

Department: Financial Services

March 16, 2015
For Submission to
March 23, 2015
Finance Committee Meeting

To: Deputy Mayor Jeff Carlson and
Members of Finance Committee

Re: Unaudited 2014 Year End Financial Information

Introduction:

This report provides Finance Committee with highlights of the 2014 General Fund, Utility Fund and Reserve Funded operations for the year ended December 31, 2014. The narrative in this report has been prepared by the managers of each respective Business Unit.

Attached for your information are:

- A. Summary of Operations
 - i. General Fund – 2014 Corporate Accounts (A-1)
 - ii. General Fund – 2014 Business Unit Operations (A-2)
 - iii. Utility & Reserve Funds – 2014 Operations (A-3)
 - iv. Narrative to the Summary of Operations (A-4)
- B. Statement of Reserves (Attachment B)
- C. 2014 Budget Appropriation Unexpended (Carry Overs) (Attachment C)
- D. Summary of Subdivision Surplus
 - i. Industrial Subdivision Surplus Funding Analysis (Attachment D-1)
 - ii. Residential Subdivision Surplus Funding Analysis (Attachment D-2)
- E. Offsite Account Analysis (Attachment E)
- F. Investment Summary (Attachment F)
- G. External & Internal Borrowings (Attachment G)
- H. Affordable Housing & Heart of Our City Committee (Attachment H)
- I. GST Rebates (Attachment I)
- J. Corporate Budget Contingency (Attachment J)
- K. 2012-2014 Budget Initiatives (Attachment K)

As Finance Committee is aware, December 31, 2014 marked the completion of the City's fifth multi-year operating budget cycle (2012-2014). To accommodate the three-year budget cycle, Business Units were expected to operate within their 36 month budget allocation. If there was a shortfall after the second year, Business Units were expected to overcome the deficit by adjusting expenditures in the final year of the three-year budget (2014); and if the experience after the second year resulted in a net surplus, the Business Units rolled over the surplus to assist their operations during 2014.

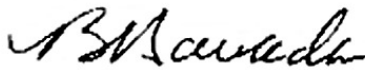
Conclusion

To conclude we are extremely pleased with the successful conclusion of our fifth multi-year budget cycle. The Business Units within our organization continue to do an admirable job of providing established levels of service to our community and managing budget funds responsibly within our overall three year operating budget. In addition, our financial policies continue to serve the City of Lethbridge and its residents well and give us a solid financial position for the future. We look forward to continuing successes in the future.

Respectfully submitted,



Corey Wight, CA
City Treasurer



Barry Sawada, CA
Controller



Garth Sherwin, CA
City Manager

CITY OF LETHBRIDGE
2014 Summary of Operations
General Fund - Corporate Accounts



	Budget		Actual		Variance
	(Net Revenue)		(Net Revenue)		
	Net Expenditure		Net Expenditure		Pos (Neg)
General Fund					
Corporate Accounts					
Employee benefits	\$ 3,786,600	\$	3,517,867	\$	268,733
Property tax and general revenues	(139,996,400)		(141,510,563)		1,514,163
Permit, development & license revenues	(4,514,200)		(4,470,269)		(43,931)
Grants to organizations	1,239,400		1,227,034		12,366
	(139,484,600)		(141,235,931)		1,751,331
Non-discretionary business unit variances					
Corporate fuel costs	-		(301,308)		301,308
9-1-1 Grant Program	-		(242,733)		242,733
Utility costs for tax supported City facilities	3,366,105		3,403,539		(37,434)
	3,366,105		2,859,498		506,607
Total Corporate Surplus	\$ (136,118,495)	\$	(138,376,433)	\$	2,257,938



CITY OF LETHBRIDGE
2012 - 2014 Summary of Operations
General Fund - Business Unit Operations

	2014 Budget	2014 Actual	2014 Variance	2013 Roll Over Remaining	2012-2014 Total Operating Actual
	Net Expenditure	Net Expenditure	Pos (Neg)	Pos (Neg)	Pos (Neg)
Boards and Commissions					
Galt Museum	\$ 1,429,652	\$ 1,428,888	\$ 764	\$ -	\$ 764
Lethbridge Regional Police Services	30,335,096	30,335,096	-	-	-
Public Library	5,438,492	5,430,221	8,271	-	8,271
General Government					
City Clerk Department	693,915	686,403	7,512	-	7,512
City Manager & Communications Dept.	1,132,855	1,122,759	10,096	-	10,096
City Solicitor Department	315,595	283,246	32,349	-	32,349
Economic Development	1,339,246	1,328,330	10,916	-	10,916
Mayor & City Council Office	885,197	856,469	28,728	123,131	151,859
Pay-As-You-Go	12,429,000	12,429,000	-	-	-
Corporate Services					
Assessment & Taxation	1,542,799	1,490,959	51,840	114,465	166,305
Financial Services	2,481,447	2,435,418	46,029	119,328	165,357
Human Resources	1,735,002	1,705,461	29,541	-	29,541
Information Technology	3,166,582	3,155,855	10,727	-	10,727
Community Services					
Community & Social Development	756,400	756,400	-	-	-
Community Services Support	912,964	905,706	7,258	-	7,258
ENMAX Centre	1,190,156	1,252,301	(62,145)	-	(62,145)
Facility Services	4,512,942	4,512,942	-	-	-
Fire & Emergency Services	19,749,071	19,653,794	95,277	-	95,277
Helen Schuler Nature Centre	562,425	537,653	24,772	-	24,772
Public Safety Communications Centre	2,200,141	2,200,602	(461)	-	(461)
Recreation & Culture	7,163,824	7,200,505	(36,681)	50,734	14,053
Regulatory Services	1,190,789	1,146,965	43,824	31,887	75,711
Transit and Accessible Transportation	10,778,679	10,623,071	155,608	470,121	625,729
Planning and Development Services					
Development Services	2,479,197	2,423,853	55,344	-	55,344
Inspection Services	2,132,713	2,186,927	(54,214)	10,806	(43,408)
Infrastructure Services					
Infrastructure Services Administration	668,471	684,777	(16,306)	32,588	16,282
Parks Maintenance and Management	10,364,905	10,362,476	2,429	20,568	22,997
Storm Sewer Maintenance	331,187	316,871	14,316	-	14,316
Transportation	11,555,406	11,547,592	7,814	4,642	12,456
Total	\$139,474,148	\$139,000,540	\$ 473,608	\$ 978,270	\$ 1,451,878

CITY OF LETHBRIDGE

2014 Summary of Operations

Summary of Utility and Reserve Funds



	Budget	Actual	Variance
			Pos (Neg)
Utility Funded Operations			
Waste Services			
Revenues	\$ 5,969,300	\$ 5,785,747	\$ (183,553)
Expenses	5,503,313	5,290,539	212,774
Surplus	465,987	495,208	29,221
Recycling Services			
Revenues	1,563,800	1,525,846	(37,954)
Expenses	1,515,700	1,475,607	40,093
Surplus	48,100	50,239	2,139
Landfill			
Revenues	8,541,700	8,587,142	45,442
Expenses	8,507,223	8,414,375	92,848
Surplus	34,477	172,767	138,290
Wastewater			
Revenues	14,872,700	15,491,794	619,094
Expenses	14,872,700	14,999,010	(126,310)
Surplus	-	492,784	492,784
Water			
Revenues	20,249,500	20,167,159	(82,341)
Expenses	20,249,500	20,205,004	44,496
Deficit	-	(37,845)	(37,845)
Electric			
Revenues	73,163,335	70,236,149	(2,927,186)
Expenses	72,738,585	70,106,179	2,632,406
Surplus (Deficit)	424,750	129,970	(294,780)
Reserve Funded Operations			
Cemeteries			
Revenues	813,400	921,044	107,644
Less expenditures	1,248,350	1,055,402	192,948
Plus tax supported funding	430,947	430,947	-
Transfer to (from) the Reserve	(4,003)	296,589	300,592
Community Lighting			
Revenues	-	62,782	62,782
Less expenditures	2,481,600	2,108,958	372,642
Plus tax supported funding	2,687,700	2,687,700	-
Transfer to the Reserve	206,100	641,524	435,424
Fleet Services			
Revenues	9,567,200	10,087,474	520,274
Less expenditures	7,411,545	7,155,708	255,837
Transfer to the Reserve	2,155,655	2,931,766	776,111
Real Estate & Land Development Operations			
Revenues	-	-	-
Less expenditures	1,259,055	1,126,926	132,129
Transfer from Subdivision Surplus	(1,259,055)	(1,126,926)	132,129
Parking			
Revenues	1,316,100	1,132,582	(183,518)
Less expenditures	650,151	548,295	101,856
Transfer from reserve to operations	(135,000)	(135,000)	-
Transfer to the Reserve	530,949	449,287	(81,662)
Risk Management			
Revenues	2,849,300	2,938,901	89,601
Less expenditures	2,865,833	2,723,449	142,384
Transfer to (from) the Reserve	\$ (16,533)	\$ 215,452	\$ 231,985

Narrative to the Summary of Operations

The following provides Finance Committee with an overview of the operations of the City of Lethbridge, and are summarized under the following areas:

I General Fund Operations

- a. Corporate Accounts
- b. Business Unit Operations

II Utility Funded Operations

III Reserves

IV Capital Works Summary

V Glossary of Terms

I.a. General Fund - 2014 Corporate Accounts

Corporate Accounts Surplus of \$2,257,938 - Specific positive and negative budget variances resulting from factors not attributable to the business unit management (e.g. windfall revenues and utility costs on city facilities) are reported as a corporate responsibility.

By City policy, the corporate portion of the General Fund surplus accrues to the Municipal Revenue Stabilization Reserve.

The major areas are summarized as follows:

Employee Benefit accounts - ended the year with a positive variance of \$268,700. The most significant contributing factors were lower than anticipated rates for medical and dental coverage and favorable WCB rates.

Property tax and general revenues - ended the year with a positive variance of \$1,514,200.

Property Taxes - ended the year with a positive variance of \$1,469,300. This was due to a combination of factors. Community growth was higher than budgeted by \$634,100 due mainly to higher than anticipated growth in commercial properties as well as higher than anticipated growth in educational residential properties of \$225,100. The City realized higher than anticipated property tax revenue from Grant-in-lieu properties of \$120,100. In addition, interim and

supplementary taxes ended the year in a positive position of \$330,000 and assessment appeals were lower than budgeted, resulting in a positive variance of \$160,000.

General Revenues - ended the year with a positive variance of \$44,900. This positive variance was mainly due to greater than budgeted penalties on property taxes, positive variances in general revenue accounts and partially offset by a lower than budgeted transfer from the Water Utility to General Operations.

Permit, development & license revenues - ended the year with a negative variance of \$(43,900). Business License revenues have a negative variance of \$(30,300) due to timing differences between the growth of business licenses and the re-structuring of license fees for commercial and home occupational businesses. Building permit revenues ended the year with a negative variance of \$(13,600) due to timing differences in construction start dates.

Corporate fuel costs - ended the year with a positive variance of \$301,300. This was due primarily to lower than budgeted fuel prices.

9-1-1 Grant Program - ended the year with a positive variance of \$242,700. The City received unbudgeted 9-1-1 Grant Program funding commencing in June of 2014, which offset budgeted tax support operating costs. This has resulted in a corresponding one time tax savings equal to the value of the grant in 2014. The ongoing grant has been included in the 2015-2018 budget.

Utility costs for tax supported City facilities - ended the year with a negative variance of \$(37,400). The individual utilities ended the year with the following variances: positive variance in Natural Gas of \$79,000, negative variance in Electrical of \$(191,100), and a positive variance in City Utilities (water and waste services) of \$74,700. The variance in electrical is due to increased transmission rates.

I.b. General Fund - 2014 Business Unit Operations

Business Unit Accounts ended the year with a positive variance of \$473,608 (which represents 0.3% of the Business Units' budgets). This amount along with the rollover remaining from 2013 of \$978,270 totals \$1,451,878 as shown in detail in the General Fund - Business Unit Operations in Attachment A-2.

Significant areas contributing to the tax supported Business Unit variances are described below:

Boards and Commissions

Galt Museum - ended the year with a positive variance of \$800.

Lethbridge Regional Police Services (LRPS) - ended the year in a balanced position as a result of applying Police Commission approved prior year carry overs to operational expenditures of \$(426,300). The net over expenditures was a result of a requirement to increase security services by \$(200,000) in order to house prisoners within the LRPS facility due to a recent decision of the Alberta Solicitor General to no longer allow use of the Remand Centre for prisoner detention, the need for additional polygraph service of \$(30,000) for newly hired staff, legal expenses for ongoing investigations of \$(50,000), recruiting costs of \$(50,000), and other general operating costs of \$(96,300).

Public Library - ended the year with a positive variance of \$8,300 due to higher than anticipated revenues from grants, fines & fees and miscellaneous income combined with under expenditures in library materials, security and special services.

General Government and Corporate Services

Mayor & City Council Office - ended the year with a positive variance of \$28,700 due to lower than budgeted travel and convention expenses.

Assessment & Taxation - ended the year with a positive variance of \$51,800 due to temporary staffing vacancies resulting from a maternity leave and a long-term illness. The department is fully staffed in 2015.

Financial Services - ended the year with a positive variance of \$46,000 due to under expenditures in banking and other financing charges.

Community Services

Community & Social Development - Family and Community Support Services (FCSS) has been approved by the Province to expend the amount of \$21,300 from the 2014 grant in 2015. These amounts have been carried forward to 2015.

ENMAX Centre - ended the year with a negative variance of \$(62,100). This was due to lower than expected attendance resulting in a shortfall of food and beverage sales.

Fire & Emergency Services - ended the year with a positive variance of \$95,300 in general operations. The 2014 recruit class, ambulances, consumables and equipment required for the Alberta Health Services service increase on December 1, 2014 was funded through Alberta Health revenue.

Recreation & Culture - ended the year with a negative variance of \$(36,700).

Regulatory Services - ended the year with a positive variance of \$43,800. Animal control had a positive variance of \$65,000 which was mainly due to reduced operating expenses during building construction and dog license fee revenue. Regulatory Services general expenditures had a \$(21,200) negative variance.

Transit and Accessible Transportation - ended the year with a positive variance of \$155,600.

Transit - ended the year with a positive variance of \$223,100. Transit was able to reduce the cost of warranty on smart card software maintenance by \$45,800 through contract negotiations. Advertising and fare revenues had a positive variance of \$48,300. Operating costs were under budget by \$129,000 due to improved attendance management, training programs that were curtailed due to building construction and purchasing efficiencies for uniforms.

Access-A-Ride (AAR) - ended the year with a negative variance of \$(67,500). A revenue shortfall of \$(134,800) indicates that expectations of ridership were estimated higher than the system can currently manage. AAR had an positive variance in operations of \$67,300 that partially offset the revenue shortfall.

Planning and Development Services

Planning and Development Services - ended the year with a positive variance of \$1,100. This was as a result of revenue shortfalls being offset by under expenditures through a conscious decision to control operating expenditures to match decreased volumes.

Infrastructure Services

Infrastructure Services - ended the year with a positive variance of \$8,300.

II 2014 Utility Funded Operations

Utility Services - The Utility Services operation ended the year with a positive variance of \$356,900 which has been distributed back to the utilities at year end.

- | | |
|--|------------|
| i) Contracted service costs ended the year under spent due to favorable meter reading services contract pricing. | \$ 430,500 |
| ii) Under expenditures were realized in the Customer Call Center, Collections Management, contract costs for disconnects/reconnects, bad debt expense and System Maintenance accounts. | 368,500 |
| iii) Negative variance in Utility administration fee revenue - there was a revenue shortfall for disconnect notices and disconnect/reconnect fees due to a change in collection practices. For example, rather than immediately disconnecting customers in arrears and charging a disconnect fee, customers are given an additional 48 hours to pay prior to disconnecting. Additionally, the \$15 disconnect notice fee is waived if the customer has not received a notice in the previous 6 month period. As well, as revenues from Utility Service's administration fees did not meet budgeted targets due to lower than projected community growth. | (442,100) |

Waste and Recycling Services - is comprised of the Waste, Recycling and Landfill operations.

Waste Services

Budgeted surplus	\$ 466,000
Actual surplus	<u>495,200</u>
Variance - positive	<u>\$ 29,200</u>

Waste (Solid Waste) Services - ended the year with a positive variance of \$29,200. The variance was due to factors as follows:

- | | |
|--|------------|
| i) The Clean City Programs finished the year in a positive position due to under expenditures in the Large Item Service program of \$110,000, the City Property Clean-Up program of \$10,000 and the Fall Leaf collection program of approximately \$11,000. | \$ 131,000 |
| ii) Commercial collection expenses ended the year with a positive variance. This is due to costs associated with dumping commercial waste at the landfill being lower than budget as well as a reduction in replacement bin purchases. | 49,200 |
| iii) Residential collection expenditures ended the year with a positive variance of \$48,000 due primarily to a lower than budgeted amount spent on bin replacements as well as lower than budgeted equipment repair and servicing charges. | 48,000 |

Waste Services (continued)

- | | |
|---|-----------|
| iv) Waste Services Administration and Accounting finished the year with a negative variance due to a greater than budgeted amount of engineering studies. | (15,400) |
| v) Revenues ended the year with a negative variance of \$(183,600). Residential revenues ended the year in a slight positive variance of \$12,900, but were offset by a negative variance of \$(196,500) in the Commercial class. | (183,600) |

The accumulated surplus as at December 31, 2014 is \$1,272,683, 2013 was \$777,475.

Recycling Services

Budgeted surplus	\$ 48,100
Actual surplus	<u>50,200</u>
Variance - positive	<u>\$ 2,100</u>

Recycling Services - ended the year with a positive variance of \$2,100. The major factors that contributed to this variance are as follows:

- | | |
|---|------------|
| i) Residential Waste Diversion programs finished the year with a positive variance of \$156,400. The Hazardous Waste Diversion programs (E-waste, Toxic waste and Paint) ended the year with a negative variance of \$(42,700). The Organic Waste Diversion programs (Chipping, Green waste, Christmas Tree and Fall Leaf Collection) collectively ended the year with a negative variance of \$(95,000). These negative variances were offset by a \$294,100 positive variance in the recycling depots operations. This is largely due to greater efficiencies associated with operating the new centralized recycling stations (the 2012-2014 operating budget was based on the previous operating model associated with operating a number of smaller recycling stations throughout the City). | \$ 156,400 |
| ii) Waste prevention (education and green waste) accounts finished the year with a positive variance due to a reduction in costs relating to Environmental Week activities. | 33,800 |
| iii) The Commercial Recycling program ended the year with a positive variance due to decreased equipment and supplies charges. | 7,900 |
| iv) Waste Reduction recycling revenues finished the year with a negative variance due to lower than budgeted residential growth. | (38,000) |
| v) An increased transfer of funds were applied to 2014 CIP E-12 - Recycling Depot - to reduce planned borrowing and its associated costs. | (158,000) |

The accumulated surplus as at December 31, 2014 is \$743,687, 2013 was \$693,448.

Landfill Operations

Budgeted surplus	\$	34,500
Actual surplus		<u>172,800</u>
Variance - positive	\$	<u>138,300</u>

Landfill Operations - ended the year with a positive variance of \$138,300. The major factors that contributed to this are as follows:

- | | | |
|---|----|--------|
| i) Landfill operating costs were under budget due to a reduction in landfill contractual service costs. | \$ | 74,500 |
| ii) Net revenues were slightly greater (0.53%) than anticipated. | | 47,700 |
| iii) Debenture Debt - payments and financial charges were slightly lower than budgeted due to a lower than budgeted amount of borrowing required for landfill upgrades. | | 16,100 |

The accumulated surplus as at December 31, 2014 is \$1,564,389, 2013 was \$1,391,622.

Wastewater Operations

Balanced budget	\$	-
Actual surplus		<u>492,800</u>
Variance - positive	\$	<u>492,800</u>

Wastewater Operations - ended the year with a positive variance of \$492,800. The major contributing factors to this are as follows:

- | | | |
|--|----|----------|
| i) Commercial, Regional and Industrial revenues realized during the year were higher than budgeted. This positive variance is the result of higher than usual sewage loading from industry. Industrial customers can mitigate the additional costs through more diligent wastewater pre-treatment. | \$ | 619,100 |
| ii) Wastewater Collection accounts ended the year with a positive variance. During 2014, there were increased efforts directed towards the repair and maintenance of sanitary service connections. However these were more than offset by under expenditures in sanitary main repair and wastewater utility locates. | | 220,200 |
| iii) Wastewater Engineering and Technical Support ended the year with a positive variance due primarily to a temporarily unfilled position. | | 50,900 |
| iv) Wastewater Administration accounts ended the year with a positive variance due primarily to lower than budgeted charges from Utility Services for meter data management services. | | 48,500 |
| v) Wastewater treatment plant (WWTP) maintenance and process operations ended 2014 with a negative variance due primarily to over expenditures to the annual sludge removal program. | | (50,900) |

Wastewater Operations (continued)

- vi) Wastewater lifecycle renewal programs had a negative variance in 2014 as additional funds were applied to fund the 2014 Sanitary Sewer Re-lining program. (395,000)

The accumulated surplus as at December 31, 2014 is \$2,166,477, 2013 was \$1,673,693.

Water Operations

Balanced budget	\$	-
Actual deficit		<u>37,800</u>
Variance - negative	\$	<u>(37,800)</u>

Water Operations - ended the year with a negative variance of \$(37,800). The major contributing factors to this are as follows:

- i) Water Distribution System operations ended the 2014 year with a negative variance due primarily to an increased amount of preventative and corrective maintenance to the water distribution system. \$ (182,800)
- ii) Water Treatment Plant ended the year with a slight negative variance due primarily to weather events in March and June which caused unusually muddy water to be drawn from the Oldman River requiring increased chemical treatment of the raw water supply. (164,800)
- iii) Water revenues ended the year with a slight negative variance (0.20% of budget). (39,400)
- iv) Water Administration accounts ended with a positive variance due primarily to lower than budgeted charges from Utility Services for meter data management services. 82,300
- v) Water Engineering and Technical Support ended the year with a positive variance due to temporary staff vacancies. 107,200
- vi) Debenture Debt – payments and financial charges had a positive variance due to a lower than budgeted amount of borrowing required for water capital upgrades. 159,700

The accumulated surplus as at December 31, 2014 is \$2,000,860, 2013 was \$2,038,705.

Electric Utility

Budgeted surplus	\$ 424,800
Actual surplus	<u>130,000</u>
Variance - negative	\$ <u>(294,800)</u>

The Electric Utility generated a negative variance of \$(294,800) from operations for the 2014 fiscal year, broken down as follows:

Regulated Rate Tariff - negative	\$ (440,000)
Distribution Tariff - negative	(435,000)
Fibre Operations - positive	20,000
Transmission Tariff - positive	<u>560,200</u>
Total Electric Operations - negative variance	\$ <u>(294,800)</u>

Regulated Rate - sales of electricity under the Regulated Rate Option experienced a negative variance of \$(440,000). The month of July came in at a loss which was due to being under hedged, resulting in having to purchase more energy for customers at higher open market prices. Also, since the budget was prepared in 2011, the Department of Energy has removed the Utility's ability to purchase long term hedges which limits the stability of wholesale energy costs.

Distribution Tariff - ended the year with a negative variance of \$(435,000). This can be attributed to an overall decrease in the amount of energy consumed by customers in the City. Residential customers showed a 2% decrease in consumption while commercial customers reduced consumption by 7.5% when compared to 2013. Industrial customers increased consumption by less than ½ of 1%. At this time it is unclear whether this can be attributed to weather or other factors.

Fibre Operations - ended the year with a positive variance of \$20,000 due to an increase in customer requirements for service.

Transmission Tariff - experienced a positive variance of \$560,200 primarily due to a reduction in maintenance costs for substations and transmission lines. This can be attributed to significant capital work being done over the past few years creating a more reliable system. The capital workload has also reduced the number of employee hours available for maintenance.

The 2014 Electric Operations actual surplus of about \$130,000 will be transferred to the Municipal Revenue Stabilization Reserve in 2015 in accordance with City policy.

III 2014 Reserves

The **Reserve Funded Operations** are summarized for Finance Committee on **Attachment A-3**. In addition, all City reserves are reported in the **Statement of Reserves**. Additional information is described below:

Cemeteries Transfer to Reserve - the 2014 net transfer to the cemetery reserve was in a positive variance of \$300,600, comprised of \$18,800 of interest revenue and a \$281,800 positive variance in operations. The major factors that contributed to the positive variance in operations are as follows:

- i) Rights to Internment and Internment Services revenue exceeded 2014 budget expectations due to Mountain View plot sales by \$108,400.
- ii) Deferred lifecycle maintenance of \$143,400 and a positive variance in various operational expenditures of \$30,000.

Community Lighting Transfer to Reserve - finished the year with a positive net transfer to the reserve of \$435,400. Roadway Lighting distribution and consumption charges ended the year with a positive variance of \$301,500 due primarily to savings realized due to the recent conversion of the city's 13,000 streetlights to LED bulbs. Roadway lighting maintenance programs also finished the year with a positive variance of \$133,900 due to decreased maintenance required for the newly installed LED bulbs. This underexpenditure will be balanced through an increased transfer to the Community Lighting Reserve.

Fleet Services Transfer to Reserve - Fleet operations ended the year with a positive net transfer to the reserve of \$776,100 more than budgeted. This positive variance was due primarily to lower than budgeted fuel prices of approximately \$553,200 as well as increased monthly rental revenue due to higher than budgeted equipment usage of approximately \$981,400. These positive variances were partially offset by an increased allocation for equipment replacement \$(535,900) as well as increased costs for parts, consumables and outsourced specialty services \$(222,600).

Parking Transfer to Reserve - The transfer to the reserve had a negative variance of \$(81,700). Off-street parking operations finished the year in a with a slight positive variance of approximately \$12,800 due to increased revenue from both Off-street parking lots and from Off-street RV parking. This positive variance was off-set by a \$(94,500) negative variance in On-street parking operations due in large part to a recent legislative requirement to remit GST on parking revenues.

Risk Management Transfer to Reserve - the contribution to the Insurance Reserve of \$232,000 was higher than budgeted due to lower than anticipated insurance premium costs.

Snow Clearing - ice control and snow removal operations ended the year with a positive variance of \$495,200. In accordance with City Council policy, any annual variance from sanding and snow and ice removal operations will be transferred to / funded from the Municipal Revenue Stabilization Reserve (MRSR).

Traffic Safety Act Revenues - ended the year with a negative variance of \$(1,179,400). The Intersection Safety Devices (red light radar enforcement) were down earlier in the year, due to a directive from the Solicitor General's office to all police agencies to cease using Intersection Safety

Devices until such time as the Province certified the systems and issued certificates authorizing their use. In addition, equipment problems and poor weather early in the year (equipment cannot be used in certain locations and traffic speeds decrease during adverse winter conditions) resulted in less than budgeted revenues. Revenues include photo radar for the City of Lethbridge, provincial violation fines (tickets for speeding, failing to stop, going through red lights, etc.) and revenue from Coaldale and Taber for delivery of Photo Radar Enforcement. In accordance with City Council policy, the Traffic Safety Act revenues will be directed to the Municipal Revenue Stabilization Reserve and do not impact the year end operating surplus.

IV Capital Works

City Council has approved a number of projects, the majority through the Capital Improvement Program. These projects, by their nature, are often completed over a number of years. The most significant expenditures for the twelve month period were as follows:

	2014 Expenditures
Facilities	
Crossings Ice Complex (2014-2023 D-7)	\$ 10,754,600
Lethbridge Regional Police Headquarters Expansion (2014-2023 D-6)	5,284,900
Transit Facility Expansion (2011-2020 D-25)	4,587,700
ENMAX Air Conditioning (2014-2023 D-23)	1,250,900
Public Operations Facility (2011-2020 D-7)	855,300
Henderson Outdoor Pool (2014-2023 D-13 Amended March 2, 2015)	801,100
Infrastructure	
* Water Main Renewals (Operating Budget)	4,588,300
28 Street North (Mayor Magrath Drive to 26 Avenue North) (2011-2020 C-30)	3,849,900
* Sewer Lining Program (Operating Budget)	2,870,300
Metis Trail - Includes Deep Utilities (2014-2023 CO-7 & EO-1 Amended Sept 2014)	2,781,600
Exhibition Infrastructure Upgrades (2014-2023 D-9)	2,688,900
Residential Subdivisions (SunRidge, RiverStone, Crossings)	2,563,800
* Electric Switchgear Replacement (2014-2023 F-6)	2,439,100
Electric Cable Replacement (2014-2023 F-15)	2,397,300
SE Regional Lift Station (2014-2023 EO-2)	2,296,500
43 Street North (Highway 3 to 9 Avenue North) (2011-2020 C-17)	2,129,000
26 Avenue North (Scenic Drive to 28 Street North) (2011-2020 C-18)	2,036,600
Traffic & Pedestrian Signals (2014-2023 CO-1)	1,930,200
Advanced Metering Infrastructure (2014-2023 F-17)	1,588,500
* Sanitary Sewer (2A Avenue North & 26 Street North) (Operating Budget)	1,526,700
Storm Outfall Rehabilitation (Operating Budget)	1,489,100
* Park Lighting Replacement (2014-2023 D-19)	1,210,800
* Mayor Magrath Drive (40 Avenue South to City Limit) (2014-2023 CO-2)	1,068,700
* Arterial Roadways (2014-2023 C-9)	1,024,700
Parks Asset Management (2014-2023 D-5)	1,012,800
* Street Upgrading (Operating Budget)	919,500
Northwest Substation for Additional Capacity (2014-2023 F-4)	913,400
* Lane Drainage Improvements (Operating Budget)	912,200

* Completed in 2014

For the most part, capital projects have a construction period which expands beyond the calendar year. These cost figures only represent capital expenditures made in 2014.

V Glossary of Terms

Business Unit Operations Roll Over - Prior year(s) tax supported budget variance between the approved budget and actual revenue or expenditures for the fiscal period. To accommodate the three year budget cycle, Business Units were expected to operate within their 36 month budget allocation. If there was a shortfall after the second year, Business Units were expected to overcome the deficit by adjusting expenditures in the final year of the three-year budget (2014); and if the experience after the second year resulted in a net surplus, the Business Units rolled over the surplus to assist their operations during the last year of the budget cycle.

Business Unit Operation Variance - The specific Business Unit budgeted variance between the approved budget and actual net expenditure for the fiscal period. These variances are the responsibility of the business unit.

Corporate Accounts - Specific revenues and expenses are considered corporate in nature since variances are not attributable to operational decisions. These include employee benefits, property taxes and general revenues, permits, development and license revenues and grants to organizations. By City policy, the corporate portion of the General Fund surplus accrues to the Municipal Revenue Stabilization Reserve.

Corporate Fuel - Variances due to market price fluctuations versus budgeted fuel costs for tax supported services (price variances for Fleet Service's units are offset against the Fleet Reserve).

Electric Utility Operating Surplus/Deficit - The City of Lethbridge electric utility's residual operating surplus/ (deficit) is applied to/ (from) the Municipal Revenue Stabilization Reserve (MRSR).

Non-discretionary business unit variances - Specific positive and negative budget variances resulting from factors not attributable to the business unit management (e.g. windfall revenues and utility costs on city facilities) are reported as a corporate responsibility. Similar to corporate accounts, the surplus or deficit accrues to the Municipal Revenue Stabilization Reserve.

Reserve Funded Operations - City services where the expenditures of the related operations are funded from specific revenue sources that are legally restricted for specified purposes.

Utility costs for tax supported City facilities - Variances due to utility price fluctuations versus budgeted City facility utility costs. These variances are not attributable to management decisions.

Utility Funded Operations - The City sets fees and user charges for each utility operation at a level that fully supports the total direct and indirect cost of the utility. Therefore, these operations are accounted for separately from taxation supported operations.

Water, Wastewater and Waste Accumulated Surplus - The primary purpose of the surpluses is to set aside funds to provide for unanticipated or emergency expenditures that could not be reasonably foreseen during the preparation of the budget and/or for down payments on the utility's capital projects.

STATEMENT OF RESERVES

	December 31 2014	December 31 2013
<i>OPERATING</i>		
Cemeteries	\$ 1,309,355	\$ 1,012,766
Insurance	3,288,008	3,072,557
Mayor Magrath Drive Beautification	105,965	105,862
Municipal Revenue Stabilization	11,504,980	13,097,113
Urban Parks	1,096,838	743,798
TOTAL OPERATING RESERVES	17,305,146	18,032,096
 <i>CAPITAL</i>		
Acquire Off Street Parking	2,514,994	2,297,704
Central Business District Land Acquisition	428,609	431,143
Community Lighting	3,937,455	3,295,931
Community Reserve Fund	1,133,156	1,112,490
Fleet Services	21,440,929	19,312,303
Major Capital Projects	4,539,839	2,736,550
Real Estate Holdings	4,560,010	4,435,415
Transit Bus	1,252,380	1,087,780
TOTAL CAPITAL RESERVES	39,807,372	34,709,316
 TOTAL RESERVES	 \$ 57,112,518	 \$ 52,741,412
 TOTAL COMMITTED FUNDS	 \$ 51,935,701	 \$ 18,486,190
 <u>CURRENT INTERNAL FUNDING REQUIREMENTS:</u>		
Lethbridge Regional Police Headquarters Expansion	-	2,725,000
Crossings Ice Complex	-	1,835,000
Parks Asset Management	-	833,000
	\$ -	\$ 5,393,000
 TOTAL COMMITTED FUNDS AND INTERNAL FUNDING REQUIREMENTS:	 \$ 51,935,701	 \$ 23,879,190

In addition to the above noted commitments, each reserve has been created by City Council for a specific purpose and will be applied to that purpose over future periods.

RESERVE ANALYSIS
For Period Ending December 31, 2014

Attachment B

OPERATING RESERVES

CEMETERIES

Balance as at January 1, 2014	\$	1,012,765.77
Add: Allocation from Operations		277,776.12
Interest earnings		18,813.44
		<u>296,589.56</u>
Balance as at December 31, 2014	\$	<u>1,309,355.33</u>
Committed funds:		
Cemetery Marketing Plan (Budget 2012-14)	\$	<u>30,000.00</u>

INSURANCE

Balance as at January 1, 2014	\$	3,072,556.59
Add: Allocation from Operations		<u>215,451.19</u>
Balance as at December 31, 2014	\$	<u>3,288,007.78</u>
Committed funds:		
Data Entry Project (Budget 2012-14)	\$	<u>70,000.00</u>

MAYOR MAGRATH DRIVE BEAUTIFICATION

Balance as at January 1, 2014	\$	105,862.32
Add: - Thrift Lodge		316.80
- Saigonese Restaurant		250.00
		<u>566.80</u>
		106,429.12
Less: Land Lease Taxes		<u>463.63</u>
Balance as at December 31, 2014	\$	<u>105,965.49</u>

RESERVE ANALYSIS
For Period Ending December 31, 2014

Attachment B

MUNICIPAL REVENUE STABILIZATION

Balance as at January 1, 2014		\$ 13,097,113.35
Add: Allocation from Electric Capital	27,029,360.66	
Municipal Consent and Access Fee (electric)	9,279,553.54	
Return on Investment (electric)	6,186,695.10	
Investment and Interest Income (net of Trust Allocations)	3,685,568.26	
ATCO Franchise Fee surplus (vs. annual budget of \$3.4M)	1,432,921.64	
Emergency Medical Services (EMS) Transition	978,115.40	
2013 General Operating Surplus	655,838.22	
CentreSite distribution allocation	278,326.93	
Snow Removal	495,201.01	
	<u>50,021,580.76</u>	
Internal financing recoveries (year of final payment):		
- Residential Subdivisions	2,640,017.29	
- City Hall (2015)	1,868,800.00	
- Sherring Industrial Park (2020)	555,700.00	
- ENMAX building (2027)	467,800.00	
- Police technology	430,200.00	
- Wellness Centre (2016)	425,200.00	
- Local Improvements Prior Years	230,667.21	
- Galt Museum expansion (2016)	203,300.00	
- Parks Asset Management (2028)	135,500.00	
- School Bus - interest only (2023)	40,600.00	
- Mountain View Cemetery-office (2014)	40,200.00	
- Cemetery gravesite restoration (2015)	35,000.00	
- Lethbridge Soup Kitchen (2016)	31,600.00	
	<u>7,104,584.50</u>	
		<u>57,126,165.26</u>
		70,223,278.61
Less: Allocation to Electric Capital Projects	23,024,700.73	
Electric wire service-allocation to General Operations	9,750,000.00	
Allocation to General Operations	5,250,000.00	
By-law enforcement revenue shortfall (vs. annual budget of \$5.5M)	1,179,443.90	
2013 Electric Operating Deficit	836,732.52	
Allocation for TIPP discounts	345,921.47	
Allocation for cashiering	80,400.00	
Allocation for parking ticket data entry	41,300.00	
Allocation for mail service	29,600.00	
	<u>40,538,098.62</u>	
Internal Financing:		
- Lethbridge Regional Police Headquarters Expansion (CIP 2014-23 D-6)	13,125,300.00	
- Crossings Ice Complex (CIP 2014-23 D7)	2,904,000.00	
- Parks Asset Management (CIP 2014-23 D5)	833,000.00	
- Police Technology	474,770.41	
	<u>17,337,070.41</u>	
Committed Funds:		
- Tour of Alberta (Council 03/03/2014)	279,907.86	
- 2019 Canada Winter Games Bid (Council 06/23/2014)	200,000.00	
- Police Training & Uniforms (Base)	121,600.00	
- Senior Citizen Organizations (Budget 2012-14 N35)	110,000.00	
- EDL Targeted Awareness & Investment Attraction (Budget 2012-14 N4)	85,000.00	
- Library - Radio Frequency (Budget 2012-14 N3)	38,700.00	
- Intermunicipal Development Planning (Budget 2012-14 N1)	7,921.69	
	<u>843,129.55</u>	
		<u>58,718,298.58</u>
Balance as at December 31, 2014		<u>\$ 11,504,980.03</u>

MUNICIPAL REVENUE STABILIZATION (continued)

The purpose of this reserve is to stabilize the effects of fluctuating interest revenue and General Operations surpluses and deficits on annual taxation requirements. All General Operations and Electric Utility surpluses of prior years, return on investments, municipal consent and access fee/franchise and by-law enforcement revenue surpluses, CenterSite equity refunds, internal financing recoveries and other allocations from General Operations are added to the reserve. Any General Operations and Electric Utility deficits of prior years, allocation to electric capital projects, municipal consent and access fee/franchise fee and by-law enforcement revenue shortfalls, budgeted allocations to General Operations, one time expenses and internal financing advances are charged to the reserve.

Committed Funds:

2012-2014:		
- River Valley Development Master Plan (Budget 2012-14 N2)	\$	400,000.00
- Library - Radio Frequency (Budget 2012-14 N3)		361,300.00
- Common Computer Aided Dispatch (CAD) (Council 2010)		184,400.00
- Intermunicipal Development Planning (Budget 2012-14 N1)		119,995.31
- Slope Monitoring (Budget 2012-14 N14)		19,290.69
- Library - Custodial Support (Budget 2012-14 N16)		1,000.00
2014-2017:		
- School Gym Upsizing (CIP 2014-23 D-31)		1,570,000.00
2015-2018:		
- Heart of The City Housing (Budget 2015-18 N-4)		800,000.00
- Snow Plow & Sanders (Budget 2015-18 N-29)		568,450.00
- Southern Alberta Art Gallery (Budget 2015-18 N-6)		248,000.00
- Street Sweeper (Budget 2015-18 N-30)		268,900.00
- Nord-Bridge Senior Citizens Association (Budget 2015-18 N-41)		300,000.00
- Lethbridge Public Library - Bookmobile Garage (Budget 2015-18 N-1)		200,000.00
- 2015 Skate Canada International (Budget 2015-18 Base)		250,000.00
- 2015 Winter Games (Budget 2015-18 Base)		150,000.00
- Ad Hoc Panel Full Time Councillors (Budget 2015-18 N-47)		75,000.00
- Rescue & Care for Lost or Abandoned Cats (Budget 2015-18 N-38)		37,500.00
- New West Theatre (Budget 2015-18 N-40)		30,000.00
- Animal Welfare (Budget 2015-18 N-3)		14,000.00
	\$	<u>5,597,836.00</u>
Internal Loan Requirements :	<u>Current 2014/15</u>	<u>Future</u>
Lethbridge Regional Police Headquarters Expansion (CIP 2014-23 D-6)	-	2,725,000.00
Crossings Ice Complex (CIP 2014-23 D7)	-	2,196,000.00
	\$	<u>\$ 4,921,000.00</u>

As at December 31, 2014 internal advances amounting to approximately \$33,908,316 were outstanding from this reserve. These amounts will be recovered, with interest, in future years.

RESERVE ANALYSIS
For Period Ending December 31, 2014

Attachment B

MUNICIPAL REVENUE STABILIZATION (continued)

In addition, amounts to the following community groups remain committed against this reserve. These amounts have been recorded as receivables by the City as at December 31, 2014.

	Year	Maturity	Original Amount	Balance as at December 31, 2014	Annual Payment
Japanese Gardens	2005	2015	18,000.00	\$ 1,800.00	\$ 1,800.00
Lethbridge Softball Association	2005	2016	190,000.00	24,434.58	12,217.29
Prairie Baseball Club	1999	2019	240,000.00	50,000.00	10,000.00
SLP Skate Park naming	2014	2023	100,000.00	70,000.00	10,000.00
Lethbridge Hurricanes	2012	2029	2,500,000.00	2,166,666.66	166,666.67

URBAN PARKS

Balance as at January 1, 2014	\$ 743,798.46
Add: Allocation from operations	417,174.58
Trans Alta right of way transmission line access	<u>5,865.00</u>
	<u>1,166,838.04</u>
Less: West Lethbridge Centre Washrooms (CIP 2014-23 D38)	<u>70,000.00</u>
Balance as at December 31, 2014	<u>\$ 1,096,838.04</u>

Committed Funds:

- Lethbridge Sports Park Change Rooms (CIP 2014-23 D37)	\$ 770,000.00
- West Lethbridge Centre Washrooms (CIP 2014-23 D38)	420,000.00
- Urban Forest Management Plan (Budget 2015-18 N-8)	175,000.00
- Henderson Lake Water Quality (CIP 2008-17 D10)	51,265.00
- Galt Gardens Master Plan (Budget 2015-18 N-15)	50,000.00
- Nicholas Sheran Playground (CIP 2011-20 D19)	25,000.00
- Parks equipment	<u>10,888.00</u>
	<u>\$ 1,502,153.00</u>

TOTAL OPERATING RESERVES as at December 31, 2014 **\$ 17,305,146.67**

CAPITAL RESERVES

ACQUIRE OFF STREET PARKING

Balance as at January 1, 2014		\$	2,297,703.26
Add: Parking Revenues			
- Parking Meters	919,905.49		
- Parking Lots	225,139.60		
- Parking Fines	111,486.00		1,256,531.09
			3,554,234.35
Less: Parking enforcement	343,482.21		
Administration	337,806.25		
Enhance downtown maintenance (Snow clearing, street sweeping etc.)	135,000.00		
Parking meter operations	141,490.96		
Parking lot operations	81,461.13		1,039,240.55
			1,039,240.55
Balance as at December 31, 2014		\$	2,514,993.80
Committed Funds:			
- Parking Meter replacement (CIP 2014-23 D-27)		\$	2,000,000.00

CENTRAL BUSINESS DISTRICT LAND ACQUISITION

Balance as at January 1, 2014		\$	431,142.93
Add: Patio rental			750.00
			431,892.93
Less: Atrium Building Costs			3,284.24
			3,284.24
Balance as at December 31, 2014		\$	428,608.69

COMMUNITY LIGHTING

Balance as at January 1, 2014		\$	3,295,930.60
Add: Allocation from operations			641,523.94
			641,523.94
Balance as at December 31, 2014		\$	3,937,454.54

COMMUNITY RESERVE FUND

Balance as at January 1, 2014		\$	1,112,490.42
Add: Interest Earnings			20,665.95
			20,665.95
Balance as at December 31, 2014		\$	1,133,156.37
Committed Funds:			
- North Regional Park (CIP 2014-23 D-11)		\$	1,000,000.00

RESERVE ANALYSIS
For Period Ending December 31, 2014

Attachment B

FLEET SERVICES

Balance as at January 1, 2014		\$	19,312,303.44
Add: Asset replacement contributions	2,625,424.62		
Allocation from fleet operations	240,252.29		
Sale of Equipment	98,082.89		
Recoveries:			
- School Bus debt paydown (principal)(2023)	72,400.00		3,036,159.80
			22,348,463.24
Less: Purchase of equipment	419,428.40		
Fleet Management	488,106.08		907,534.48
Balance as at December 31, 2014		\$	21,440,928.76

As at December 31, 2014 internal advances amounting to about \$932,141 are owing to this reserve. These amounts are to be recovered in future years.

Committed funds:

Budget 2015-2018	\$	25,432,583.00	
Budget 2012-2014		4,375,900.00	
Transit Fleet Maintenance		555,028.65	
Equipment replacements (2011 and prior)		22,200.00	
	\$	30,385,711.65	

MAJOR CAPITAL PROJECTS

Balance as at January 1, 2014		\$	2,736,550.21
Add: Pay-As-You-Go	1,680,718.86		
Repayment of salt & sand storage facility	50,000.00		
Interest Earnings	72,569.57		1,803,288.43
Balance as at December 31, 2014		\$	4,539,838.64

Committed funds:

Leisure Centre (CIP 2014-23 D-32 amended August 5, 2014)	\$	9,600,000.00	
Spitz Stadium (CIP 2014-23 D-40)		1,400,000.00	
	\$	11,000,000.00	

REAL ESTATE HOLDINGS

Balance as at January 1, 2014		\$	4,435,414.65
Add: Right of Way Sale Proceeds	166,764.96		
Land Lease Tax Recovery	3,198.45		
Rental Income:			
College Lincoln Ford	5,220.00		
Maple Leaf Foods	2,640.00		177,823.41
			4,613,238.06
Less: Melcor Land Exchange	48,228.35		
Road Closure Fees	5,000.00		53,228.35
Balance as at December 31, 2014		\$	4,560,009.71

RESERVE ANALYSIS
For Period Ending December 31, 2014

Attachment B

TRANSIT BUS

Balance as at January 1, 2014		\$ 1,087,780.11
Add: Allocation from operations for transit technology & system improvements	125,000.00	
Allocation from operations for radio & equipment maintenance lifecycle	39,600.00	
	164,600.00	
Balance as at December 31, 2014		\$ <u>1,252,380.11</u>
Committed Funds:		
Transit and Access-A-Ride Master Plan (Budget 2015-18 N-7)	\$ <u>350,000.00</u>	

Note: The balance of this reserve consists of funds allocated to the reserve for maintenance and lifecycle of Lethbridge Transit and ACCESS-A-Ride technology and equipment

TOTAL CAPITAL RESERVES as at December 31, 2014		\$ 39,807,370.62
TOTAL OPERATING RESERVES as at December 31, 2014		<u>17,305,146.67</u>
TOTAL RESERVES as at December 31, 2014		\$ <u>57,112,517.29</u>
TOTAL COMMITTED FUNDS		\$ 51,935,700.65
TOTAL CURRENT INTERNAL LOAN REQUIREMENTS		<u>-</u>
TOTAL FUNDING REQUIREMENTS		\$ <u>51,935,700.65</u>
EXCESS OF RESERVES OVER CURRENT FUNDING REQUIREMENTS		\$ <u>5,176,816.64</u>



**CITY OF LETHBRIDGE
BUDGET APPROPRIATION UNEXPENDED (CARRY OVERS)
AS AT DECEMBER 31, 2014**

GENERAL FUND

GENERAL GOVERNMENT	\$ 3,504,211
- election, legal, contingencies, City Council initiatives, Airport, environmental projects	
COMMUNITY SERVICES	2,359,330
- community and social development, library projects, affordable housing, Canada day activities, committees	
PLANNING AND DEVELOPMENT SERVICES	1,054,909
- planning studies, municipal heritage program, downtown planning, inspection services	
EQUIPMENT REPLACEMENT/MAINTENANCE	997,906
- corporate photocopiers, printers and plotters, computers, mail service, network equipment, phone system, disaster recovery, audio visual equipment	
HUMAN RESOURCES	2,726,985
- arbitration, employee wellness, WCB rebates, corporate training, research projects, flexible benefit programs, succession planning	
INFRASTRUCTURE MAINTENANCE AND PLANNING	523,741
- parks maintenance, engineering capital, amenities	
PROTECTIVE SERVICES	544,456
- Fire and EMS projects/funding, community programs, EOC training exercise, equipment replacements, police projects	
TECHNOLOGY	130,000
- database software	
	<u>\$ 11,841,538</u>

UTILITY FUND

Water & Wastewater Capital Works/Equipment	\$ 294,689
Sanitation Operations	1,389,317
Electric Operations	106,012
	<u>\$ 1,790,018</u>

SUMMARY OF SUBDIVISION SURPLUS
For the period ended December 31, 2014

INDUSTRIAL	\$ (5,022,657)
RESIDENTIAL	15,000,432
NET SUBDIVISION SURPLUS	<u>\$ 9,977,775</u>

**INDUSTRIAL SUBDIVISION SURPLUS
FUNDING ANALYSIS**

For the period ended December 31, 2014

Development Operations Funding

Funds Received from Development		
Sherring Industrial Park - Phase 1	\$ 2,674,301	
Total Funds Received from Subdivision Development		2,674,301
Funds Used for Development		
Sherring Industrial Park - Phase 1	208,866	
Sherring Industrial Park Common	<u>34,404</u>	
Total Funds Used for Development		243,270
Net Funds Received from Development Operations		<u>2,431,031</u>

Other Activity Funding

Funds Used for:		
Debt Payment - MRSR	555,700	
Debt Payment - ACFA	551,308	
Allocation in Lieu of Property Taxes	243,800	
Real Estate & Land Development Operations	<u>(13,128)</u>	
Net Funds Used in Other Activities		1,337,680
Net increase in Industrial Subdivision Surplus		<u>1,093,351</u>
Industrial Subdivision Surplus Balance January 1, 2014		(6,116,008)
Total Industrial Balance December 31, 2014		<u>\$ (5,022,657)</u>

Funds Committed for Future

Funds Committed for Future

Sherring:

Surface Works (34 St & 26 Ave Intersection)	\$ 80,148
Construction Giffen Road & 43 Street Gravel	40,200
	<u>120,348</u>

Other:

Industrial Park - Top Lift Paving	324,263
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Total Committed Funds	<u>\$ 444,611</u>
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Notes:

- To finance the deficit balance in the Industrial Subdivision Surplus Account related to the startup costs associated with the Sherring Industrial Park, Council approved a "line of credit loan" of up to \$5,500,000 as well as a \$6,000,000 loan for prepayment of the Offsite Levies from the Municipal Revenue Stabilization Reserve (MRSR). Loan payments will be based on cashflow availability within the Industrial Subdivision Surplus. As at December 31, 2014 the balance remaining to be paid to the MRSR from Industrial Subdivision Surplus on this line of credit loan is \$5,500,000 and \$2,873,379 on the interim financing.

**RESIDENTIAL SUBDIVISION SURPLUS
FUNDING ANALYSIS**

Attachment D-2

For the period ended December 31, 2014

Development Operations Funding

Funds Received from Subdivision Development

SunRidge:

Phase 3D	\$ 267,948
Phase 3A	2,071
	<hr/> 270,019

RiverStone:

Phase 11	7,398,250
Phase 20	3,532,078
Phase 16	258,794
Phase 15	227,450
Phase 14	91,578
Phase 1-8	72,317
	<hr/> 11,580,467

Copperwood:

Copperwood Joint Venture	<hr/> 91,117
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Crossings

Commercial	9,497,575
Phase 1	3,043,970
	<hr/> 12,541,545

Total Funds Received from Subdivision Development

24,483,148

Funds Used for Development

SunRidge:

Common	87,178
Phase 3A	17,350
Phase 3C	14,500
Phase 1	6,725
Phase 3D	1,075
Phase 3B	1,042
	<hr/> 127,870

RiverStone:

Common	738,692
Phase 20	386,023
Phase 11	127,101
Phase 22	51,532
Phase 21	23,194
Phase 17	20,465
Phase 16	14,028
Phase 15	11,155
Phase 10,12,13,14	9,003
	<hr/> 1,381,193

Crossings:

Common	1,399,638
Phase 2	1,215,506
Phase 1	137,493
Phase 3	350
	<hr/> 2,752,987

Waterbridge

49,778

Blackwolf II

48,533

Legacy Ridge - Commercial Site

2,600

Total Funds Used for Development

4,362,961

Net Funds Recovered from Development Operations

20,120,187

Other Activity Funding

Funds Received:

Land - Metis Trail Right of Way	<hr/> 96,266
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Funds Used:

Internal Loan - Municipal Revenue Stabilization Reserve	(Note 1) 2,633,252
Real Estate & Land Development Operations	1,140,053
Helen Schuler Nature Centre Expansion and Renovation (CIP 2011-22 / D-18)	1,100,000
Parks Maintenance	135,000
Land - 40th Ave West for RiverStone	103,050
Allocation in Lieu of Property Taxes	88,900
Weed Control	9,000
Interest Payment - MRSR	6,766
	<hr/> 5,216,021

Less Funds Used for Other Activities

5,119,755

Net increase in Residential Subdivision Surplus

15,000,432

Residential Subdivision Surplus Balance January 1, 2014

-

Total Residential Subdivision Surplus Balance December 31, 2014

\$ 15,000,432

**RESIDENTIAL SUBDIVISION SURPLUS
FUNDING ANALYSIS**
For the period ended December 31, 2014

Attachment D-2

Funds Committed for Future

Projects:

RiverStone:

Phase 17,21,22 Engineering Consulting Services	\$ 493,094
Phase 11,17,18,19,21,22 Development Guidelines	193,148
Phase 11 & Storm Facility	135,012
Phase 20 Underground Utilities and Surface Works	122,106
Phase 11 Landscape Construction	118,587
Phases 9-13 Design & Development Guidelines	66,545
Phases 14, 16, 20 Design & Development Guidelines	24,370
Phase 13, 14, 16 & Canal Landscaping	22,683
Phases 16 & 20 Engineering Services	2,903
	1,178,448

Crossings:

Phase 2 Underground and Surface	520,278
Ph 3 & 4, Caledonia Engineering Consulting	280,935
Phase 1 Underground and Surface	270,417
Mauretania Road Construction	192,396
Phase 1-7 Development Guidelines	175,810
Phase 1 Landscape Construction	93,867
Phase 1,2,8 Britannia & Landscape Engineering	64,038
Mauretania Road Engineering	11,599
	1,609,340

SunRidge:

Phase 3C, 3D & 3B Design & Development Guidelines	37,520
Phase 1-2 Design & Development Guidelines	16,406
	53,926

Waterbridge:

Waterbridge ASP & Outline Plan	58,094
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Other Projects (2014 and prior):

Whoop Up Drive - Coal Banks Blvd to Mauretania Rd (CIP 2011-22 / C-36)	(Note 2) 2,200,000
Affordable Housing	(Note 3) 1,083,002
Parks Capital	666,526
Chinook Trail Land Purchase - Melcor Land Exchange	(Note 4) 222,453
Pest Control	39,891
	4,211,872

CIP Projects (2014-2017):

North Regional Park Development (D-11)	5,400,000
New School Site Development (D-33)	3,530,000
Vacant School Site Development (D-36)	1,600,000
	10,530,000

Total Committed Funds	\$ 17,641,680
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Notes:

- 1 Internal loan from the Municipal Revenue Stabilization Reserve - to finance the deficit balance in the Residential Subdivision Surplus Account related to the start up costs associated with the SunRidge and Crossings subdivisions, Council approved an original "line of credit loan" of up to \$8,000,000 from the Municipal Revenue Stabilization Reserve (MRSR) at a rate based on the City's average short term investment rate. Additionally, Council authorized an additional \$13,200,000 for costs associated with Crossings under By-Law 5410 to bring the total line of credit to \$21,200,000. Loan repayments are based on cashflow availability within the Residential Subdivision Surplus. During 2014, \$2,633,252 has been repaid to the MRSR, leaving no balance remaining to be paid from Residential Subdivision Surplus on this overall line of credit as at December 31, 2014.
- 2 Whoop Up Drive - Subdivision Surplus will front end finance the construction of Whoop Up Drive for \$2,200,000. Repayment will be based on cashflow availability within the Offsite Levy Account.
- 3 Affordable Housing - as at December 31, 2014, \$1,083,002 has been committed to the Affordable Housing Fund.
- 4 Chinook Trail Land Purchase - as at December 31, 2014 the Melcor Developments Ltd. land exchange contains a commitment from Residential Subdivision Surplus of \$222,453 to front end finance the purchase of Chinook Drive Right-of-Way lands (which will be repaid once Chinook Trail commences).

OFFSITE ACCOUNT ANALYSIS

For the period ended December 31, 2014

Revenues**Net Offsite Levies**

Garry Station Stage 1 Phase 2A & 2C	\$ 866,099
Crossings Phase 2 Residential	725,331
Garry Station West Phase 3	658,138
Legacy Ridge Stage 3 Phase 12	554,268
Copperwood Phase 20	518,466
Garry Station West Phase 2	468,520
Copperwood Phase 11	347,412
Total Net Levies	<u>4,138,234</u>

Other Revenues

Debenture Debt Funded Projects	9,229,963
University Drive (SunRidge to Riverbend)	2,177,717
40 Ave W and University Drive Right-of-Way Transfers	99,935
General Interest	28,235
Total Other Revenues	<u>11,535,850</u>

Total Revenues15,674,084**Allocations****Offsite/Oversize Credits**

Garry Station West Phase 3	71,308
Garry Station Stage 1 Phase 2A & 2C	32,643
Legacy Ridge Stage 3 Phase 12	4,950
	<u>108,901</u>

Other Costs

Debt Payment - ACFA	5,325,401
SE Regional Lift Station	2,296,536
28 Street North (MMDr - 26 Ave North)	1,833,057
Metis Trail Deep Utilities Phase 2 (Garry Dr to Whoop Up)	1,459,813
Metis Trail (Walsh to Whoop Up) Stage 1	1,355,414
26th Ave North (Scenic Drive to 28th Street)	1,026,919
43rd St N (Hwy 3 to 9 Ave N)	541,124
Mayor Magrath Dr (40th Ave S to City Limit)	512,451
Northwest Lethbridge Utility Servicing	410,413
University Drive Extension and Canyon Parkway	357,984
Intersection Improvements	288,595
Country Meadow Phase 1 Metis Trail Underground Extension	221,303
Garry Station Stage 2 Phase 1	217,114
Metis Trail (Whoop Up to Temple)	52,582
Garry Drive (600 m West of Métis Trail)	49,373
6th Ave S (MMDr to Scenic Dr S) Design	27,855
Garry Drive Reservoir	13,317
	<u>15,989,251</u>

Total Allocations16,098,152**Net Decrease in Offsite Account**

(424,068)

Add: Offsite Account Balance January 1, 2014

2,983,986

Offsite Account Balance period ended December 31, 2014\$ 2,559,918

OFFSITE ACCOUNT ANALYSIS
For the period ended December 31, 2014

Funds Committed for Future

Projects (2014 and prior) Funded by Debentures (external borrowings):

Metis Trail (Walsh to Whoop Up) Stage 1 (CIP 2014-23 CO-7)	\$ 4,712,586
Metis Trail Deep Utilities (Garry Dr to Whoop Up) (CIP 2014-23 EO-1)	2,834,187
28 Street North (MMDr - 26 Ave N) (CIP 2011-20 C-30)	2,425,575
43rd St N (Hwy 3 to 9 Ave N) (CIP 2011-20 C-17)	1,108,876
West Siphon Screen Relocation (CIP 2014-23 EO-3)	811,000
SE Regional Lift Station (CIP 2014-23 EO-2)	645,799
26th Ave North (Scenic Drive to 28th Street) (CIP 2011-20 C-18)	95,573
Mayor Magrath Dr (40th Ave S to City Limit) (CIP 2014-23 CO-2)	15,546
	<u>12,649,142</u>

Projects (2014 and prior) Funded by Offsite Levies:

South Siphon Upgrade (CIP 2008-17 E-14)	375,000
Intersection Improvements - Growth (CIP 2014-23 CO-1)	348,496
University Drive Extension, SunRidge to South of Chinook	300,000
North Scenic Dr (Uplands Blvd to 42 Ave N) (CIP 2014-23 CO-10)	200,000
5th Ave N (Stafford Dr to MMDr N) Design (CIP 2014-23 CO-3)	86,000
13 St N (Crowsnest Tr to 26 Ave N) Design (CIP 2014-23 CO-4)	86,000
Northwest Lethbridge Utility Servicing	60,000
6th Ave S (MMDr to Scenic Dr S) Design (CIP 2011-20 C-21)	24,094
	<u>1,479,590</u>

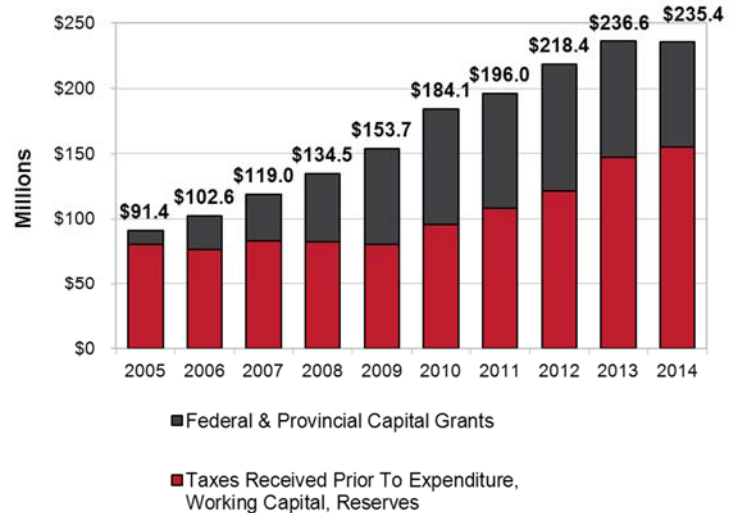
\$ 14,128,732

City of Lethbridge

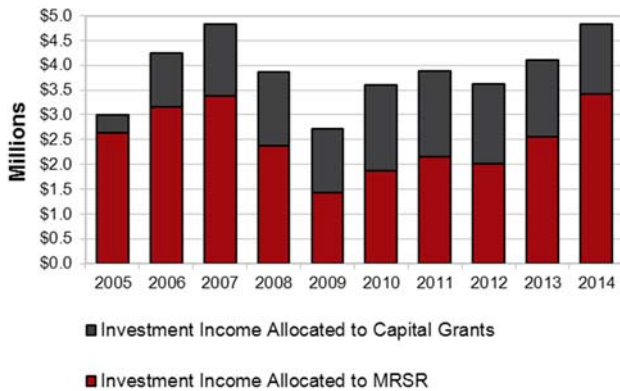
Investment Summary Year ended December 31, 2014

The City of Lethbridge maintains a significant investment portfolio. This investment portfolio consists of reserves, capital funds, Provincial and Federal grants, and operating funds. These 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.

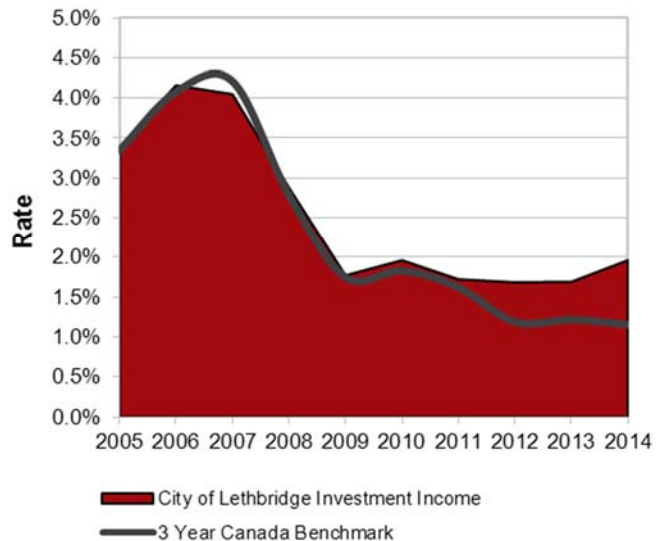
Average Portfolio Size



Total Investment Income



Average Portfolio Yield



Total investment income increased to \$4,825,305 in 2014 from \$4,113,892 in 2013. The City of Lethbridge 2014 average portfolio yield of 1.96% (2013: 1.69%) is higher than the 2014 average Government of Canada 3-Year Benchmark¹ yield of 1.15% (2013: 1.22%).

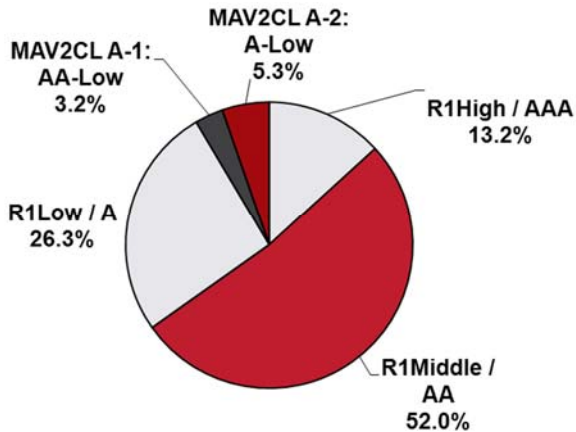
¹ Benchmark based on actual mid-market closing yields of selected Canada bond issues that mature approximately in the three-year term. This is a reasonable benchmark for the City of Lethbridge given our average portfolio term and our risk restrictions.

City of Lethbridge

Investment Summary

as at December 31, 2014

Portfolio Distribution by Rating December 31, 2014

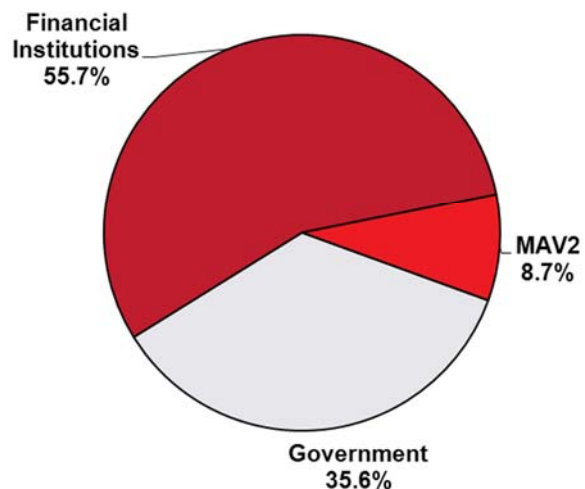


The City of Lethbridge's first investment objective is safety of principal, and accordingly the City invests only in institutions with a minimum credit rating of R1 or A. A Company having an R1 rating is considered high-grade prime credit. Its ability to repay current liabilities as they come due is very high. The R1 rating is further broken down into High (R1H), Middle (R1M) and Low (R1L). The short-term ratings of R1H, R1M, and R1L are roughly equivalent to the long term ratings of AAA, AA, and A respectively.

During 2007 the City invested in Asset Backed Commercial Paper (ABCP) with a rating of R1High. A subsequent market disruption led to a restructuring of the original investment. Through that restructuring the City received longer term Master Asset Vehicle 2 (MAV2) notes in exchange for the original ABCP investment. The City currently owns MAV2 notes in the amount of \$8,373,000 Class A-1 (rated AA-Low) and \$13,893,000 Class A-2 (rated A-Low).

Our current portfolio is diversified among 40 different institutions from the Government and Financial Institution sectors as well as the MAV Class A-1 and A-2 described above.

Portfolio Distribution by Type December 31, 2014



During 2014, City Council amended the Investments Policy (CC44) including revisions to the criteria for selection and approval of investment firms and representatives.

City of Lethbridge
External Borrowings (ACFA)

Attachment G

As At December 31, 2014

	Original Principal	Year of Borrowing	Term (yrs)	Interest Rate	Annual Payment	Year End Balance 2014	Per Capita 93,004	Year of Maturity
Self Supported								
Local Improvement								
Lane Paving	219,357	2009	10	3.344%	25,989	118,751		2019
Canyon Parkway	500,000	2013	10	3.079%	58,473	456,591		2023
Land Development								
Sherring Industrial Park	4,200,000	2005	15	4.422%	386,028	2,014,987		2020
Sherring Industrial Park	1,800,000	2006	15	4.600%	167,446	931,599		2021
Offsite Levy								
Garry Drive Reservoir	523,000	2012	3	1.369%	178,534	176,717		2015
Garry Drive West	1,100,000	2011	5	1.650%	230,106	450,874		2016
28th Street North	1,400,000	2011	5	1.650%	292,862	573,839		2016
Northwest Lethbridge Utility Servicing	1,000,000	2012	5	1.603%	208,922	609,553		2017
Garry Drive West	1,287,000	2012	5	1.603%	268,883	784,495		2017
Mayor Magrath Drive	1,000,000	2012	5	1.603%	208,922	609,553		2017
University Drive	1,000,000	2013	5	1.684%	209,378	708,754		2018
Metis Trail	1,000,000	2013	5	1.684%	209,378	708,754		2018
Metis Trail	1,200,000	2013	5	2.199%	254,751	970,381		2018
Northwest Lethbridge Utility Servicing	800,000	2013	5	1.797%	168,013	645,673		2018
Metis Trail Drive Deep Utilities	1,040,000	2013	5	1.797%	218,417	839,375		2018
University Drive	800,000	2013	5	1.797%	168,013	645,673		2018
University Drive	700,000	2014	5	1.719%	146,703	700,000		2019
South East Water Reservoir	3,000,000	2006	15	4.584%	278,775	1,653,293		2021
South Siphon Upgrade - Stage 2	1,500,000	2011	10	2.485%	170,334	1,088,217		2021
South East Water Reservoir	1,000,000	2007	15	4.614%	93,113	617,027		2022
South Siphon Upgrade	500,000	2012	10	2.226%	56,048	408,653		2022
South Siphon Upgrade	1,000,000	2010	15	3.885%	88,595	786,952		2025
West Lethbridge Water Reservoir	2,300,000	2010	15	3.885%	203,769	1,809,989		2025
Garry Drive Reservoir	5,700,000	2011	15	3.013%	475,124	4,754,875		2026
SE Regional Lift Station	3,600,000	2014	15	2.814%	295,865	3,600,000		2029
Northwest Lethbridge Utility Servicing	1,000,000	2010	20	4.124%	73,909	859,495		2030
Northwest Lethbridge Utility Servicing	600,000	2011	20	3.292%	41,190	532,982		2031
Northwest Lethbridge Utility Servicing	15,000,000	2011	20	3.145%	1,016,133	13,301,283		2031
Northwest Lethbridge Utility Servicing	2,900,000	2012	20	2.922%	192,500	2,622,608		2032
Total Self-Supported					<u>6,386,173</u>	<u>43,980,940</u>	<u>472.89</u>	
Utility Supported								
Water								
Water Treatment Plant Upgrading	750,000	2000	15	6.250%	78,488	73,872		2015
Water Treatment Plant Upgrading	1,750,000	2001	15	5.500%	174,345	321,896		2016
Water Treatment Plant Upgrading	1,150,000	2002	15	6.125%	119,376	318,357		2017
South East Water Reservoir	1,000,000	2005	15	4.422%	91,911	479,759		2020
South East Water Reservoir	3,250,000	2006	15	4.267%	295,579	1,772,480		2021
Public Operations Site	1,500,000	2012	15	2.627%	121,640	1,332,261		2027
Public Operations Site	1,250,000	2013	15	2.959%	103,796	1,148,298		2028
Public Operations Site	500,000	2013	15	3.586%	43,389	474,313		2028
Public Operations Site	1,000,000	2013	15	3.295%	85,030	947,491		2028
					<u>1,113,554</u>	<u>6,868,727</u>	<u>73.85</u>	
Wastewater								
Headworks Facility	500,000	2007	10	4.493%	62,620	173,932		2017
Lagoon Upgrade	500,000	2009	10	3.344%	59,238	270,680		2019
Sewer Relief	1,350,000	2006	15	4.584%	125,449	743,982		2021
Public Operations Site	1,500,000	2012	10	2.177%	167,731	1,225,405		2022
Plant Outfall Twinning	782,000	2008	15	4.565%	70,965	518,976		2023
Public Operations Site	1,250,000	2013	10	2.499%	142,042	1,081,703		2023
Public Operations Site	500,000	2013	10	3.079%	58,473	456,591		2023
WWTP Headworks & Clarifier	500,000	2011	15	3.013%	41,678	417,094		2026
					<u>728,196</u>	<u>4,888,362</u>	<u>52.56</u>	
Solid Waste								
Automated Collection	1,510,000	2006	10	4.115%	185,720	353,092		2016
Landfill Cell Development	3,500,000	2012	5	1.603%	731,227	2,133,435		2017
Automated Collection - Carts	600,000	2009	10	3.344%	71,086	324,816		2019
Landfill Surface Water Management	430,000	2010	10	3.377%	51,027	275,049		2020
Landfill Royalty Buyout	6,250,000	2003	20	5.813%	664,621	4,557,668		2023
Landfill Construction & 28 St N	2,300,000	2003	20	5.625%	194,463	1,344,539		2023
Landfill Approval Compliance	2,100,000	2008	15	4.565%	194,892	1,425,270		2023
Landfill Approval Compliance	900,000	2009	15	3.973%	80,221	656,717		2024
					<u>2,173,257</u>	<u>11,070,586</u>	<u>119.03</u>	
Electric								
Electric Infrastructure Replacement	2,000,000	2011	15	3.013%	166,710	1,668,377		2026
Electric Infrastructure Replacement	3,000,000	2012	15	2.627%	243,280	2,664,522		2027
					<u>409,990</u>	<u>4,332,899</u>	<u>46.59</u>	
Total Utility Supported					<u>4,424,997</u>	<u>27,160,574</u>	<u>292.04</u>	
Total External Borrowings December 31, 2014					<u>\$ 10,811,170</u>	<u>\$ 71,141,514</u>	<u>764.93</u>	

City of Lethbridge
Internal Borrowings
As At December 31, 2014

Attachment G

	Original Principal	Year of Borrowing	Term (yrs)	Interest Rate	Annual Payment	Year End Balance 2014	Per Capita 93,004	Year of Maturity
Taxation Supported								
General								
City Hall	7,650,000	2000	15	6.000%	787,665	743,080		2015
Museum Expansion	968,928	2005	10	4.300%	121,251	116,252		2015
Cemetery Gravesite Restoration	114,215	2006	9	4.435%	10,935	10,470		2015
Cemetery Gravesite Restoration	79,810	2007	8	4.493%	9,386	8,982		2015
Cemetery Gravesite Restoration	50,941	2008	7	3.600%	9,354	8,766		2015
Museum Expansion	651,072	2006	10	4.435%	82,019	153,737		2016
Regional Wellness Centre	3,375,000	2006	10	4.435%	425,166	796,934		2016
Lethbridge Soup Kitchen	316,000	2006	10	0.000%	31,600	47,400		2016
ENMAX Expansion	5,392,000	2010	15	3.488%	467,761	4,523,328		2026
Parks Asset Management	1,666,000	2012	15	2.599%	135,539	1,479,124		2027
Parks Asset Management	833,000	2014	15	2.814%	68,842	833,000		2029
Crossings Ice Complex	2,904,000	2014	15	2.814%	239,997	2,904,000		2029
Lethbridge Regional Police Headquarters	13,125,000	2014	15	2.814%	1,084,698	13,125,000		2029
Police Technology	line of credit			float	430,200	43,794		n/a
Total General					<u>3,904,413</u>	<u>24,793,867</u>	<u>\$ 266.59</u>	
Self Supported								
Local Improvement								
2005 Lane Paving	264,002	2005	10	4.307%	33,048	31,684		2015
2006 Lane Paving	348,256	2006	10	4.435%	43,872	82,233		2016
Industrial Wastewater Facility	570,251	2006	10	2.000%	8,926	17,331		2016
2007 Lane Paving	404,183	2007	10	4.493%	51,061	140,386		2017
2008 Lane Paving	188,042	2008	10	4.118%	23,320	84,415		2018
2008 Lane Paving 17 St	112,002	2008	10	4.118%	13,890	50,280		2018
2010 Lane Paving	288,670	2010	10	3.213%	34,210	184,020		2020
2011 Lane Paving	107,064	2011	10	2.485%	12,224	77,656		2021
2012 Lane Paving	89,408	2012	10	2.226%	10,072	73,065		2022
Land Development								
Sherring Industrial Park	6,000,000	2005	15	4.422%	555,691	2,873,379		2020
Residential Subdivision Surplus	6,291,683	2005	n/a	float	n/a	-		n/a
Sherring Industrial Park	5,500,000	2007	n/a	float	n/a	5,500,000		n/a
School Bus								
* 2008 School Bus Purchases	449,665	2008	15	5.138%	43,726	308,899		2023
* 2010 School Bus Purchases	797,590	2010	15	3.488%	69,192	623,242		2024
Total Self-Supported					<u>899,232</u>	<u>10,046,590</u>	<u>108.02</u>	
Total Internal Borrowings December 31, 2014					<u>\$ 4,803,645</u>	<u>\$ 34,840,457</u>	<u>\$ 374.61</u>	
Funding from:								
* Fleet Reserve						\$ 932,141		
Municipal Revenue Stabilization Reserve						<u>33,908,316</u>		
						<u>\$ 34,840,457</u>		

Affordable Housing Fund

	2010	2011	2012	2013	2014
Opening Balance	\$ 904,677	\$ 874,966	\$ 933,057	\$ 863,317	\$ 1,073,317
Funding Approved in Operating Budget	150,000	150,000	150,000	150,000	150,000
	1,054,677	1,024,966	1,083,057	1,013,317	1,223,317
Allocations					
Housing Development (Temple Blvd/Metis Trail)	372,105	60,811	-	-	-
Purchase Temple Blvd/Metis 2414 25 St W	16,926	-	-	-	-
Lot Sales From Above Development (Temple Blvd/Metis Trail)	(228,000)	(64,000)	(60,000)	(60,000)	(60,000)
Electrical Rebate - Temple Blvd	-	-	(24,000)	-	-
Temple Blvd Expenses	-	-	9,855	-	-
Castle Apartments	3,680	39,054	(6,115)	-	350
St. Vincent de Paul Funding Assistance Request	15,000	-	-	-	-
Aboriginal Housing Society:					
Construction of Two Duplexes (Westside Project)	-	42,670	-	-	-
Village Inn	-	13,374	-	-	-
L'Arche Housing Project - 535 19 St S	-	-	300,000	-	-
Total Capital Allocated	179,711	91,909	219,740	(60,000)	(59,650)
Closing Balance (Note 1)	\$ 874,966	\$ 933,057	\$ 863,317	\$ 1,073,317	\$ 1,282,967

Note 1: As at December 31, 2014, \$1,083,002 of the 2014 closing balance remains in Residential Subdivision Surplus. Based on the Affordable Housing Committee submission to City Council on October 15, 2013, the annual contribution from Residential Subdivision Surplus will be used to fund the Affordable Housing Capital Project Grant.

Affordable Housing Program Funded by Provincial Grants

	2010	2011	2012	2013	2014
Opening Balance	\$ 5,899,485	\$ 5,425,995	\$ 2,846,641	\$ 4,232,680	\$ 1,580,948
Provincial Grants					
Affordable Housing - Municipal Block Funding (Note 2)	1,675,314	-	1,340,251	-	-
Trust Interest (Note 3)	66,056	69,078	62,255	44,970	28,896
	7,640,855	5,495,073	4,249,147	4,277,650	1,609,844
Allocations					
Native Woman's Transitional Home Society	5,000	-	-	-	-
Lethbridge College Residence Housing	2,000,000	-	-	-	-
Upgrading Existing Secondary Suites	48,660	51,102	16,467	41,624	37,237
Alec Arms Affordable Units	160,000	-	-	-	-
University of Lethbridge Campus Student Housing	-	1,500,000	-	2,000,000	-
Lethbridge Housing Authority - Temple Blvd	-	-	-	655,078	-
Aboriginal Housing Society:					
Construction of Two Duplexes (Westside Project)	-	457,330	-	-	-
Construction of Two Four Unit Townhouses (Northside Project)	-	640,000	-	-	-
Administration	1,200	-	-	-	-
Rent Supplement Program (Secure First Program)	-	-	-	-	40,430
Total Capital Allocated	2,214,860	2,648,432	16,467	2,696,702	77,667
Closing Balance	\$ 5,425,995	\$ 2,846,641	\$ 4,232,680	\$ 1,580,948	\$ 1,532,177
Funds Committed for Future					
Supportive Housing for Men					767,681
London Road Project					713,125
Rent Supplement Program					159,570
Upgrade Secondary Suites					21,665
Total Committed Funds					\$ 1,662,041

Note 2: As at December 31, 2014, the City of Lethbridge has \$335,062.80 remaining to be received from the Provincial Government Affordable Housing Program - Municipal Block Funding Grant. These funds will be received once the full grant eligibility requirements are met. The grant term ends on July 15, 2020.

Note 3: Interest on the trust accounts will continue to be accrued until all allocations are complete and will be allocated to Affordable Programs at a later date.

Heart of Our City Committee

(Downtown Redevelopment Fund)

	2010	2011	2012	2013	2014
Opening Balance	\$ 900,872	\$ 922,175	\$ 584,488	\$ 418,920	\$ 349,485
Funding Approved in Operating Budget	500,000	500,000	465,000	465,000	465,000
	1,400,872	1,422,175	1,049,488	883,920	814,485
Allocations					
Governance and Administration	172,579	163,311	125,744	122,834	131,363
Design, Planning and Regulatory Processes	61,385	109,131	12,374	-	-
Championing, Marketing and Promotion	25,364	57,206	44,969	45,224	37,449
Downtown Life (Events)	25,000	35,739	70,199	60,077	70,007
Enhancement Works	57,580	105,399	53,817	13,571	8,591
Functional Works Maintenance and Upkeep	136,789	366,901	323,465	292,729	327,969
Total Allocated	478,697	837,687	630,568	534,435	575,379
Closing Balance (Note 1)	\$ 922,175	\$ 584,488	\$ 418,920	\$ 349,485	\$ 239,106

Note 1: Funds remaining at the close of 2014 are committed to ongoing projects and programs to be delivered in 2015 based on the 2015 - 2018 approved operating budget.

GST Rebates

	2010	2011	2012	2013	2014
Opening Balance	\$ 1,177,523	\$ 817,699	\$ 1,096,619	\$ 1,437,052	\$ 1,455,090
GST Rebates	980,458	1,096,438	1,168,789	1,154,487	1,090,767
	2,157,981	1,914,137	2,265,408	2,591,539	2,545,857
Allocations					
Community Capital Grant Program	450,000	450,000	450,000	450,000	450,000
Community Capital Grant Program - one time allocation	495,941	-	-	-	-
Capital Asset Plan & Register	128,378	101,497	128,356	141,842	152,175
Strategic Building Asset Management	250,000	250,000	250,000	250,000	250,000
Capital Asset Management Maintenance Fees	15,963	16,021	-	18,733	19,593
SLP Skate Park (CIP 2014-2023 D-41)	-	-	-	275,874	110,478
Total Capital Allocated	1,340,282	817,518	828,356	1,136,449	982,246
Closing Balance	\$ 817,699	\$ 1,096,619	\$ 1,437,052	\$ 1,455,090	\$ 1,563,611

Corporate Budget Contingency

	Contingency Included in 2012-2014 Budget	\$ 1,000,000
	Allocated by City Council:	
22-Jul-13	Discontinuation of Provincial MSI Operating Grant	<u>(1,000,000)</u>
		<u>\$ -</u>



2012 - 2014 BUDGET INITIATIVES
UPDATE as of December 31, 2014

Ref	Initiative	Business Unit	2012/2013/2014	Complete	2012/2013/2014	Status/ Action Taken to Date / Results Achieved
			Approved Budget	(Y/N/P-Partial)	Actual Expenditure	
R-1	Community Lighting - Power Reduction	Community Lighting	\$6,000,000	Y	\$5,660,875	The balance of the city's remaining HPS streetlights were converted to LED streetlights in the first quarter of 2014. All city streetlights have now been converted to LED bulbs.
R-2	Snow Removal and Ice Control	Transportation	(\$781,980)	Y	(\$781,980)	New Loader and Snow Blower were purchased and put into operation in 2012.
R-3	60 Minute Service to SunRidge and Copperwood	Lethbridge Transit	(\$649,057)	Y	(\$649,057)	Implementation of transit Route 36 to the neighborhoods of Sunridge and Copperwood commenced June 27, 2012. From 2012 - 2013, ridership on Route 36 increased 43% and from implementation of the route until year end 2014, ridership increased 68%. September 4, 2014 route changes were made throughout the transit network which resulted in an overall ridership increase of 4.8% during the 4months to end the year. Overall ridership increase in 2014 was 2.44%, up from the historical trend of 1%. Included in the September 2014 changes, Route 36 service increased from hourly to every half-hour and service hours were extended during evenings and weekends to meet the approved levels of service.
N-1	Intermunicipal Development Planning	Planning & Development	\$350,000	P	\$230,005	The First phase of this initiative was the completion of an Integrated Growth Management Strategy (IGMS). The IGMS addresses the growth needs of the City and looks at the most appropriate lands to develop based on geographic, landowner and infrastructure considerations. The second phase of the initiative is to complete a new Intermunicipal Development Plan (IDP) Bylaw with the County of Lethbridge.
N-2	River Valley Development Master Plan	Parks Management	\$400,000	P	\$150,000	This study was started in 2013 and is well underway. It is anticipated that this master plan will be completed by the 2nd quarter of 2015.
N-3	Radio Frequency Identification (RFID)	Lethbridge Public Library	\$507,531	N	\$38,700	This project began in 2014 with the purchase of RFID compatible gates, upgrading workstations for RFID and purchasing 3 RFID selfcheck units. The project will be continued in 2015 with upgrades/changes to the workroom.
N-4	Lethbridge Targeted Awareness and Investment Attraction Campaigns	Economic Development	\$325,000	Y	\$325,000	Project completed
N-9	Ticket Centre Personnel	ENMAX Centre	\$630,000	Y	\$765,616	Box Office personnel joined the ENMAX Centre in March1, 2012. The Box Office personnel move has proven to be effective and efficient, generating both a positive customer service environment for our patrons and clients, and a financial gain for the ENMAX Centre. The Box Office has grown its clientele by 18%, and its gross dollars by 34%, and has improved its on line services with seat selection, print@home, and sponsorship products through its ticket system. Our Ticket Center personnel has been developed to provide better services in booking and event setup operations, advance and regular ticket sales, front office communication, phone services, and fulfilled the role of door ticket takers with our new scanner system. It handles our monitor messaging, website, some of our social media services, and our main external communication on events for the ENMAX Centre and all other venues and shows sold through the Ticket Center. We will have the opportunity to upgrade further in the future thanks to all these changes and efficiency gains.
N-10	Construction and Maintenance Program	Electric Utility	\$79,755	Y	\$79,845	Two full-time labourers were hired in 2012.
N-11	Roadway Maintenance - Portable Asphalt Recycling Unit	Water Utility	\$0	Y	\$60,000	The portable asphalt recycling machine was purchased in the 3rd quarter of 2012. It became an active part of operations in the first quarter of 2013.

Ref	Initiative	Business Unit	2012/2013/2014	Complete	2012/2013/2014	Status/ Action Taken to Date / Results Achieved
			Approved Budget	(Y/N/P-Partial)	Actual Expenditure	
N-12	Work Management System for Operations	Water Utility	\$587,500	Y	\$587,500	Led by the Community Asset Management Program (CAMP) business unit, the Water Utility selected the CityWorks Work Order Management Software system to serve as the software system to deploy to the water and wastewater Utilities operations and engineering departments. By the end of 2014, the system was substantially implemented and in use.
N-13	Accessible transportation Service Increase	Accessible Transportation	\$330,305	Y	\$330,305	The approved 5 additional hours of service in Access-A-Ride were implemented September 4, 2013. The additional hours of service were added during peak times, which are morning and afternoon (approx. 7:30 - 9:30 and 2:30 - 4:30). The 5 additional hours of service were scheduled specifically to assist in providing on-demand trips. Reviewing the ridership statistics provided from our scheduling software, we have concluded that on-demand trips have increased a total of 3% from 2012 to 2014, an equivalent of 1,773 rides.
N-14	Slope Monitoring	Transportation	\$115,000	Y	\$73,886	In 2012, EBA Engineering was been retained to perform both slope monitoring in the neighborhoods of Southridge/Sandstone and Tudor estates. In 2013, slopes in the Scenic Heights area was added to the study. EBA also performed a Geotechnical evaluation for groundwater studies in the Southridge/Sandstone neighborhoods. By the end of 2014, all work pertaining to this initiative has been completed.
N-15	Minimum Property Standards	Regulatory Services	\$266,000	Y	\$247,291	Additional bylaw officer hired in April of 2012, vehicle purchased in 2013. The plan to address substandard properties developed with 90% of properties listed on the original deficient list completed or at advanced stage of completion. From the outset of this position, Regulatory Services restructured the department to enable responsibilities to be shared rather than one individual staff member being solely responsible for certain bylaws. This worked quite well, as the majority of the list of substandard properties were addressed quickly, and a supplementary list was created.
N-16	Custodial Support The Crossings Branch Library	Lethbridge Public Library	\$217,384	Y	\$179,854	This position was filled in early 2012 providing the Library with the certification needed to inspect the boilers at the Crossings Branch Library. This position has also provided an increased level of custodial care allowing for enhanced service levels to Library customers and staff. The \$10,000 for supplies was expended in 2013. The position was vacant for approximately 1.5 months in 2014 due to staff changes.
N-29	Lethbridge International Air Show	Community - Council Referral	\$67,500	Y	\$67,500	These funds were used to support the annual Alberta International Air Show. This event provides a variety of educational, recreational, family and group activities to the City.
N-33	Pay-As-You-Go Capacity Increase	Pay-As-You-Go Program	\$1,000,000	Y	\$1,000,000	2014 amount has been allocated.
N-35	Nord-Bridge Senior Citizen Association & LSCO	Community - Council Referral	\$330,000	Y	\$330,000	\$75,000 was allocated to Nord-Bridge Seniors Centre and \$35,000 was allocated to Lethbridge Senior Citizen Organization for assistance in their operational deficits.
N-36	Nikka Yuko Japanese Garden	Community - Council Referral	\$101,500	Y	\$99,992	The ongoing fee for service increase of \$27,000; \$27,800; \$28,700 was used to provide culture programming at the Gardens. The \$18,000 one-time allocation was use to purchase computer equipment, advertising, public relations and other programming costs.
N-37	Lethbridge Habitat for Humanity	Community - Council Referral	\$30,000	Y	\$30,000	The increase of this grant allocation has been used to assist in the purchase of a single family lot from the City. A home will then be constructed on the lot for a low-income family.
N-38	Lethbridge Food Bank & Interfaith Food Bank	Community - Council Referral	\$7,200	Y	\$7,200	This funding has assisted the food banks to help meet the increased demand of services within the community.