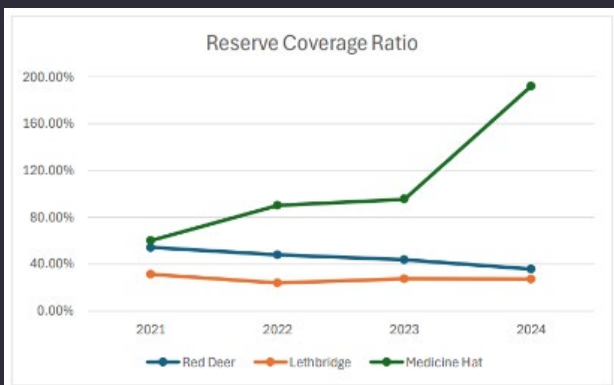
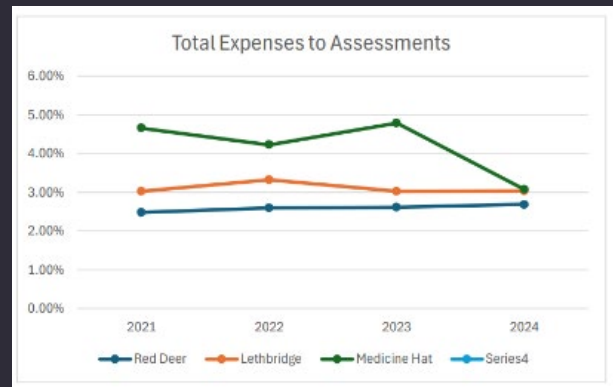
For the years of 2021, 2022, 2023, and 2024

Comparative analysis was conducted as a part of our financial roadmap development and recent financial assessment work, to understand the City of Red Deer’s financial performance relative to that of its peers. While each community’s local context influences these metrics, these municipalities were selected as reasonable comparators to the City based on a variety of characteristics such as population, geography, economy and service delivery environments. Each quarter different benchmarks will be highlighted.



The percentage of debt limit used shows how much of the City’s allowed borrowing limit is currently in use. Staying City remains financially flexible.

Total expenses to assessments compares how much the City spends each year to the total assessed value of all taxable properties in Red Deer. It helps show whether spending is staying in line with the size and value of the community.



Reserve coverage ratios are used to show how much The City has in savings (reserves) compared to what it spends in a year. A higher ratio means The City is prepared for planned and unexpected costs without the need to borrow.

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