

FINANCIAL REPORT

Q3 2025

(unaudited)



Published November 2025
www.reddeer.ca

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Q3 VARIANCE REPORT

A memo on behalf of City Administration

The City of Red Deer's financial position continues to strengthen as we move through 2025. Careful fiscal management and the disciplined decisions made through recent budgets are producing measurable improvements, particularly in expense control and reserve contributions.

While many of the current year's favourable results reflect prudent cost management, some surpluses are linked to timing factors such as delayed hiring or project deferrals. These underscore the importance of sustained focus on long-term financial stability rather than short-term gains.

Our reserves, though improving, remain below required levels and will continue to require deliberate attention in the years ahead.

Through the Financial Roadmap, we remain committed to strengthening our financial foundations, building resilience, and ensuring that Red Deer's resources are managed responsibly to support a sustainable future.

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
Executive Director, Corporate & Performance Supports

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at September 30, 2025 (in thousands of dollars)

Unaudited

	September 30, 2025	September 30, 2024	December 31, 2024
Financial Assets			
Cash and cash equivalents	\$69,544	\$25,059	\$12,247
Accounts receivable	85,625	73,847	53,768
Land ready for sale	9,460	8,988	9,460
Investments	162,173	163,559	163,949
Loans receivable	10,796	18,078	10,818
	337,598	289,531	250,242
Liabilities			
Accounts payable and accrued liabilities	62,768	50,120	57,239
Deposits	4,460	4,104	4,103
Deferred revenue	95,196	78,329	84,765
Employee benefit obligations	16,208	15,578	16,208
Asset retirement obligations	15,139	10,296	15,139
Long-term debt	297,474	279,079	286,306
	491,245	437,506	463,760
Net Debt	(153,647)	(147,975)	(213,518)
Non-Financial Assets			
Tangible capital assets	2,237,222	2,205,406	2,225,215
Land not ready for sale	35,879	39,631	35,879
Inventory held for use	4,558	6,756	3,894
Prepaid expenses	1,111	1,204	4,520
	2,278,770	2,252,997	2,269,508
Accumulated Surplus	\$2,125,123	\$2,105,022	\$2,055,990

UNCONSOLIDATED STATEMENT OF OPERATIONS

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

	Tax-Supported Operations		Utility-Supported Operations		Other Self-Supported Operations		Total Operations		Year ended Dec. 31, 2024
	Sept. 30, 2025	Sept. 30, 2024	Sept. 30, 2025	Sept. 30, 2024	Sept. 30, 2025	Sept. 30, 2024	Sept. 30, 2025	Sept. 30, 2024	
Revenues									
Net municipal taxes	\$174,928	\$156,466	\$ -	\$ -	\$ -	\$ -	\$174,928	\$156,466	\$156,509
User fees and sale of goods	28,887	29,085	131,163	121,919	5,504	2,031	165,554	153,035	202,005
Operating government transfers	7,503	10,552	-	-	-	-	7,503	10,552	17,469
Investment earnings	2,369	2,716	-	719	-	493	2,369	3,928	3,489
Fines and penalties	4,009	4,323	356	353	-	-	4,365	4,676	5,842
Natural gas distribution franchise	6,884	6,739	-	-	-	-	6,884	6,739	10,105
Licenses and permits	4,819	2,638	-	-	-	-	4,819	2,638	2,672
Other revenue	2,118	2,015	1,049	460	936	1,003	4,103	3,478	4,353
	231,517	214,534	132,568	123,451	6,440	3,527	370,525	341,512	402,444
Expenses by Object									
Salaries, wages, and benefits	104,252	99,897	16,003	15,198	3,188	2,842	123,443	117,937	162,971
Contracted services	13,542	14,324	15,484	15,094	4,205	4,596	33,231	34,014	52,325
Materials and supplies	8,527	8,720	28,364	28,917	5,255	5,118	42,146	42,755	66,619
Purchases from other governments	24,189	24,390	-	-	-	-	24,189	24,390	33,631
Grants to organizations	15,688	20,687	-	-	-	-	15,688	20,687	31,096
Financial charges	4,738	4,348	1,199	1,266	40	60	5,977	5,674	10,464
Amortization	38,774	37,978	19,074	18,266	5,716	4,953	63,564	61,197	83,285
Accretion expense	-	-	-	-	-	-	-	-	242
Other expenses	215	38	84	(144)	49	150	348	44	1,100
	209,925	210,382	80,208	78,597	18,453	17,719	308,586	306,698	441,733
Annual operating surplus (deficit) before other	21,592	4,152	52,360	44,854	(12,013)	(14,192)	61,939	34,814	(39,289)
Other items									
Capital government transfers	5,750	7,685	33	-	-	-	5,783	7,685	30,576
Contributed tangible capital assets	-	-	-	-	-	-	-	-	1,797
Developer and customer contributions	305	480	1,105	471	-	-	1,410	951	2,074
Net effect of restructuring transactions	-	-	-	-	-	-	-	-	491
Other capital revenue	-	2	-	-	1	-	1	2	34
Annual operating surplus (deficit)	\$27,647	\$12,319	\$53,498	\$45,325	\$(12,012)	\$(14,192)	\$69,133	\$43,452	\$(4,317)

UNCONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS

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

	Opening Balance January 1, 2025	Additions	Reductions	Closing Balance September 30, 2025
Unrestricted Surplus (Deficit)				
Operating fund	\$ -	\$97,689	\$ -	\$97,689
Capital fund	(57,109)	-	(1,879)	(58,988)
	(57,109)	97,689	(1,879)	38,701
Reserves				
Capital projects - tax supported	18,526	19,439	(21,104)	16,861
Operating reserve - tax supported	(5,447)	-	(1,740)	(7,187)
Municipal parkland	7,528	13	(234)	7,307
Finance a specific purpose	3,061	22	-	3,083
Land development	49,158	96	(17,555)	31,699
Capital asset replacement (fleet)	40,713	5,643	(1,341)	45,015
Offsite	(37,239)	6,495	(6,602)	(37,346)
Solid waste management	29,672	2,966	(3,460)	29,178
Wastewater	26,032	9,182	(9,001)	26,213
Water	1,449	8,055	(6,056)	3,448
Power	25,836	6,761	(16,314)	16,283
	159,289	58,672	(83,407)	134,554
Equity in Tangible Capital Assets				
Constructed tangible capital assets	1,825,682	9,404	(56,764)	1,778,322
Construction in progress	89,197	75,710	(9,427)	155,480
Contributed tangible capital assets	310,336	-	(6,916)	303,420
Long-term debt for capital purposes	(254,485)	10,359	(24,308)	(268,434)
Asset retirement obligations	(15,139)	-	-	(15,139)
	1,955,591	95,473	(97,415)	1,953,649
Remeasurement Gain (Loss)	(1,781)	-	-	(1,781)
Accumulated Surplus	\$2,055,990	\$251,834	\$ (182,701)	\$2,125,123

UNCONSOLIDATED STATEMENT OF CASH FLOWS

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

	September 30, 2025	Year ended December 31, 2024
Net inflow (outflow) of cash related to the following:		
Operating Activities		
Annual operating surplus (deficit)	\$86,359	\$(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	63,564	83,285
(Gain) loss on disposal of tangible capital assets	(1,156)	(950)
Accretion on asset retirement obligations	-	242
Change in estimate for asset retirement obligations	-	(106)
Non-cash charges to operations:		
Accounts receivable	(31,857)	8,270
Land ready for sale	-	(473)
Loans receivable	22	6,760
Accounts payable and accrued liabilities	(3,183)	3,519
Deposits	357	396
Deferred revenue	1,917	(3,492)
Employee benefit obligations	-	630
Land not ready for sale	-	3,752
Inventory held for use	(664)	(122)
Prepaid expenses	3,409	871
	118,768	95,965
Capital Activities		
Acquisition of tangible capital assets	(75,710)	(109,344)
Proceeds on disposal of tangible capital assets	1,295	1,319
Asset retirement obligations settled	-	(120)
	(74,415)	(108,145)
Investing Activities		
Investments purchased	(59,073)	(42,760)
Investments redeemed	60,849	69,428
	1,776	26,668
Financing Activities		
Long-term debt issued	24,308	17,565
Long-term debt repaid	(13,140)	(21,439)
	11,168	(3,874)
Change in cash and cash equivalents during the year	57,297	10,614
Cash and cash equivalents, start of year	12,247	1,633
Cash and cash equivalents, end of year	\$69,544	\$12,247

CAPITAL PROJECT INFORMATION

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

Unaudited

	Inception to Date Budget	Inception to Date Actual	Budget Remaining	Period to Date Actual
Capital Funding by Source:				
Net reserve transfers	\$ 419,061	\$ 84,545	\$ 334,516	\$ 36,736
Capital government transfers	260,791	178,096	82,695	5,783
Capital debt issued	167,976	128,730	39,246	24,308
Operating funded by capital	(8,420)	(32,534)	24,114	2,367
Transfer to other projects	(16,034)	(38,429)	22,395	-
Operating debt approved as capital	-	-	-	2,323
Asset retirement obligations	-	5,795	(5,795)	-
Developer and customer contributions	43,559	93,070	(49,511)	1,410
Other capital revenue	14,725	89,736	(75,011)	904
	881,658	509,009	372,649	73,831
Capital Expenditures by Function:				
Transportation	319,455	234,822	84,633	20,747
Subdivisions	105,896	42,883	63,013	206
Waste water	91,157	31,335	59,822	10,169
Fleet	108,576	63,214	45,362	13,266
Electric	57,251	22,875	34,376	10,099
Recreation, parks and culture	90,973	67,866	23,107	7,317
Water	42,379	25,381	16,998	6,470
General government services	36,492	22,527	13,965	5,093
Waste management	12,995	3,215	9,780	1,468
Fire and ambulance	12,494	7,715	4,779	526
Police and other protective	3,821	3,312	509	349
Public health and planning	169	27	142	-
	881,658	525,172	356,486	75,710
Capital surplus (deficit)	\$ -	\$ (16,163)	\$ 16,163	\$ (1,879)

LONG-TERM DEBT SUMMARY

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

Unaudited

	September 30, 2025	September 30, 2024	Year Ended December 31, 2024
Opening Balance January 1, 2025	\$286,306	\$290,180	\$290,180
Add: New debt issuance	24,308	3,959	17,565
Less: Principal payments	(13,140)	(15,060)	(21,439)
Ending Balance September 30, 2025	297,474	279,079	286,306
Balance made up of:			
Tax-supported debentures	200,044	192,093	198,329
Utility-supported debentures	70,339	60,266	62,012
Offsite-supported debentures	16,837	14,076	14,492
Land and other self-supported debentures	10,254	12,644	11,473
	\$297,474	\$279,079	\$286,306
Interest payments	\$5,702	\$5,445	\$10,154

DEBT & DEBT SERVICING LIMIT

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

Unaudited

	September 30, 2025	September 30, 2024	Year Ended December 31, 2024
Debt Limit			
Consolidated revenue as defined by Alberta Regulation 255/00 ending December 31, 2024	\$409,285	\$382,271	\$409,285
	x 1.5	x 1.5	x 1.5
Provincial debt limit	613,928	573,407	613,928
Less long-term debt outstanding	(297,474)	(279,079)	(286,306)
Available to borrow under Alberta Regulation 255/00	316,454	294,328	327,622
Provincial debt limit percentage	48%	49%	47%
Compliant with Alberta Regulation 255/00?	Yes	Yes	Yes
Council debt limit (75% Provincial debt limit)	460,446	430,055	460,446
Less long-term debt outstanding	(297,474)	(279,079)	(286,306)
Available to borrow under Council Policy G.P.F-2.2	162,972	150,976	174,140
Council debt limit percentage	65%	65%	62%
Compliant with Council Policy G.P.F-2.2?	Yes	Yes	Yes
Debt Servicing			
Consolidated revenue as defined by Alberta Regulation 255/00 ending December 31, 2024	409,285	382,271	409,285
	x 25 %	x 25 %	x 25 %
Debt service limit	102,321	95,568	102,321
Less debt servicing	(29,499)	(31,504)	(29,499)
Debt servicing allowed under Alberta Regulation 255/00	72,822	64,064	72,822
Debt service limit percentage	29%	33%	29%
Compliant with Alberta Regulation 255/00?	Yes	Yes	Yes

Q3 2025 PROCUREMENT ACTIVITY REPORT

Awarded over \$200,000 from July 1, 2025 – September 30, 2025

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

Attached is the procurement activity for Q3 that was posted on bids & tenders. All competitions were best value.

Project Name	Awarded Vendor	Completed Submissions	Company Location	Awarded Value
60th and 67th Street Stormwater Lift Station – Consulting Services	ISL Engineering and Land Services	1	Calgary, AB	\$203,150
Pipe and Fittings	Wolseley Canada Inc.	2	Red Deer, AB	\$214,236
Roofing – Various Locations	Goodman Roofing Ltd.	5	Red Deer, AB	\$239,190
Downtown Stamped Concrete Sidewalk and Tree Vault Construction and Repair	Olds Concrete Services (2014 Services)	3	Olds, AB	\$373,143
Outfall Repair Program - 2025	Urban Dirtworks, Inc.	3	Sylvan Lake, AB	\$391,332

OPERATING BUDGET VARIANCES

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

Unaudited quarterly reports provide timely, high-level financial information that helps Council and the public monitor trends, identify emerging pressures, and support informed decision-making throughout the year.

Division / Department	Explanation	Total Variance	Favourable vs Unfavourable
Office of City Manager			
Office of Mayor & Council	Recovery Summit postponed to 2026; offset by available Integrity Commissioner funds not fully utilized.	\$54	Favourable
Chief of Staff/Enterprise Strategy	Temporary staff vacancies during first part of the year and OCP project not proceeding as planned.	\$159	Favourable
Community Services			
Parks & Public Works	Vacancies and infrastructure capital allocation, increased internal permit and asphalt repair revenue, more contracted work mostly related to mowing and proceeds from parkland disposal, partially offset by lower 3rd party and increased material costs.	\$ 400	Favourable
Utilities	Higher Electric transmission recovery, lower Electric street & traffic lights expenses, staff vacancies. Wages, Wastewater Treatment Plant biosolid digester outage contracted services.	\$6,968	Favourable

OPERATING BUDGET VARIANCES CONTINUED

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

Division / Department	Explanation	Total Variance	Favourable vs Unfavourable
Safe & Healthy Communities	Higher county fee recovery and recreation membership/pass sale, vacancies.	\$916	Favourable
Transit & Fleet	Increases in Transit revenue, Provincial Grant Funding (for Transit Fare Assistance Program) and vacancies off set by increased fleet repairs, maintenance, and parts for an aging Transit Fleet	\$1,325	Unfavourable
Finance & General Programs			
CSV Business Excellence	Vacancies, delays in hiring, difficulties in recruitment	\$426	Favourable
Financial Services	Temporary staff vacancies and leave of absence covered by non-permanent staff, resulted in lower personnel costs. These savings were partially offset by higher contracted services and reduced roadmap project costs.	\$241	Favourable
General Municipal Revenue	Higher investment earnings due to WEA loan interest, including grant portion not budgeted in 2025. Vacancy factor, training allocations, and foreign exchange costs contributed to the variance. These were offset by lower salary expenses from vacancies and timing differences.	\$ 2,869	Unfavourable

OPERATING BUDGET VARIANCES CONTINUED

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

Division / Department	Explanation	Total Variance	Favourable vs Unfavourable
Corporate & Employee Services			
Corporate & Employee Services GM	Vacancies and hiring delays resulting in lower costs.	\$11	Favourable
Revenue & Assessment	Cost savings from re-negotiated utility bill printing contract, successful collection strategies, higher tax certificate revenue, project delays, and position vacancies/medical leave.	\$220	Favourable
Human Resources	Limited advertising; temporary vacancies; increased WCB rebate revenue; internal training accreditation reduced external costs.	\$235	Favourable
Community & Public Relations	Primarily due to Position vacancies and staff reassignments, partially offset by lower advertising revenue.	\$69	Favourable
Information & Technology	Variances reflect staffing adjustments—salary reallocations, recoveries, and vacancies—together with timing of major projects such as telephone upgrades, Microsoft licensing, and HCM implementation, partially offset by lower printing and contracted service costs.	\$64	Unfavourable
Legal & Legislative Services	Election costs still to be accounted for (including wages), increased revenue from third parties, and vacancies..	\$592	Favourable

OPERATING BUDGET VARIANCES CONTINUED

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

Division / Department	Explanation	Total Variance	Favourable vs Unfavourable
Growth & Development			
Growth & Development GM	Lower personnel due to vacancies and leaves of absence.	\$142	Favourable
Engineering	Higher utility alignment and street permit revenue, vacancies and deficiency holdback from contractor.	\$965	Favourable
Planning	Decreased staffing costs from vacancies and increased Neighbourhood Area Structure Plan (NASP) and Subdivision fee revenue.	\$218	Favourable
Inspections & Licensing	Increased permit revenue, higher animal licenses; staffing vacancies due to difficulties finding qualified staff, decreased utility charges; decreased parking commissioners time.	\$1,899	Favourable
Land & Economic Development	Decreased land sales partially offset by reduced cost of land sales, reduced staffing due to vacancies and leaves, decreased City's airport cost (50-50 with RD County), increased revenues from land rent and increased expenses related to the Ad-hoc Ec Div Committee.	\$1,289	Unfavourable

OPERATING BUDGET VARIANCES CONTINUED

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

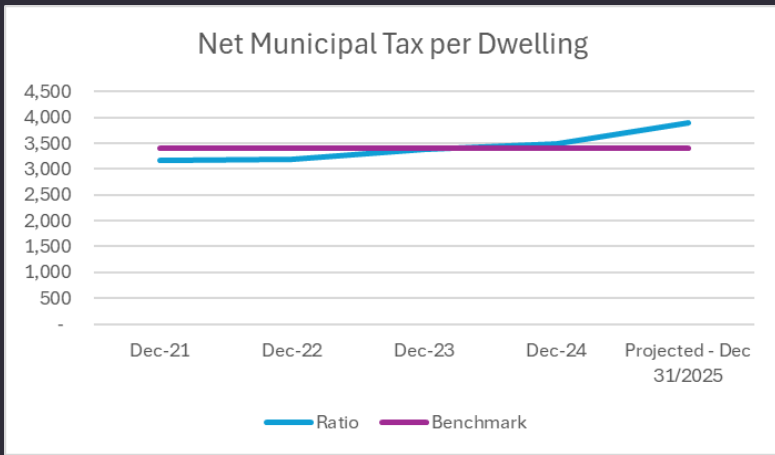
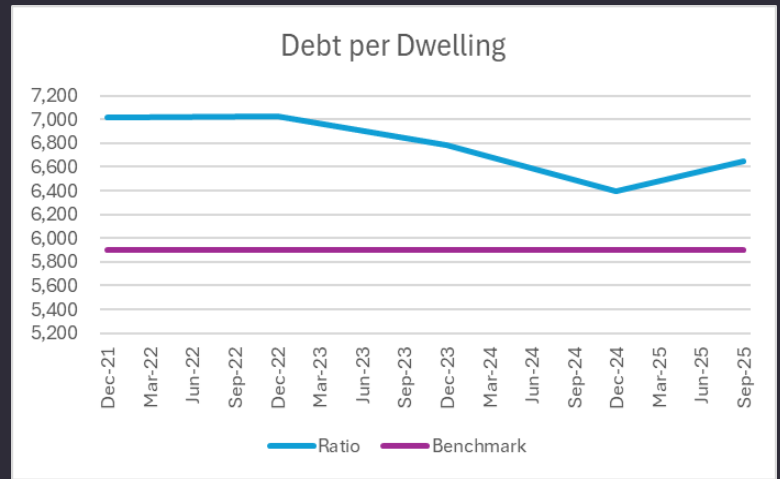
Division / Department	Explanation	Total Variance	Favourable vs Unfavourable
Protective Services			
Protective Services GM	Leave of absense and delay in hiring.	\$54	Favourable
Emergency Services	Wireless 911 grant and increase in emergency response, higher call volumes due to additional ambulances. Lower wages due to vacancies & long-term leaves, offset by increased costs of materials & supplies, uniform & boots, higher IT software refresh (transfer to capital for wireless 911) and building maintenance.	\$3,127	Favourable
Municipal Policing	Primarily due to lower spend RCMP contract (less active members) higher automated traffic enforcement & photo radar offset by lower manual tickets and increased contract services for commissionaires due to slower transition from ATE to CPO enforcement; increased criminal record checks. Lower wages due to vacancies.	\$4,391	Favourable
Total Operating Surplus		\$15,540	Favourable

FLEXIBILITY RATIOS

As at September 30, 2025

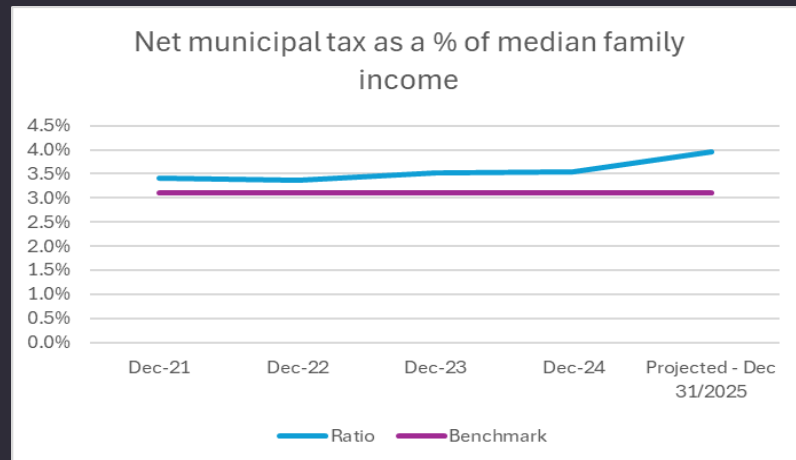
Flexibility Ratios are important to monitor as they are indicators of The City’s ability to respond to financial pressures by using available tools like reserves, user fees, or debt. It is the intention to highlight different ratios each quarter to continue to evolve financial transparency.

This ratio provides an assessment of the City's ability to issue more debt by considering the existing debt loan on a per dwelling basis.



This indicator provides the amount of net municipal taxes generated, on average, from each dwelling unit.

This indicator provides the percentage of total household income used to pay municipal property taxes.

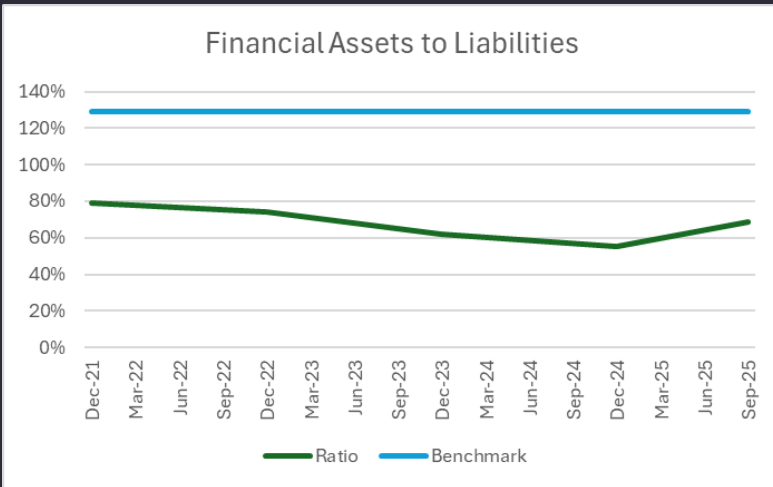
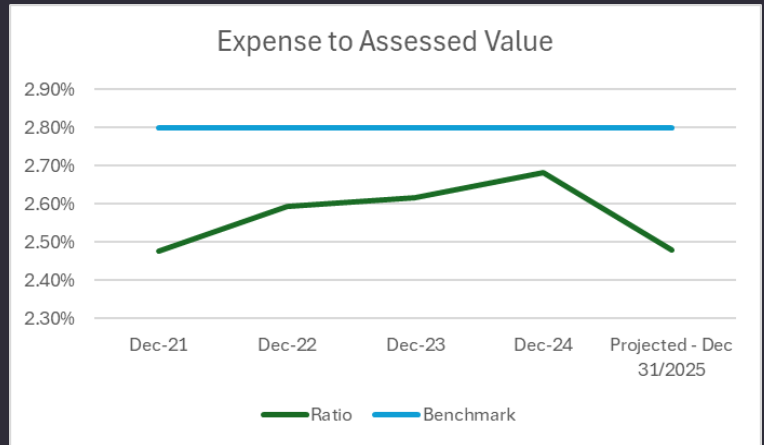


SUSTAINABILITY RATIOS

As at September 30, 2025

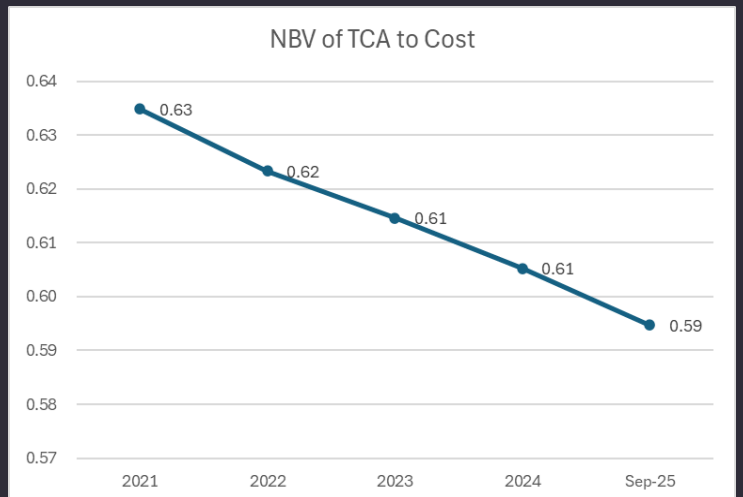
Sustainability ratios are indicators demonstrating The City's ability to deliver services and meet financial commitments without increasing debt or taxes beyond what the local economy can support.

This ratio provides and assessment of the City's solvency by determining the extent to which increases in operating expenses correspond with increases in taxable assessments.



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

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



**FINANCIAL
REPORT**
Q3 unaudited

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