

City of Lethbridge

# 2023

ANNUAL REPORT

For the year ended  
December 31, 2023  
Alberta, Canada







City of Lethbridge  
910 - 4th Avenue South  
Lethbridge, Alberta, T1J 0P6  
[lethbridge.ca](http://lethbridge.ca)  
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The Annual Report is produced by the Finance & Corporate Performance department of the City of Lethbridge in cooperation with all civic departments and agencies.

The City of Lethbridge acknowledges that we are gathered on the lands of the Blackfoot people of the Canadian Plains and pays respect to the Blackfoot people past, present and future while recognizing and respecting their cultural heritage, beliefs and relationship to the land. The City of Lethbridge is also home to the Métis Nation of Alberta, Region III.



Lethbridge River Valley

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The City of Lethbridge 2023 Annual Report, including the financial statements, is the responsibility of management.



# MAYOR'S MESSAGE



Mayor Blaine Hyggen

On behalf of Lethbridge City Council, I am pleased to showcase the 2023 Annual Report.

When I recently presented my annual State of the City address, I spoke about a wide variety of topics. One of my favourites to discuss was the two Community Conversation events held at the ENMAX Centre in 2023 – which had a combined attendance of nearly 1,000 members of the public. Community Conversations are a great way to bring together in one convenient location all of the City projects requiring community engagement, making it easier for residents to participate. Public participation helps build a strong and connected community and informs council decision making.

Our official 2023 Municipal Census results show that Lethbridge has a population of 106,550 as of April 2023, making us the third-largest city in Alberta based on Municipal Census data. Lethbridge consistently demonstrates a sustainable and healthy rate of growth. This stability, as well as steady growth and retention, allows us to plan effectively for the future of our community.

Council met as Economic and Finance Standing Policy Committee for

three days in November 2023 for an overview of the current economic conditions and the impact they have on the City's financial position and resources. On behalf of Council, I want to thank City Administration and all of the dedicated departments for the efforts they put into this organization each and every day.

I am extremely proud of how Council and Administration came together in 2023 (and into 2024) to take a leadership role by entering a Memorandum of Understanding (MOU) with Lethbridge & District Exhibition (LDE) to create an interim governance structure comprised of City of Lethbridge and Lethbridge County administration. This group will focus on building a viable business model and governance structure for the organization and ensuring the Agri-food Hub & Trade Centre is best serving the region.

In relation to another major topic, we have created collaborative working groups with internal expertise and external stakeholders and are actively investigating additional avenues for water conservation for the immediate and long-term future.

Lethbridge, like many communities across the country, has been impacted by complex social issues including a drug crisis and homelessness. With this growing concern impacting the quality of life in Lethbridge, we have expanded involvement with more than 15 new solution-based initiatives during the last year.

In 2023, AHS told me we were successful in recruiting 43 physicians to Lethbridge, 23 of whom are Family Physicians. Of those, nine have not yet commenced practice in Lethbridge. We currently have three full-time OBGYN specialists (up from one a year ago) with five others who have now signed a contract and will be commencing in 2024 or 2025.

In May, we unveiled the Organics Processing Facility. Located at the

City's Waste & Recycling Centre, it receives and processes all green cart materials collected from both the residential and commercial programs. It is a step forward in positioning our city to be more sustainable and will help us reach our target of diverting 65 per cent of residential waste from the landfill by 2030.

There were so many other great projects across the corporation in 2023. Here are a few more highlights:

- [New Lethbridge.ca website](#)
- [Clean Energy Improvement Program Launch](#)
- [Pilot project of four more public drinking water stations](#)
- [Revised Fee Assistance Program](#)
- [Harmonized School and Playground Zones](#)
- [Residential Speed Limit Pilot Project](#)
- [Introduction of Community Play Boxes](#)
- [New pickleball courts at Legacy Park](#)
- [New Oki signs at school](#)
- [Tech upgrades in Council Chamber](#)

Council's job is to make decisions that are in the best interest of the entire community. We aim to improve residents' quality of life, to meet the community's changing needs, to foster a prosperous local economy and to grow in a responsible manner for years to come.

As Lethbridge is and will continue to be the Gateway to Opportunity, this Annual Report is just a sample of all the exciting projects in our city. We eagerly look forward to all the great work ahead in 2024.

Blaine Hyggen  
Mayor

**Legislative & Administrative Organization Chart**

**RESIDENTS**  
**CITY COUNCIL**

Mayor Blaine Hyggen

Councillor Mark Campbell  
Councillor Jeff Carlson  
Councillor Belinda Crowson  
Councillor Rajko Dodic

Councillor John Middleton-Hope  
Councillor Nick Paladino  
Councillor Ryan Parker  
Councillor Jenn Schmidt-Rempel

Lethbridge Police Commission  
Lethbridge Public Library Board  
Sir Alexander Galt Museum & Archives Board

**CITY MANAGER**  
Lloyd Brierley

**City Clerk**  
Bonnie Hilford

**Chief Financial Officer & Treasurer**  
Darrell Mathews

- Assessment & Taxation
- Corporate Finance
- Corporate Performance
- Risk & Controls

**Director of Legal Services & Solicitor**  
Brian Loewen

- Legal Services
- Procurement Services
- Regulatory Services

**Director of People & Partner Services**  
Nicole Mitton

- People & Partner Services

**Director of Community & Council Relations**  
Travis Hillier

- Customer Service & 311

**Director of Corporate Services**  
Jason Elliott

- Corporate Services Support
- Facility Services
- Fleet Services
- Information Technology Services & Digital Transformation
- Opportunity Lethbridge

**Director of Community Services**  
Carly Kleisinger

- Community Services Support
- Community Social Development
- ENMAX Centre
- Fire & Emergency Services
- Parks & Cemeteries
- Recreation & Culture

**Director of Infrastructure Services**  
Joel Sanchez

- Infrastructure Services Support
- Planning & Design
- Transit
- Transportation
- Waste & Environment
- Water, Wastewater & Stormwater
- Electric Utility

Note: the organizational chart is as of December 31, 2023.

# CITY COUNCIL 2021-2025



Back Row (L-R):  
Councillor Ryan Parker  
Councillor John Middleton-Hope  
Councillor Jeff Carlson  
Councillor Nick Paladino

Front Row (L-R):  
Councillor Mark Campbell  
Councillor Belinda Crowson  
Mayor Blaine Hyggen  
Councillor Rajko Dodic  
Councillor Jenn Schmidt-Rempel

**About City Council:** City Council consists of nine members: the Mayor and eight Councillors, who are elected at large. Lethbridge City Council was elected in October 2021 and will serve a four-year term.

## ACTION PLAN 2021-2025 GATEWAY TO OPPORTUNITY

We are a City that works together with our community and partners to ensure that Lethbridge is a leader in environmental stewardship, innovation and active leadership. We are recognized as being a safe, healthy, vibrant, prosperous, economically viable place where all people can fully participate in community life.

*Vision Statement from the City of Lethbridge's Municipal Development Plan 2021.*

As Lethbridge City Council, to complete the work outlined in our Council Action Plan we will:

- Govern
- Coordinate
- Enable
- Advocate
- Promote

To view the complete 2021-2025 Lethbridge City Council Action Plan, visit our website [www.lethbridge.ca](http://www.lethbridge.ca)

## ACTION PLAN 2021-2025 GATEWAY TO OPPORTUNITY

In 2021, Council updated its Municipal Development Plan (MDP) – a process that engaged staff, stakeholders and the community to create the vision for a future Lethbridge. City Council's Action Plan, the Gateway to Opportunity was created using the MDP as the strategic guiding document. It also takes into consideration the concerns heard from the election campaign, balancing both immediate needs and longer-term aspirations.

### COUNCIL STRATEGIC FOCUS AREAS

Economically prosperous

Actively encourage the development and diversification of the local economy

Healthy and diverse

Prioritize health-supporting developments and the wellbeing of all residents

Culturally vibrant

Support the creation of a thriving, dynamic environment that exudes a sense of place and of community identity and belonging

Well designed

Strive to enhance and sustain a quality built environment

Environmentally responsible

Strive to enhance and sustain the natural environment

Supports to the region

Contribute towards shared regional objectives

### Strategic Leadership & Partnerships



# **FINANCIAL INFORMATION**





# AUDIT COMMITTEE REPORT

Lethbridge City Council is responsible for ensuring that City Administration fulfills its responsibilities for financial reporting, internal control and risk management. To assist City Council with these responsibilities, a City Council appointed Audit Committee has been established, primarily to:

- Monitor the Internal Controls over Financial Reporting (ICFR) including the policies, procedures and internal control mechanisms in place to ensure the accuracy, completeness and timely preparation of the City's financial reports and financial statements
- Monitor the independence and performance of the external Auditors
- Provide an avenue of communication among City Council, Administration and the Independent Auditors
- Identify and monitor the principal risks that could impact financial reporting of the City
- Oversee risk management including risk identification, analysis and managements procedures to minimize the City's exposure to loss

The City's Audit Committee oversees the activities of the external auditors to help ensure Administration's accountability to Council. The Audit Committee reviews the audit plan, year-end audit results, summary of audit differences, the Independent

Auditors' report and the management letter. To fulfill the City's provincially legislated audit requirements, the Committee engaged the external auditor, KPMG LLP who carried out the audit of the City of Lethbridge's financial statements, in accordance with generally accepted auditing standards. The external auditors have full and unrestricted access to the Audit Committee to discuss their audit and related findings, as to the integrity of the City's financial statements and related processes.

Other key activities completed by the Audit Committee during the year included:

- Considered internal controls and financial risks facing the City
- Reviewed the Audit Findings Report prepared by KPMG LLP. Reviewed annual financial statements, discussed these with Administration and Independent Auditors and recommended approval to City Council
- Discussed the appropriateness of accounting principles, critical accounting policies and management judgments and estimates
- Reviewed Year End Unaudited Financial Information and Schedules

2023 Audit Committee Members:  
January 1, 2023 - October 31, 2023

Councillor J. Carlson  
Councillor B. Crowson  
Councillor R. Dodic (Chair)  
Councillor J. Middleton-Hope

November 1, 2023 - December 31, 2023

Councillor J. Carlson  
Councillor B. Crowson  
Councillor R. Dodic (Chair)  
Councillor N. Paladino

April 23, 2024

# CHIEF FINANCIAL OFFICER & TREASURER

## FINANCIAL STATEMENT DISCUSSION & ANALYSIS



Darrell Mathews - CFO & Treasurer

The 2023 Annual Report of the City of Lethbridge (the "City") provides information to all members of the public about the City's 2023 financial performance. In addition, this report describes some of the City's major financial policies, assesses its general economic condition and highlights some of our accomplishments.

The Annual Report includes the City's consolidated financial statements, prepared by management in accordance with Canadian public sector accounting standards. Entities included in the Annual Report are the City, its Utilities, the Lethbridge Public Library, the Lethbridge Police Service, and the Galt Museum.

The City's auditor KPMG LLP has audited the 2023 consolidated financial statements and their Independent Auditors' Report is included in this Annual Report.

The following financial statement discussion and analysis (FSD&A) is the responsibility of management and should be read in conjunction with

the audited consolidated financial statements and accompanying statistical information section.

The consolidated financial statements consist of:

- Consolidated Statement of Financial Position:

This statement is a snapshot as at December 31, 2023, of the City's municipal equity. Municipal equity is the excess of assets over debt and other liabilities.

- Consolidated Statement of Operations:

This statement consists of revenue reflecting the operating and capital funds that were acquired and how the expenses were allocated, including the annual costs for owning and using capital assets (depreciation).

- Consolidated Statement of Net Financial Assets (Debt):

This statement reconciles the excess of revenue over expenses to the net financial assets (assets that are not for consumption in normal day to day operations). Positive net assets are an indicator that the City is able to meet its liabilities and obligations out of existing assets and has resources to use in the future. Negative net assets (net debt) are an indicator that future resources are required to pay for past transactions events.

- Consolidated Statement of Cash Flows:

This statement outlines the details of the change in cash and cash equivalents (short-term investments). The sources and uses of cash are presented in four different categories: operating, capital, investing and financing (new debt issued and debt repayments).

### 2023 FINANCIAL HIGHLIGHTS

2023 was the first year of the four-year 2023-2026 Operating Budget. The Departments within our organization continue to do an admirable job of providing service to our community and managing budget funds responsibly within our overall operating budget.

During 2023, the City realized a consolidated annual unrestricted surplus of \$6.8 million, (2022 - \$12.2 million) as shown on Schedule 1.

The City of Lethbridge will continue to monitor our financial performance and strategies over the 2023-2026 Operating Budget period to balance service level expectations with cost-of-service delivery. The City also must balance that with other economic impacts throughout the province. An expanded discussion of these challenges is included in the Economic Conditions portion of this document.

### SIGNIFICANT BUDGET VARIANCES

The following is an analysis of the 2023 General and Utility operations for the period ended December 31, 2023.

#### General Operating Results

Corporate Accounts ended the year with a \$1.2 million surplus. For 2023, specific budget variances resulting from factors not attributable to the department management (e.g., corporate revenue and utility costs on City facilities) are reported as a corporate responsibility.

By City Council resolution, this \$1.2 million Corporate Account surplus will be transferred to the Municipal Revenue Stabilization Reserve in the following year. Significant corporate

# FINANCIAL STATEMENT DISCUSSION & ANALYSIS

account variances from budget are as follows:

Property tax ended the year with a positive variance of \$0.3 million. This is mainly due to higher than anticipated growth in residential and commercial properties net of other related costs.

General revenue ended the year with a positive variance of \$0.1 million. This positive variance includes higher than budgeted transfers from the Water Utilities to General Operations of \$0.1 million and higher than budgeted penalties on taxes of \$0.1 million. These positive variances were offset by negative variances in transfer from Landfill Utilities and other revenues of \$0.1 million.

Permit, development and license revenue ended the year with a negative variance of \$1.2 million. Expensive building costs, high interest rates, rising home prices, and declining builder confidence have combined to form a contraction in construction growth.

Employee Benefit accounts ended the year with a positive variance of \$1 million. This is a net result of lower-than-budgeted pension rates, offset by increases to CPP and WCB rates, and a deficit within the Disability Plan.

Corporate fuel costs ended the year with a positive variance of \$0.3 million, primarily due to lower than budgeted Transit fuel prices.

Utility costs for tax supported City facilities ended the year with a positive variance of \$0.5 million, primarily due to lower than budgeted rates for electricity, natural gas, and City utility costs.

A negative variance of \$0.03 million is due to specific conditions with ENMAX Centre due to the extension

of contract terms due to pandemic related facility closures, this was offset by \$0.03 million funding from the reserve to address this pandemic impact.

A positive variance of \$0.2 million due to specific conditions within the operating agreement for the Phase 2 Leisure Complex.

## Department Results

To accommodate the four-year budget cycle, departments are expected to operate within the 48 month budget. If there is a shortfall after the first year, departments are expected to overcome the deficit by adjusting the expenditures in the remaining years of the operating budget (2024-2026); and if the experience after the first year results in net under expenditures, the departments have the ability to roll the amounts over to assist with operations during 2024-2026. General Fund Department results are therefore transferred to the Budget Appropriations Unexpended Reserve (shown on the Consolidated Schedule of Unrestricted Surplus - Schedule 1 as part of the transfer to reserves) and therefore are not part of the \$6.8 million Consolidated Annual Unrestricted Surplus.

## Utility Operating Results

Utility operations include Waste & Environment, the Wastewater Utility, the Water Utility, and the Electric Utility.

Overall, Waste & Environment (comprised of Waste Collection and Waste Processing services) ended the year with a surplus of \$0.3 million. This was primarily due to the Waste Collection revenues being greater than budgeted from higher than budgeted tonnage by \$0.4 million and this was offset by over expenditure in waste prevention programs of \$0.1

million. Waste processing revenue had a deficit of \$0.5 million due to lower than budgeted tonnage and commodity prices offset by a savings of \$0.6 million from lower than budgeted landfill operational expense. In addition, a surplus of \$0.9 million resulted from lower than anticipated debt servicing payments which was applied as a down payment towards approved Capital Improvement Projects to reduce future debt financing requirements.

Wastewater Utility ended the year with a positive variance of \$0.3 million. Revenue finished the year with a \$0.1 million negative variance primarily due to a decrease in residential, regional, and commercial revenues offset by an increase in industrial sewage revenue. Additionally, lower than anticipated wastewater collection costs resulted in a positive variance of \$0.4 million. Included in the variance, there was \$0.5 million allocation to 2022-2031 CIP Project E-19 WWTP Biosolid Treatment Upgrades. In 2023, \$0.8 million has been transferred to a newly established Wastewater Utility Reserve Fund to provide funding for the Wastewater Treatment Plant Expansion.

Water Utility ended the year with a positive variance of \$1.5 million. This was due to water revenue ending the year with a positive variance of \$1.4 million due to higher residential, regional, and general revenues and a positive variance of \$0.1 million in maintenance accounts. Included in the variance, there was a \$0.8 million allocation to 2022-2031 CIP Project E-12 Water Treatment Process Redundancy. In 2023, \$1.2 million has been transferred to a newly established Water Utility Reserve Fund to provide funding for the Water Treatment Plant Expansion.



# FINANCIAL STATEMENT DISCUSSION & ANALYSIS

The Electric Utility ended the year with a \$3.4 million positive variance from operations. Distribution tariff ended the year with a positive variance of \$3.2 million which is primarily due to the Transmission Access (Provincial Access to the Grid) component of the tariff and the variance is a result of fluctuations in funds collected from users and the fees required to connect to the distribution system. Transmission tariff ended the year with a positive variance of \$1.2 million. This is primarily due to a decrease in depreciation expense of \$0.6 million, decrease in cost of capital of \$0.3 million, and decrease in system operation of \$0.5 million. These positive variances were offset by decreased revenue and increased linear property tax of \$0.2 million. Regulated Rate tariff ended the year with a negative variance of \$0.8 million due to fluctuations in price to purchase energy and managing the energy for our customers. The prices are set monthly to cover costs for energy purchases, and the Electric department uses hedges to reduce risk on energy purchases. In 2023 the demand was higher than the forecasted amount (hedged amount) and caused the City to purchase the excess to meet the needs of our customers from the Balancing Pool, and the price for that energy has more than doubled as compared to last year. Fibre operations ended the year with a \$0.2 million negative variance. This is primarily due to a negative variance in increased depreciation expenses and system operations expenses of \$0.3 million offset by positive variance due to a decrease in the cost of capital of \$0.1 million.

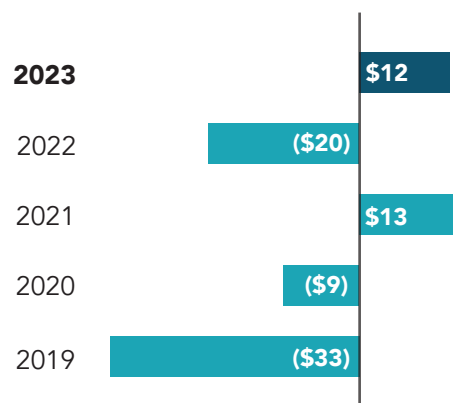
## CHANGE IN ACCOUNTING POLICY

The City has adopted the PS3280 Asset Retirement Obligations standard from the Public Sector Accounting Board, which mandates the disclosure of legal obligations tied to the retirement of specific tangible capital assets. This includes responsibilities like asbestos removal in public buildings or the closure of solid waste landfill sites. The implementation of this change was carried out retroactively by employing the modified retrospective approach, and adjustments have been made to the previous period's financial statements to account for the recognition of asset retirement obligations and the associated liabilities as of January 1, 2022, as detailed in Note 3.

## FINANCIAL POSITION

The overall financial position of the City of Lethbridge ended 2023 with year-end net financial assets totaling \$11.8 million (2022 net financial debt of \$20.4 million). The net financial assets are an indicator of the ability of the City to meet its obligations and continue to provide services into the future.

## NET FINANCIAL ASSETS (DEBT) (millions)



## Financial Assets

The City's 2023 total financial assets of \$435.5 million increased by \$14.4 million from the prior year (2022 \$421.1 million). There was an increase in cash and investments of \$11.6 million and an increase in receivables of \$2.8 million. The change in cash, investments and receivables was due to the timing of receipt of funds from other levels of government as well as the funding associated with the construction of capital projects. There was also a \$0.4 million increase in deposits for future asset acquisitions or events offset by a \$0.3 million decrease in Loans and advances and a \$ 0.1 million decrease land held for resale.

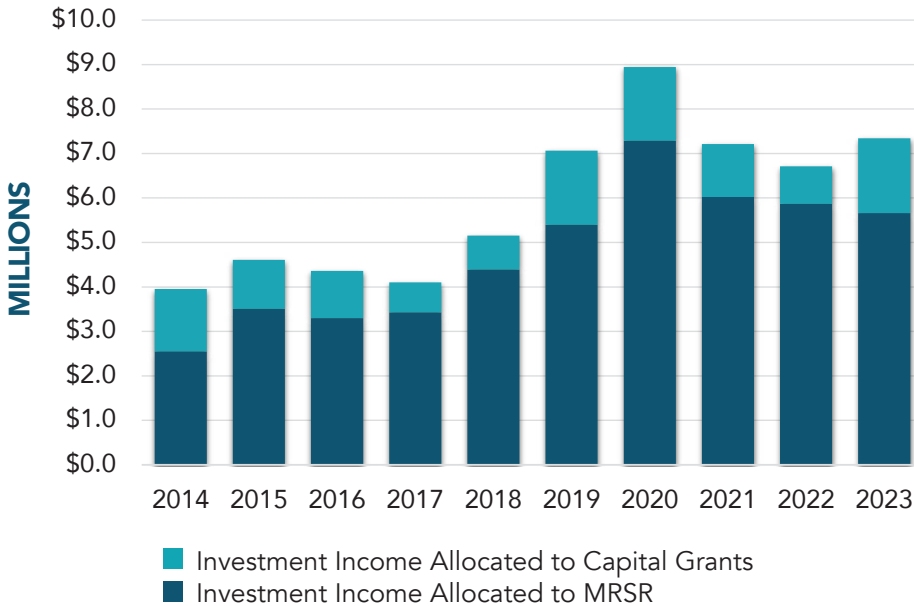
The City uses investments to provide a return on public funds while they are held by the City. These funds consist of reserves, capital funds, Provincial and Federal grants, and operating funds. The funds are invested between the time of their receipt and their use to maximize the opportunity of investment returns to the City of Lethbridge. The timing of these transactions, as well as the size of reserves and the amount of internal financing approved are the main factors influencing the size of the investment portfolio. The average size of the portfolio in 2023 was \$344.4 million (2022 \$333.4 million).

The investment activities of the City are governed by the Municipal Government Act (MGA) and an investment policy which has been adopted by City Council.

The 2023 gross interest income earned from the portfolio was \$9.6 million (2022 \$6.5 million). The City's 2023 average portfolio yield of 2.80% (2022 1.95%) was lower than the Government of Canada 3-year Benchmark yield of 4.0% (2022

# FINANCIAL STATEMENT DISCUSSION & ANALYSIS

## TOTAL INVESTMENT INCOME



2.93%); due to timing of investment purchases and maturity it will take time for the City's investment portfolio to fully realize the benefits of rising interest rates.

### Liabilities

The City's 2023 total financial liabilities of \$423.7 million decreased by \$17.8 million compared to the prior year results (2022 \$441.5 million), primarily due to a decrease in debenture debt of \$14.2 million, a decrease of accounts payable and accrued liabilities of \$5.3 million and a decrease in deferred revenue of \$2.7 million. These decreases were slightly offset by an increase in capital lease obligation of \$1.8 million, an increase in asset retirement obligation of \$1.5 million and an increase in other liabilities of \$1.1 million.

### Debenture Debt

In 1989, City Council adopted a policy of Pay-As-You-Go financing

for general municipal (non-utility) capital expenditures, which provides for a fixed amount to be applied to taxation supported debt payments and funding of capital projects. A complementary policy was that of utilizing City reserves to internally finance larger capital works. These policies have allowed the City to restrict the amount of taxation supported borrowings to one major Capital Improvement Project (Phase 2 Leisure Complex).

Since the beginning of this program in 1989, the level of capital expenditure has been controlled; however, because maintenance is recognized as a high priority, the City's existing infrastructure and facilities have not been compromised.

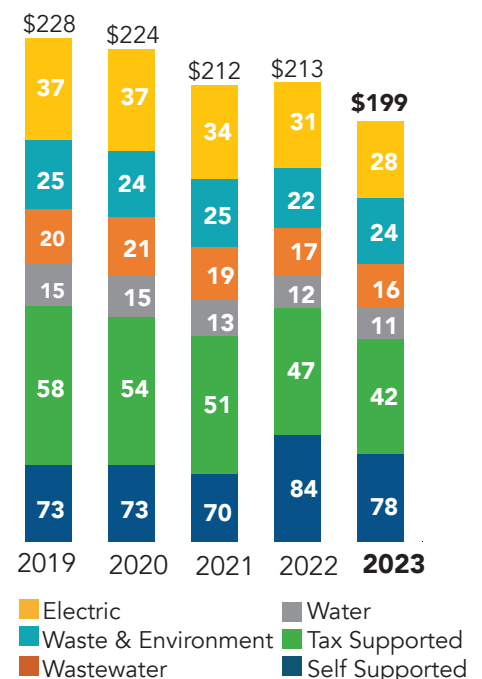
The general fund continues to require external borrowing for "self-supported" activities such as Land Development and Developer Offsite Levy projects. Its activities are termed self-supported because the debt repayments are made directly from the revenue of these activities and

are not paid from property taxes. Significant Offsite Levy borrowings have been required to fund projects that will support growth in the community for coming decades. New self-supported borrowing occurred in 2023 for the Clean Energy Improvement Program (CEIP).

Section 276(2) of the MGA establishes limits for municipal debt levels and annual debt servicing costs. The City's debt limit, as defined by this regulation, is calculated as 1.5 times the consolidated revenue net of capital grant revenue, contributed asset revenue and loans to non-profit organizations and controlled corporations.

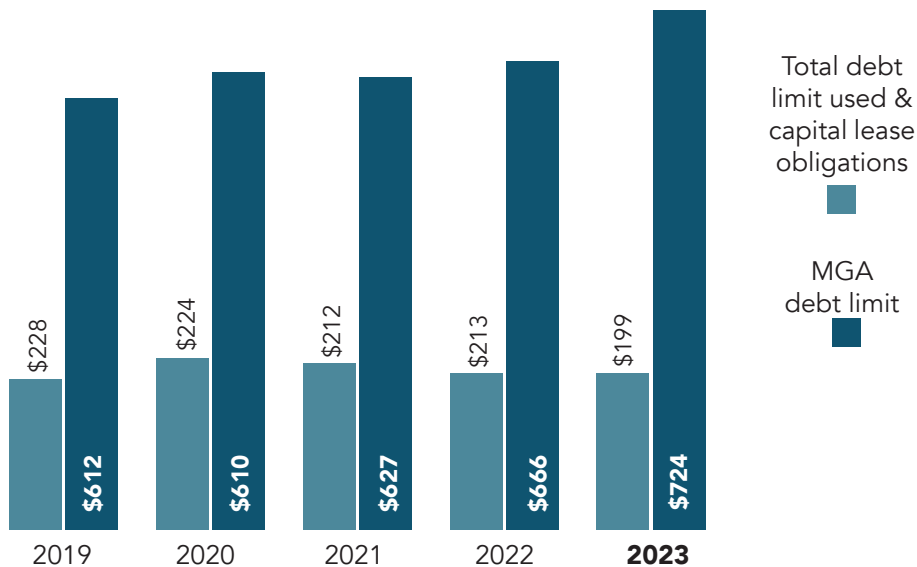
In 2023, the City's debenture debt was \$198.8 million. This was a decrease of \$14.2 million, -6.68% from the 2022 balance.

## DEBENTURE DEBT (millions)



# FINANCIAL STATEMENT DISCUSSION & ANALYSIS

**DEBT VS DEBT CAPACITY**  
(millions)



The 2023 borrowings totaled \$5.6 million and included Gas & Leachate Management Systems, Waste Processing Facility Upgrade and Waste & Recycling Centre Site Enhancements. New borrowings were offset by principal loan payments of \$19.9 million.

The City carries levels of debt and debt servicing well below the legislated limit.

## Accounts Payable and Accrued Liabilities

The accounts payable and accrued liabilities balance of \$43.6 million at the end of 2023 has decreased by \$5.3 million over the prior year balance of \$48.9 million. Trade accounts payable decreased by \$9.3 million due to payments related to the timing of construction and capital expenditures during 2023 and payments for large events. Accrued liabilities increased by \$3.4 million primarily due to an increase in payroll and benefits. Other government

liabilities increased by \$0.6 million due to an increase in CPP Payable.

## Deferred Revenue

Deferred revenue is made up of contributions from other levels of government, prepaid taxes, and other revenue deferrals. The \$2.7 million decrease in deferred revenue is primarily due to the timing of government contributions received versus the recognition of revenue based on eligibility requirements.

## Capital Lease Obligations

In 2023, the City's capital lease obligation was \$2.4 million. This was an increase of \$1.8 million from \$0.6 million in 2022. The increase is due to the increased number of leased fleet units to 44 in 2023 from 10 in 2022.

## Asset Retirement Obligations

As of January 1, 2022, the City has adopted new Public Sector Accounting Standard Section PS 3280 – Asset Retirement Obligations

using modified retrospective method, signifying a strategic move towards comprehensive financial reporting and accountability. This section ensures the City responsibly handles retiring assets, emphasizing the importance of recognizing and accounting for associated obligations. These include closure and post-closure costs for landfills, asbestos remediation in buildings, and lagoon decommissioning. The City's commitment to transparent financial reporting aligns with standards, addressing long-term environmental and facility commitments comprehensively. In 2023, the City's asset retirement obligations was \$54.8 million. This was an increase of \$1.5 million from the 2022 balance. A further description of what each of these obligations include is provided in Note 13 – Asset Retirement Obligations.

## Employee Benefit Obligations

Employee benefit obligations ended the year with a balance of \$14.9 million which was an increase of \$0.5 million from the previous year (2022 \$14.4 million). This is primarily due to an increase in vacation and overtime liabilities.

## Deposits and Other Liabilities

Deposits and other liabilities are collected by the City in various forms, including land sale deposits, architectural control deposits, funds in lieu of letters of credit, utility customer deposits, and conditional funding requirements. These deposits are held by the City until the service or conditional requirements are completed. During 2023, deposits and other liabilities increased by \$0.7 million primarily due to a decrease in conditional funding.



# FINANCIAL STATEMENT DISCUSSION & ANALYSIS

## Net Financial Assets (Debt)

As demonstrated on the Consolidated Statement of Net Financial Assets, the City of Lethbridge has net financial assets of \$11.8 million (2022 net financial debt of \$20.4 million). This increase in net financial assets of \$32.2 million relates to an increase in investment portfolio of \$19.3 million and decrease in debenture debt of \$14.2 million. During 2023, the City was primarily in the planning stages of capital projects and prioritizing asset maintenance activities. This is the reason for the decrease in acquisition of tangible capital assets and decreases in deferred revenue, accounts payable and debenture debt. The city has been actively applying year-end operating surpluses of utility operations to utility capital projects to reduce future debt financing as per the City's Debt Management policy this has decreased our external financing requirements.

## Non-Financial Assets

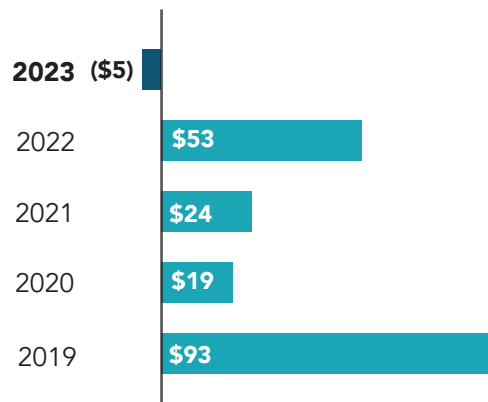
Non-financial assets include tangible capital assets, land held for resale, inventories held for consumption, and prepaid expenses.

## Tangible Capital Assets

The single largest item within non-financial assets is tangible capital assets which ended 2023 with a balance of \$1.90 billion (2022 \$1.91 billion) which was a decrease of \$5.1 million.

Tangible capital assets are assets managed and held for use in production or supply of goods and services and have economic lives that extend beyond a year and are not for sale in the ordinary course of operations. The City of Lethbridge has placed a high priority on maintaining existing assets and has controlled capital project spending as funding for capital projects has been limited.

## NET INCREASE IN TANGIBLE CAPITAL ASSETS (millions)



In 2023, asset acquisitions across all categories were \$63.5 million. The most significant investments in tangible capital assets during 2023, included the cycling lanes of \$2.4 million, waste & organic bins & carts of \$2.3 million, electrical transformer replacements of \$4.1 million, Henderson Ice plant skid \$1.7 million, and Waste Collections storage building expansion of \$1.2 million. In addition, there was \$3.9 million in contributed assets, these acquisitions were offset by disposals with a net book value of \$2.0 million and amortization expense of \$70.5 million.

## Other Non-Financial Assets

Other non-financial assets include land held for resale, inventories held for consumption, and prepaid expenses. Overall other non-financial assets ended 2023 with a balance of \$58.7 million which was a decrease of \$0.2 million from the prior year (2022 \$58.9 million). This was primarily due to a decrease in prepaid expenses and Inventory held for consumption offset by an increase in land held for resale due to the timing of sales within subdivision activities and land acquired for future development.

## Municipal Equity (Net Assets)

As reflected in Note 17 to the financial statements, municipal equity consists of restricted and unrestricted amounts, including the accumulated unrestricted surplus, reserves, equity invested in tangible capital assets and the capital fund. The 2023 municipal equity total is \$1.97 billion which is an increase of 1.38% from the previous year.

## FINANCIAL OPERATIONS

The Consolidated Statement of Operations outlines revenue earned by the City and the expenses incurred to provide municipal services.

## Revenue

The overall revenue had a decrease of \$4.3 million or 1.1% with total revenue of \$501.1 million (2022 \$505.4 million).

REVENUES (millions)	
2023 Actual	\$ 501.1
2022 Actual	505.4
Variance	\$ (4.3)
% Variance	(1.1)%

The majority of the decreases were government transfers of \$25.3 million, decrease in other revenue of \$14.5 million, decrease in contributed assets of \$2.2 million, and a decrease in other revenue categories of \$0.8 million. These decreases were offset by increases in sales and user charges of \$10.8 million, an increase in net taxes of \$10.4 million, an increase in land sales of \$9.4 million and an increase in return on investments of \$7.9 million.

Government Transfers decreased by \$25.3 million from 2022 due to timing of government transfers

# FINANCIAL STATEMENT DISCUSSION & ANALYSIS

provided to fund operating or capital expenses. These revenues are externally restricted and recorded as a deferred revenue until used for the purpose intended. The decrease in government transfers was primarily due to decreases in funding transfers from Canada Community Building Fund (CCBF) of \$9.2 million, Airport Capital Assistance Program (ACAP) of \$4.3 million, Municipal Sustainability Initiative (MSI) of \$4 million, Outreach and Support Initiative (OSSI) of \$3.9 million, Municipal Stimulus Program (MSP) of \$3.4 million, Investing in Canada Infrastructure Initiative (ICIP) of \$1.6 million, Municipal Operating Support Transfer (MOST) of \$1.2 million. These decreases were offset by increases in the Active Transportation Fund of \$1.2 million, and Canada's Homelessness Strategy (Reaching Home) of \$1.0 million as well as increase in other government transfers of \$0.1 million.

Other revenues decreased by \$14.5 million. This is primarily due to transactions related to the lending agreement with Lethbridge District & Exhibition for the Agri-Food Hub (Trade Centre) project included in 2022 revenue.

Contributed assets had a decrease in 2023 of \$2.2 million. Contributed assets are those typically contributed from other developers. Contributed amounts will fluctuate from year to year, since they are largely dependent on some of the following:

Market conditions - if housing markets are thriving, subdivision development will increase to meet demands and in turn, contributions to the City for roadways, parks, etc. will increase.

Weather conditions - will cause construction completion dates to fluctuate.

Parks and amenity features - dependent on the size of parks

and amenities (e.g., playground equipment, pergolas, and decorative fencing) that the developer installs and will correspondingly change the value of the assets and contributed asset revenue for the City of Lethbridge.

Sales and user charges increased by \$10.8 million or 4.6% from 2022 and is primarily due to Utility revenue increases; Electric revenue of \$9.2 million, Waste & Environment revenue of \$0.9 million, and Water revenue of \$0.8 million. These utility revenue increases were offset by a Wastewater revenue decrease of \$0.7 million. In addition, Fire & EMS contracts and direct billing and Airport revenue increased by \$4.9 million and \$0.2 million accordingly. These increases were offset by a decrease in ENMAX Centre event revenue of \$1.8 million. Other decreases in revenues are an offsite development decrease of \$1.3 million and other revenue of \$1.4 million.

Property tax is a primary revenue source available to the City to pay for municipal services. In 2023, net taxes available for municipal services of \$170.4 million was \$10.4 million or 6.5% higher than 2022 and accounted for 34% (2022 31.7%) of gross revenue. The net tax increase was primarily a result of a combination of Council approved budgeted property tax increase of 5.1% and higher than anticipated growth in residential and commercial properties. The Schedule of Net Taxes - Schedule 2 of the consolidated financial statements provides further detail with respect to net taxes.

During 2023, the City received land sales revenue of \$15.2 million which was an increase by \$9.4 million from the previous year (2022 \$5.8 million). This is mainly due to higher sales in Crossings of \$6.9 million and Sherring increased by \$3.5 million.

These were offset by a decrease in residential lot sales of \$1 million in RiverStone. Fluctuations from year to year occur due to timing differences created through the development process with residential and industrial subdivisions.

Return on investments was \$13 million which was a \$7.9 million increase from the previous year (2022 \$5.1 million). The overall increase was primarily a result of a \$3.9 million increase in grant interest revenue due to the timing difference in recording interest revenues associated with grants. In addition, overall investment income increased by \$3.1 million and general interest revenue increased by \$0.9 million mainly due to rising interest rates.

The City experienced an overall decrease of \$0.8 million in the remaining revenue categories.

## Expenses

The Consolidated Statement of Operations summarizes the City's expenses by function. A further description of what each of these functions include is provided within note 29 – Segmented Disclosures.

In 2023, the consolidated expenses were \$474 million or 3.4% lower than the previous year.

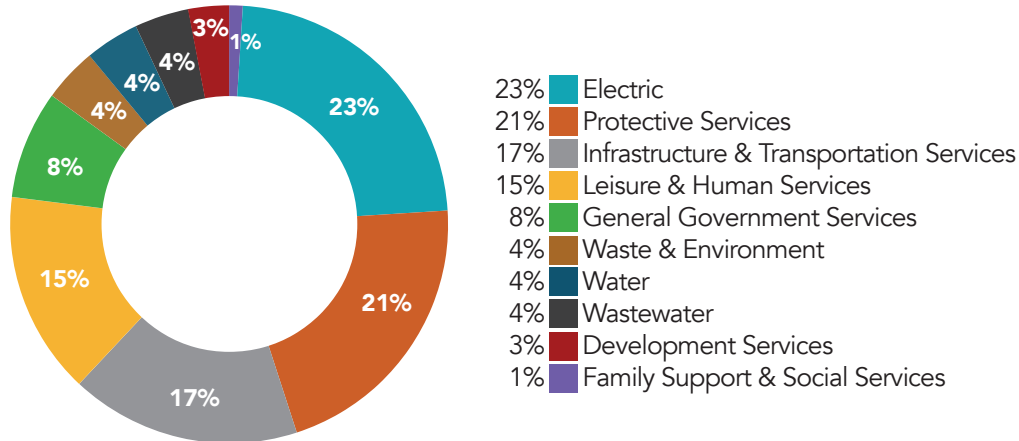
EXPENSES (millions)	
2023 Actual	\$ 474.3
2022 Actual	491.0
Variance	\$ (16.7)
% Variance	(3.4)%

## Expenses by Function

In 2023, overall expenses has decreased by \$16.7 million from 2022. The major segments that make up the

# FINANCIAL STATEMENT DISCUSSION & ANALYSIS

## 2023 Expenses by Function



\$16.7 million change are a decrease of \$26.4 million in General Government Services, a \$1.8 million decrease in Development Services, an increase of \$5.7 million in the Infrastructure & Transportation Services, an increase of \$3 million in Protective Services and an increase of \$1.8 million in Waste & Environment. All other segments had a \$1 million increase.

General Government Services expenses decreased by \$26.4 million to \$37 million in 2023 from \$63.4 million in 2022. This was primarily due to a decrease of \$32 million in transfers to other agencies and a decrease in other expense areas of \$0.2 million. These decreases were offset by an increase in personnel costs of \$2.4 million related to operating initiatives and negotiated collective agreement costs and an increase of \$3.4 million in expenses related to benefit rates and the disability plan.

Development Services expenses decreased by \$1.8 million to \$14.6 million in 2023 from \$16.4 million in 2022. The decrease is mainly due to a decrease in transfers to individuals and organizations related to grant funding.

Infrastructure and Transportation expenses increased by \$5.7 million

to \$80 million in 2023 from \$74.3 million in 2022. The increase is due to an increase in personnel costs of \$1.3 million, contracted general services increased by \$2.9 million from increased operating road management (asphalt), ice control costs and capital projects. Also, contributing to the variance was a decrease in expense recovery from capital projects of \$2.1 million from 2022. These increases were offset by a decrease in other expense categories of \$0.6 million.

Protective Services expenses increased by \$3 million to \$99.6 million in 2023 from \$96.6 million in 2022. This was primarily due to additional personnel costs of \$3.9 million from the approved budget initiatives for Fire & EMS, Police, Dispatch, and other protective services. In addition, there was an increase of \$0.7 million in contracted general services. These increases were offset by a decrease of \$1.6 million in other expense categories.

Waste & Environment expenses increased by \$1.8 million to \$21.5 million in 2023 from \$19.7 million in 2022. The increase is primarily due to a \$1.1 million increase in amortization expenses, and an increase of \$0.6 million in personnel costs.

Additionally, there was a \$0.1 million increase in other expense categories.

The City experienced an overall increase of \$1 million in the remaining expense segments.

### Expenses by Object

The Schedule of Segmented Reporting – Schedule 4 and note 23 – Expenses by Object provide an alternate view of the City's expenses. The expense by object provides another insight into the overall decrease of \$16.7 million from 2022.

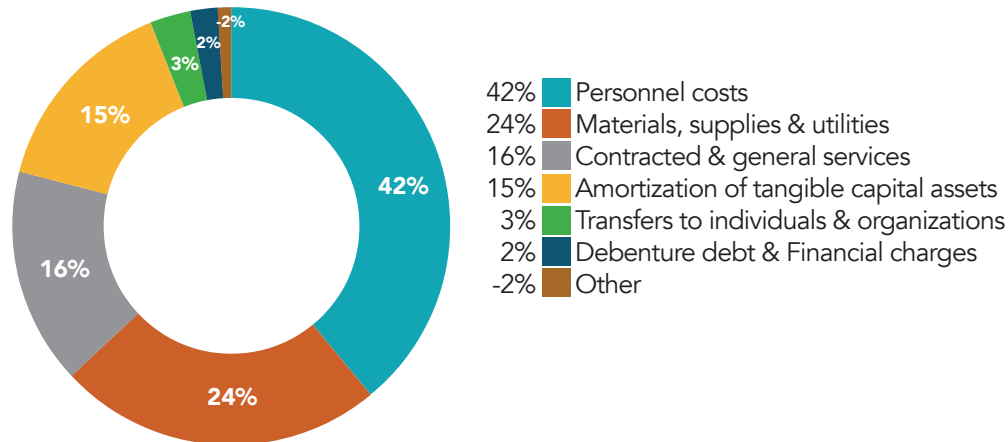
Contributing factors to this decrease include a decrease in transfer to individuals and organizations of \$32.9 million, and a decrease in materials, supplies, and utilities of \$2 million. These decreases are offset by increases in salaries, wages, and benefits of \$11.5 million, an increase in amortization of capital assets of \$1.5 million, an increase in contracted and general services of \$1.4 million, and an increase of \$3.8 million in other expense categories.

Transfers to individuals and organizations decreased by \$32.9 million in 2023 to a total of \$12.6 million from \$45.5 million in 2022. This is primarily due to net decrease



# FINANCIAL STATEMENT DISCUSSION & ANALYSIS

## 2023 Expenses by Object



in transfers to the Lethbridge & District Exhibition Agri-Food Hub (Trade Centre) of \$32.6 million, and a decrease of \$2 million in transfers related to the decrease in Outreach Support Services (OSS) funding, offset by a net increase of \$1.7 million in other transfers.

Materials, supplies, and utilities expenses of \$114 million have decreased by \$2 million or 1.7% from the previous year. This is related to a \$1.4 million decrease in operational materials and supplies primarily in water, infrastructure and transportation and protective services and a decrease of \$0.6 million in project related materials and supplies.

Personnel costs increased by \$11.5 million in 2023. This is mainly due to the Capital Improvement Program and Operating Initiatives, negotiated collective agreement costs and an increase in benefits, due to increases in payroll deduction rates.

In 2023 amortization of tangible capital assets expenses totaled \$70.5 million which was an increase of \$1.5 million from 2022. This was due to equipment and furnishings depreciation increase of \$0.6 million, \$0.3 million increase in depreciation

of building assets and an increase in Land improvements depreciation costs of \$0.3 million these changes are predominantly improvements and additions for Waste and Recycling Organics operations. Depreciation for engineering structures related to roadways, airport runways, underground pipes and electric line assets increased by \$1.3 million. These increases were offset by a decrease in vehicle depreciation of \$1 million primarily related to Transit and Access-a-Ride vehicles.

Contracted and general services increased by \$1.4 million to \$75.9 million from \$74.5 million in 2022. Contractual services in tax supported areas increased by \$0.7 million primarily related to Infrastructure & Transportation projects and operations. Other general services increased \$1.7 million, primarily from linear property taxes for electric utility and Economic Development fee for service. There was also a \$0.4 million increase in equipment maintenance costs. These increases were offset by decreased Contractual services costs related to utility fund capital projects of \$1.4 million primarily related to Waste & Environment and special services and studies.

Other expense categories have decreased by \$3.8 million. This is due to a decreased recovery of \$3.2 million in expenses recovered from capital and other expenses, and a decrease of \$0.6 million in financial charges.

### Excess of Revenue Over Expenses

During 2023, the City realized an excess of revenue over expenses of \$26.9 million. As summarized on the Consolidated Schedule of Unrestricted Surplus – Schedule 1, the bulk of these funds were reduced by the \$13.6 million for transfers to reserves, \$10 million in transfers to the capital fund and the change in the equity in tangible capital assets of \$5.8 million (represented by the net decrease in tangible capital assets of \$5.1 million, the net decrease of debenture debt of \$14.2 million, capital lease obligation increase of \$1.8 million and asset retirement obligation increase of \$1.5 million), and by the \$9.3 million increase related to changes in other equity balances. Once these changes and transfers are completed it leaves the consolidated annual unrestricted surplus.

# FINANCIAL STATEMENT DISCUSSION & ANALYSIS

## CASH FLOWS

The City's cash and cash equivalents decreased from the prior year by \$7.7 million to a balance of \$36.4 million. During the year, \$88.7 million was raised from operating activities. This was offset by the use of cash and cash equivalents for net debenture debt repayments of \$14.2 million, investment portfolio increases of \$19.3 million (net), and \$62.9 million (net) was spent to acquire tangible capital assets, a reflection of the City's commitment to the maintenance and improvement of capital infrastructure and facilities.

## FINANCIAL CONTROL AND ACCOUNTABILITY

The City maintains a number of processes and financial controls to ensure that accountability is maintained and that management is able to proactively identify and address financial challenges.

### Financial Governance

Notwithstanding that the City's management is responsible for the preparation of the financial statement discussion and analysis and financial statements, City Council requires a review of policies, procedures, and internal control mechanisms. This includes a review of the September operating forecast reports, annual unaudited financial report, financial policies, audit findings, significant or unusual financial transactions, and accounting treatments or estimates.

City Council is responsible for ensuring that City Administration fulfills its responsibilities for financial reporting, internal control, and risk management. To assist City Council with these responsibilities, a City

Council appointed Audit Committee has been established. City Council is ultimately responsible for approving the City's budget, appointing the auditor, and providing general financial authority and oversight.

### Budgeting

The City of Lethbridge uses two separate budgets, the Capital Improvement Program (CIP) and the Operating Budget. On November 29, 2022, City Council approved the City of Lethbridge 2023-2026 Operating Budget. The Operating Budget is the financial plan that provides the foundation for the corporation to implement business plans and operationalize City Council's priorities from January 1, 2023, to December 31, 2026.

The budget was prepared by Administration taking into consideration direction from City Council and input from the community. Engagement with residents began in April 2022 with the Community Satisfaction Survey conducted by Ipsos Public Affairs. Through August and September 2022, residents were invited to tell us, via an online budget allocator tool about their priorities for City services and to consider how those priorities would affect City spending.

The Executive Leadership Team met with General Managers throughout 2022 to discuss service levels, operating budgets, and future budget planning. Our General Managers were challenged to plan operating activities over a four-year period and develop a base budget document that reflects the current services and the revenue requirements to deliver those services over the next four-year period. The 2023-2026 Operating Budget addresses several strategic

priorities, while building financial accountability and limiting the tax impact on residents.

This Operating Budget includes the required revenue to fund the City's delivery of desired programs and services to the community and represents City Council's six strategic priorities as identified in the City's Action Plan, Business Plan, and other sources.

Note that the Operating Budget is also prepared on a modified cash flow basis. Based on this method the City uses tax revenue, reserve transfers and government transfers to balance its operating budget.

The Operating Budget does not include revenue from contributed assets.

City Council members met as Economic Standing Policy Committee from November 14-18, 2022, to deliberate the 2023-2026 Operating Budget for the City of Lethbridge. Changes to the 2023-2026 Operating Budget received final approval from City Council on November 29, 2022. The approved 2023-2026 Operating Budget includes an average annual property tax increase per year of 5.10% which includes a 0.26% increase in operating costs of facilities approved in the 2022-2031 Capital Improvement Program (CIP).

The 2022-2031 CIP was approved by City Council on June 1, 2021 for the years 2022-2026. Projects included in the CIP are projects with specific funding sources including debt, off-site levies, Pay-As-You-Go financing (explained previously) and capital grants from the Government of Alberta and the Government of Canada. The Operating Budget includes items that are ongoing in nature and have specific funding

# FINANCIAL STATEMENT DISCUSSION & ANALYSIS

sources including property taxation, utility rates, user fees, and operating grants.

Starting in 2023, Economic & Finance Standing Policy Committee will review the Operating and Capital budget for years two, three and four to determine if adjustments or amendments to the budget are required by Council.

## Accounting Process

The City of Lethbridge is organized into various business areas, each responsible for managing the delivery of program services in accordance with the resources allocated to those programs. All business areas reporting to the City Manager share a common accounting and reporting system, and financial and accounting services are administered within the Finance and Corporate Performance department and delivered to each business area based on their needs.

The Lethbridge Public Library, Galt Museum, and Lethbridge Police Service utilize the common accounting system but report through their respective board or commission.

## Internal Controls

The City utilizes financial policies, procedures and continuous controls monitoring software to ensure appropriate financial internal controls are in place. Policies and procedures are reviewed, as required, to comply with the Municipal Government Act (MGA) and the Canadian public sector accounting standards.

## Auditing Process

As required by the Municipal Government Act, City Council appointed KPMG LLP as the external auditor. Following a comprehensive audit process and after working closely with management, the auditor must report to City Council with the annual consolidated financial

statements. Based on the Committee's recommendation, City Council approved the 2023 Consolidated Financial Statements at its meeting in April 23, 2024.

## RISK MANAGEMENT

The City of Lethbridge is committed to maintaining a comprehensive Enterprise Risk Management program. Risk management provides strategies and tools that promote a corporate-wide and systematic approach to manage and mitigate risks.

### Normal Operating Risk

In the usual course of business, the City is exposed to various risks that are mitigated through operational and financial controls. These risks include the normal operational risks associated with the City's services and programs, as well as social, legal, regulatory, environmental, and economic issues and changes to the economy that could impact City operations, human resource availability and cost, and investment risk related to volatile financial markets.

### Revenue Volatility

Since revenues are sensitive to both local and regional economic conditions, revenue estimates must be conservative. To address the risk, the City uses an objective, analytical process utilizing trend, judgmental and a statistical analysis as appropriate. This determines a reasonable conservative estimate of revenue.

### Infrastructure Replacement and Sustainable Asset Management

Infrastructure and City services are a key component of the quality of life that is enjoyed by the citizens of Lethbridge. In order to minimize

borrowing and maintain City services and infrastructure the City has two key components; its Pay-As-You-Go program (previously discussed) and the Asset Management program. In 2005, the Asset Management program introduced processes and utilized resources which ultimately leads to managing the lifecycle of corporate assets in the most cost-effective manner.

## ECONOMIC CONDITIONS

In 2023, the annual unemployment rate in the Lethbridge region is low at 5.0% versus the national average of 5.4% and consistently lower than the Alberta rate of 5.9%. Lethbridge's population remains stable at just over 106,500. The rate of inflation rose by 3.9% in 2023 at the national level, down from 6.8% in 2022. In spite of this decline, the 3.9% rate remains elevated and is well above the 2.0% target rate. Food and shelter were among the product groups putting upward pressure on prices last year. Poor weather in growing areas, higher input costs and geopolitical tensions were among the reasons why food prices accelerated. Higher mortgage interest rates (+28.5%) and elevated rent prices (+6.5%) were among the contributing factors driving up shelter costs. On the other side, energy prices moderated in 2023 (-4.2%) with lower oil and natural gas prices contributing to the decline. Conditions in Alberta were similar to the national trend, with inflation rising by 3.3% in 2023. Food (+7.2%) and shelter (+6.6%) were the main contributors to price growth while energy costs (-6.3%) fell at a faster rate than the national figure. The current forecasts are calling for prices to moderate further in 2024 with the majority of analysts projecting price growth between 2-3% at the national level.



# FINANCIAL STATEMENT DISCUSSION & ANALYSIS

In terms of new construction, Lethbridge experienced an increase in terms of the value of overall construction in the community at \$291 million, versus \$215 million in 2022. Industrial permit values totaled \$23.1 million in the most recent calendar year, an increase over 2022 from \$7.7 million. Commercial permit values saw a decrease to \$29.3 million in 2023, from \$34.1 million in 2022. Residential permits for single detached dwellings also saw a decrease in 2023 with 144 permits issued versus 187 in 2022. Major developers scaled back on existing subdivisions and had no plans for new ones in 2023. This trend is expected to continue into 2024 if economic conditions persist. The slowdown is directly linked to inflationary pressures and customer concerns about rising mortgage rates, mortgage defaults and falling home prices. The pandemic aftermath has introduced uncertainty, as developers, expecting a recovery in residential building in the fall of 2022, have faced a stark reality. Residential construction has dwindled from around 400 units per year in 2017 to under 200 units in 2022, and just under 150 units in 2023. These concerns have led

to a slowdown in lot sales, leaving developers with a four-year supply of lots based on current sales. As a result, there's currently sufficient existing inventory to meet demand.

There are many concrete reasons Lethbridge is a great location. With its low cost of living, mild climate, short commute times and wide range of recreation and culture opportunities, Lethbridge has something for everyone to achieve a perfect balance of work and life. The combination of city amenities and small-town charm, the easy lifestyle it affords and the sense of community it fosters continues to demonstrate that Lethbridge is the place to live.

## CONCLUSION

The 2023 Annual Report for the City of Lethbridge provides detailed information of the organization's financial position and how financial resources have been allocated to provide services to the community. The City continues to achieve a strong financial position as proven by net financial assets of \$11.8 million at the end of 2023. This is a direct result of

City Council's ongoing commitment to financial stewardship.

The City appreciates the ongoing partnerships and collaboration efforts that helped make Lethbridge a great place to live, learn, work and play. I would like to acknowledge the combined effort of City Council, Administration and our staff as we conclude the year 2023. The City takes pride in being fiscally responsible and is devoted to providing services to the residents of our growing community. The work we have accomplished this year and the progress we have made gives me confidence to move forward successfully in 2024.

Respectfully submitted,



Darrell Mathews, CPA, CMA, CIA  
CFO & Treasurer  
April 23, 2024





# RECOGNITION FOR ACHIEVEMENTS

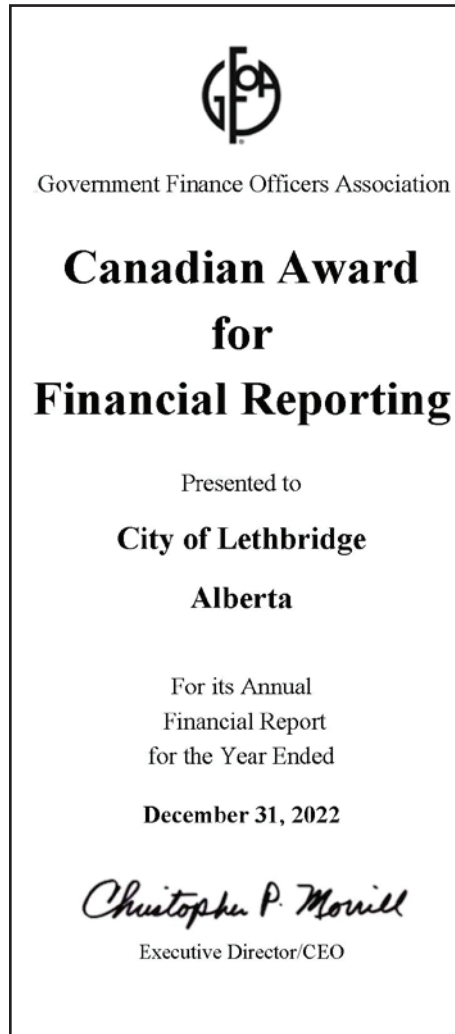
## Recognition for Achievements

### Canadian Award for Financial Reporting

The City of Lethbridge annual financial report for the year ended December 31, 2022, was awarded the Canadian Award for Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA). The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

In order to be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments, and address user needs.

A Canadian Award for Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Canadian Award for Financial Reporting program requirements, and we will be submitting it to GFOA to determine its eligibility for another award.



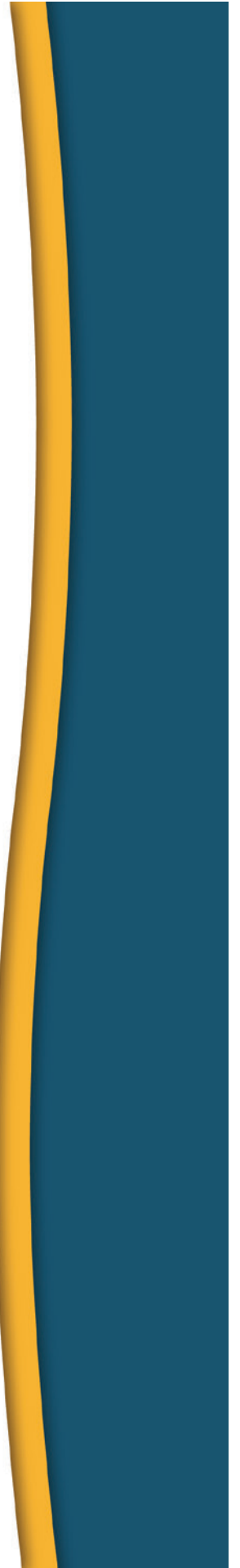
## Popular Annual Financial Report Award

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Lethbridge for its Popular Annual Financial Report for the fiscal year ended December 31, 2022. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. The City of Lethbridge has received a Popular Award for the last eight consecutive years (2015-2022). We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.

# **AUDITED FINANCIAL STATEMENTS**



# MANAGEMENT'S RESPONSIBILITY FOR REPORTING

The City of Lethbridge's management is responsible for the preparation, accuracy, objectivity, and integrity of the accompanying consolidated financial statements and the notes thereto. Management believes that the consolidated financial statements present fairly the City's financial position as at December 31, 2023 and the results of its operations for the year then ended.

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

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information to meet reporting requirements. The system is designed to provide management with reasonable assurance that transactions are properly authorized, reliable financial records are maintained, and assets are properly accounted for and safeguarded.

The City Council carries out its responsibilities for review of the consolidated financial statements principally through its Audit Committee. This committee meets regularly with management and external auditors to discuss the results of audit examinations and financial reporting matters. The external auditors have full access to the Audit Committee with and without the presence of management. The City Council has approved the consolidated financial statements.

The consolidated financial statements have been audited by the independent firm of KPMG LLP Chartered Professional Accountants. Their report to His Worship the Mayor with the members of Council of the City of Lethbridge, outlines the scope of their examination and provides their opinion on the consolidated financial statements.



Lloyd Brierley  
City Manager  
April 23, 2024



Darrell Mathews, CPA, CMA, CIA  
CFO & City Treasurer  
April 23, 2024

# INDEPENDENT AUDITORS' REPORT

To His Worship the Mayor and Members of Council of the City of Lethbridge

## **Opinion**

We have audited the consolidated financial statements of City of Lethbridge (the City), which comprise:

- the consolidated statement of financial position as at December 31, 2023
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net financial assets (net debt) for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies (Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2023, and its consolidated results of operations, changes in net financial assets (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 "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

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

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

## **Other Information**

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

- the information, other than the financial statements and the auditors' report thereon, included in the *Annual Report*. The *Annual Report* is expected to be made available to us after the date of the auditors' report.

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

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

When we read the *Annual Report*, if we conclude that there is a material misstatement of this other information, we are required to report the matter to those charged with governance.

## **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 City'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 City or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the City's financial reporting process.



# INDEPENDENT AUDITORS' REPORT

## ***Auditors' 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 auditors' 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 City'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 City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the City 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 represents 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.

The logo for KPMG LLP, featuring the letters 'KPMG' in a bold, black, sans-serif font, followed by 'LLP' in a smaller, black, sans-serif font. A horizontal line is drawn below the text.

Chartered Professional Accountants

Lethbridge, Canada  
April 23, 2024

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## AS AT DECEMBER 31, 2023

(in thousands of dollars)

		2023	2022 Restated (Note 3)
<b>FINANCIAL ASSETS</b>			
Cash and cash equivalents	Note 4	\$ 36,355	\$ 44,103
Investments	Note 5	327,700	308,378
Receivables	Note 6	52,602	49,820
Loans and advances	Note 7	17,429	17,696
Deposits		546	127
Land held for resale		885	1,000
		<b>435,517</b>	<b>421,124</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	Note 8	43,609	48,938
Employee benefit obligations	Note 9	14,928	14,491
Deferred revenue	Note 10	97,401	100,077
Deposits and other liabilities		11,788	11,076
Capital lease obligations	Note 11	2,411	626
Debenture debt	Note 12	198,827	213,058
Asset retirement obligations	Note 13	54,755	53,269
		<b>423,719</b>	<b>441,535</b>
<b>NET FINANCIAL ASSETS (DEBT)</b>		<b>11,798</b>	<b>(20,411)</b>
<b>NON-FINANCIAL ASSETS</b>			
Inventories held for consumption		12,850	13,097
Prepaid expenses		3,405	3,789
Land held for resale		42,493	42,042
Tangible capital assets	Schedule 3 & Note 15	1,903,598	1,908,721
		<b>1,962,346</b>	<b>1,967,649</b>
<b>MUNICIPAL EQUITY</b>		<b>\$ 1,974,144</b>	<b>\$ 1,947,238</b>

Commitments (Note 24)

Contingent liabilities (Note 28)

The accompanying notes and schedules form an integral part of these Consolidated Financial Statements.

# CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2023 (in thousands of dollars)

		2023	2023 Budget (Note 30)	2022 Restated (Note 3)
<b>REVENUE</b>				
Sales and user charges		\$ 244,289	\$ 221,476	\$ 233,446
Net taxes	Schedule 2	170,406	169,824	160,006
Government transfers	Note 22	27,585	27,579	52,839
Gas company franchise fee		6,968	7,700	7,719
Contributed assets		3,927	-	6,149
Sale of land		15,207	15,195	5,803
Fines and penalties		5,324	6,650	5,265
Return on investments		12,979	8,108	5,097
Licenses and permits		3,752	4,299	3,912
Other		10,723	9,001	25,191
		<b>501,160</b>	<b>469,832</b>	<b>505,427</b>
<b>EXPENSES</b>				
	Note 23			
Protective Services		99,569	100,515	96,556
Electric		107,931	86,437	107,705
Infrastructure & Transportation Services		79,962	83,815	74,279
Leisure & Human Services		69,017	70,870	68,096
General Government Services		36,971	42,319	63,384
Water		20,142	22,693	20,552
Waste & Environment		21,540	24,354	19,704
Wastewater		18,654	19,783	18,976
Development Services		14,560	15,011	16,347
Family Support & Social Services		5,908	6,705	5,366
		<b>474,254</b>	<b>472,502</b>	<b>490,965</b>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	Schedule 1 & 4	<b>26,906</b>	<b>(2,670)</b>	<b>14,462</b>
<b>MUNICIPAL EQUITY, BEGINNING OF YEAR</b>		<b>1,947,238</b>	<b>1,947,238</b>	<b>1,932,776</b>
<b>MUNICIPAL EQUITY, END OF YEAR</b>	Note 17	<b>\$ 1,974,144</b>	<b>\$ 1,944,568</b>	<b>\$ 1,947,238</b>

The accompanying notes and schedules form an integral part of these Consolidated Financial Statements.

# CONSOLIDATED STATEMENT OF NET FINANCIAL ASSETS (DEBT) FOR THE YEAR ENDED DECEMBER 31, 2023 (in thousands of dollars)

	2023	2023 Budget	2022 Restated (Note 3)
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ 26,906</b>	<b>\$ (2,670)</b>	<b>\$ 14,462</b>
Change related to tangible capital assets			
Aquisition of tangible capital assets	(63,461)	(36,355)	(120,968)
Contributed assets	(3,927)	-	(6,149)
Proceeds on disposal of tangible capital assets	567	250	245
Loss on disposal of tangible capital assets	1,427	-	4,486
Amortization of tangible capital assets	70,517	70,958	69,004
	5,123	34,853	(53,382)
Change related to other non-financial assets			
Acquisition of inventories held for consumption	(21,153)	-	(19,357)
Use of inventories held for consumption	21,400	-	19,823
Acquisition of prepaid expenses	(8,008)	-	(7,210)
Use of prepaid assets	8,392	-	6,215
Use of land held for resale	(451)	-	27
	180	-	(502)
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	<b>32,209</b>	<b>32,183</b>	<b>(39,422)</b>
<b>NET FINANCIAL (DEBT) ASSETS, BEGINNING OF YEAR</b>	<b>(20,411)</b>	<b>(20,411)</b>	<b>19,011</b>
<b>NET FINANCIAL ASSETS (DEBT), END OF YEAR</b>	<b>\$ 11,798</b>	<b>\$ 11,772</b>	<b>\$ (20,411)</b>

The accompanying notes and schedules form an integral part of these Consolidated Financial Statements.



# CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE YEAR ENDED DECEMBER 31, 2023 (in thousands of dollars)

	2023	2022 Restated (Note3)
<b>NET INFLOW (OUTFLOW) OF CASH</b>		
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 26,906	\$ 14,462
Items not involving cash		
Amortization of tangible capital assets	70,517	69,005
Loss on disposal of tangible capital assets	1,427	4,486
Tangible capital assets received as contributions	(3,927)	(6,149)
Changes to financial assets		
Decrease (increase) in receivables	(2,782)	5,675
Decrease (increase) in other financial assets	(37)	(17,198)
Changes to non-financial assets		
Decrease (increase) in inventory held for consumption	247	466
Decrease (increase) in prepaid expenses	384	(995)
Decrease (increase) in land held for resale	(451)	27
Changes to liabilities		
Increase (decrease) in accounts payable and accrued liabilities	(5,329)	2,246
Increase (decrease) in employee benefit obligation	437	(765)
Increase (decrease) in deferred revenue	(2,676)	(6,601)
Increase (decrease) in deposits and other liabilities	712	(1,398)
Increase (decrease) in capital lease obligations	1,785	626
Increase (decrease) in asset retirement obligations	1,486	53,269
	<b>88,699</b>	<b>117,156</b>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(63,460)	(120,968)
Proceeds on disposal of tangible capital assets	566	245
	<b>(62,894)</b>	<b>(120,723)</b>
<b>INVESTING ACTIVITIES</b>		
Decrease (increase) in investments	(19,322)	(35,861)
<b>FINANCING ACTIVITIES</b>		
Debenture borrowings	5,629	20,424
Debenture debt principal redeemed	(19,860)	(19,442)
	<b>(14,231)</b>	<b>982</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR</b>	<b>(7,748)</b>	<b>(38,446)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>44,103</b>	<b>82,549</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 36,355</b>	<b>\$ 44,103</b>

The accompanying notes and schedules form an integral part of these Consolidated Financial Statements.

# CONSOLIDATED SCHEDULE OF UNRESTRICTED SURPLUS AS AT DECEMBER 31, 2023 (in thousands of dollars) Schedule 1

	2023	2023 Budget	2022 Restated (Note 3)
<b>EXCESS OF REVENUE OVER EXPENSES</b>	\$ 26,906	\$ (2,670)	\$ 14,462
Unrestricted balances			
Transfer from prior year surplus	10,175	-	6,196
Unfunded			
Transfer to (from) equity in inventories held for consumption	(247)	-	(466)
Transfer to (from) equity in prepaid expenses	(384)	-	995
Restricted balances			
Transfer (to) from reserves	(13,633)	(1,668)	12,968
Transfer (to) from capital fund	(10,019)	(14,762)	(23,171)
Equity in non-financial assets			
Change in inventories held for consumption	247	-	466
Change in prepaid expenses	384	-	(995)
Change in land held for resale	(772)	-	243
Change in tangible capital assets	(5,837)	19,100	1,495
<b>CONSOLIDATED ANNUAL UNRESTRICTED SURPLUS</b>	\$ 6,820	\$ -	\$ 12,193

# SCHEDULE OF NET TAXES

## FOR THE YEAR ENDED DECEMBER 31, 2023

(in thousands of dollars)

### Schedule 2

	2023	2023 Budget	2022
<b>TAXATION</b>			
Real property taxes	\$ 212,778	\$ 212,574	\$ 201,159
Business taxes (BRZ)	246	200	189
Grants in lieu of taxes			
Provincial	1,103	1,202	1,163
Federal	71	76	76
	<b>214,198</b>	<b>214,052</b>	<b>202,587</b>
Less special requisition transfers			
Alberta School Foundation Fund	36,448	36,866	35,271
Holy Spirit RCSRD 4	4,897	4,869	4,913
Green Acres Foundation	2,185	2,280	2,177
Downtown Lethbridge Business Revitalization Zone	238	195	198
Designated Industrial Properties	24	22	22
	<b>43,792</b>	<b>44,232</b>	<b>42,581</b>
<b>NET TAXES</b>	<b>\$ 170,406</b>	<b>\$ 169,820</b>	<b>\$ 160,006</b>

# SCHEDULE OF TANGIBLE CAPITAL ASSETS

## AS AT DECEMBER 31, 2023

(in thousands of dollars)

### Schedule 3

	Land	Land Improvements	Buildings	Infrastructure	Equipment & Furnishings	Vehicles	Assets Under Construction	2023	2022 Restated (Note 3)
<b>COST</b>									
BALANCE, BEGINNING OF YEAR	\$ 137,748	\$ 152,556	\$ 630,078	\$ 1,576,921	\$ 171,400	\$ 93,929	\$ 47,332	\$ 2,809,964	\$ 2,701,429
Asset Retirement Obligation prior year adjustment	-	-	-	-	-	-	-	-	51,823
Balance, adjusted for ARO	137,748	152,556	630,078	1,576,921	171,400	93,929	47,332	2,809,964	2,753,252
Acquisition of tangible capital assets	1,686	4,739	11,641	34,029	13,186	10,286	(12,106)	63,461	69,145
Contributed assets	281	336	-	3,160	143	-	7	3,927	6,149
Disposal of tangible capital assets	-	(76)	(1,318)	(4,443)	(1,859)	(6,350)	-	(14,046)	(18,582)
<b>BALANCE, END OF YEAR</b>	<b>139,715</b>	<b>157,555</b>	<b>640,401</b>	<b>1,609,667</b>	<b>182,870</b>	<b>97,865</b>	<b>35,233</b>	<b>2,863,306</b>	<b>2,809,964</b>
<b>ACCUMULATED AMORTIZATION</b>									
BALANCE, BEGINNING OF YEAR	-	(55,795)	(166,936)	(548,390)	(78,905)	(51,217)	-	(901,243)	(846,078)
ARO prior year adjustment	-	-	-	-	-	-	-	-	(1,108)
Balance, adjusted for ARO	-	(55,795)	(166,936)	(548,390)	(78,905)	(51,217)	-	(901,243)	(847,186)
Annual Amortization	-	(6,164)	(12,778)	(36,790)	(8,907)	(5,878)	-	(70,517)	(67,897)
Accumulated amortization on disposals	-	67	1,174	3,862	1,693	5,256	-	12,052	13,840
<b>BALANCE, END OF YEAR</b>	<b>-</b>	<b>(61,892)</b>	<b>(178,540)</b>	<b>(581,318)</b>	<b>(86,119)</b>	<b>(51,839)</b>	<b>-</b>	<b>(959,708)</b>	<b>(901,243)</b>
<b>TOTAL NET BOOK VALUE</b>	<b>\$ 139,715</b>	<b>\$ 95,663</b>	<b>\$ 461,861</b>	<b>\$ 1,028,349</b>	<b>\$ 96,751</b>	<b>\$ 46,026</b>	<b>\$ 35,233</b>	<b>\$ 1,903,598</b>	<b>\$ 1,908,721</b>



# SCHEDULE OF SEGMENTED REPORTING FOR THE YEAR ENDED DECEMBER 31, 2023 (in thousands of dollars) Schedule 4

	General Municipal Revenue	Protective Services	Infrastructure & Transportation Services	Leisure & Human Services
<b>REVENUE</b>				
Sales and user charges	\$ -	\$ 16,372	\$ 10,125	\$ 9,810
Net taxes	170,406	-	-	-
Government transfers	-	4,029	11,000	3,024
Gas company franchise fee	6,968	-	-	-
Contributed assets	-	-	4,039	880
Sale of land	-	-	-	-
Fines and penalties	-	53	586	-
Return on investments	9,998	-	-	382
Licenses and permits	-	3,529	218	5
Municipal Consent and Access Fee	10,845	-	-	-
Other	78	2,265	429	1,337
	198,295	26,248	26,397	15,438
<b>EXPENSES</b>				
Salaries, wages and benefits	-	65,519	26,017	21,634
Materials, supplies and utilities	-	3,615	15,177	5,901
Contracted and general services	-	5,666	14,661	13,174
Amortization of tangible capital assets	-	2,005	27,630	11,681
Transfers to individuals and organizations	-	65	34	3,005
Debenture debt interest	-	-	1,364	1,296
Financial charges	-	578	524	242
Accretion expense	-	31	148	387
Interdepartmental transfers (net)	-	22,131	(2,738)	11,613
Expenses recovered from capital	-	(52)	(3,778)	(147)
Other	-	8	923	231
	-	99,566	79,962	69,017
<b>EXCESS OF REVENUE OVER EXPENSES</b>	198,295	(73,318)	(53,565)	(53,579)
Change in unrestricted balances	12,565	(361)	672	11
Transfer from (to) reserves	(12,939)	(3,958)	4,762	(930)
Transfer from (to) internal segments	3,567	1,563	8,748	4,960
Transfer from (to) capital fund	-	(1,395)	1,980	1,558
Change in equity in non-financial assets	-	(305)	(712)	8,150
<b>UNRESTRICTED SURPLUS (DEFICIT)</b>	\$ 201,488	\$ (77,774)	\$ (38,115)	\$ (39,830)

# SCHEDULE OF SEGMENTED REPORTING FOR THE YEAR ENDED DECEMBER 31, 2023

(in thousands of dollars)  
Schedule 4

General Government Services	Development Services	Family Support & Social Services	Utilities	2023	2022 Restated (Note 3)
\$ 220	\$ 4,308	\$ 1,071	\$ 202,383	\$ 244,289	\$ 233,446
-	-	-	-	170,406	160,006
1,576	3,382	2,564	2,010	27,585	52,839
-	-	-	-	6,968	7,719
-	(2,366)	-	1,374	3,927	6,149
-	15,207	-	-	15,207	5,803
4,685	-	-	-	5,324	5,265
11	168	62	2,358	12,979	5,097
-	-	-	-	3,752	3,912
-	-	-	(10,845)	-	-
4,759	1,949	37	(131)	10,723	25,191
11,251	22,648	3,734	197,149	501,160	505,427
56,489	2,487	1,567	24,035	197,748	186,238
4,475	27	78	84,489	113,762	115,757
19,803	3,244	157	19,248	75,953	74,507
3,464	44	173	25,520	70,517	69,004
1,266	5,051	3,192	-	12,613	45,498
-	1,378	-	2,165	6,203	6,229
514	-	9	(2)	1,865	1,355
157	-	2	762	1,487	1,446
(51,057)	376	828	18,847	-	-
(341)	(725)	(357)	(7,183)	(12,583)	(14,554)
2,201	2,678	259	389	6,689	5,485
36,971	14,560	5,908	168,270	474,254	490,965
(25,720)	8,088	(2,174)	28,879	26,906	14,462
(49)	(26)	3	(3,269)	9,546	6,725
(3,492)	1,024	(510)	2,410	(13,633)	12,968
(8,316)	(7,442)	813	(3,893)	-	-
2,427	(3,895)	(178)	(10,516)	(10,019)	(23,171)
(3,900)	(995)	(202)	(8,016)	(5,980)	1,209
\$ (39,050)	\$ (3,246)	\$ (2,248)	\$ 5,595	\$ 6,820	\$ 12,193

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (in thousands of dollars)

## 1. SIGNIFICANT ACCOUNTING POLICIES

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

### a. Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenue and expenses of the reporting entity which comprises all the organizations and committees that are accountable to City Council for the administration of their financial affairs and resources and are owned or controlled by the City.

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

The statement of taxes levied also includes requisitions collected on behalf of and transferred to educational and other external organizations that are not part of the municipal reporting entity.

Interests in joint ventures and other government enterprises are accounted for using the proportionate consolidation method.

### b. Basis of Accounting

The City follows the accrual method of accounting for revenue and expenses. Revenue is recognized in the year in which it is earned and measurable. Expenses are recognized as they are incurred and measurable as a result of goods or services and/or the creation of a legal obligation to pay.

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

### c. Tax Revenue

Tax revenue results from non-exchange transactions that are paid to governments in accordance with the laws and regulations established to provide revenue to the government for public services. The revenue is recognized when the tax has been authorized and the taxable event has occurred.

### d. Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events given rise to the transfer occur, providing the transfers are authorized, eligibility criteria have been met and reasonable estimates of the amounts can be determined.

### e. Investments

Investments are comprised of investments in qualifying institutions as defined in the City's investment policy and consist primarily of money market instruments such as Guaranteed Investment Certificates (GICs), government bonds, financial institution bonds, notes, and term receipts.

All investments held are purchased with the intention to hold to maturity, or until market conditions render alternative investments more attractive.

Investments are recorded at amortized cost. Discounts and premiums arising on the purchase of these investments are amortized over the term of investments. Where impairment in value is other than a temporary decline, a valuation allowance is recorded. Since investments are recorded at amortized cost, there are no fair value adjustments, and thus, no Statement of Remeasurement Gains and Losses.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (in thousands of dollars)

## 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### f. Loans and Advances

Loans and advances are recorded at cost less any allowances for doubtful accounts. Allowances for doubtful accounts are recognized when collection is in doubt. Loans and advances are reviewed on an annual basis by management.

### g. 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 ordinary course of operations.

(i) **Inventories held for consumption**

Inventories of materials and supplies are valued at the lower of cost or net realizable value with cost determined by the average cost method.

(ii) **Land held for resale**

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes cost for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads and street lighting are recorded as tangible capital assets under their respective function. Land held for resale is classified as a financial asset when the land is in a condition to be sold, is marketed for sale and is reasonably anticipated that the land will be sold within one year.

(iii) **Tangible capital assets**

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value of the tangible capital assets, excluding land and landfill sites, are amortized on a straight line basis over the estimated useful lives as follows:

Asset	Years
Land improvements	15 - 40
Buildings	25 - 75
Infrastructure	
Roadways	20 - 75
Water system	45 - 75
Wastewater system	45 - 75
Storm system	45 - 75
Electricity system	20 - 35
Equipment and furnishings	5 - 40
Vehicles	5 - 25

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (in thousands of dollars)

## 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### g. Non-financial Assets (continued)

#### (iv) Equity in tangible capital assets

Equity in tangible capital assets represents the City's net investment in its total capital assets, after deducting the portion financed by debentures.

#### (v) Contributed assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue. Contributed assets are comprised mainly of contributions from privately developed subdivisions including water systems, wastewater systems, storm systems, roads and parks.

#### (vi) Leases

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

#### (vii) Tangible capital assets disclosed at nominal value

Land under roads that is acquired other than by a purchase agreement is valued at a nominal amount.

#### (viii) Works of art and cultural and historic assets

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

### h. Employee Future Benefits

The City is a member of defined benefit multi-employer pension plans covering substantially all of its employees. Pension contributions are accounted for using defined contribution accounting, wherein contributions for current and past service pension benefits are recorded as expenses in the year in which they become due.

### i. Use of Estimates

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

In addition, the City's implementation of PS3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets and the expected retirement costs, as well as the timing and duration of these retirement costs.

### j. Requisition Over-levies and Under-levies

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

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where 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, 2023 (in thousands of dollars)

## 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### k. Liability for Contaminated Sites

The City has implemented Public Sector Accounting Standards Board ("PSAB") section PS 3260 Liability for Contaminated Sites. Section 3260 establishes general reporting requirements for the disclosure of contaminated sites in government financial statements. Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

- i. an environmental standard exists;
- ii. contamination exceeds the environmental standard;
- iii. City of Lethbridge:
  - a. is directly responsible; or
  - b. accepts responsibility; and
- iv. a reasonable estimate of the amount can be made.

### l. Asset Retirement Obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date when there is a legal obligation for the City to incur retirement costs in relation to a tangible capital asset (or component thereof), the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at December 31, 2023. The best estimate of an asset retirement obligation incorporates the present value method, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset.

At each financial reporting date, the City reviews the carrying amount of the liability. The City recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

The City continues to recognize the liability until it is settled. Disbursements made to settle the liability are deducted from the reported liability when they are made.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (in thousands of dollars)

## 2. FUTURE ACCOUNTING PRONOUNCEMENTS

The following summarizes the upcoming changes to the Public Sector Accounting Standards by the Public Sector Accounting Standards Board (PSAB). The accounting pronouncements below are effective for fiscal year 2024. The City will continue to assess the impact and prepare for the adoption of these standards.

### PS 3400 - Revenue

This section provides guidance on how to account for and report on revenue, specifically addressing revenue arising from exchange transactions and unilateral transactions.

### PSG-8 - Purchased Intangibles

This new guideline allows for recognition of intangibles purchased through an exchange transaction. Narrow-scope amendments were made to PS 1000 Financial Statement Concepts to remove prohibition on recognition of intangibles purchased through exchange transactions and PS 1201 Financial Statement Presentation to remove the requirement to disclose that purchased intangibles are not recognized.

### PS 3160 - Public Private Partnerships

This section establishes standards on how to account for public private partnership arrangements.

## 3. CHANGE IN ACCOUNTING POLICY

Effective January 1, 2022, the City adopted the new standard for the recognition, measurement, and disclosure of a liability for asset retirement obligations under PS3280 - Asset Retirement Obligations. The new standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in buildings by public sector entities. Previously, the City recorded the provision for environmental liabilities in accordance with PS 3270 - Solid Waste Landfill Closure and Post-Closure Liability, which required the recognition of a liability for closure and post-closure care as the site capacity was used and was equal to the proportion of the estimated total expenditure required for closure and post-closure care.

Pursuant to the recommendations of PS 3280, the change was applied retroactively using the modified retrospective method and prior periods have been restated to reflect the liability for asset retirement obligations as of January 1, 2022. In accordance with the provisions of this new standard, the City reflected the following adjustments for the year ended December 31, 2022:

	2022 Reported	Adjustment	2022 Restated (Note 3)
Tangible capital assets	\$ 1,857,870	\$ 50,851	\$ 1,908,721
Environmental liability (landfill)	\$ (5,800)	\$ 5,800	\$ -
Asset retirement obligation	\$ -	\$ (53,269)	\$ (53,269)
Accumulated surplus, opening	\$(1,926,976)	\$ (5,800)	\$(1,932,776)
Impact on expenses for accretion and amortization	\$ 67,896	\$ 2,554	\$ 70,450
Disposal of tangible capital assets	\$ 18,718	\$ (136)	\$ 18,582

Effective January 1, 2023, the City has also adopted PS 3450 - Financial Instruments, PS 2601 - Foreign Currency Translation, and PS 3041 - Portfolio Investments with no impact to the financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (in thousands of dollars)

## 4. CASH & CASH EQUIVALENTS

	2023	2022
Cash	\$ 14,710	\$ 19,489
Cash equivalents	21,645	24,614
	<b>\$ 36,355</b>	<b>\$ 44,103</b>

Cash includes cash on hand and balances with financial institutions.

Cash equivalents are comprised of short term deposits and guaranteed investment certificates with original maturities less than three months. The cash equivalents shown above have an average effective annual yield of 5.42% (2022 2.26%).

## 5. INVESTMENTS

	2023		2022	
	Carrying Value	Market	Carrying Value	Market
Short term investments	\$ 117,364	\$ 117,154	\$ 100,945	\$ 100,440
Long term investments	210,336	193,214	207,433	186,283
	<b>\$ 327,700</b>	<b>\$ 310,368</b>	<b>\$ 308,378</b>	<b>\$ 286,723</b>

Investments mature at various dates between January 3, 2024 and September 23, 2035 and have an average effective annual yield of 3.54% (2022 2.56%).

Investments include \$46,608 (2022 \$51,296) in externally restricted amounts which must be used for specified capital projects.

## 6. RECEIVABLES

	2023	2022
Trade accounts receivable	\$ 52,889	\$ 46,287
Taxes receivable	2,774	3,145
Receivables from other governments	3,746	6,734
	59,409	56,166
Allowance for doubtful amounts	(6,807)	(6,346)
	<b>\$ 52,602</b>	<b>\$ 49,820</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (in thousands of dollars)

## 7. LOANS AND ADVANCES

	2023	2022
<b>Lethbridge Exhibition</b>	\$ 17,429	\$ 17,696
5.11%, payable in semi-annual installments of principal and interest combined, maturing on June 15, 2052		
	\$ 17,429	\$ 17,696

## 8. ACCOUNTS PAYABLE & ACCRUED LIABILITIES

	2023	2022 Restated (Note 3)
Trade accounts payable	\$ 24,881	\$ 34,185
Accrued liabilities	16,205	12,830
Other government	2,523	1,923
	\$ 43,609	\$ 48,938

## 9. EMPLOYEE BENEFIT OBLIGATIONS

	2023	2022
Vacation and overtime	\$ 13,320	\$ 12,963
Sick pay	1,467	1,402
Other	141	126
	\$ 14,928	\$ 14,491

### Vacation and Overtime

The vacation and overtime liability is comprised of vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year.

### Sick Pay

The sick pay liability is comprised of sick pay that police employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to them within the next budgetary year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (in thousands of dollars)

## 10. DEFERRED REVENUE

	2023	2022
Deferred revenue	\$ 5,108	\$ 6,238
Government contributions <sup>(1)</sup>	46,608	51,295
Prepaid taxes	45,685	42,544
	<b>\$ 97,401</b>	<b>\$ 100,077</b>

<sup>(1)</sup> Government contributions in deferred revenue consist of the following:

	2022 Balance	Grants Received & Net Interest	Government Transfer Revenue	2023 Balance
Municipal Sustainability Initiative Grant	\$ 21,752	\$ 4,644	\$ (2,837)	\$ 23,559
Basic Municipal Transportation Grant	9,494	4,378	(5,008)	8,864
Canada Community Building Fund	17,090	122	(4,137)	13,075
Other Grants	2,959	13,754	(15,603)	1,110
	<b>\$ 51,295</b>	<b>\$ 22,898</b>	<b>\$ (27,585)</b>	<b>\$ 46,608</b>

## 11. CAPITAL LEASE OBLIGATIONS

The City has entered into lease agreements to acquire light-duty vehicles which has been financed by a capital lease. The liability recorded under the capital leases represents the minimum lease payments payable net of imputed interest ranging from 6.22% to 8.79% per annum. Obligation under capital leases consists of:

	2023	2022
Minimum lease payments payable	\$ 2,806	\$ 737
Less: Portion representing interest to be recorded over the remaining term of the leases	(395)	(111)
<b>Total leases</b>	<b>2,411</b>	<b>626</b>

Future minimum annual lease payments payable under the capital leases are as follows:

2024	\$ 639
2025	639
2026	639
2027	624
2028	265
<b>Total</b>	<b>\$ 2,806</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (in thousands of dollars)

## 12. DEBENTURE DEBT

	2023	2022
General - self supported	\$ 77,451	\$ 83,918
Utilities	79,021	82,701
General - tax supported	42,355	46,439
	<b>\$ 198,827</b>	<b>\$ 213,058</b>

Principal and interest repayments are as follows:

	Principal	Interest	Total
2024	\$ 19,442	\$ 5,877	\$ 25,319
2025	19,837	5,322	25,159
2026	19,971	4,757	24,728
2027	19,749	4,242	23,991
2028	19,041	3,646	22,687
2029 to maturity	100,787	18,905	119,692
	<b>\$ 198,827</b>	<b>\$ 42,749</b>	<b>\$ 241,576</b>

Debenture debt is repayable to the Government of Alberta Department of Treasury Board and Finance. Existing debentures mature in annual amounts to the year 2052. Interest rates on these debentures range from 1.78% to 5.29% per annum. Debenture debt is issued on the credit and security of the City at large.

Interest expense on long-term debt amounted to \$6,202 (2022 \$6,229).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (in thousands of dollars)

## 13. ASSET RETIREMENT OBLIGATIONS

The City applied new Section PS 3280 on January 1, 2022 using the modified retrospective method with restatement. Asset retirement obligations were recognized related to closure and post closure costs on the landfill, the remediation required for asbestos present in buildings and the decommissioning of a lagoon. The estimated total liability is based on the sum of discounted future cash flows for closure and post-closure activities using a discount rate of 2.79% and assuming annual inflation of 2.96%.

	2023	2022
Asset retirement obligations, beginning of year	\$ 53,269	\$ 51,823
Revision in estimates	1,486	1,446
Asset retirement obligations, end of year	\$ 54,755	\$ 53,269

### Landfill

The City operates a landfill site and is legally required to perform closure and post-closure activities upon retirement of this site. Closure and post-closure activities include the closure of individual cells, removal of site infrastructure, final cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. A liability for the total obligation, which was incurred when the site started accepting waste, irrespective of volume of waste accepted has been accrued. The City estimates that no obligation is incurred incrementally due to the volume of waste accepted, therefore, no further obligation is being accrued based on volume of waste accepted. Closure of cells is estimated to happen at various points over the next 48 years with final closure activities in 2071 and post closure costs for 25 years following. The liability recognized in the consolidated financial statements is subject to measurement uncertainty. The recognized amounts are based on the City's best information and judgment.

### Asbestos abatement

The City owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition or renovation of the building. Following the adoption of PS3280 – Asset retirement obligations, the City recognized an obligation relating to the removal of the asbestos in these buildings as estimated at January 1, 2022. The costs were based upon the presently known obligations obtained through assessments. The majority of buildings will be remediated at intervals over the next 55 years. These costs were discounted to December 31, 2023.

### Lagoon

The City operates a sewage lagoon at the Airport that requires decommissioning in the year 2073. The costs were based upon the presently known obligations obtained through assessments. These costs were discounted to December 31, 2023.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (in thousands of dollars)

## 14. DEBT LIMITS

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

	2023	2022
Total debt limit	\$ 724,366	\$ 665,665
Debtenture debt	(198,827)	(213,058)
Capital lease obligations	(2,411)	(626)
Debt limit unused	523,128	451,981
Percentage of debt to debt limit	27.78 %	32.10 %
Service on debt limit	120,728	110,944
Service on debt (principal and interest payment)	(25,319)	(26,058)
Service on capital lease (principal and interest payment)	(639)	(150)
Service on debt limit unused	94,770	84,736
Percentage of service on debt limit used	21.50 %	23.62 %

The debt limit is calculated at 1.5 times the revenue of the City as defined in Alberta Regulations 255/2000 (consolidated revenue less capital grant revenue, less contributed asset revenue, less loans to controlled corporations) 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (in thousands of dollars)

## 15. TANGIBLE CAPITAL ASSETS

	2023	2022 Restated (Note 3)
Net Book Value		
Land	\$ 139,715	\$ 137,748
Land improvements	95,663	96,747
Buildings	461,861	463,140
Infrastructure		
Roadways	493,397	502,721
Water system	197,759	197,299
Wastewater system	170,894	172,943
Waste Services system	5,945	6,133
Electrical system	160,354	149,452
Equipment and furnishings	96,751	92,496
Vehicles	46,026	42,710
Assets		
Under Construction	35,233	\$ 47,332
	<b>1,903,598</b>	<b>1,908,721</b>

Contributed capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$3,927 (2022 \$6,149). This amount is comprised of land in the amount of \$280 (2022 \$296), land improvements in the amount of \$280 (2022 \$297), infrastructure in the amount of \$3,160 (2022 \$5,443), and equipment and furnishings in the amount of \$143 (2022 \$113).

The City capitalized \$256 (2022 \$425) in interest during the year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (in thousands of dollars)

## 16. ANNUAL UNRESTRICTED SURPLUS

As is common for municipal governments, the General Operations and the individual Utility Operations budgets are prepared on a balanced basis. Details of surpluses and deficits are disclosed as follows:

	2023 Surplus	2022 Surplus Restated (Note 3)
General	\$ 1,225	\$ 12,565
Utilities		
Water	1,517	194
Wastewater	318	125
Waste & Environment	343	1,699
Electric	3,417	(2,390)
Total Utilities	5,595	(372)
	\$ 6,820	\$ 12,193

## 17. MUNICIPAL EQUITY

Municipal equity consists of unrestricted and restricted balances and equity in non-financial assets as follows:

	2023	2022 Restated (Note 3)
Unrestricted balances		
Unrestricted surplus (Note 18)	\$ 36,905	\$ 40,260
Unfunded		
Inventories held for consumption	(12,850)	(13,097)
Prepaid expenses	(3,405)	(3,789)
Restricted balances		
Reserves (Note 19)	130,055	116,422
Capital fund	122,849	112,830
Equity in non-financial assets		
Inventories held for consumption	12,850	13,097
Prepaid expenses	3,405	3,789
Land held for resale	36,730	35,958
Tangible capital assets (Note 21)	1,647,605	1,641,768
	\$ 1,974,144	\$ 1,947,238



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (in thousands of dollars)

## 18. ACCUMULATED UNRESTRICTED SURPLUS

General Operations and Electric Utility accumulated surpluses and deficits of the prior year are transferred to the Municipal Revenue Stabilization Reserve and Electric Utility Reserve respectively, in the current year. The 2023 General Operations accumulated surplus of \$1,225 will be transferred to the Municipal Revenue Stabilization Reserve and the 2023 Electric accumulated surplus of \$3,417 will be transferred to the Electric Reserve in 2024.

	2022 Balance Restated (Note 3)	Appropriations & Adjustments	2023 Surplus (Deficit)	2023 Balance
City general	\$ 12,565	\$ (12,565)	\$ 1,225	\$ 1,225
Water	8,367	-	1,517	9,884
Wastewater	5,417	-	318	5,735
Waste & Environment	16,301	-	343	16,644
Electric	(2,390)	2,390	3,417	3,417
	\$ 40,260	\$ (10,175)	\$ 6,820	\$ 36,905

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (in thousands of dollars)

## 19. RESERVES

Reserves are established at the discretion of City Council to set aside funds for future operating and capital expenses.

	2023	2022
Municipal Revenue Stabilization (Note 20)	\$ 48,567	\$ 32,049
Fleet Services	17,555	23,402
Major Capital Projects	16,144	11,204
Budget Appropriations	10,407	5,340
Electric	7,693	16,791
Real Estate Holdings	5,883	6,244
Insurance	5,040	4,319
Airport Reserve	4,742	5,229
Urban Parks	3,333	3,485
Community Lighting	3,230	3,005
Cemeteries	2,428	2,097
Water	1,174	-
Transit Bus	1,043	1,043
Wastewater	826	-
Acquire Off Street Parking	793	1,031
Central Business District Land Acquisition	688	687
Municipal Reserve Fund	389	378
Mayor Magrath Drive Beautification	120	118
	<b>\$ 130,055</b>	<b>\$ 116,422</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (in thousands of dollars)

## 20. MUNICIPAL REVENUE STABILIZATION RESERVE

The purpose of this reserve is to stabilize the effects of fluctuating interest revenue and General Operation surpluses and deficits on annual taxation requirements. All General Operation surpluses of prior years, return on investments, municipal consent and access fee/franchise fee and by-law enforcement revenue surpluses, internal financing recoveries, and other allocations from General Operations are added to the reserve. Budgeted allocations to General Operations are charged to the reserve and include municipal consent and access fee/franchise fee, by-law enforcement revenue shortfalls, and return on investments. Other charges to the reserve include one time expenses, internal financing advances, and other allocations to General Operations. The transactions affecting the reserve for the year ended December 31, 2023 are as follows:

	2023	2022
Balance, beginning of year	\$ 32,048	\$ 34,193
Prior Year General Operating Surplus	12,565	4,454
Electric Municipal Consent and Access Fee (MCAF)	10,920	10,619
Investment and interest income (net of trust allocations)	9,576	5,757
Gas company franchise fee revenue	6,968	7,719
Return on Investment (Electric)	3,331	1,655
By-law enforcement	3,186	3,062
Recovery of internal financing	3,012	2,255
Snow Removal	1,278	-
Commercial land lease revenue	1,000	815
City Council Committee Surplus	100	499
Unused BAU funding	96	544
Ad Hoc Citizen Panel Surplus	66	36
	<b>84,146</b>	<b>71,608</b>
Less:		
Budgeted Allocation to General Operations:		
Electric Municipal Consent and Access Fee (MCAF)	10,741	10,185
Gas company franchise fee	7,210	5,510
Allocation to General Operations	6,050	5,550
By-law enforcement	4,310	5,507
Return on Investment (Electric ROI)	2,558	2,535
Commercial land debenture payment	1,000	1,000
Allocation for Tax Installment Payment Plan discounts	574	324
YMCA Contractual Agreement Adjustment	7	-
Internal financing advances	827	5,403
One time allocations	2,302	3,257
Snow Removal	-	288
	<b>35,579</b>	<b>39,559</b>
Balance, end of year	\$ 48,567	\$ 32,049

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (in thousands of dollars)

## 21. EQUITY IN TANGIBLE CAPITAL ASSETS

	2023	2022 Restated (Note 3)
Tangible capital assets (Schedule 3)	\$ 2,863,306	\$ 2,809,964
Accumulated amortization (Schedule 3)	(959,708)	(901,243)
Debenture debt (Note 12)	(198,827)	(213,058)
Capital lease obligations (Note 11)	(2,411)	(626)
Asset retirement obligations	(54,755)	(53,269)
	<b>\$ 1,647,605</b>	<b>\$ 1,641,768</b>

## 22. GOVERNMENT TRANSFERS

	2023	2022 Restated (Note 3)
Operating		
Provincial	\$ 9,774	\$ 14,024
Federal	3,487	1,276
Capital		
Provincial	9,331	18,583
Federal	4,993	18,956
	<b>\$ 27,585</b>	<b>\$ 52,839</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (in thousands of dollars)

## 23. EXPENSES BY OBJECT

	2023	2022 Restated (Note 3)
Salaries, wages and benefits	\$ 197,748	\$ 186,238
Materials, supplies and utilities	113,762	115,757
Contracted and general services	75,953	74,507
Amortization of tangible capital assets	70,517	69,004
Accretion expense	1,487	1,446
Transfers to individuals and organizations	12,613	45,498
Debenture debt interest	6,203	6,229
Financial charges	1,865	1,355
Other <sup>(1)</sup>	(5,894)	(9,069)
	<b>\$ 474,254</b>	<b>\$ 490,965</b>

<sup>(1)</sup> The majority of other expenses relate to the recovery of costs charged to capital projects.

## 24. COMMITMENTS

### a. Contracts

As at December 31, 2023 the City has committed funds on various capital projects in progress and capital assets. The funds committed by contract and the estimated costs to complete those projects are as follows:

	Funds Committed	Estimated Cost to Complete
Environmental Utilities		
Water Treatment Plant Redundancy	\$ 3,716	\$ 13,547
Vehicles		
New and Refurbished Ambulances	4,434	4,434
Digger Derricks	838	838
	<b>\$ 8,988</b>	<b>\$ 18,819</b>

In addition to the above, the City has projects planned in its Capital Improvement Program for which no funds have been committed by contract as at December 31, 2023.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (in thousands of dollars)

## 24. COMMITMENTS (CONTINUED)

### b. Regional Water Agreement

As approved by City Council on June 14, 1999 the City has entered into an agreement to supply water to the Lethbridge Regional Water Services Commission. Under the terms of the agreement in effect, as amended, until January 31, 2030 the City has agreed, subject to specified events deemed to be beyond the control of the City, to supply a maximum of 18.5 million litres per day at a pressure of 55 pounds per square inch at the point of delivery to the water feedermain.

### c. Fee for Service Contracts

The City has entered into various contracts whereby third party agencies provide services to the community on behalf of the City. These fee for service contracts vary in their length, terms and conditions.

## 25. PENSION AND RETIREMENT PLANS

Employees of the City qualify to belong to one or more of the following defined-benefit pension or retirement plans:

### a. Local Authorities Pension Plan

Employees of the City, with the exception of police officers, participate in the Local Authorities Pension Plan (LAPP), a multi-employer plan covered by the Alberta Public Sector Pension Plans Act. The Plan serves about 291,259 people and 437 employers in Alberta. The plan is financed by employer and employee contributions and investment earnings of the LAPP funds.

The City is required to make current service contributions to the LAPP of 8.45% (2022 8.45%) of pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings (YMPE) and 12.23% (2022 12.80%) for the excess. Employees are required to make current service contributions of 7.45% (2022 7.45%) to the YMPE and 11.23% (2022 11.80%) for any portion of pensionable salary over the YMPE.

Total current and past service contributions by the City to the LAPP were \$11,051 (2022 \$10,791). Total current and past service contributions by the employees of the City were \$9,776 (2022 \$11,116).

At December 31, 2022 the LAPP disclosed an actuarial surplus of \$12,671 million (2021 \$11,922 million); the 2023 LAPP actuarial balance was not available at the date of this report.

### b. Special Forces Pension Plan

Police officers employed by the City participate in the Special Forces Pension Plan (SFPP), a multi-employer plan covered by the Alberta Public Sector Pension Plans Act. The plan serves about 7,812 people and 7 employers in Alberta. The plan is financed by employer and employee contributions and investment earnings of the SFPP funds.

The contribution rates for 2023 were 14.55% (2022 14.55%) of pensionable earnings for the City and 13.45% (2022 13.45%) of pensionable salaries for police officers.

Total current and past service contributions by the City to the SFPP were \$2,902 (2022 \$2,932). Total current and past service contributions by the police officers to the SFPP were \$2,467 (2022 \$2,931).

At December 31, 2022 the SFPP disclosed an actuarial surplus of \$265 million (2021 surplus of \$424 million); the 2023 SFPP actuarial balance was not available at the date of this report.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (in thousands of dollars)

## 25. PENSION AND RETIREMENT PLANS (CONTINUED)

### c. APEX Supplementary Pension Plan

The APEX supplementary pension plan, an Alberta Urban Municipalities Association (AUMA) sponsored defined benefit pension plan covered under the provisions of the Alberta Employment Pension Plans Act, commenced on January 1, 2003 and provides supplementary pension benefits to a prescribed class of employees. The plan supplements the Local Authorities Pension Plan.

Contributions are made by the prescribed class of employees and the City. Employees and the City are required to make current service contributions to APEX of 2.42% (2022 2.61%) and 2.96% (2022 3.85%) respectively of pensionable earnings up to \$175 (2022 \$171).

Total current service contributions by the City to APEX in 2023 were \$640 (2022 \$751). Total current service contributions by the employees of the City were \$524 (2022 \$608).

### d. MuniSERP Supplementary Employee Retirement Plan

In December 2002, City Council approved the participation of the City in the MuniSERP program, a plan available through the Alberta Urban Municipalities Association (AUMA). This plan is a supplemental employee retirement plan (SERP) that provides supplementary benefits to a prescribed class of employees whose retirement income would be affected by the Income Tax Act cap on pension contributions. The supplementary benefit takes the form of a lump sum cash payment upon retirement or death. MuniSERP supplements APEX and LAPP and is a voluntary, non-contributory, non-registered defined benefit employee retirement plan. The retirement benefit expense (recovery) recorded by the City in the year is \$(169) (2022 \$(295)).

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 ages of employees. An actuarial valuation was completed on December 31, 2022. The significant actuarial assumptions in measuring the accrued benefit obligation are as follows: expected discount rate of 5.00%, expected salary escalations of 2.75% per year and inflation rate of 2.00%.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (in thousands of dollars)

## 26. SALARY & BENEFITS

Disclosure of salaries & benefits for elected officials, the chief administrative officer and designated officers as required by provincial regulation is as follows:

	Number of Persons	Salary	Benefits & Allowances	2023	2022
<b>Mayor</b>					
Hyggen, B	1	\$ 161	\$ 10	\$ 171	\$ 144
<b>Councillors</b>					
Campbell, M	1	65	10	75	62
Carlson, J	1	64	10	74	62
Crowson, B	1	65	9	74	64
Dodic, R	1	63	6	69	61
Middleton-Hope, J	1	68	8	76	62
Paladino, N	1	63	7	70	60
Parker, R	1	67	10	77	65
Schmidt-Rempel, J	1	64	10	74	66
	8	519	70	589	502
City Manager	1	287	58	345	336
Designated Officers <sup>(1)</sup>	4	\$ 828	\$ 194	\$ 1,022	\$ 962

<sup>(1)</sup> Designated Officers include the City Assessor, City Clerk, City Solicitor, and the City Treasurer.

Councillors who perform the duties of Deputy Mayor on a rotational basis have their salaries adjusted accordingly. Salary includes regular base pay, per diem amounts and any other direct cash remuneration. Benefits and allowances include the employer's share of all employee benefits, contributions or payments made on behalf of employees, and the employer's share of the costs of any additional taxable benefits.

## 27. FINANCIAL INSTRUMENTS

Unless otherwise noted, the fair value of the financial instrument approximates their carrying value and it is management's opinion that the City is not exposed to significant interest, currency or credit risk arising from financial instruments.

## 28. CONTINGENT LIABILITIES

The City of Lethbridge owns properties that may contain environmental contamination and may require site reclamation. The amount of any such obligations are not practically estimable.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (in thousands of dollars)

## 29. SEGMENTED DISCLOSURES

The Schedule of Segmented Reporting – Schedule 4 has been prepared in accordance with PS 2700 Segmented Disclosures. Segmented disclosures are intended to help users of the financial statements identify the resources allocated to support major governments activities and allow the user to make more informed judgments regarding the government reporting entity.

Segmented information has been identified based upon functional activities provided by the City. For each reported segment, revenue and expenses represent amounts directly attributable to the functional activity and amounts allocated on a reasonable basis. The functional areas that have been separately disclosed in the segmented information, along with services they provide are as follows:

### a. General Municipal Revenue

General Municipal Revenue includes net taxes, fines and penalties, return on investments, government transfers and franchise fees.

### b. Protective Services

Protective Services includes dispatch, police, fire, disaster services, ambulance, inspection services, business licenses, parking enforcement, regulatory services and animal control.

### c. Infrastructure & Transportation Services

Infrastructure & Transportation Services includes engineering services, fleet, roadway and parking services, storm sewers, transit, and airport.

### d. Leisure & Human Services

Leisure & Human Services includes recreational and cultural facilities and programs. Also includes library, museum, and parks maintenance.

### e. General Government Services

General Government Services includes council, legislative and general administration.

### f. Development Services

Development Services includes economic development, planning, public housing and land development.

### g. Family Support & Social Services

Family Support & Social Services includes community and family support, cemeteries and other public health support.

### h. Utilities

Utilities includes water, wastewater, electric and waste services, the latter of which encompasses organics, recycling and landfill.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (in thousands of dollars)

## 30. BUDGET INFORMATION

The 2023 - 2026 Operating Budget was approved by City Council on November 29, 2022. The reconciliation between the approved budget and the budget presented in these consolidated financial statements are as follows:

	2023 Budget
<b>Revenue</b>	
Approved budgeted revenue	\$ 468,143
<b>Expenses</b>	
Approved budgeted expenses	392,500
Less: Budget adjustments	78,313
<b>Excess of Revenue Over Expenses</b>	<b>\$ (2,670)</b>

Adjustments are primarily amortization of tangible capital assets that were not included in the approved budget.

## 31. CONTRACTUAL RIGHTS

Contractual rights are rights of the City to economic resources arising from contracts or agreements that will result in both assets and revenues in the future when the terms of those contracts or agreements are met.

Estimated amounts that will be received or receivable for each of the next five years and thereafter are as follows:

	Operating leases	Other contracts	Total
2024 <sup>(1)</sup>	\$ 1,496	\$ 2,946	\$ 4,442
2025	1,389	12,159	13,548
2026	1,314	190	1,504
2027	1,069	190	1,259
2028	1,017	50	1,067
Thereafter	68	647	715
Total at December 31, 2023	\$ 6,353	\$ 16,182	\$ 22,535
Total at December 31, 2022	\$ 2,570	\$ 28,960	\$ 31,530

<sup>(1)</sup> The City has rights to \$12,520 in 2024 (2023 \$13,170) for the sale of land to a commercial developer. The City holds a contract to sell the developer a total of 66 acres of land with 20 acres remaining to be sold by December 31, 2025.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (in thousands of dollars)

## **31. CONTRACTUAL RIGHTS (CONTINUED)**

The City has entered into a number of property development agreements which require the developers to contribute various infrastructure assets to the City, including roads and underground networks. The timing and extent of these future contributions vary depending on development activity and fair value of the assets received at time of contribution, which cannot be determined with certainty at this time.

## **32. SUBSEQUENT EVENTS**

Subsequent to the fiscal year end, under the terms of a Memorandum of Understanding (MOU) dated January 19th, 2024 with the Lethbridge & District Exhibition and the County of the Lethbridge, the City will become the sole shareholder of the Lethbridge & District Exhibition.

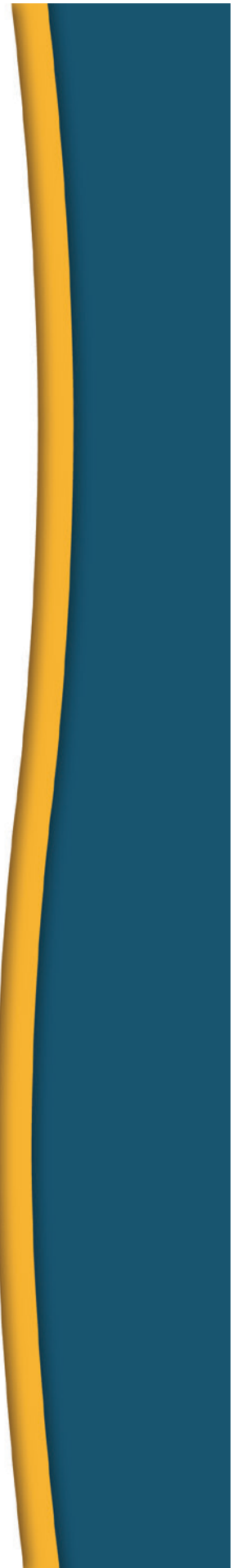
After the dissolution of existing shares, the City will constitute the majority shareholder and have control over the activities of the Lethbridge & District Exhibition. In accordance with PSAS 1300 - Government Entity, the Lethbridge & District Exhibition will be consolidated with the City for the year ended December 31, 2024.

## **33. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements have been approved by City Council.

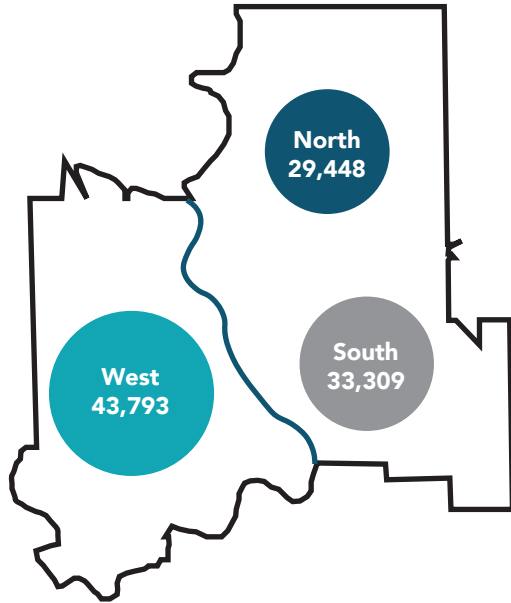


**STATISTICAL  
INFORMATION  
(UNAUDITED)**

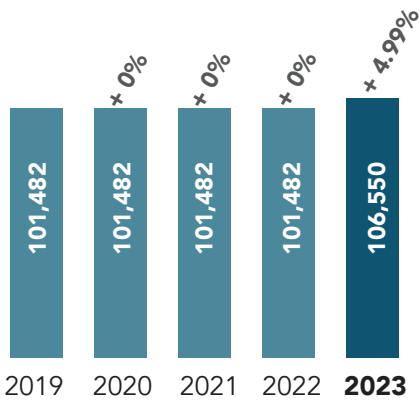


# STATISTICAL INFORMATION

## Population by Location in 2023

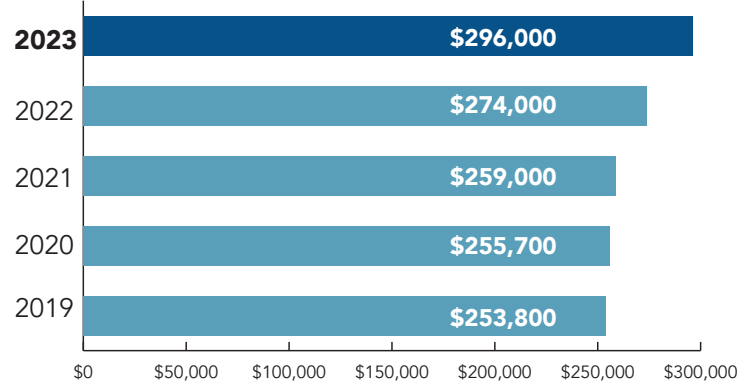


## Total Population

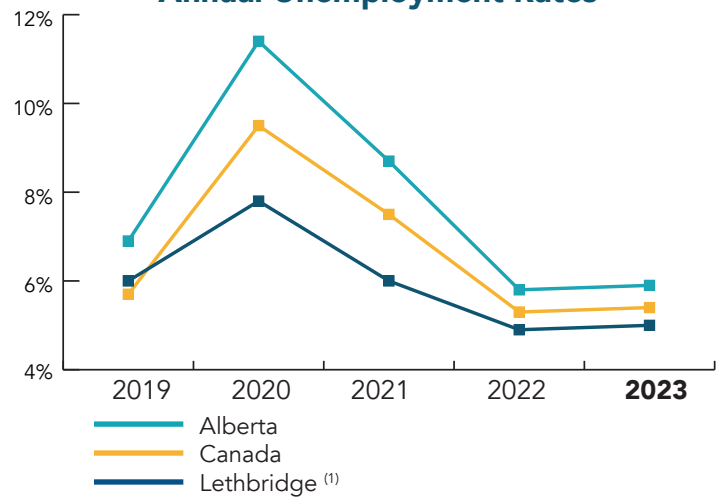


\* The City of Lethbridge did not conduct a census from 2020 - 2022.

## Median Property Assessment for Single Family Residential Properties



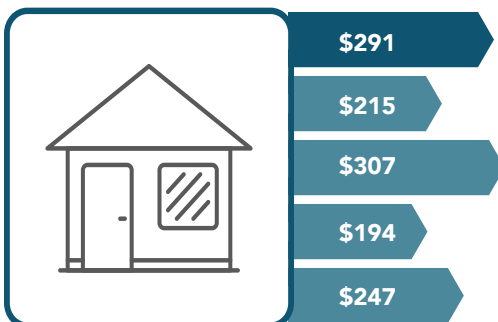
## Annual Unemployment Rates



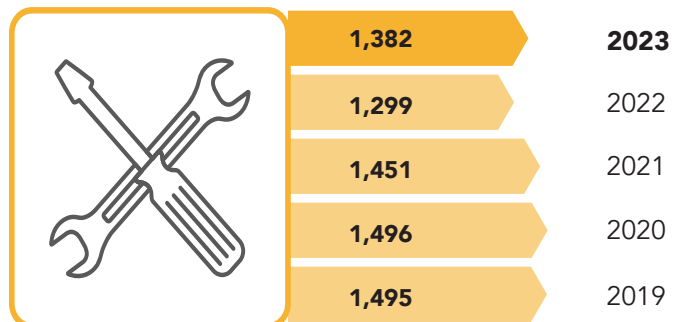
Source: Statistics Canada

(1) The unemployment rates include Lethbridge & Medicine Hat regions (for 2019) and includes the Lethbridge region for 2020-2023.

## Building Permit Values (in millions of dollars)



## Number of Building Permits Issued



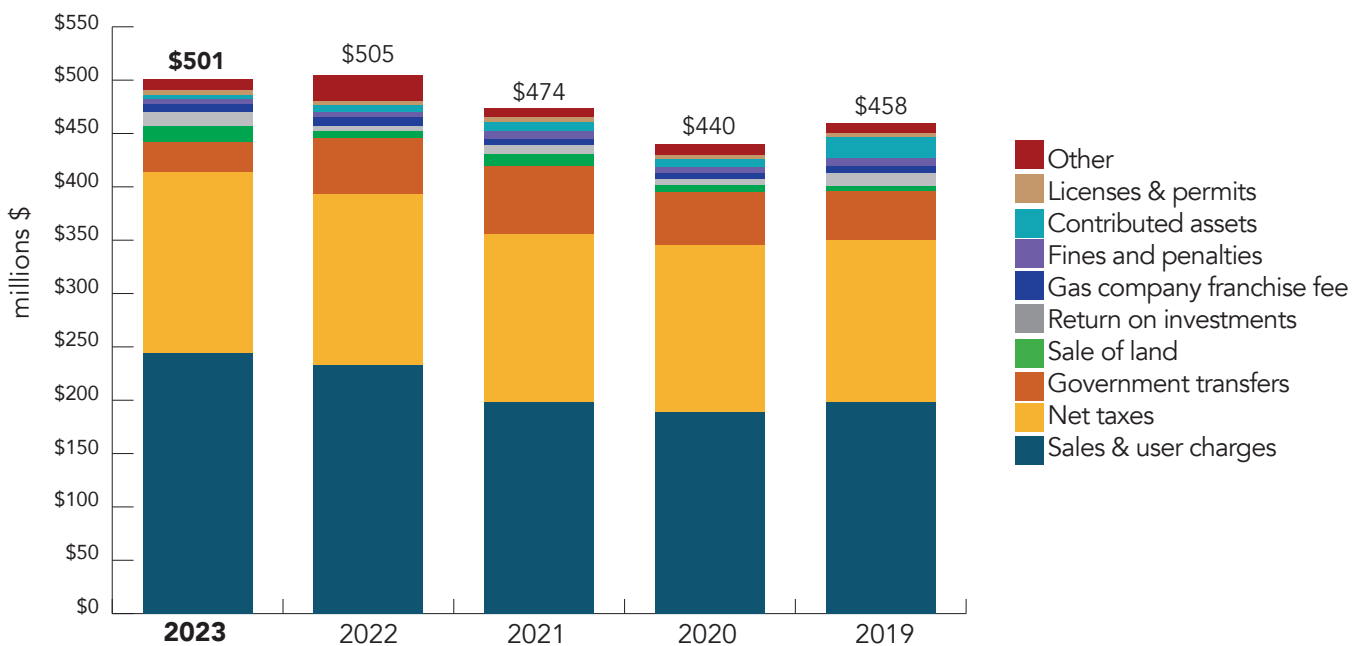
# STATISTICAL INFORMATION

## Five Year Summary of Consolidated Revenue

For the Years Ended December 31, 2019 to 2023  
(in thousands of dollars)

	2023	2022	2021	2020	2019
<b>REVENUE</b>					
Sales and user charges	\$ 244,289	\$ 233,446	\$ 198,307	\$ 189,420	\$ 198,218
Net taxes	170,406	160,006	158,048	155,822	151,801
Government transfers	27,585	52,839	62,822	50,466	46,262
Sale of land	15,207	5,803	11,566	6,297	3,752
Return on investments	12,979	5,097	8,432	6,325	12,693
Gas company franchise fee	6,968	7,719	6,152	5,994	5,937
Fines and penalties	5,324	5,265	6,940	5,097	8,021
Contributed assets	3,927	6,149	8,891	7,725	18,640
Licenses and permits	3,752	3,912	4,074	3,073	3,678
Other	10,723	25,191	9,210	10,519	9,927
<b>TOTAL REVENUE</b>	<b>\$ 501,160</b>	<b>\$ 505,427</b>	<b>\$ 474,442</b>	<b>\$ 440,738</b>	<b>\$ 458,929</b>

## 2019-2023 Gross Revenue



# STATISTICAL INFORMATION

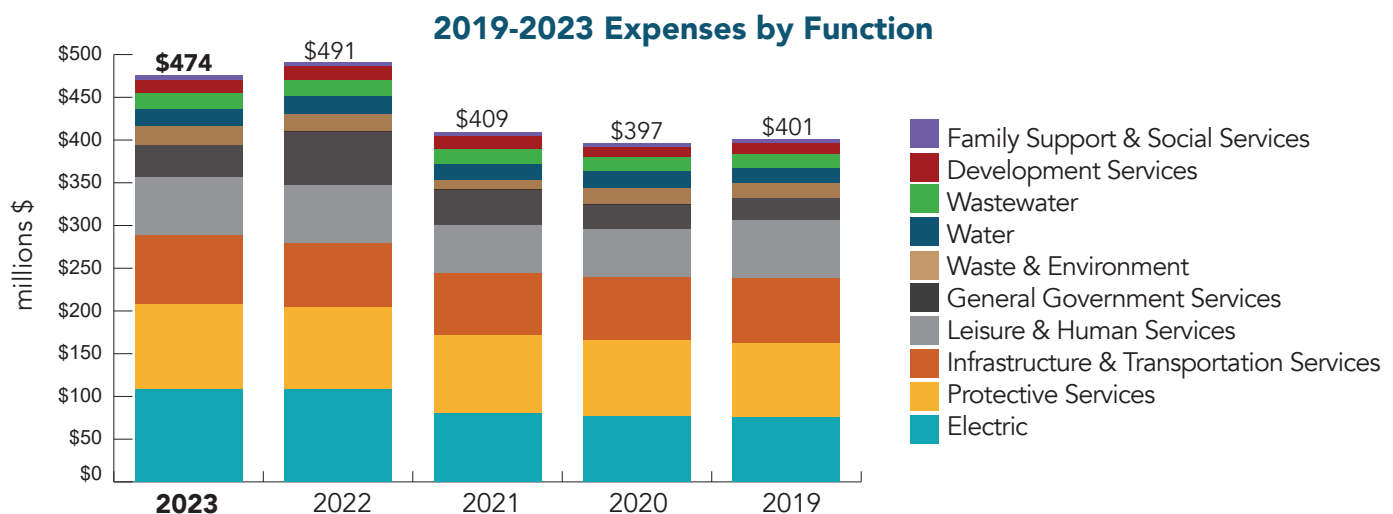
## Five Year Summary of Consolidated Expenses

For the Years Ended December 31, 2019 to 2023

(in thousands of dollars)

	2023	2022 Restated	2021 Restated	2020	2019
<b>EXPENSES BY FUNCTION</b>					
Electric	\$ 107,931	\$ 107,705	\$ 80,409	\$ 77,218	\$ 76,473
Protective Services	99,569	96,556	92,390	88,474	85,556
Infrastructure and Transportation Services	79,962	74,279	71,764	74,116	75,698
Leisure and Human Services	69,017	68,096	56,830	56,831	68,769
General Government Services	36,971	63,384	41,302	29,175	25,267
Waste & Environment	21,540	19,704	10,815	18,810	16,663
Water	20,142	20,552	19,012	18,841	18,353
Wastewater	18,654	18,976	16,527	16,821	16,089
Development Services	14,560	16,347	15,509	12,131	12,885
Family Support and Social Services	5,908	5,366	4,402	4,464	4,841
<b>TOTAL EXPENSES BY FUNCTION</b>	<b>\$ 474,254</b>	<b>\$ 490,965</b>	<b>\$ 408,960</b>	<b>\$ 396,881</b>	<b>\$ 400,594</b>
<b>EXPENSES BY OBJECT</b>					
Salaries, wages and benefits	\$ 197,748	\$ 186,238	\$ 179,964	\$ 179,765	\$ 178,061
Materials, supplies and utilities	113,762	115,757	81,268	75,034	80,961
Contracted and general services	75,953	74,507	65,137	67,727	69,319
Amortization of tangible capital assets	70,517	69,004	65,664	65,290	63,904
Transfers to individuals and organizations	12,613	45,498	23,534	6,986	10,609
Debenture debt interest	6,203	6,229	6,024	6,389	6,041
Financial charges	1,863	1,355	1,135	1,410	1,386
Accretion expense	1,487	1,446	-	-	-
Other <sup>(1)</sup>	(5,894)	(9,069)	(13,766)	(5,720)	(9,687)
<b>TOTAL EXPENSES BY OBJECT</b>	<b>\$ 474,254</b>	<b>\$ 490,965</b>	<b>\$ 408,960</b>	<b>\$ 396,881</b>	<b>\$ 400,594</b>

(1) The majority of other expenses relate to the recovery of costs charged to capital projects.



# STATISTICAL INFORMATION

## Five Year Summary of Debenture Debt and Debt Limit

For the Years Ended December 31, 2019 to 2023 (in thousands of dollars)

	2023	2022	2021	2020	2019
<b>GENERAL</b>					
Tax supported					
Recreation & Culture Facilities	\$ 42,355	\$ 46,438	\$ 50,406	\$ 54,261	\$ 58,006
Self supported					
Offsites	42,880	47,670	49,764	50,388	50,191
Lethbridge & District Exhibition	17,429	17,695	-	-	-
Industrial park servicing	8,199	9,369	10,507	11,697	11,353
Commercial land servicing	7,927	8,693	9,438	10,163	10,869
Clean Energy Improvement Program	560	-	-	-	-
Airport	456	491	525	566	605
	119,806	130,356	120,640	127,075	131,024
<b>UTILITIES</b>					
Electric	27,873	30,879	33,810	36,872	36,563
Waste & Environment	24,410	22,223	25,000	24,462	25,272
Wastewater	15,587	17,321	19,247	21,248	20,011
Water	11,151	12,279	13,379	14,738	15,120
	79,021	82,702	91,435	97,320	96,966
<b>TOTAL GENERAL AND UTILITIES DEBT</b>	<b>\$ 198,827</b>	<b>\$ 213,058</b>	<b>\$ 212,076</b>	<b>\$ 224,395</b>	<b>\$ 227,990</b>
<b>POPULATION</b>					
	106,550	101,482	101,482	101,482	101,482
<b>DEBENTURE DEBT PER CAPITA</b>					
General - mill rate supported	\$ 398	\$ 458	\$ 497	\$ 535	\$ 572
General - self supported	727	827	692	718	720
Utilities	742	815	901	959	955
	\$ 1,867	\$ 2,100	\$ 2,090	\$ 2,212	\$ 2,247
<b>DEBT LIMIT</b> (as per Municipal Government Act)					
Total debt limit	\$ 724,366	\$ 665,665	\$ 626,994	\$ 609,788	\$ 612,482
Total debt (above)	(198,827)	(213,058)	(212,076)	(224,395)	(227,990)
Capital lease obligations	(2,411)	(626)	-	-	-
<b>DEBT LIMIT UNUSED</b>	<b>\$ 523,128</b>	<b>\$ 451,981</b>	<b>\$ 414,918</b>	<b>\$ 385,393</b>	<b>\$ 384,492</b>
Percentage of debt limit used	27.8%	32.1%	33.8%	36.8%	37.2%
Service on debt limit	\$ 120,728	\$ 110,944	\$ 104,499	\$ 101,631	\$ 102,080
Service on debt (principal and interest payment)	(25,319)	(26,058)	(24,949)	(25,560)	(26,586)
Service on capital lease payments	(639)	(150)	-	-	-
<b>SERVICE ON DEBT LIMIT UNUSED</b>	<b>\$ 94,770</b>	<b>\$ 84,736</b>	<b>\$ 79,550</b>	<b>\$ 76,071</b>	<b>\$ 75,494</b>
Percentage of service on debt limit used	21.5%	23.6%	23.9%	25.1%	26.0%
Percentage of expenditures	5.5%	5.3%	6.0%	6.4%	6.6%

# STATISTICAL INFORMATION

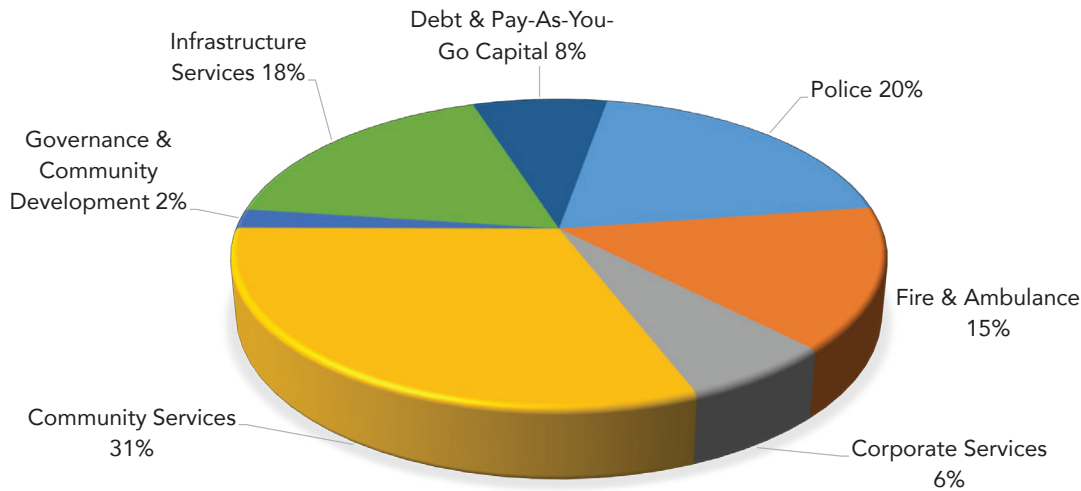
## Five Year Summary of Property Tax Levy

For the Years Ended December 31, 2019 to 2023 (in thousands of dollars)

	2023	2022	2021	2020	2019
<b>REAL PROPERTY</b>					
Municipal	\$ 170,539	\$ 159,610	\$ 157,423	\$ 155,300	\$ 150,931
Education	41,349	40,277	38,949	37,116	37,601
Other	890	1,272	1,396	2,676	996
<b>TOTAL REAL PROPERTY</b>	<b>212,778</b>	<b>201,159</b>	<b>197,768</b>	<b>195,092</b>	<b>189,529</b>
Business Taxes (BRZ)	246	189	215	-	172
<b>TOTAL CURRENT YEAR LEVY</b>	<b>\$ 213,024</b>	<b>\$ 201,348</b>	<b>\$ 197,983</b>	<b>\$ 195,092</b>	<b>\$ 189,701</b>
Current Taxes Collected	\$ 210,671	\$ 198,771	\$ 195,720	\$ 192,201	\$ 187,192
% of Current Taxes Collected	98.9%	98.7%	98.9%	98.5%	98.7%

The ten largest corporate taxpayers account for \$12,306 (5.8%) of the 2023 total property tax levy.

## 2023 Allocation of Municipal Property Tax Dollars



## Five Year Summary of Taxable Assessment

For the Years Ended December 31, 2019 to 2023 (in thousands of dollars)

	2023	2022	2021	2020	2019
Residential	\$ 11,944,150	\$ 11,115,168	\$ 10,326,618	\$ 10,221,920	\$ 10,203,124
Apartments	634,702	582,177	537,193	523,578	474,762
Commercial and Industrial	3,098,968	2,996,664	2,860,856	2,924,047	2,774,900
<b>TOTAL TAXABLE ASSESSMENT</b>	<b>\$ 15,677,820</b>	<b>\$ 14,694,009</b>	<b>\$ 13,724,667</b>	<b>\$ 13,669,545</b>	<b>\$ 13,452,786</b>



# STATISTICAL INFORMATION

## Five Year Summary of Acquisition of Tangible Capital Assets

For the Years Ended December 31, 2019 to 2023

(in thousands of dollars)

	2023	2022	2021	2020	2019
<b>CAPITAL SPENDING</b>					
Land	\$ 1,686	\$ 137	\$ 1,162	\$ 1,094	\$ 533
Land improvements	4,739	9,271	6,516	4,874	6,924
Buildings	11,641	4,799	48,762	(18)	130,979
Infrastructure	34,029	57,365	30,763	34,072	64,994
Equipment and furnishings	13,186	9,667	26,597	6,753	25,964
Vehicles	10,286	6,135	8,563	9,395	10,070
Change in assets under construction	(12,106)	(18,229)	(38,750)	23,380	(99,773)
<b>TOTAL CAPITAL SPENDING</b>	<b>\$ 63,461</b>	<b>\$ 69,145</b>	<b>\$ 83,613</b>	<b>\$ 79,550</b>	<b>\$ 139,691</b>

## Five Year Summary of Net Financial Assets (Debt)

For the Years Ended December 31, 2019 to 2023

(in thousands of dollars)

	2023	2022	2021	2020	2019
		Restated	Restated		
<b>FINANCIAL ASSETS</b>					
Excess of revenue over expenses	\$ 26,906	\$ 14,462	\$ 65,482	\$ 43,857	\$ 58,335
Change related to tangible capital assets	5,123	(53,382)	(23,609)	(18,954)	(93,076)
Change related to other non-financial assets	180	(502)	(13,386)	(1,138)	(2,080)
<b>Increase (Decrease) in Net Financial Assets</b>	<b>32,209</b>	<b>(39,422)</b>	<b>28,487</b>	<b>23,765</b>	<b>(36,821)</b>
<b>Net Financial Assets, Beginning of Year</b>	<b>(20,411)</b>	<b>19,011</b>	<b>(9,476)</b>	<b>(33,241)</b>	<b>3,580</b>
<b>NET FINANCIAL ASSETS (DEBT), END OF YEAR</b>	<b>\$ 11,798</b>	<b>\$ (20,411)</b>	<b>\$ 19,011</b>	<b>\$ (9,476)</b>	<b>\$ (33,241)</b>

## Five Year Summary of Municipal Equity

For the Years Ended December 31, 2019 to 2023

(in thousands of dollars)

	2023	2022	2021	2020	2019
		Restated	Restated		
Revenue	\$ 501,160	\$ 505,427	\$ 474,442	\$ 440,738	\$ 458,929
Expenses	474,254	490,965	408,960	396,881	400,594
<b>Excess of Revenue Over Expenses</b>	<b>26,906</b>	<b>14,462</b>	<b>65,482</b>	<b>43,857</b>	<b>58,335</b>
<b>Municipal Equity, Beginning of Year</b>	<b>1,947,238</b>	<b>1,932,776</b>	<b>1,867,294</b>	<b>1,823,437</b>	<b>1,765,102</b>
<b>MUNICIPAL EQUITY, END OF YEAR</b>	<b>\$ 1,974,144</b>	<b>\$ 1,947,238</b>	<b>\$ 1,932,776</b>	<b>\$ 1,867,294</b>	<b>\$ 1,823,437</b>

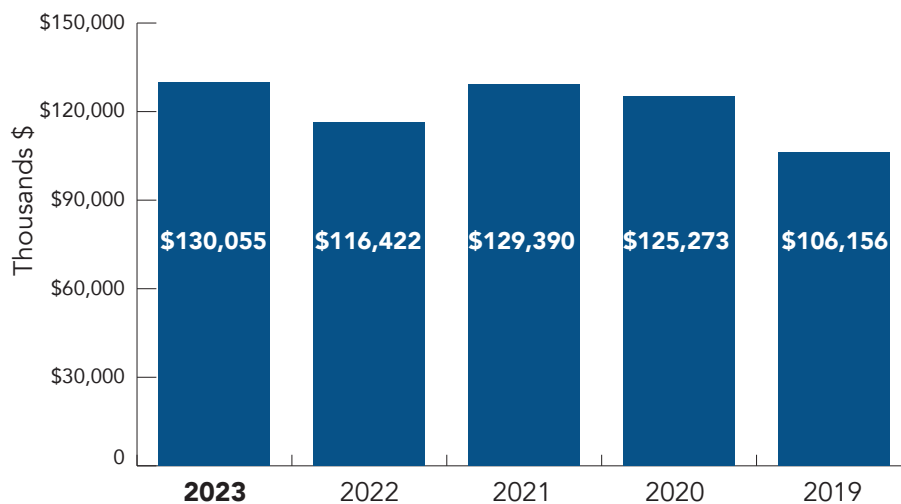
# STATISTICAL INFORMATION

## Five Year Summary of Reserves

For the Years Ended December 31, 2019 to 2023  
(in thousands of dollars)

	2023	2022	2021	2020	2019
<b>RESERVES</b>					
Municipal Revenue Stabilization	\$ 48,567	\$ 32,049	\$ 34,193	\$ 34,861	\$ 33,331
Fleet Services	17,555	23,402	22,426	19,799	22,754
Major Capital Projects	16,144	11,204	16,943	12,165	7,129
Budget Appropriations	10,407	5,340	15,954	20,921	15,680
Electric	7,693	16,791	11,930	10,066	4,323
Real Estate Holdings	5,883	6,244	6,223	6,181	5,641
Insurance	5,040	4,319	4,488	4,658	4,966
Airport	4,742	5,229	3,944	3,867	472
Urban Parks	3,333	3,485	3,647	3,242	2,567
Community Lighting	3,230	3,005	3,605	4,226	4,722
Cemeteries	2,428	2,097	2,028	1,627	1,397
Water	1,174	-	-	-	-
Transit Bus	1,043	1,043	1,043	1,043	1,043
Wastewater	826	-	-	-	-
Acquire Off Street Parking	793	1,031	1,791	1,502	1,027
Central Business District Land Acquisition	688	687	687	686	685
Municipal Reserve Fund	389	378	371	314	306
Mayor Magrath Drive Beautification	120	118	117	115	113
<b>TOTAL RESERVES</b>	<b>\$ 130,055</b>	<b>\$ 116,422</b>	<b>\$ 129,390</b>	<b>\$ 125,273</b>	<b>\$ 106,156</b>

## SUMMARY OF RESERVES (thousands \$)



# STATISTICAL INFORMATION

## Five Year Summary of Government Transfers

For the Years Ended December 31, 2019 to 2023

(in thousands of dollars)

	2023			2022	2021	2020	2019
	Provincial	Federal	Total				
<b>UNCONDITIONAL TRANSFERS</b>							
Grants in lieu of taxes	\$ 1,103	\$ 71	\$ 1,174	\$ 1,239	\$ 1,273	\$ 699	\$ 1,209
<b>CONDITIONAL TRANSFERS</b>							
Municipal Sustainability Initiative (MSI) <sup>(1)</sup>	9,148	-	9,148	13,161	22,268	18,040	15,599
Canada Community Building Fund (CCBF)	-	4,137	4,137	13,370	8,307	5,922	4,314
Family and Community Support Services (FCSS)	2,270	-	2,270	2,506	2,361	2,446	2,462
Reaching Home:Canada's Homelessness Strategy (RH)	-	2,237	2,237	1,173	2,963	1,403	867
Police Support Grant (PSG)	1,924	-	1,924	1,924	1,924	1,924	1,896
9-1-1 Program	1,280	-	1,280	1,231	690	685	684
Active Transportation Fund	-	1,200	1,200	50	-	-	-
Outreach & Support Services Initiative (OSSI)	1,145	-	1,145	5,050	3,782	3,335	5,003
Investing in Canada Infrastructure Program (ICIP)	1,003	-	1,003	2,616	3,912	-	-
Lethbridge Public Library	577	-	577	537	537	537	537
Canada Community Revitalization Fund (CCRF)	-	419	419	31	-	-	-
Victim/Witness Services Unit	375	-	375	375	269	300	225
Adult Literacy Program	326	-	326	245	244	247	265
Second Health Grant	277	-	277	12	-	-	-
Zero Emission Vehicle Infrastructure Program (ZEVIP)	-	250	250	-	-	-	-
Alberta Community Resilience Program	248	-	248	-	4,317	643	60
Low Income Transit Passes (LITP)	238	-	238	-	-	-	-
Fetal Alcohol Spectrum Disorder (FASD)	155	-	155	138	138	135	125
Alberta Health & Wellness	112	-	112	103	107	-	-
Building Safer Communities (BSCF)	-	57	57	-	-	-	-
Canada Day/Canada 150 Celebrations	-	48	48	50	15	9	8
Zero Emission Transit Fund (ZETF)	-	43	43	-	-	-	-
Airport Capital Assistance Program (ACAP)	-	33	33	4,358	650	152	-
Canada Heritage Program	-	33	33	170	81	53	4
Regional Air Transportation Initiative (RATI)	-	17	17	566	-	-	-
Heritage Preservation Partnership Program	12	-	12	21	15	-	-
Fire Services Training Program Grant	12	-	12	9	-	-	-
Green TRIP (Green Transit Initiatives Program)	7	-	7	-	-	2,497	9,038
Canada Summer Jobs	-	4	4	11	16	-	-
Municipal Operating Support Transfer (MOST)	-	-	-	1,235	-	11,263	-
Natural Resources Grant	-	-	-	299	-	-	-
Canadian Cultural Spaces Fund	-	-	-	147	50	-	-
Alberta Climate Education Grant	-	-	-	21	-	-	-
Forest Resource Improvement Association Grant	-	-	-	7	-	-	-
Affordable Housing	-	-	-	-	1,320	387	55
Senate Elections Referendum Grant	-	-	-	-	214	-	-
Alberta Critical Worker Benefit	-	-	-	-	50	-	-
Municipalities for Climate Innovation Program (MCIP)	-	-	-	-	36	(57)	103
COVID-19 Pandemic Emergency Response	-	-	-	-	21	243	-
Disaster Recovery	-	-	-	-	-	235	-
Community Regional Economic Support (CARES)	-	-	-	-	-	48	-
ALERT Program	-	-	-	-	-	7	28

Continued onto next page

# STATISTICAL INFORMATION

## Five Year Summary of Government Transfers

For the Years Ended December 31, 2019 to 2023  
(in thousands of dollars)

	2023			2022	2021	2020	2019
	Provincial	Federal	Total				
<b>CONDITIONAL TRANSFERS (continued)</b>							
Alberta Community Partnership (ACP)	-	-	-	-	-	(49)	-
Clean Water & Wastewater Fund (CWWF)	-	-	-	-	-	-	4,118
Public Transit Infrastructure Fund	-	-	-	-	-	-	540
Municipal Cannabis Transition Program (MCTP)	-	-	-	-	-	-	321
Municipal Stimulus Program (MSP)	(3)	-	(3)	3,383	8,482	-	-
Other	-	1	1	7	3	5	10
	19,106	8,479	27,585	52,806	62,772	50,410	46,262
<b>TOTAL GOVERNMENT TRANSFERS <sup>(2)</sup></b>	<b>\$ 20,209</b>	<b>\$ 8,550</b>	<b>\$ 28,759</b>	<b>\$ 54,045</b>	<b>\$ 64,045</b>	<b>\$ 51,109</b>	<b>\$ 47,471</b>

(1) Program components of this grant include MSI Capital, MSI Operating and Basic Municipal Transportation Grant.

(2) Total government transfers including payments in lieu of taxes are recognized in the financial statements as revenue in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, the municipality has met any eligibility criteria and reasonable estimates of the amounts can be made.



Goats grazing - Indian Battle Park









**CITY OF**

# Lethbridge

The Annual Report is produced by the  
Finance & Corporate Performance department of the City of Lethbridge  
in cooperation with all civic departments and agencies.





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