

City of Lethbridge

20
24

December 31, 2024
Alberta, Canada

**ANNUAL
REPORT**



City of Lethbridge
910 - 4th Avenue South
Lethbridge, Alberta, T1J 0P6

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The Annual Report is produced by the
Treasury & Financial Services
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 offers respect to the Métis and all who have lived on this land and made Lethbridge their home.



Lethbridge River Valley

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MAYOR'S MESSAGE



Mayor Blaine Hyggen

On behalf of Lethbridge City Council, I am pleased to showcase the 2024 Annual Report.

Lethbridge is the third-largest city in Alberta and we consistently demonstrate a sustainable and healthy rate of growth. This stability, as well as steady growth and retention, allows the City of Lethbridge to plan effectively for the future of our community.

In June 2024, Council approved an updated Gateway to Opportunity – City Council Action Plan that outlines the priorities for the remainder of Council's term. With the support of City Administration, the priorities have been clearly defined and resourced to ensure these important goals can be accomplished. The Action Plan outlines 26 projects/priorities, including master plans, that will guide the future growth and development of Lethbridge as well as strategies to address current needs and challenges.

We know there were some challenges in 2024 that will carry into 2025 and beyond. There are also plenty of good news stories for the City of Lethbridge.

When I recently presented my annual State of the City address, I

spoke about a wide variety of topics including the long-term needs we will have regarding water and wastewater, as well as how and why hard decisions were made on the Lethbridge and District Exhibition.

While thankfully the worst-case drought scenarios didn't play out last summer, this issue may still be of major concern in the years to come. I was proud of the City's preparedness in 2024, with our Water Conservation Plan and Strategy, updated Water Rationing Action Plan and the Water Wednesday weekly series providing information and tips on water conservation.

Council's LDE decision, meanwhile, secures operational funding which helps their team move forward with critical sales initiatives to book new events, secure sponsors and grow other revenue streams. This will help continue reducing the deficit at the Agri-food Hub & Trade Centre which has already been cut by \$4.2 million in the last year. We also passed a motion to refinance the debt related to the construction of the Agri-food Hub & Trade Centre to save \$15 million in interest during the next 10 years from the original 30-year loan, thus reducing that amortization time by 20 years. This is a major improvement for the long-term financial impact to our taxpayers.

I want to add that the Agri-food Hub & Trade Centre is a world-class facility that presents tremendous opportunity for our community. Council has been, and continues to be, supporters of this project. It's important that we protect the significant financial investment the City has made in this project, as well as the investments the Provincial Government and other funders have made in our community. Again, this was not an easy process. But it was another example of the great efforts displayed by City Council and City Administration to achieve the best

possible result for the community, based on what we were facing.

Council met as Economic and Finance Standing Policy Committee in November 2024 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 the dedicated departments for the efforts they put into this organization each and every day.

On that note, there were so many other great projects across the corporation in 2024. Here are a few more highlights:

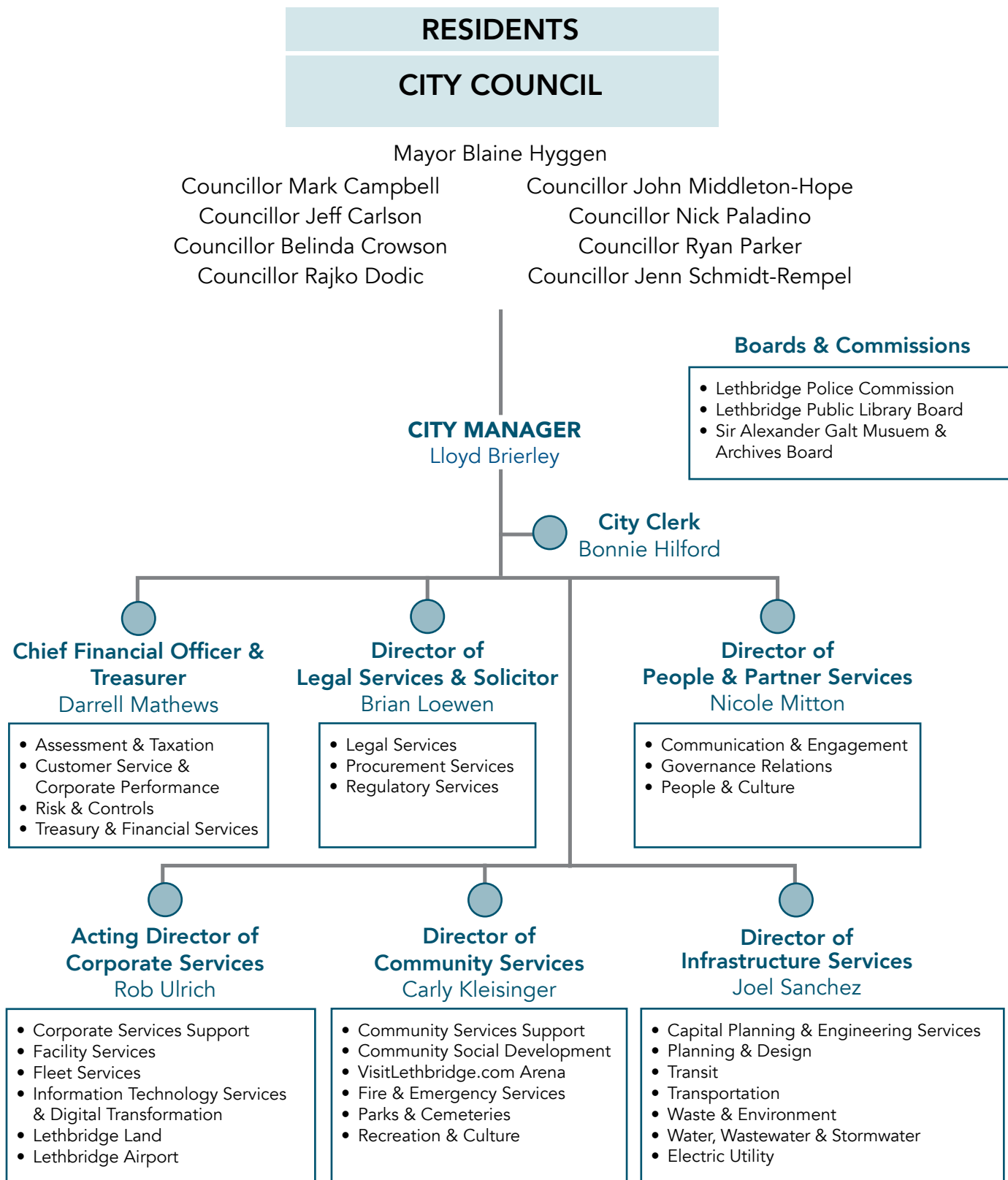
- 50 years of the Sportsplex (now VisitLethbridge.com Arena)
- Outdoor Sports Court
- River Valley Trail Network
- Outdoor Dog Run at the Animal Shelter
- Pedestrian Safety
- Remounted Ambulances
- Fritz Sick Pool upgrades
- Clean Energy Improvement Program
- Mighty Neighbours program

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 2025.

Blaine Hyggen
Mayor

Legislative & Administrative Organization Chart



Note: the organizational chart is as of December 31, 2024.

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



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

Quality design

Strive to enhance and sustain a quality built environment

Environmentally responsible

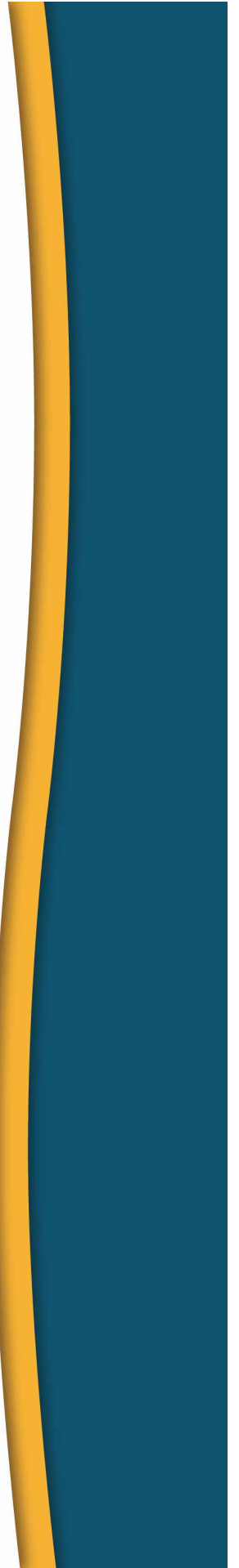
Strive to enhance and sustain the natural environment

Regional support

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

2024 Audit Committee Members:
January 1, 2024 - October 31, 2024

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

November 1, 2024 - December 31, 2024

Councillor J. Carlson
Councillor R. Dodic
Councillor N. Paladino
Councillor R. Parker

April 29, 2025

CHIEF FINANCIAL OFFICER & TREASURER

FINANCIAL STATEMENT DISCUSSION & ANALYSIS



Darrell Mathews - CFO & Treasurer

The 2024 Annual Report of the City of Lethbridge (the "City") provides information to all members of the public about the City's 2024 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. In 2024, Lethbridge & District Exhibition is also included in the consolidated financial statements. This inclusion is due to the City becoming the sole shareholder under the terms of the Memorandum of Understanding (MOU) dated January 23, 2024.

The City's auditor KPMG LLP has audited the 2024 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, 2024, 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).

2024 FINANCIAL HIGHLIGHTS

2024 was the second 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 2024, the City realized a Consolidated Annual Unrestricted Surplus of \$2.7 million, (2023 - surplus of \$6.8 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 2024 General and Utility operations for the period ended December 31, 2024.

General Operating Results

Corporate Accounts ended the year with a \$2 million surplus. For 2024, 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.

FINANCIAL STATEMENT DISCUSSION & ANALYSIS

By City Council resolution, this \$2 million Corporate Account surplus will be transferred to the Municipal Revenue Stabilization Reserve in the following year. Significant corporate account variances from budget are as follows:

Property tax ended the year with a positive variance of \$1.95 million. This is 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 \$0.18 million. This positive variance includes higher than budgeted penalties on taxes of \$0.15 million and other revenues of \$0.04 million. These positive variances were offset by the lower than budgeted transfer of \$0.01 million from Water Utility and Landfill to General Operations.

Permit, development and license revenue ended the year with a negative variance of \$1.71 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 \$0.98 million. This is a net result of lower-than-budgeted pension rates, and a surplus within the Disability Plan, offset by increases to CPP and WCB rates.

Utility costs for tax-supported City facilities ended the year with a positive variance of \$1.03 million, primarily due to lower than budgeted consumptions for electricity, natural gas, and City utility costs.

A negative variance of \$0.02 million is due to specific conditions with VisitLethbridge.com Arena (formerly known as ENMAX Centre) due to the extension of contract terms due to

pandemic related facility closures, this was offset by \$0.02 million funding from the reserve to address this pandemic impact.

A negative variance of \$0.43 million relates to the Exhibition loan stop loss payment. As per the December 10, 2024 City Council resolution, the City has repaid the outstanding external loan balance to the Province, including applicable penalties. This ensures compliance with the loan terms and eliminates further financial obligations. The total interest savings from this repayment amount to \$15.5 million, consisting of \$14.5 million in interest saved on the original loan and \$2.7 million in internal interest payments to MRSR over 10 years, minus an estimated \$1.7 million opportunity cost in investment revenue.

General Fund has a \$0.1 million surplus that relates to consolidation of Lethbridge & District Exhibition (LDE). This is the net impact after inter-entity transactions are eliminated upon consolidation.

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 second year, departments are expected to overcome the deficit by adjusting the expenditures in the remaining years of the operating budget (2025-2026); and if the experience after the second year results in net under expenditures, the departments have the ability to roll the amounts over to assist with operations during 2025-2026. 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 \$2.7 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 \$1.7 million. Waste Processing operating expenses ended the year with a positive variance of \$0.9 million, primarily due to lower than budgeted Landfill operating costs, and a positive variance of \$0.1 million from higher than budgeted Landfill revenue. Waste Collections ended with a surplus of \$0.7 million primarily due to lower than budgeted collection expenses a result of improved efficiencies achieved through route optimizations.

Wastewater Utility ended the year with a negative variance of \$0.4 million. Revenue finished the year with a \$0.6 million negative variance primarily due to a lower than budgeted residential, regional, and commercial revenues offset by an increase in industrial sewage revenue. Operating expenses ended the year with a positive variance of \$0.2 million mainly due to lower than budgeted Wastewater Treatment plant energy costs. In 2024, \$0.8 million was transferred to the Water Utility Reserve Fund to provide funding for the Wastewater Treatment Plant Expansion. In addition, \$1.4 million of prior years' accumulated surplus has been allocated as a funding source for 2024 Offsite Levy account shortfall as per City Council resolution on March 26, 2024.

FINANCIAL STATEMENT DISCUSSION & ANALYSIS

Water Utility ended the year with a positive variance of \$0.1 million. This was due to operating expenses ending the year with a positive variance of \$0.1million which was offset by a slight negative variance in water revenue impacted by water conservation efforts throughout the year. In 2024, \$3 million has been transferred to the Water Utility Reserve Fund to provide funding for the Water Treatment Plant Expansion. In addition, \$0.8 million of prior years’ accumulated surplus has been allocated as a funding source for 2024 Offsite Levy account shortfall as per council resolution on March 26, 2024.

The Electric Utility ended the year with a \$0.8 million negative variance from operations. Distribution tariff ended the year with a positive variance of \$0.5 million which is primarily due to the Transmission Access (Provincial Access to the Grid) component of the tariff and 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 negative variance of \$0.8 million. This is primarily due to a shortfall in revenue of \$0.9 million and an increase in system operations of \$0.3 million. These negative variances were offset by a positive variance of \$0.4 million from a decrease in depreciation costs and Linear Property Tax. Regulated Rate tariff ended the year with a negative variance of \$0.5 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 Utility department uses hedges to reduce risk on energy purchases. In 2024 the energy demand was lower than the forecasted amount (hedged

amount) which caused the City to pay out more to settle hedge purchases. Fibre operations ended the year in a slight negative variance. This is primarily due to a negative variance in increased depreciation expenses offset by positive variances due to a decrease in the cost of capital, and an increase in revenue.

CHANGE IN ACCOUNTING POLICY

Effective January 1, 2024, the City adopted new rules for recognizing and reporting revenue under PS 3400 – Revenue. The new rules distinguish between exchange transactions (where something is exchanged for a good or service) and non-exchange transactions (where no such exchange occurs). Additionally, the City also adopted PSG-8 – Purchased Intangibles and PS 3160 – Public Private Partnerships, but these changes had no impact on the financial statements. They are disclosed in Note 3 of the audited financial statements.

FINANCIAL POSITION

The overall financial position of the City of Lethbridge ended 2024 with year-end net financial assets totaling \$20.9 million (2023 net financial assets of \$11.8 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.

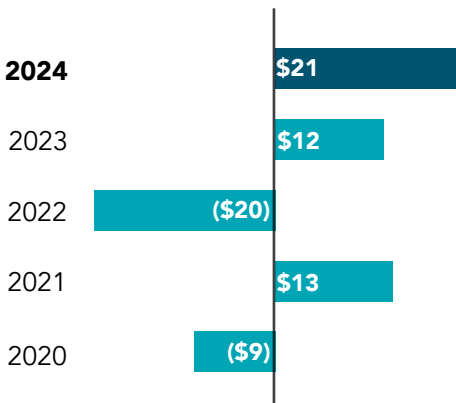
Financial Assets

The City’s 2024 total financial assets of \$441.6 million increased by \$6.1 million from the prior year (2023 \$435.5 million). There was a net increase in cash and investments of \$35.5 million due to the timing of

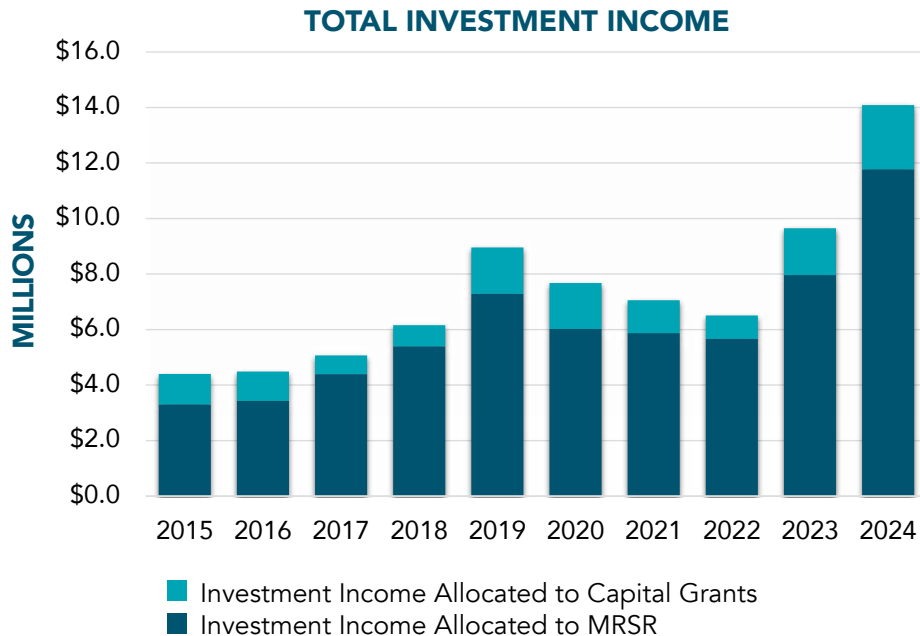
receipt of funds from other levels of government as compared to the funding required in the given year due to timing of the capital project construction. In addition, the average size of the investment portfolio increased in 2024 from 2023. Offsetting this increase, was a decrease in loans and advances of \$17.4 million due to the forgiveness of the LDE loan, a decrease of \$11.2 million in general and utility receivables, a decrease in deposits of \$0.4 million, and land held for resale of \$0.4 million.

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 2024 was \$377.5 million (2023 \$344.4 million).

NET FINANCIAL ASSETS (DEBT) (millions)



FINANCIAL STATEMENT DISCUSSION & ANALYSIS



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 2024 gross interest income earned from the portfolio was \$14.1 million (2023 \$9.6 million). The City's 2024 average portfolio yield of 3.73% (2023 2.80%) is higher than the Government of Canada 3-year Benchmark yield of 3.53% (2023 4.00%); due to timing of investment purchases and maturity the City's investment portfolio realized the benefits of rising interest rates and utilized increase in investment income to repay external debt.

Liabilities

The City's 2024 total financial liabilities of \$420.7 million decreased by \$3 million compared to the prior year results (2023 \$423.7 million), primarily due to a decrease in debenture debt of \$35.3 million. This decrease was offset by an increase in deferred revenue of \$18.3 million, accounts payable and accrued liabilities of \$9.8

million, deposits and other liabilities of \$1.3 million, employee benefit obligations of \$1.2 million, asset retirement obligation of \$1.1 million, and capital lease obligation of \$0.6 million.

Debenture Debt

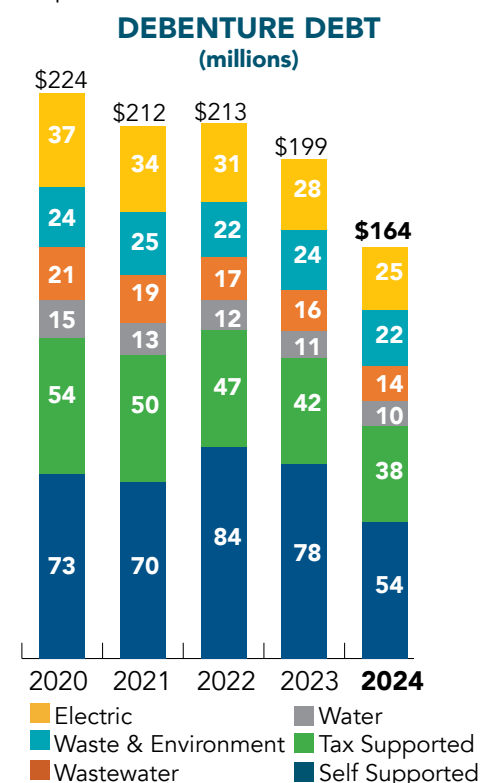
In 1989, City Council adopted a policy of Pay-As-You-Go financing for general municipal (non-utility) capital expenditures, which provides for a fixed amount to be applied to taxation supported debt payments and funding of capital projects. A complementary policy was that of utilizing City reserves to 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.

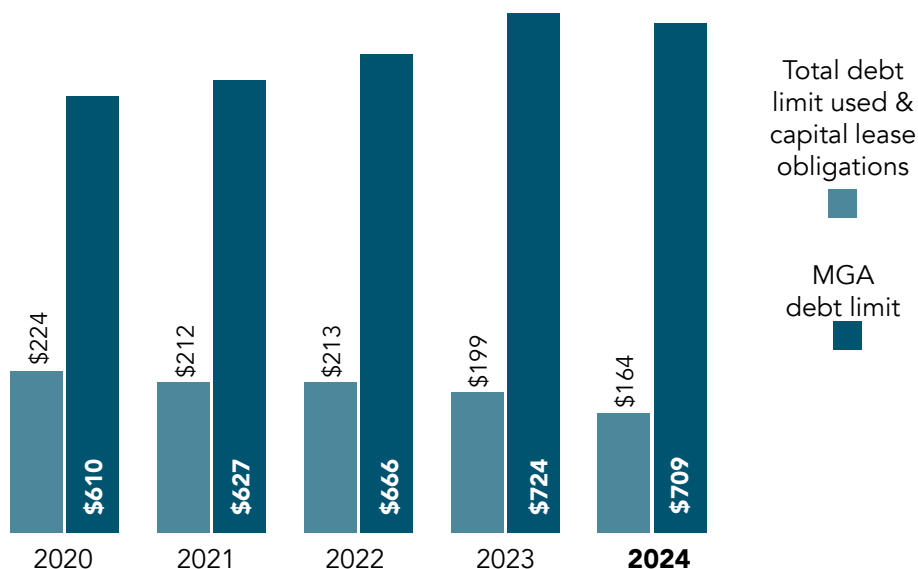
The general fund continues to require external borrowing for "self-supported" activities such as Land Development and Developer Offsite Levy projects. Its activities are termed self-supported because the debt repayments are made directly from the revenue of these activities and are not paid from property taxes. Significant Offsite Levy borrowings have been required to fund projects that will support growth in the community for coming decades.

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.



FINANCIAL STATEMENT DISCUSSION & ANALYSIS

DEBT VS DEBT CAPACITY
(millions)



In 2024, the City's debenture debt was \$163.5 million. This was a decrease of \$35.3 million (17.8%) from the 2023 balance.

The 2024 borrowings totaled \$1.3 million for Clean Energy Improvement Program (CEIP) second disbursement. New borrowing was offset by principal loan payments of \$36.6 million.

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

Deferred Revenue

Deferred revenue is made up of contributions from other levels of government, user fees, prepaid taxes, and other revenue deferrals. The \$18.3 million increase in deferred revenue is primarily due to the timing of government contributions received versus the recognition of revenue based on eligibility requirements and implementation of PSAS 3400 – Revenue.

Accounts Payable and Accrued Liabilities

The accounts payable and accrued liabilities balance of \$53.4 million at the end of 2024 has increased by \$9.8 million over the prior year balance of \$43.6 million. Trade accounts payable increased by \$5.2 million due to payments related to the timing of construction and capital expenditures during 2024 and payments for larger operating expenses. Accrued liabilities increased by \$4.3 million primarily due to an increase in payroll and benefits. Other government liabilities increased by \$0.3 million due to an increase in WCB Payable.

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 2024, deposits and other liabilities increased by \$1.3

million primarily due to an increase in conditional funding.

Employee Benefit Obligations

Employee benefit obligations ended the year with a balance of \$16.1 million which was an increase of \$1.2 million from the previous year (2023 \$14.9 million). This is primarily due to an increase in vacation and overtime liabilities.

Asset Retirement Obligations

In 2024, the City's asset retirement obligations were \$55.9 million. This was an increase of \$1.1 million from the 2023 balance of \$54.8 million. A further description of what each of these obligations include is provided in Note 13 – Asset Retirement Obligations.

Capital Lease Obligations

In 2024, the City's capital lease obligation was \$3 million. This was an increase of \$0.6 million from \$2.4 million in 2023. The increase is due to the increased number of leased fleet units to 65 in 2024 from 44 in 2023.

Net Financial Assets (Debt)

As demonstrated on the Consolidated Statement of Net Financial Assets, the City of Lethbridge has net financial assets of \$20.9 million (2023 net financial assets of \$11.8 million). This increase in net financial assets of \$9.1 million relates to an increase in cash and investments of \$35.5 million, and \$11.2 million decrease in receivables, a \$17.4 million decrease in loans and advances, a \$9.8 million increase in accounts payable and accrued liabilities and decreases in debenture debt of \$35.3 million. During 2024, due to later than anticipated start of various capital projects, there was a decrease in acquisition of tangible capital assets and an increase in deferred revenue.

FINANCIAL STATEMENT DISCUSSION & ANALYSIS

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 2024 with a balance of \$1.95 billion (2023 \$1.90 billion) which was an increase of \$50 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.

In 2024, asset acquisitions across all categories were \$56.6 million. The most significant investments in tangible capital assets during 2024, included the VisitLethbridge.com Arena Parking Lot Rehabilitation of \$4 million, Waste and Environment Cell Development of \$2.4 million, Water Treatment Plant facility and system

upgrades of \$2.6 million, and Annual Overlay Program of \$2.0 million. In addition, there was \$79 million in contributed assets primarily due to LDE building and equipment. These additions were offset by disposals with a net book value of \$8 million and amortization expense of \$78 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 2024 with a balance of \$63.9 million which is an increase of \$5.2 million from the prior year (2023 \$58.7 million). This was primarily due to an increase in prepaid expenses and inventory held for consumption offset by a decrease 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 2024 municipal equity total is \$2.04 billion which is an increase of 3.23% 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 an increase of \$72.1 million, or 14%, with total revenue of \$573.2 million (2023 \$501.1 million).

REVENUES (millions)

2024 Actual	\$	573.2
2023 Actual		501.1
Variance	\$	72.1
% Variance		14%

The increase was largely driven by contributed assets, which amounted to \$75.1 million, along with net taxes of \$11.9 million, government transfers of \$6.8 million, and other revenue totaling \$5.9 million. Additionally, small increases in return on investments, fines and penalties, and the gas company franchise fee collectively contributed \$1 million. However, these increases were offset by a decrease in sales and user charges of \$23.9 million, a decrease of \$4.1 million in the sale of land, and a \$0.6 million decrease in licenses and permits.

In 2024, contributed assets increased by \$75.1 million, reaching a total of \$79 million. The primary driver of this increase was the LDE consolidation, which added \$78.6 million in tangible capital assets the most significant being the Agri-Food Hub facility.

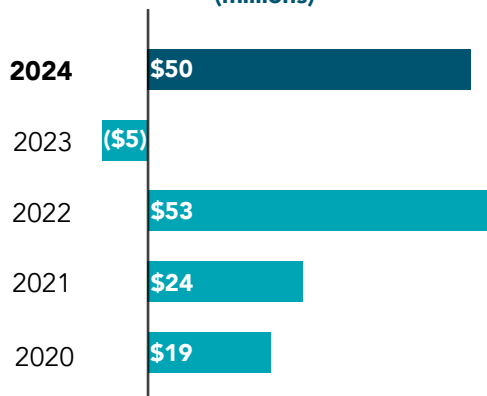
Contributed assets are typically provided by developers, \$0.4 million was from this source in 2024. Contributed amounts can vary from year to year, as they are influenced by factors such as:

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

NET INCREASE IN TANGIBLE CAPITAL ASSETS (millions)



FINANCIAL STATEMENT DISCUSSION & ANALYSIS

fencing) that the developer installs and will correspondingly change the value of the assets and contributed asset revenue for the City of Lethbridge.

Property tax is a key revenue source for the City to fund municipal services. In 2024, net taxes available for municipal services totaled \$182.3 million, reflecting an increase of \$11.9 million, or 7%, compared to 2023. This amount accounted for 32% of gross revenue, slightly down from 34% in 2023. The increase in net taxes was primarily driven by a 5.1% property tax increase approved by Council, along with higher-than-expected growth in both residential and commercial properties. For more detailed information, please refer to the Schedule of Net Taxes - Schedule 2 in the consolidated financial statements.

Government transfers increased by \$6.8 million in 2024, primarily due to the timing of transfers intended to fund operating or capital expenses. These revenues are externally restricted and recorded as deferred revenue until they are used for their intended purpose. The increase in government transfers was largely driven by higher funding from several sources, including a \$3.6 million increase from the Municipal Sustainability Initiative (MSI), a \$2.1 million increase from the Canada Community Building Fund (CCBF), and a \$1.3 million increase from the Local Government Fiscal Framework. Additionally, other smaller grants saw an increase of \$3.4 million. However, the overall increase was offset by the decreases in certain grants, such as \$1.2 million decrease in Active Transportation Fund, and Outreach and Support Initiative (OSSI), which decreased by \$1.1 million. Other grants accounted for a \$1.3 million reduction in revenue.

Other Revenues increased by \$5.9 million in 2024 to \$16.7 million. The change in revenue from other sources increased due to \$3.5 million increase from LDE consolidation, increases in General and Government Services of \$1 million, Protective Services by \$0.8 million and Transit of \$0.5 million. The remaining areas had an overall increase of \$0.1 million.

Sales and user charges decreased by \$23.9 million, or 9.8%, from 2023, primarily due to a \$32.2 million decrease in Electric revenue and Water revenue of \$0.8 million. These utility revenue decreases were offset by a \$2.3 million increase in Waste & Environment, a \$0.4 million increase in Wastewater revenue. In addition, \$4.9 million is revenue related to LDE, and a \$2 million increase in Fire & EMS contracts and direct billing. Various departments contributed to a \$2.6 million increase in other revenue, these increases were offset by a \$3.1 million decrease in offsite development revenue.

In 2024, the City received land sales revenue of \$11.1 million which was a decrease by \$4.1 million from the previous year (2023 \$15.2 million). This is mainly due to lower sales in Crossings of \$7.9 million offset by increases in Sherring Industrial of \$2.7 million and residential lot sales of \$1.1 million in RiverStone. Land sales fluctuations from year to year occur due to timing differences created through the development process with residential and industrial subdivisions.

The City experienced an overall increase of \$0.4 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 30 – Segmented Disclosures.

In 2024, the consolidated expenses were \$509.3 million which was a 7.4% increase from the previous year (2023 \$474.3 million).

EXPENSES (millions)	
2024 Actual	\$ 509.3
2023 Actual	474.3
Variance	\$ 35.0
% Variance	7.4%

Expenses by Function

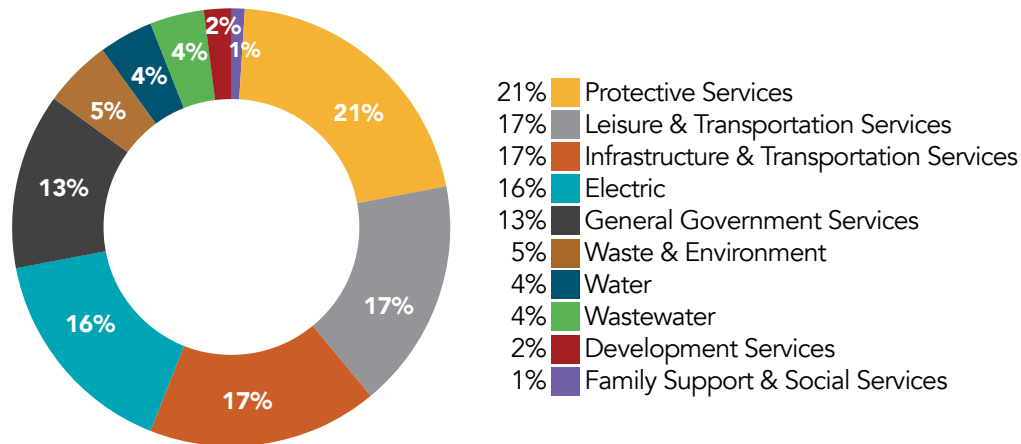
In 2024, overall expenses increased by \$35 million from 2023. The primary factors contributing to this change were a \$28.3 million increase in General Government Services. Other significant increases included \$15.7 million in Leisure & Human Services, \$9.5 million in Protective Services, \$4 million in Infrastructure & Transportation Services and Waste & Environment increased by \$2.6 million. These increases were offset by decrease in Electric Utility of \$28.1 million. All other segments increased by a combined total of \$3 million.

General Government Services expenses increased by \$28.3 million to \$65.3 million in 2024 from \$37 million in 2023. General administration recoveries from other internal segments decreased by \$17.3 million largely due to the consolidation of LDE. Other increases are \$4.2 million in personnel costs, contracted and general services of \$3.6 million, transfers to individuals and organization of \$1.9 million and an increase in other expenses of \$1.3 million.

Leisure & Human Services expenses increased by \$15.7 million to \$84.7 million from \$69 million in 2023 and

FINANCIAL STATEMENT DISCUSSION & ANALYSIS

2024 Expenses by Function



this was heavily impacted by the addition of LDE operations of \$15.1 million in expenses which is 96% of the overall increase within Leisure & Human Services.

Protective Services expenses increased by \$9.5 million to \$109.1 million in 2024 from \$99.6 million in 2023. This was primarily due to additional personnel costs of \$8.5 million this is related to approved budget initiatives for Fire & EMS, Police, Dispatch, and other protective services, negotiated wage increases, overtime costs and benefits. Increases found in the other categories total \$1 million.

In 2024, Infrastructure & Transportation Services expenses increased by \$4 million, reaching a total of \$84 million, up from \$80 million in 2023. This increase was primarily driven by an increase in amortization of tangible capital assets of \$3.7 million, materials, supplies, and utilities, which increased by \$2.3 million; and an increase in personnel costs of \$1.5 million. Contracted and general services expense decreased by \$2.2 million, mainly due to a reduction in capital spending on road infrastructure. Other expense categories saw a decrease of \$1.3 million.

The Waste & Environment had a \$2.6 million increase in expenses. This increase is attributed to an increase in contractual and specialized services of \$1.6 million, personnel costs also increased by \$0.5 million, and other expense categories made up \$0.5 million of the overall increase.

Electric Utility expenses decreased by \$28.1 million to \$79.8 million in 2024 from \$107.9 million in 2023. Approximately \$19.4 million of this is primarily from decreases in the cost of energy compared to 2023, a decrease of \$1.3 million in system access fees, and a final decrease of \$8.7 million due to the conclusion of government rebates offered to RRO customers up until April 2023. To offset these decreases, there were increases in other expense categories of \$1.3 million.

The City experienced an overall increase of \$3 million in the remaining expense segments.

Expenses by Object

The Schedule of Segmented Reporting – Schedule 4 and note 24 – Expenses by Object provide an alternate view of the City's expenses. The expense by object provides another insight into the overall increase of \$35 million from 2023.

Contributing factors to this increase include increases in other expense of \$26.5 million, salaries, wages and benefits of \$17.4 million, amortization on tangible capital assets of \$7.5million, contracted and general services of \$6.1 million, and \$2.5 million in remaining expense categories. These increases were offset by decrease in material, supplies and utility expenses of \$25 million.

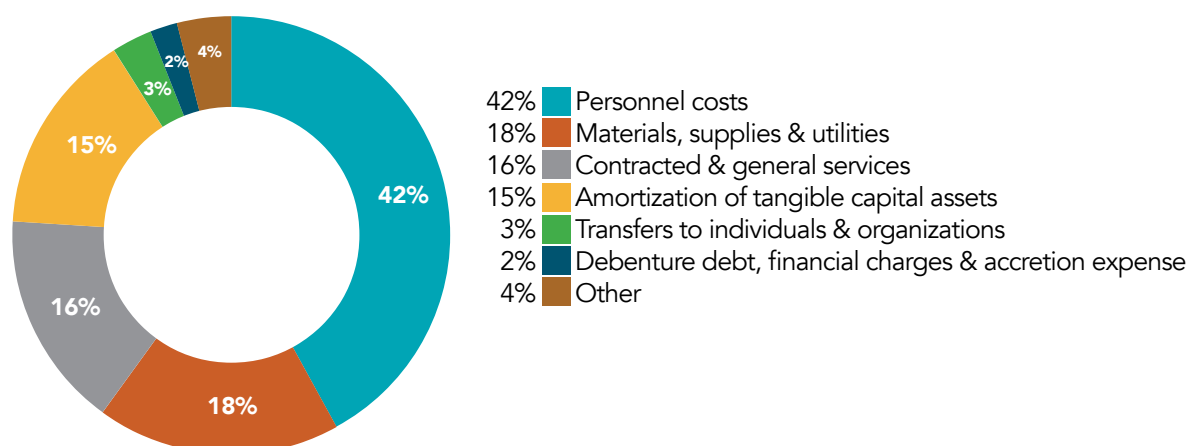
Other expenses increased by \$26.5 million. This was largely impacted by the consolidation of LDE and the recognition of an expense for assumed obligations.

Personnel costs increased by \$17.4 million. In 2024 to maintain service levels during a possible work stoppage administrative staff vacation approvals were limited until a new collective agreement was finalized leading to increased costs, other factors are Capital Improvement Program and Operating Initiatives, negotiated increases in collective agreement costs and an increase in benefits, due to increases in payroll deduction rates.

In 2024 amortization of tangible capital asset expenses totaled \$78 million, an increase of \$7.5 million from 2023. The largest increase came

FINANCIAL STATEMENT DISCUSSION & ANALYSIS

2024 Expenses by Object



from vehicle amortization, which rose by \$3.2 million, this increase was composed of \$1.3 million from Fleet Services, \$1.2 million from Transit, and \$0.7 million from other areas. Building amortization increased by \$2 million, primarily the Lethbridge & District Exhibition Agri-Food Hub. An increase in equipment and furnishings amortization of \$1.1 million, engineering structures of \$1.2 million.

Contracted and general services increased by \$6.1 million to \$82 million in 2024 from \$75.9 in 2023. This increase is mainly due to a \$9.8 million rise in operations related costs. Of this increase, \$2.5 million was attributed to consolidation of LDE. This increase includes repairs and maintenance expense, event entertainment, advertising, and other contracted and general expenses. Facility Services expense increased by \$1.8 million due to higher repairs and maintenance expenses in 2024. Leisure & Human services saw an increase of \$0.9 million in VisitLethbridge.com Arena event operation. Wastewater expenses increased by \$0.8 million resulting from sludge disposal expenses while Waste & Environment saw an increase of \$0.7 million. The other segments

had an overall increase of \$3.1 million in operations related expenses. These operational increases were offset by a \$3.7 million decrease in capital project spendings, primarily due to slower than anticipated start of various capital projects, which is reflected in the decrease in tangible capital asset additions in 2024.

In 2024, Materials, supplies, and utilities expenses decreased by \$25 million, or 22%, to \$88.8 million from \$113.8 million in 2023. This is primarily due to a decrease in expenses of the Electric Utility, a result of lower energy prices compared to 2023, reduced system access fees, the conclusion of government rebate that was offered to customers in 2022 and 2023, and reduced costs from proactive inventory management efforts, totaling \$30.5 million. These decreases were offset by \$2.4 million increase in operational materials and supplies, primarily in utilities, \$2.1 million for Lethbridge & District Exhibition, and an increase of \$1 million in fuel expenses.

Other expense categories have decreased by \$2.5 million. This is due to an increase in Transfers to individuals and organizations increased by \$2.1 million, \$0.4 million

increase in financial charges, and slight increases in debenture debt interest and accretion expenses.

Excess of Revenue Over Expenses

During 2024, the City realized an excess of revenue over expenses of \$63.9 million. As summarized on the Consolidated Schedule of Unrestricted Surplus – Schedule 1, the bulk of these funds were reduced by the \$6 million for transfers to reserves, \$19.8 million in transfers from the capital fund and the change in the equity in tangible capital assets of \$83.1 million (represented by the net increase in tangible capital assets of \$49.5 million, the net decrease of debenture debt of \$35.3 million, capital lease obligation increase of \$0.6 million and asset retirement obligation increase of \$1.1 million), and by the \$8.1 million increase related to changes in other equity balances. Once these changes and transfers are completed it leaves the consolidated annual unrestricted surplus of \$2.7 million as noted on Schedule 1.

CASH FLOWS

The City's cash and cash equivalents increased from the prior year by \$15

FINANCIAL STATEMENT DISCUSSION & ANALYSIS

million to a balance of \$51.4 million. During the year, \$126.4 million was raised from operating activities. This was offset by the use of cash and cash equivalents for net debenture debt repayments of \$35.3 million, investment portfolio increases of \$20.6 million (net), and \$55.5 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 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. During the 2024 budget review in November,

FINANCIAL STATEMENT DISCUSSION & ANALYSIS

Economic & Finance Standing Policy Committee made a series of recommendations to City Council. In December 2024, City Council approved these recommendations however these approvals won't have any additional tax pressure or impact on the previously approved 2025 and 2026 tax rates.

In May 2024, City Council approved changes to the Capital and Operating Budget process by staggering the two budget deliberations by one year. This process change will require the current 2023-2026 Operating Budget to include a "stub year" for 2027. The Operating Budget deliberations and approval of the 2027 Operating Budget will occur in 2026. The 2027-2030 Capital Budget deliberations and approval will take place at the end of 2026. Then in 2027, the 2028-2031 Operating Budget deliberations and budget approval will be conducted. Future budget process will continue to stagger the Capital and Operating budget deliberations by once year.

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 2024 Consolidated Financial Statements at its meeting in April 29, 2025.

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 2024, the annual unemployment rate in the Lethbridge is low at 5.5% versus the national average of 6.4% and consistently lower than the Alberta rate of 7.0%. Lethbridge's population remains stable at just over 106,500. The rate of inflation fell to 2.4% in 2024 at the national level, down from 3.9% in 2023. This was the second consecutive annual decline and the closest the country has been to the 2.0% Bank of Canada target rate in years. Shelter (rented and owned accommodations) put the most upward pressure on prices last year, with inflations in this segment rising by 5.7%. Higher borrowing rates and accelerating rental prices were among the factors that contributed to rising

FINANCIAL STATEMENT DISCUSSION & ANALYSIS

costs. Consumers did see relief in the form of receding foods costs in 2024. Prices in this component rose by 2.7% last year, down from 7.5% in 2023. The factors that previously brought about higher prices (i.e. supply chain constraints) eased, helping precipitate lower costs. Patterns in Alberta were similar to those observed at the national level, with the all-items price index rising by 2.9% last year (down from 3.3% in 2023). Shelter (rented and owned accommodations) was the factor that contributed most to rising prices in our province in 2024, with costs in this component rising by 7.0%. Current forecasts are calling for prices to recede again in 2025, with analysts projecting price growth of 1.7% - 2.4%. With that said, these forecasts were made prior to the implementation of tariffs by the U.S. government. If this policy is a lasting development, it could alter the existing projections in a material fashion.

In terms of new construction, Lethbridge experienced a decrease in terms of the value of overall construction in the community at \$280 million, versus \$291 million in 2023. Industrial permit values totaled \$22.1 million in the most recent calendar year, down \$1.0 million from 2023's

total of \$23.1 million. Commercial permit values saw a decrease to \$22.6 million in 2024, from \$29.3 million in 2023. Residential permits for single detached dwellings saw an increase in 2024 with 192 permits issued versus 144 in 2023. Major developers scaled back on existing subdivisions and had no plans for new ones in 2024. This trend is expected to continue into 2025 if economic conditions persist. The slowdown is directly linked to inflationary pressures, expensive building costs, high interest rates and rising home prices. This has also impacted the City's development revenues, which saw a decrease in 2024. The City has adjusted its projections for development to be around 15Ha in 2025 versus the historical average which was around 30 to 35Ha.

Lethbridge City Council is continuing to advocate in support of our local economy, specifically with recent actions regarding the potential impact of U.S. tariffs to the region.

CONCLUSION

The 2024 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 \$20.9 million at the end of 2024. 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 2024. 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 2025.

Respectfully submitted,



Darrell Mathews, CPA, CMA, CIA
CFO & Treasurer
April 29, 2025



Sunridge Pond

RECOGNITION FOR ACHIEVEMENTS

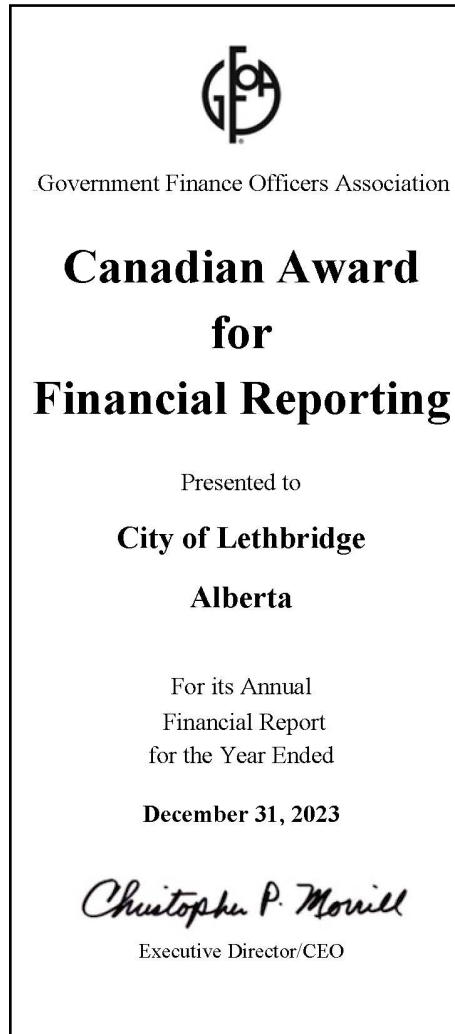
Recognition for Achievements

Canadian Award for Financial Reporting

The City of Lethbridge annual financial report for the year ended December 31, 2023, 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.



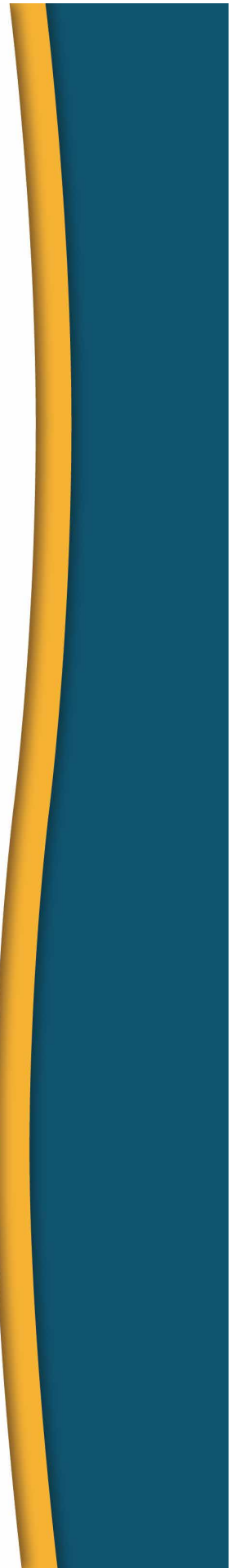
Popular Annual Financial Report Award

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, 2023. 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 nine consecutive years (2015-2023). 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, 2024 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 29, 2025



Darrell Mathews, CPA, CMA, CIA
CFO & City Treasurer
April 29, 2025

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

- the consolidated statement of financial position as at December 31, 2024
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net assets (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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2024 and its consolidated results of operations, changes in net financial assets 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 "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's report.

We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the consolidated 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 consolidated 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.

INDEPENDENT AUDITOR'S REPORT

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 auditor's report to the related disclosures in the consolidated 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 auditor's 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 consolidated financial statements, including the disclosures, and whether the consolidated 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

Chartered Professional Accountants

Lethbridge, Canada
April 29, 2025

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2024

(in thousands of dollars)

		2024	2023
FINANCIAL ASSETS			
Cash and cash equivalents	Note 4	\$ 51,394	\$ 36,355
Investments	Note 5	348,245	327,700
Receivables	Note 6	41,440	52,602
Loans and advances	Note 7	-	17,429
Deposits		96	546
Land held for resale		495	885
		441,670	435,517
LIABILITIES			
Accounts payable and accrued liabilities	Note 8	53,445	43,609
Employee benefit obligations	Note 9	16,088	14,928
Deferred revenue	Note 10	115,737	97,401
Deposits and other liabilities		13,061	11,788
Capital lease obligations	Note 11	3,023	2,411
Debenture debt	Note 12	163,508	198,827
Asset retirement obligations	Note 13	55,869	54,755
		420,731	423,719
NET FINANCIAL ASSETS (DEBT)		20,939	11,798
NON-FINANCIAL ASSETS			
Inventories held for consumption		13,138	12,850
Prepaid expenses		9,240	3,405
Land held for resale		41,542	42,493
Tangible capital assets	Schedule 3 & Note 15	1,953,145	1,903,598
		2,017,065	1,962,346
MUNICIPAL EQUITY			
	Note 17	\$ 2,038,004	\$ 1,974,144
Commitments (Note 25)			
Contingent liabilities (Note 29)			

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

CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2024 (in thousands of dollars)

		2024	2024 Budget (Note 31)	2023
REVENUE				
Sales and user charges		\$ 220,397	\$ 236,724	\$ 244,289
Net taxes	Schedule 2	182,336	180,314	170,406
Government transfers	Note 22	34,413	38,266	27,585
Gas company franchise fee		7,091	6,750	6,968
Contributed assets		79,026	-	3,927
Sale of land		11,058	11,058	15,207
Fines and penalties		5,436	6,742	5,324
Return on investments		13,667	5,486	12,979
Licenses and permits		3,090	4,299	3,752
Other		16,710	(6,760)	10,723
		573,224	482,879	501,160
EXPENSES				
	Note 24			
Protective Services		109,115	108,771	99,569
Electric		79,804	90,576	107,931
Infrastructure & Transportation Services		84,021	87,318	79,962
Leisure & Human Services		84,759	80,350	69,017
General Government Services		65,225	50,828	36,971
Water		20,996	22,662	20,142
Waste & Environment		24,120	28,031	21,540
Wastewater		19,979	19,520	18,654
Development Services		14,135	13,636	14,560
Family Support & Social Services		7,210	7,723	5,908
		509,364	509,415	474,254
EXCESS OF REVENUE OVER EXPENSES	Schedule 1 & 4	63,860	(26,536)	26,906
MUNICIPAL EQUITY, BEGINNING OF YEAR		1,974,144	1,974,144	1,947,238
MUNICIPAL EQUITY, END OF YEAR	Note 17	\$ 2,038,004	\$ 1,947,608	\$ 1,974,144

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, 2024 (in thousands of dollars)

	2024	2024 Budget (Note 31)	2023
EXCESS OF REVENUE OVER EXPENSES	\$ 63,860	\$ (26,536)	\$ 26,906
Change related to tangible capital assets			
Acquisition of tangible capital assets	(56,576)	(36,355)	(63,461)
Contributed assets	(79,026)	-	(3,927)
Proceeds on disposal of tangible capital assets	1,112	250	567
Loss on disposal of tangible capital assets	6,963	-	1,427
Amortization of tangible capital assets	77,980	77,135	70,517
	(49,547)	41,030	5,123
Change related to other non-financial assets			
Acquisition of inventories held for consumption	(19,927)	-	(21,153)
Use of inventories held for consumption	19,639	-	21,400
Acquisition of prepaid expenses	(10,115)	-	(8,008)
Use of prepaid assets	4,280	-	8,392
Use of land held for resale	951	-	(451)
	(5,172)	-	180
INCREASE IN NET FINANCIAL ASSETS	9,141	14,494	32,209
NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR	11,798	11,798	(20,411)
NET FINANCIAL ASSETS (DEBT), END OF YEAR	\$ 20,939	\$ 26,292	\$ 11,798

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

CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED DECEMBER 31, 2024

(in thousands of dollars)

	2024	2023
NET INFLOW (OUTFLOW) OF CASH		
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 63,860	\$ 26,906
Items not involving cash		
Amortization of tangible capital assets	77,980	70,517
Loss on disposal of tangible capital assets	6,963	1,427
Tangible capital assets received as contributions	(79,026)	(3,927)
Changes to financial assets		
Decrease (increase) in receivables	11,162	(2,782)
Decrease (increase) in other financial assets	18,269	(37)
Changes to non-financial assets		
Decrease (increase) in inventory held for consumption	(288)	247
Decrease (increase) in prepaid expenses	(5,835)	384
Decrease (increase) in land held for resale	951	(451)
Changes to liabilities		
Increase (decrease) in accounts payable and accrued liabilities	9,836	(5,329)
Increase (decrease) in employee benefit obligation	1,160	437
Increase (decrease) in deferred revenue	18,336	(2,676)
Increase (decrease) in deposits and other liabilities	1,273	712
Increase (decrease) in capital lease obligations	612	1,785
Increase (decrease) in asset retirement obligations	1,114	1,486
	126,367	88,699
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(56,576)	(63,460)
Proceeds on disposal of tangible capital assets	1,112	566
	(55,464)	(62,894)
INVESTING ACTIVITIES		
Increase in investments	(20,545)	(19,322)
FINANCING ACTIVITIES		
Debenture borrowings	1,271	5,629
Debenture debt principal redeemed	(36,590)	(19,860)
	(35,319)	(14,231)
CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR	15,039	(7,748)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	36,355	44,103
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 51,394	\$ 36,355

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

CONSOLIDATED SCHEDULE OF UNRESTRICTED SURPLUS AS AT DECEMBER 31, 2024 (in thousands of dollars) Schedule 1

	2024	2024 Budget (Note 31)	2023
EXCESS OF REVENUE OVER EXPENSES	\$ 63,860	\$ (26,536)	\$ 26,906
Unrestricted balances			
Transfer from prior year surplus	6,812	-	10,175
Unfunded			
Transfer to (from) equity in inventories held for consumption	288	-	(247)
Transfer to (from) equity in prepaid expenses	5,835	-	(384)
Restricted balances			
Transfer (to) from reserves	(6,031)	523	(13,633)
Transfer (to) from capital fund	19,836	(22,789)	(10,019)
Equity in non-financial assets			
Change in inventories held for consumption	(288)	-	247
Change in prepaid expenses	(5,835)	-	384
Change in land held for resale	1,341	-	(772)
Change in tangible capital assets	(83,140)	43,381	(5,837)
CONSOLIDATED ANNUAL UNRESTRICTED SURPLUS	\$ 2,678	\$ 5,421	\$ 6,820

SCHEDULE OF NET TAXES

FOR THE YEAR ENDED DECEMBER 31, 2024

(in thousands of dollars)

Schedule 2

	2024	2024 Budget (Note 31)	2023
TAXATION			
Real property taxes	\$ 227,523	\$ 224,767	\$ 212,778
Business taxes (BRZ)	258	207	246
Grants in lieu of taxes			
Provincial	1,213	1,203	1,103
Federal	68	77	71
	229,062	226,254	214,198
Less special requisition transfers			
Alberta School Foundation Fund	38,928	38,394	36,448
Holy Spirit RCSRD 4	5,016	4,930	4,897
Green Acres Foundation	2,506	2,394	2,185
Downtown Lethbridge Business Revitalization Zone	250	199	238
Designated Industrial Properties	26	23	24
	46,726	45,940	43,792
NET TAXES	\$ 182,336	\$ 180,314	\$ 170,406

SCHEDULE OF TANGIBLE CAPITAL ASSETS

AS AT DECEMBER 31, 2024

(in thousands of dollars)

Schedule 3

	Land	Land Improvements	Buildings	Infrastructure	Equipment & Furnishings	Vehicles	Assets Under Construction	2024	2023
COST									
BALANCE, BEGINNING OF YEAR	\$ 139,715	\$ 157,555	\$ 640,401	\$ 1,609,667	\$ 182,870	\$ 97,865	\$ 35,233	\$ 2,863,306	\$ 2,809,964
Acquisition of tangible capital assets	11	5,801	4,906	27,727	8,033	8,844	1,254	56,576	63,461
Contributed assets	67	219	74,671	2,256	1,779	34	-	79,026	3,927
Disposal of tangible capital assets	(812)	(217)	(4,438)	(7,669)	(3,727)	(4,342)	-	(21,205)	(14,046)
Write down of tangible capital assets	-	-	(16)	(27)	-	-	-	(43)	-
BALANCE, END OF YEAR	138,981	163,358	715,524	1,631,954	188,955	102,401	36,487	2,977,660	2,863,306
ACCUMULATED AMORTIZATION									
BALANCE, BEGINNING OF YEAR	-	(61,892)	(178,540)	(581,318)	(86,119)	(51,839)	-	(959,708)	(901,243)
Annual Amortization	-	(6,216)	(14,862)	(37,830)	(10,026)	(9,046)	-	(77,980)	(70,517)
Accumulated amortization on disposals	-	188	714	5,326	3,072	3,873	-	13,173	12,052
BALANCE, END OF YEAR	-	(67,920)	(192,688)	(613,822)	(93,073)	(57,012)	-	(1,024,515)	(959,708)
TOTAL NET BOOK VALUE	\$ 138,981	\$ 95,438	\$ 522,836	\$ 1,018,132	\$ 95,882	\$ 45,389	\$ 36,487	\$ 1,953,145	\$ 1,903,598

SCHEDULE OF SEGMENTED REPORTING FOR THE YEAR ENDED DECEMBER 31, 2024 (in thousands of dollars) Schedule 4

	General Municipal Revenue	Protective Services	Infrastructure & Transportation Services	Leisure & Human Services
REVENUE				
Sales and user charges	\$ -	\$ 18,399	\$ 10,708	\$ 15,591
Net taxes	182,336	-	-	-
Government transfers	-	4,865	7,500	4,065
Gas company franchise fee	7,091	-	-	-
Contributed assets	-	-	62	78,981
Sale of land	-	-	-	-
Fines and penalties	-	59	540	-
Return on investments	13,442	37	-	178
Licenses and permits	-	2,874	212	4
Municipal Consent and Access Fee	11,301	-	-	-
Other	81	2,935	1,139	5,383
	214,251	29,169	20,161	104,202
EXPENSES				
Salaries, wages and benefits	-	72,094	27,524	24,810
Materials, supplies and utilities	-	4,152	17,516	8,563
Contracted and general services	-	6,276	12,429	15,022
Amortization of tangible capital assets	-	2,120	31,367	14,354
Transfers to individuals and organizations	-	55	12	3,244
Debenture debt interest	-	-	1,218	1,176
Financial charges	-	502	542	326
Accretion expense	-	32	152	398
Interdepartmental transfers (net)	-	23,982	(3,351)	(7,577)
Expenses recovered from capital	-	(265)	(3,939)	(379)
Other	-	167	551	24,822
	-	109,115	84,021	84,759
EXCESS OF REVENUE OVER EXPENSES	214,251	(79,946)	(63,860)	19,443
Change in unrestricted balances	1,225	88	5,397	365
Transfer from (to) reserves	(1,845)	(3,586)	2,667	(1,254)
Transfer from (to) internal segments	3,628	880	9,677	6,566
Transfer from (to) capital fund	-	421	(1,453)	(1,178)
Change in equity in non-financial assets	-	481	8,125	(72,694)
UNRESTRICTED SURPLUS (DEFICIT)	\$ 217,259	\$ (81,662)	\$ (39,447)	\$ (48,752)

SCHEDULE OF SEGMENTED REPORTING FOR THE YEAR ENDED DECEMBER 31, 2024 (in thousands of dollars) Schedule 4

General Government Services	Development Services	Family Support & Social Services	Utilities	2024	2023
\$ 219	\$ 2,407	\$ 956	\$ 172,117	\$ 220,397	\$ 244,289
-	-	-	-	182,336	170,406
10,015	3,058	3,787	1,123	34,413	27,585
-	-	-	-	7,091	6,968
-	(2,361)	-	2,344	79,026	3,927
-	11,058	-	-	11,058	15,207
4,827	-	-	10	5,436	5,324
17	(96)	89	-	13,667	12,979
-	-	-	-	3,090	3,752
-	-	-	(11,301)	-	-
5,799	1,367	38	(32)	16,710	10,723
20,877	15,433	4,870	164,261	573,224	501,160
60,710	2,487	2,019	25,539	215,183	197,748
4,713	34	93	53,686	88,757	113,762
23,413	2,590	201	22,120	82,051	75,953
3,771	44	182	26,142	77,980	70,517
3,151	4,818	3,457	-	14,737	12,613
37	1,702	-	2,096	6,229	6,203
955	-	7	3	2,335	1,865
151	-	2	783	1,518	1,487
(35,276)	469	960	20,793	-	-
(104)	(726)	(646)	(6,539)	(12,598)	(12,583)
3,704	2,717	935	276	33,172	6,689
65,225	14,135	7,210	144,899	509,364	474,254
(44,348)	1,298	(2,340)	19,362	63,860	26,906
(29)	2,179	7	3,703	12,935	9,546
9,399	3,760	(749)	(14,423)	(6,031)	(13,633)
(25,463)	10,102	519	(5,909)	-	-
16,660	(3,976)	67	9,295	19,836	(10,019)
5,249	(17,741)	103	(11,445)	(87,922)	(5,980)
\$ (38,532)	\$ (4,378)	\$ (2,393)	\$ 583	\$ 2,678	\$ 6,820

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (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, including Lethbridge & District Exhibition ("LDE").

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. Revenue Recognition

All revenues are recorded on an accrual basis of accounting. Revenue from transactions with no performance obligation are recognized at the realizable value when the City has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event giving rise to an asset.

Revenue from transactions with performance obligations are recognized as the performance obligations are satisfied by providing the promised goods or services to the payor. User fees are recognized over the period of use, sales of goods are recognized when goods are delivered. Licenses and permits with a single performance obligation at a point in time are recognized as revenue on issuance, those which result in a continued performance obligation over time are recognized over the period of the license or permit as the performance obligation is satisfied.

d. 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.

e. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (in thousands of dollars)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. 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.

g. 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.

h. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (in thousands of dollars)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Non-financial Assets (continued)

- (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, 2024 (in thousands of dollars)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. 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.

i. **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.

j. **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. Significant estimates include amortization, useful lives of tangible capital assets, asset retirement obligations, allowance for doubtful accounts, employee future benefits.

k. **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, 2024 (in thousands of dollars)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. 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.

m. 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, 2024. 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, 2024 (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 2027. The City will continue to assess the impact and prepare for the adoption of these standards.

Revised Conceptual Framework

Effective for fiscal years beginning on or after April 1, 2026, the revised conceptual framework will replace the existing conceptual framework which consists of Section PS 1000, *Financial Statement Concepts* and Section PS 1100, *Financial Statement Objectives*.

PS 2102 - Financial Statement Presentation

Effective for fiscal years beginning on or after April 1, 2026, the new reporting model outlines general and specific requirements for the presentation of information in general purpose financial statements.

3. CHANGE IN ACCOUNTING POLICY

Effective January 1, 2024, the City adopted the new standard for the recognition, measurement, and disclosure of Revenues under PS 3400 – Revenue. The new standard establishes how to account for and report on revenue, specifically in regard to revenue arising from transactions with performance obligations (exchange transactions) and those without performance obligations (non-exchange transactions). This standard is applicable for fiscal years beginning on or after April 1, 2023.

The change has been applied on a prospective basis and as a result, 2023 comparatives are not restated.

Effective January 1, 2024, the City has also adopted PSG-8 – Purchased intangibles, and PS 3160 – Public Private Partnerships with no impact to the financial statements.

4. CASH & CASH EQUIVALENTS

	2024	2023
Cash	\$ 28,369	\$ 14,710
Cash equivalents	23,025	21,645
	<u>\$ 51,394</u>	<u>\$ 36,355</u>

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 5.32% (2023 5.42%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (in thousands of dollars)

5. INVESTMENTS

	2024		2023	
	Carrying Value	Market	Carrying Value	Market
Short term investments	\$ 129,319	\$ 128,982	\$ 117,364	\$ 117,154
Long term investments	218,926	204,097	210,336	193,214
	\$ 348,245	\$ 333,079	\$ 327,700	\$ 310,368

Investments mature at various dates between January 2, 2025 and September 23, 2035 and have an average effective annual yield of 3.58% (2023 3.54%).

Investments include \$62,332 (2023 \$46,608) in externally restricted amounts which must be used for specified capital projects.

6. RECEIVABLES

	2024	2023
Trade accounts receivable	\$ 43,500	\$ 52,889
Taxes receivable	3,252	2,774
Receivables from other governments	1,818	3,746
	48,570	59,409
Allowance for doubtful amounts	(7,130)	(6,807)
	\$ 41,440	\$ 52,602

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (in thousands of dollars)

7. LOANS AND ADVANCES

	2024	2023
Lethbridge Exhibition	\$ -	\$ 17,429
As per council resolution on December 10, 2024, the outstanding loan receivable from the Lethbridge and District Exhibition was forgiven.		
	\$ -	\$ 17,429

8. ACCOUNTS PAYABLE & ACCRUED LIABILITIES

	2024	2023
Trade accounts payable	\$ 30,124	\$ 24,881
Accrued liabilities	20,523	16,205
Other government	2,798	2,523
	\$ 53,445	\$ 43,609

9. EMPLOYEE BENEFIT OBLIGATIONS

	2024	2023
Vacation and overtime	\$ 14,432	\$ 13,320
Sick pay	1,513	1,467
Other	143	141
	\$ 16,088	\$ 14,928

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, 2024 (in thousands of dollars)

10. DEFERRED REVENUE

	2024	2023
Deferred revenue	\$ 1,182	\$ 5,108
Permit Revenue	1,165	-
User Fees	2,944	-
Government contributions ⁽¹⁾	62,332	46,608
Prepaid taxes	48,114	45,685
	\$ 115,737	\$ 97,401

⁽¹⁾ Government contributions in deferred revenue consist of the following:

	2023 Balance	Grants Received & Net Interest	Government Transfer Revenue	2024 Balance
Municipal Sustainability Initiative Grant	\$ 23,559	\$ 4,980	\$ (8,556)	\$ 19,983
Basic Municipal Transportation Grant	8,864	6,706	(4,185)	11,385
Canada Community Building Fund	13,075	19,520	(6,223)	26,372
Other Grants	1,110	18,931	(15,449)	4,592
	\$ 46,608	\$ 50,137	\$ (34,413)	\$ 62,332

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 5.92% to 8.79% per annum. Obligation under capital leases consists of:

	2024	2023
Minimum lease payments payable	\$ 3,431	\$ 2,806
Less: Portion representing interest to be recorded over the remaining term of the leases	(408)	(395)
Total leases	\$ 3,023	\$ 2,411

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

2025	\$ 932
2026	887
2027	874
2028	530
2029	208
Total	\$ 3,431

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (in thousands of dollars)

12. DEBENTURE DEBT

	2024	2023
General - self supported	\$ 54,336	\$ 77,451
Utilities	71,022	79,021
General - tax supported	38,150	42,355
	\$ 163,508	\$ 198,827

Principal and interest repayments are as follows:

	Principal	Interest	Total
2025	\$ 19,542	\$ 4,449	\$ 23,991
2026	19,660	3,900	23,560
2027	19,455	3,483	22,938
2028	18,762	2,847	21,609
2029	18,401	2,321	20,722
2030 to maturity	67,688	5,239	72,927
	\$ 163,508	\$ 22,239	\$ 185,747

Debenture debt is repayable to the Government of Alberta Department of Treasury Board and Finance, and to the Federation of Canadian Municipalities. Existing debentures mature in annual amounts to the year 2048. 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 \$6,229 (2023 \$6,202).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (in thousands of dollars)

13. ASSET RETIREMENT OBLIGATIONS

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%.

	2024	2023
Asset retirement obligations, beginning of year	\$ 54,755	\$ 53,269
Accretion	1,518	1,486
Revision in estimate	(12)	-
Disposal of Asset retirement obligations	(392)	-
Asset retirement obligations, end of year	\$ 55,869	\$ 54,755

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 PS 3280 – 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, 2024.

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, 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (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:

	2024	2023
Total debt limit	\$ 709,417	\$ 724,366
Debtenture debt	(163,508)	(198,827)
Capital lease obligations	(3,023)	(2,411)
Debt limit unused	542,886	523,128
Percentage of debt to debt limit	23.47 %	27.78 %
Service on debt limit	118,236	120,728
Service on debt (principal and interest payment)	(23,991)	(25,319)
Service on capital lease (principal and interest payment)	(932)	(639)
Service on debt limit unused	\$ 93,313	\$ 94,770
Percentage of service on debt limit used	21.08 %	21.50 %

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, 2024 (in thousands of dollars)

15. TANGIBLE CAPITAL ASSETS

	2024	2023
Net Book Value		
Land	\$ 138,981	\$ 139,715
Land improvements	95,438	95,663
Buildings	522,836	461,861
Infrastructure		
Roadways	480,444	493,397
Water system	196,708	197,759
Wastewater system	170,241	170,894
Waste Services system	5,758	5,945
Electrical system	164,981	160,354
Equipment and furnishings	95,882	96,751
Vehicles	45,389	46,026
Assets		
Under Construction	36,487	35,233
	1,953,145	1,903,598

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 \$79,026 (2023 \$3,927). This amount is comprised of land in the amount of \$67 (2023 \$280), land improvements in the amount of \$219 (2023 \$280), buildings in the amount of \$74,671 (2023 \$0), infrastructure in the amount of \$2,256 (2023 \$3,160), equipment and furnishings in the amount of \$1,779 (2023 \$143), and vehicles in the amount of \$34 (2023 \$0).

The City capitalized \$353 (2023 \$256) in interest during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (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:

	2024 Surplus	2023 Surplus
General	\$ 2,022	\$ 1,225
LDE	73	-
Total General & LDE	2,095	1,225
Utilities		
Water	119	1,517
Wastewater	(364)	318
Waste & Environment	1,640	343
Electric	(812)	3,417
Total Utilities	583	5,595
	\$ 2,678	\$ 6,820

17. MUNICIPAL EQUITY

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

	2024	2023
Unrestricted balances		
Unrestricted surplus (Note 18)	\$ 32,771	\$ 36,905
Unfunded		
Inventories held for consumption	(13,138)	(12,850)
Prepaid expenses	(9,240)	(3,405)
Restricted balances		
Reserves (Note 19)	136,086	130,055
Capital fund	103,013	122,849
Equity in non-financial assets		
Inventories held for consumption	13,138	12,850
Prepaid expenses	9,240	3,405
Land held for resale	35,389	36,730
Tangible capital assets (Note 21)	1,730,745	1,647,605
	\$ 2,038,004	\$ 1,974,144

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (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 2024 General Operations accumulated surplus of \$2,022 will be transferred to the Municipal Revenue Stabilization Reserve and the 2024 Electric accumulated surplus (deficit) of \$(812) will be transferred to the Electric Reserve in 2025.

	2023 Balance	Appropriations & Adjustments	2024 Surplus (Deficit)	2024 Balance
City general	\$ 1,225	\$ (1,225)	\$ 2,022	\$ 2,022
LDE	-	-	73	73
Total General & LDE	1,225	(1,225)	2,095	2,095
Water	9,884	(754)	119	9,249
Wastewater	5,735	(1,416)	(364)	3,955
Waste & Environment	16,644	-	1,640	18,284
Electric	3,417	(3,417)	(812)	(812)
	\$ 36,905	\$ (6,812)	\$ 2,678	\$ 32,771

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (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.

	2024	2023
Municipal Revenue Stabilization (Note 20)	\$ 38,482	\$ 48,567
Fleet Services	15,333	17,555
Major Capital Projects	19,615	16,144
Budget Appropriations	12,394	10,407
Electric	12,984	7,693
Real Estate Holdings	5,955	5,883
Insurance	5,806	5,040
Airport Reserve	4,315	4,742
Urban Parks	3,645	3,333
Community Lighting	3,471	3,230
Cemeteries	2,738	2,428
Water	6,063	1,174
Transit Bus	1,043	1,043
Wastewater	2,662	826
Acquire Off Street Parking	781	793
Central Business District Land Acquisition	270	688
Municipal Reserve Fund	404	389
Mayor Magrath Drive Beautification	125	120
	\$ 136,086	\$ 130,055

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (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, 2024 are as follows:

	2024	2023
Balance, beginning of year	\$ 48,567	\$ 32,048
Investment and interest income (net of trust allocations)	12,774	9,576
Electric Municipal Consent and Access Fee (MCAF)	11,378	10,920
Gas company franchise fee revenue	7,091	6,968
By-law enforcement	3,027	3,186
Recovery of internal financing	2,818	3,012
Return on Investment (Electric)	2,392	3,331
Prior Year General Operating Surplus	1,225	12,565
Commercial land lease revenue	1,000	1,000
Unused BAU funding	27	96
YMCA Contractual Agreement Reimbursement	26	-
Snow Removal	-	1,278
City Council Committee Surplus	-	100
Ad Hoc Citizen Panel Surplus	-	66
	90,325	84,146
Less:		
Budgeted Allocation to General Operations:		
Electric Municipal Consent and Access Fee (MCAF)	10,941	10,741
Gas company franchise fee	6,210	7,210
Allocation to General Operations	6,050	6,050
By-law enforcement	4,310	4,310
Return on Investment (Electric ROI)	2,629	2,558
Internal financing advances	13,684	827
One time allocations	5,603	2,302
Commercial land debenture payment	1,000	1,000
Allocation for Tax Installment Payment Plan discounts	959	574
Snow Removal	457	-
YMCA Contractual Agreement Adjustment	-	7
	51,843	35,579
Balance, end of year	\$ 38,482	\$ 48,567

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (in thousands of dollars)

21. EQUITY IN TANGIBLE CAPITAL ASSETS

	2024	2023
Tangible capital assets (Schedule 3)	\$ 2,977,660	\$ 2,863,306
Accumulated amortization (Schedule 3)	(1,024,515)	(959,708)
Debenture debt (Note 12)	(163,508)	(198,827)
Capital lease obligations (Note 11)	(3,023)	(2,411)
Asset retirement obligations (Note 13)	(55,869)	(54,755)
	\$ 1,730,745	\$ 1,647,605

22. GOVERNMENT TRANSFERS

	2024	2023
Operating		
Provincial	\$ 9,523	\$ 9,774
Federal	3,368	3,487
Capital		
Provincial	14,301	9,331
Federal	7,221	4,993
	\$ 34,413	\$ 27,585

23. REVENUE

Revenues that are not related to recurring activities were \$90,084 as at December 31, 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (in thousands of dollars)

24. EXPENSES BY OBJECT

	2024	2023
Salaries, wages and benefits	\$ 215,183	\$ 197,748
Materials, supplies and utilities	88,757	113,762
Contracted and general services	82,051	75,953
Amortization of tangible capital assets	77,980	70,517
Accretion expense	1,518	1,487
Transfers to individuals and organizations	14,737	12,613
Debenture debt interest	6,229	6,203
Financial charges	2,335	1,865
Other ⁽¹⁾	20,574	(5,894)
	\$ 509,364	\$ 474,254

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (in thousands of dollars)

25. COMMITMENTS

a. Contracts

As at December 31, 2024 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 Medium Voltage Upgrades	\$ 1,782	\$ 7,002
Water Treatment Plant Process Redundancy	1,512	11,008
Waste Water Treatment Plant Process & Electrical Upgrade - Detailed Design	7,768	7,777
Water Treatment Plant Expansion Detailed Design	3,178	3,600
Waste & Recycling Centre Disposal Cell Development & Closure	2,340	3,222
Whoop Up/Scenic Dr Interchange Design	794	5,711
Crossings Subdivision	6,589	11,162
Vehicles		
Access a Ride Bus Replacement	902	902
Read Load Refuse Trucks	833	833
Digger Derricks	838	837
	\$ 26,536	\$ 52,054

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, 2024.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (in thousands of dollars)

26. 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 304,451 people and 444 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% (2023 8.45%) of pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings ("YMPE") and 11.65% (2023 12.23%) for the excess. Employees are required to make current service contributions of 7.45% (2023 7.45%) to the YMPE and 10.65% (2023 11.23%) for any portion of pensionable salary over the YMPE.

Total current and past service contributions by the City to the LAPP were \$11,621 (2023 \$11,051). Total current and past service contributions by the employees of the City were \$10,263 (2023 \$9,776).

At December 31, 2023 the LAPP disclosed an actuarial surplus of \$15,057 million (2022 \$12,671 million); the 2024 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 8,034 people and 8 employers in Alberta. The Plan is financed by employer and employee contributions and investment earnings of the SFPP funds.

The contribution rates for 2024 were 14.55% (2023 14.55%) of pensionable earnings for the City and 13.45% (2023 13.45%) of pensionable salaries for police officers.

Total current and past service contributions by the City to the SFPP were \$3,081 (2023 \$2,902). Total current and past service contributions by the police officers to the SFPP were \$2,685 (2023 \$2,467).

At December 31, 2023 the SFPP disclosed an actuarial surplus of \$553 million (2022 surplus of \$265 million); the 2024 SFPP actuarial balance was not available at the date of this report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (in thousands of dollars)

26. 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% (2023 2.42%) and 2.96% (2023 2.96%) respectively of pensionable earnings up to \$180 (2023 \$175).

Total current service contributions by the City to APEX in 2024 were \$682 (2023 \$640). Total current service contributions by the employees of the City were \$558 (2023 \$524).

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 \$79 (2023 \$(169)).

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, 2024. 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, 2024 (in thousands of dollars)

27. 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	2024	2023
Mayor					
Hyggen, B	1	\$ 167	\$ 10	\$ 177	\$ 171
Councillors					
Campbell, M	1	69	10	79	75
Carlson, J	1	70	10	80	74
Crowson, B	1	66	9	75	74
Dodic, R	1	65	6	71	69
Middleton-Hope, J	1	61	7	68	76
Paladino, N	1	67	7	74	70
Parker, R	1	65	10	75	77
Schmidt-Rempel, J	1	68	10	78	74
	8	531	69	600	589
City Manager	1	328	62	390	345
Designated Officers ⁽¹⁾	4	\$ 899	\$ 212	\$ 1,111	\$ 1,022

⁽¹⁾ 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.

28. 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.

29. 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, 2024 (in thousands of dollars)

30. 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, parks maintenance, and Lethbridge & District Exhibition.

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, 2024 (in thousands of dollars)

31. 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:

	2024 Budget
Revenue	
Approved budgeted revenue	\$ 467,833
Expenses	
Approved budgeted expenses	406,017
Less: Budget adjustments	88,352
Deficiency of Revenue Over Expenses	\$ (26,536)

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

32. 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
2025 ⁽¹⁾	\$ 1,458	\$ 10,921	\$ 12,379
2026	1,384	4,203	5,587
2027	1,137	401	1,538
2028	1,106	340	1,446
2029	74	191	265
Thereafter	-	464	464
Total at December 31, 2024	\$ 5,159	\$ 16,520	\$ 21,679
Total at December 31, 2023	\$ 6,353	\$ 16,182	\$ 22,535

⁽¹⁾ The City has rights to \$7,126 in 2024 (2023 \$12,520) 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, 2027.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (in thousands of dollars)

32. 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.

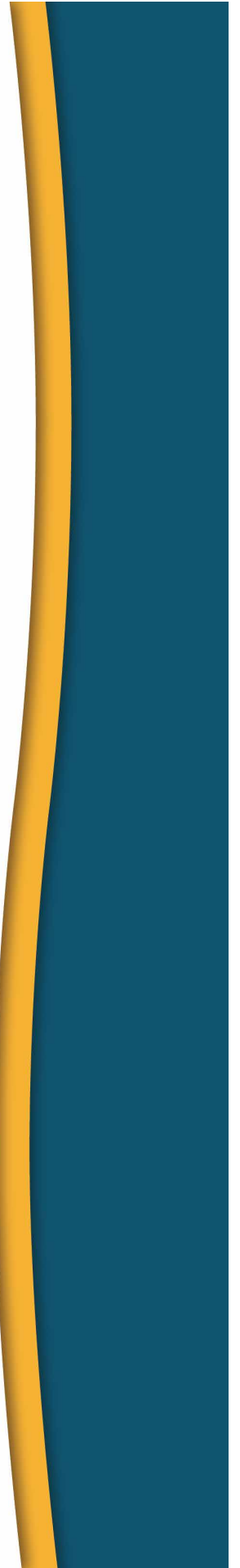
33. Lethbridge & District Exhibition Consolidation

As part of the Memorandum of Understanding made effective January 23, 2024, the City of Lethbridge acquired 100% of the voting shares of the Lethbridge & District Exhibition. The LDE is a not-for-profit organization operating as an Agricultural Society in Alberta. Net assets acquired of \$62,758 consists of Tangible Capital Assets of \$78,616, other assets of \$8,011, liabilities of \$23,869. There was no consideration given for the net assets that were acquired. The consolidated financial statements reflect both LDE and the City's operations for the year.

34. APPROVAL OF FINANCIAL STATEMENTS

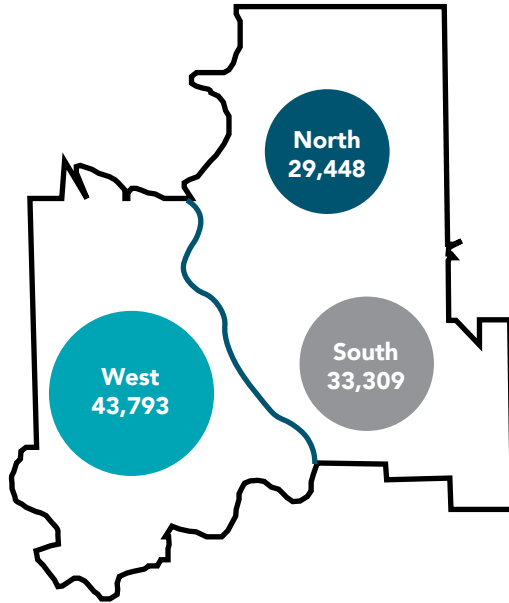
These financial statements have been approved by City Council.

STATISTICAL INFORMATION (UNAUDITED)

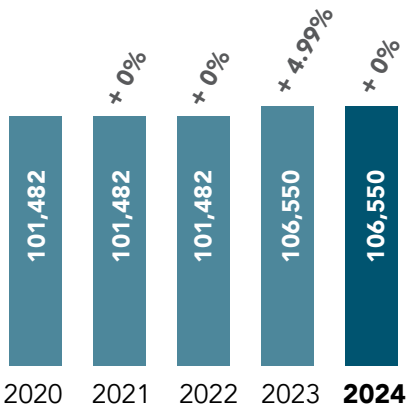


STATISTICAL INFORMATION

Population by Location in 2024

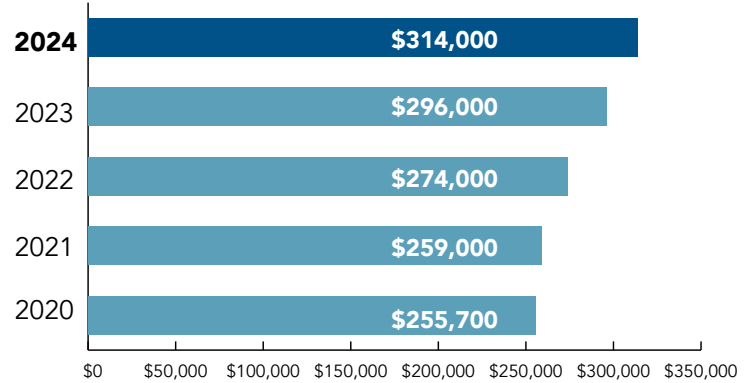


Total Population

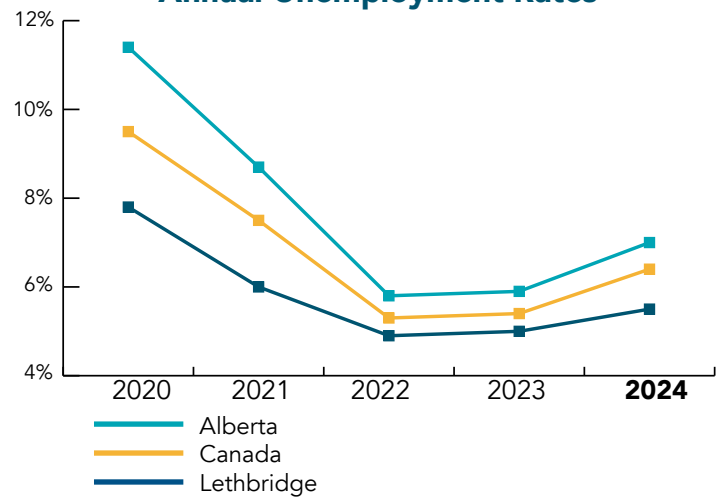


The City of Lethbridge conducted a census in 2023.

Median Property Assessment for Single Family Residential Properties

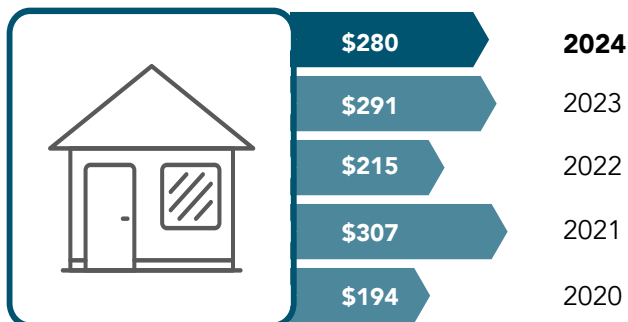


Annual Unemployment Rates

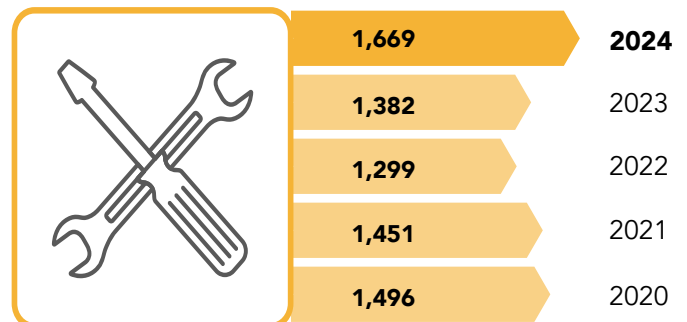


Source: Statistics Canada

Building Permit Values (in millions of dollars)



Number of Building Permits Issued



STATISTICAL INFORMATION

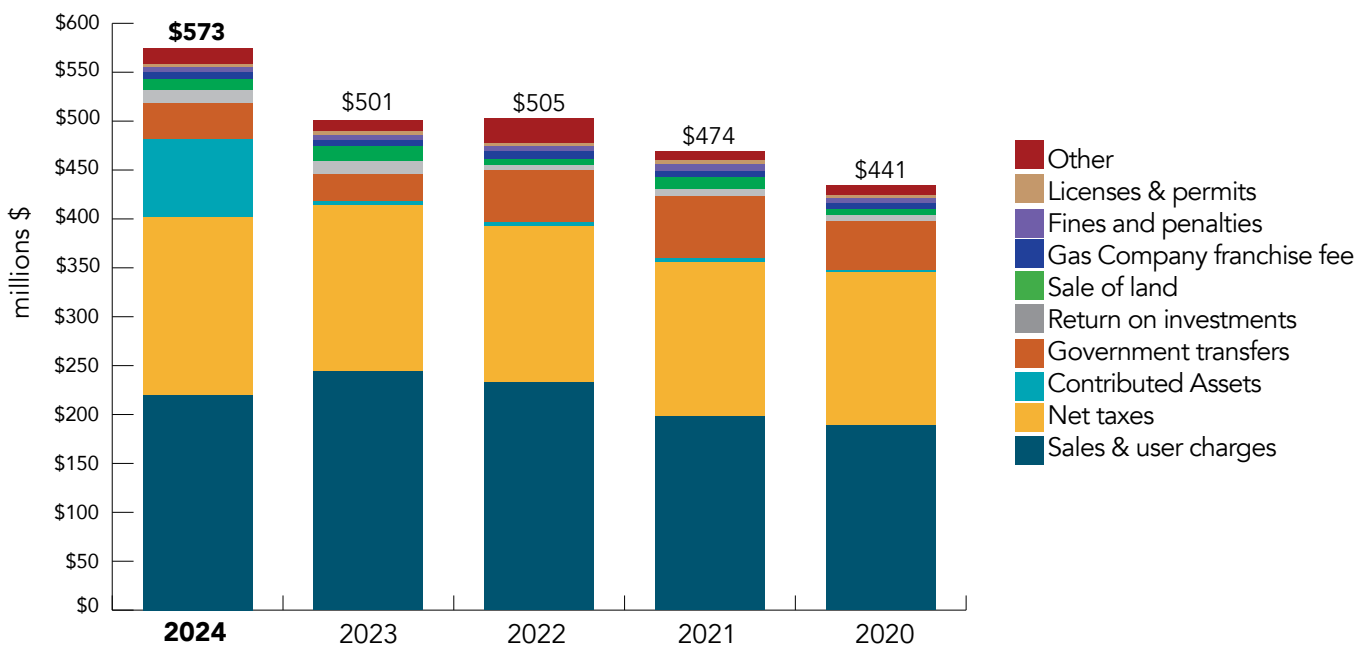
Five Year Summary of Consolidated Revenue

For the Years Ended December 31, 2020 to 2024
(in thousands of dollars)

	2024	2023	2022	2021	2020
REVENUE					
Sales and user charges	\$ 220,397	\$ 244,289	\$ 233,446	\$ 198,307	\$ 189,420
Net taxes	182,336	170,406	160,006	158,048	155,822
Contributed assets ⁽¹⁾	79,026	3,927	6,149	8,891	7,725
Government transfers	34,413	27,585	52,839	62,822	50,466
Return on investments	13,667	12,979	5,097	8,432	6,325
Sale of land	11,058	15,207	5,803	11,566	6,297
Gas company franchise fee	7,091	6,968	7,719	6,152	5,994
Fines and penalties	5,436	5,324	5,265	6,940	5,097
Licenses and permits	3,090	3,752	3,912	4,074	3,073
Other	16,710	10,723	25,191	9,210	10,519
TOTAL REVENUE	\$ 573,224	\$ 501,160	\$ 505,427	\$ 474,442	\$ 440,738

(1) On January 23, 2024, City Council approved the Memorandum of Understanding (MOU) with Lethbridge & District Exhibition (LDE). LDE's financial information was consolidated into the 2024 City of Lethbridge Consolidated Financial Statements. Of the total \$79 million, \$78.1 million pertains specifically to the consolidation of LDE.

2020-2024 Gross Revenue



STATISTICAL INFORMATION

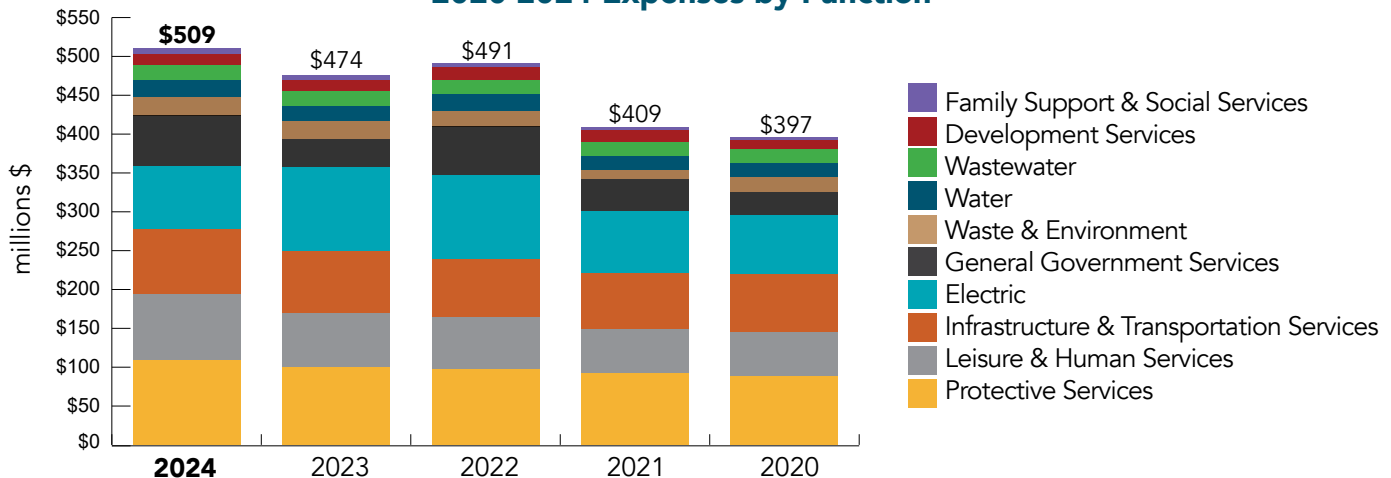
Five Year Summary of Consolidated Expenses

For the Years Ended December 31, 2020 to 2024

(in thousands of dollars)

	2024	2023	2022 Restated	2021 Restated	2020
EXPENSES BY FUNCTION					
Protective Services	\$ 109,115	\$ 99,569	\$ 96,556	\$ 92,390	\$ 88,474
Leisure & Human Services	84,759	69,017	68,096	56,830	56,831
Infrastructure & Transportation Services	84,021	79,962	74,279	71,764	74,116
Electric	79,804	107,931	107,705	80,409	77,218
General Government Services	65,225	36,971	63,384	41,302	29,175
Waste & Environment	24,120	21,540	19,704	10,815	18,810
Water	20,996	20,142	20,552	19,012	18,841
Wastewater	19,979	18,654	18,976	16,527	16,821
Development Services	14,135	14,560	16,347	15,509	12,131
Family Support & Social Services	7,210	5,908	5,366	4,402	4,464
TOTAL EXPENSES BY FUNCTION	\$ 509,364	\$ 474,254	\$ 490,965	\$ 408,960	\$ 396,881
EXPENSES BY OBJECT					
Salaries, wages and benefits	\$ 215,183	\$ 197,748	\$ 186,238	\$ 179,964	\$ 179,765
Materials, supplies and utilities	88,757	113,762	115,757	81,268	75,034
Contracted and general services	82,051	75,953	74,507	65,137	67,727
Amortization of tangible capital assets	77,980	70,517	69,004	65,664	65,290
Transfers to individuals and organizations	14,737	12,613	45,498	23,534	6,986
Debenture debt interest	6,229	6,203	6,229	6,024	6,389
Financial charges	2,335	1,865	1,355	1,135	1,410
Accretion expense	1,518	1,487	1,446	-	-
Other	20,574	(5,894)	(9,069)	(13,766)	(5,720)
TOTAL EXPENSES BY OBJECT	\$ 509,364	\$ 474,254	\$ 490,965	\$ 408,960	\$ 396,881

2020-2024 Expenses by Function



STATISTICAL INFORMATION

Five Year Summary of Debenture Debt and Debt Limit

For the Years Ended December 31, 2020 to 2024 (in thousands of dollars)

	2024	2023	2022	2021	2020
GENERAL					
Tax supported					
Recreation & Culture Facilities	\$ 38,151	\$ 42,355	\$ 46,438	\$ 50,406	\$ 54,261
Self supported					
Offsites	37,946	42,880	47,670	49,764	50,388
Commercial land servicing	7,140	7,927	8,693	9,438	10,163
Industrial park servicing	6,997	8,199	9,369	10,507	11,697
Clean Energy Improvement Program	1,831	560	-	-	-
Airport	421	456	491	525	566
Lethbridge & District Exhibition	-	17,429	17,695	-	-
	92,486	119,806	130,356	120,640	127,075
UTILITIES					
Electric	24,790	27,873	30,879	33,810	36,872
Waste & Environment	22,224	24,410	22,223	25,000	24,462
Wastewater	14,013	15,587	17,321	19,247	21,248
Water	9,995	11,151	12,279	13,379	14,738
	71,022	79,021	82,702	91,436	97,320
TOTAL GENERAL AND UTILITIES DEBT	\$ 163,508	\$ 198,827	\$ 213,058	\$ 212,076	\$ 224,395
POPULATION	106,550	106,550	101,482	101,482	101,482
DEBENTURE DEBT PER CAPITA					
General - mill rate supported	\$ 358	\$ 398	\$ 458	\$ 497	\$ 535
General - self supported	510	727	827	692	718
Utilities	667	742	815	901	959
	\$ 1,535	\$ 1,867	\$ 2,100	\$ 2,090	\$ 2,212
DEBT LIMIT (as per Municipal Government Act)					
Total debt limit	\$ 709,417	\$ 724,366	\$ 665,665	\$ 626,994	\$ 609,788
Total debt (above)	(163,508)	(198,827)	(213,058)	(212,076)	(224,395)
Capital lease obligations	(3,023)	(2,411)	(626)	-	-
DEBT LIMIT UNUSED	\$ 542,886	\$ 523,128	\$ 451,981	\$ 414,918	\$ 385,393
Percentage of debt limit used	23.5%	27.8%	32.1%	33.8%	36.8%
Service on debt limit	\$ 118,236	\$ 120,728	\$ 110,944	\$ 104,499	\$ 101,631
Service on debt (principal and interest payment)	(23,991)	(25,319)	(26,058)	(24,949)	(25,560)
Service on capital lease payments	(932)	(639)	(150)	-	-
SERVICE ON DEBT LIMIT UNUSED	\$ 93,313	\$ 94,770	\$ 84,736	\$ 79,550	\$ 76,071
Percentage of service on debt limit used	21.1%	21.5%	23.6%	23.9%	25.1%
Percentage of expenditures	4.9%	5.5%	5.3%	6.0%	6.4%

STATISTICAL INFORMATION

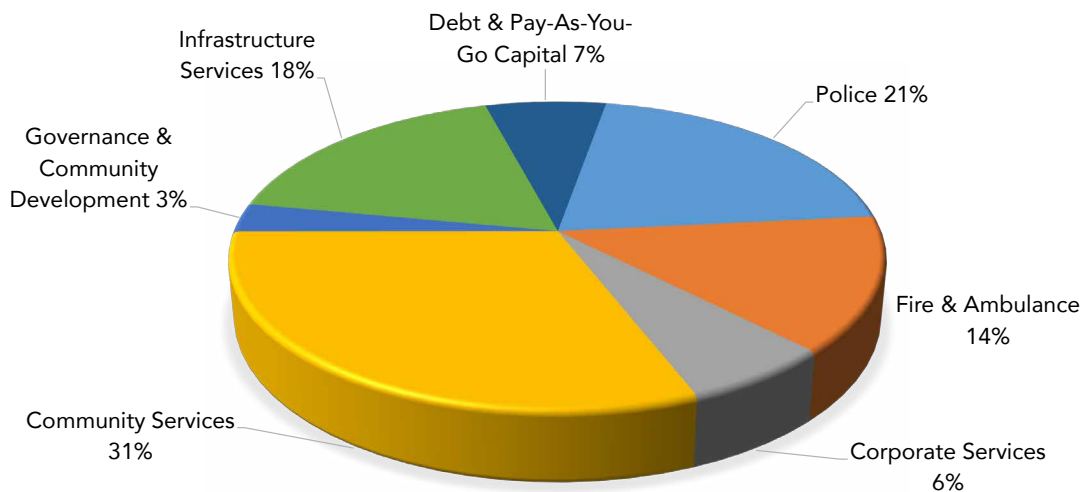
Five Year Summary of Property Tax Levy

For the Years Ended December 31, 2020 to 2024 (in thousands of dollars)

	2024	2023	2022	2021	2020
REAL PROPERTY					
Municipal	\$ 182,027	\$ 170,539	\$ 159,610	\$ 157,423	\$ 155,300
Education	43,932	41,349	40,277	38,949	37,116
Other	1,564	890	1,272	1,396	2,676
TOTAL REAL PROPERTY	227,523	212,778	201,159	197,768	195,092
Business Taxes (BRZ)	258	246	189	215	-
TOTAL CURRENT YEAR LEVY	\$ 227,781	\$ 213,024	\$ 201,348	\$ 197,983	\$ 195,092
Current Taxes Collected	\$ 225,029	\$ 210,671	\$ 198,771	\$ 195,720	\$ 192,201
% of Current Taxes Collected	98.8%	98.9%	98.7%	98.9%	98.5%

The ten largest corporate taxpayers account for \$13,094 (5.4%) of the 2024 total property tax levy.

2024 Allocation of Municipal Property Tax Dollars



Five Year Summary of Taxable Assessment

For the Years Ended December 31, 2020 to 2024
(in thousands of dollars)

	2024	2023	2022	2021	2020
Residential	\$ 12,696,422	\$ 11,944,150	\$ 11,115,168	\$ 10,326,618	\$ 10,221,920
Apartments	731,387	634,702	582,177	537,193	523,578
Commercial and Industrial	3,349,333	3,098,968	2,996,664	2,860,856	2,924,047
TOTAL TAXABLE ASSESSMENT	\$ 16,777,142	\$ 15,677,820	\$ 14,694,009	\$ 13,724,667	\$ 13,669,545

STATISTICAL INFORMATION

Five Year Summary of Acquisition of Tangible Capital Assets

For the Years Ended December 31, 2020 to 2024

(in thousands of dollars)

	2024	2023	2022	2021	2020
CAPITAL SPENDING					
Infrastructure	\$ 27,727	\$ 34,029	\$ 57,365	\$ 30,763	\$ 34,072
Vehicles	8,844	10,286	6,135	8,563	9,395
Equipment and furnishings	8,033	13,186	9,667	26,597	6,753
Land improvements	5,801	4,739	9,271	6,516	4,874
Buildings	4,906	11,641	4,799	48,762	(18)
Land	11	1,686	137	1,162	1,094
Change in assets under construction	1,254	(12,106)	(18,229)	(38,750)	23,380
TOTAL CAPITAL SPENDING	\$ 56,576	\$ 63,461	\$ 69,145	\$ 83,613	\$ 79,550

Five Year Summary of Net Financial Assets (Debt)

For the Years Ended December 31, 2020 to 2024

(in thousands of dollars)

	2024	2023	2022 Restated	2021 Restated	2020
FINANCIAL ASSETS					
Excess of revenue over expenses	\$ 63,860	\$ 26,906	\$ 14,462	\$ 65,482	\$ 43,857
Change related to tangible capital assets	(49,547)	5,123	(53,382)	(23,609)	(18,954)
Change related to other non-financial assets	(5,172)	180	(502)	(13,386)	(1,138)
Increase (Decrease) in Net Financial Assets	9,141	32,209	(39,422)	28,487	23,765
Net Financial Assets, Beginning of Year	11,798	(20,411)	19,011	(9,476)	(33,241)
NET FINANCIAL ASSETS (DEBT), END OF YEAR	\$ 20,939	\$ 11,798	\$ (20,411)	\$ 19,011	\$ (9,476)

Five Year Summary of Municipal Equity

For the Years Ended December 31, 2020 to 2024

(in thousands of dollars)

	2024	2023	2022 Restated	2021 Restated	2020
Revenue	\$ 573,224	\$ 501,160	\$ 505,427	\$ 474,442	\$ 440,738
Expenses	509,364	474,254	490,965	408,960	396,881
Excess of Revenue Over Expenses	63,860	26,906	14,462	65,482	43,857
Municipal Equity, Beginning of Year	1,974,144	1,947,238	1,932,776	1,867,294	1,823,437
MUNICIPAL EQUITY, END OF YEAR	\$ 2,038,004	\$ 1,974,144	\$ 1,947,238	\$ 1,932,776	\$ 1,867,294

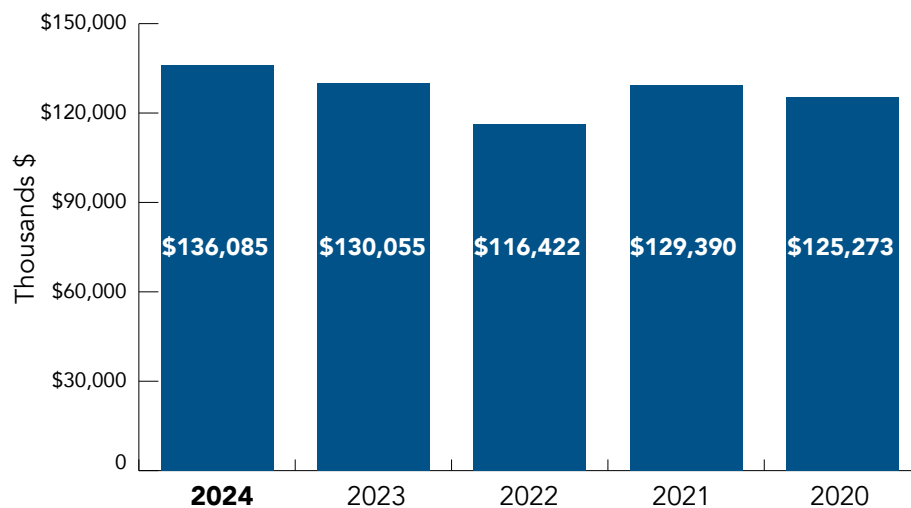
STATISTICAL INFORMATION

Five Year Summary of Reserves

For the Years Ended December 31, 2020 to 2024
(in thousands of dollars)

	2024	2023	2022	2021	2020
RESERVES					
Municipal Revenue Stabilization	\$ 38,482	\$ 48,567	\$ 32,049	\$ 34,193	\$ 34,861
Major Capital Projects	19,615	16,144	11,204	16,943	12,165
Fleet Services	15,333	17,555	23,402	22,426	19,799
Electric	12,985	7,693	16,791	11,930	10,066
Budget Appropriations	12,394	10,407	5,340	15,954	20,921
Water	6,063	1,174	-	-	-
Real Estate Holdings	5,955	5,883	6,244	6,223	6,181
Insurance	5,806	5,040	4,319	4,488	4,658
Airport	4,315	4,742	5,229	3,944	3,867
Urban Parks	3,645	3,333	3,485	3,647	3,242
Community Lighting	3,471	3,230	3,005	3,605	4,226
Cemeteries	2,738	2,428	2,097	2,028	1,627
Wastewater	2,662	826	-	-	-
Transit Bus	1,043	1,043	1,043	1,043	1,043
Acquire Off Street Parking	782	793	1,031	1,791	1,502
Municipal Reserve Fund	404	389	378	371	314
Central Business District Land Acquisition	270	688	687	687	686
Mayor Magrath Drive Beautification	122	120	118	117	115
TOTAL RESERVES	\$ 136,085	\$ 130,055	\$ 116,422	\$ 129,390	\$ 125,273

SUMMARY OF RESERVES (thousands \$)



STATISTICAL INFORMATION

Five Year Summary of Government Transfers

For the Years Ended December 31, 2020 to 2024

(in thousands of dollars)

	2024			2023	2022	2021	2020
	Provincial	Federal	Total				
UNCONDITIONAL TRANSFERS							
Grants in lieu of taxes	\$ 631	\$ 68	\$ 699	\$ 641	\$ 711	\$ 764	\$ 699
CONDITIONAL TRANSFERS							
Municipal Sustainability Initiative (MSI) ⁽¹⁾	12,741	-	12,741	9,148	13,161	22,268	18,040
Canada Community Building Fund (CCBF)	-	6,223	6,223	4,137	13,370	8,307	5,922
Reaching Home: Canada's Homelessness Strategy (RH)	-	3,033	3,033	2,237	1,173	2,963	1,403
Family and Community Support Services (FCSS)	2,579	-	2,579	2,270	2,506	2,361	2,446
Police Support Grant (PSG)	2,005	-	2,005	1,924	1,924	1,924	1,924
9-1-1 Program	1,334	-	1,334	1,280	1,231	690	685
Local Government Fiscal Framework (LGFF)	1,303	-	1,303	-	-	-	-
Investing in Canada Infrastructure Program (ICIP)	976	-	976	1,251	2,616	8,229	-
Building Safer Communities Fund (BSCF)	-	777	777	57	-	-	-
Lethbridge Public Library	577	-	577	577	537	537	537
Second Health Grant	459	-	459	277	12	-	-
Low Income Transit Passes (LITP)	431	-	431	238	-	-	-
Adult Literacy Program	339	-	339	326	245	244	247
Victim/Witness Services Unit	300	-	300	375	375	269	300
Alberta Health & Wellness	130	-	130	112	103	107	-
Regional Airport Development Grant	108	-	108	-	-	-	-
Zero Emission Transit Fund (ZETF)	-	59	59	43	-	-	-
Canada Day	-	43	43	48	50	15	9
Drug Impaired Driving Fund	39	-	39	-	-	-	-
Canada Heritage Program	-	25	25	33	170	81	53
Heritage Preservation Partnership Program	25	-	25	12	21	15	-
Canada Summer Jobs	-	15	15	4	11	16	-
Employment & Social Development	-	12	12	-	-	-	-
Alberta Community Partnership (ACP)	1	-	1	-	-	-	(49)
Active Transportation Fund	-	-	-	1,200	50	-	-
Outreach & Support Services Initiative (OSSI)	-	-	-	1,145	5,050	3,782	3,335
Canada Community Revitalization Fund (CCRF)	-	-	-	419	31	-	-
Zero Emission Vehicle Infrastructure Program (ZEVIP)	-	-	-	250	-	-	-
Airport Capital Assistance Program (ACAP)	-	-	-	33	4,358	650	152
Regional Air Transportation Initiative (RATI)	-	-	-	17	566	-	-
Fire Services Training Program Grant	-	-	-	12	9	-	-
Green TRIP (Green Transit Initiatives Program)	-	-	-	7	-	-	2,497
Municipal Stimulus Program (MSP)	-	-	-	(3)	3,383	8,482	-
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
Senate Elections Referendum Grant	-	-	-	-	-	214	-
Alberta Critical Worker Benefit	-	-	-	-	-	50	-
Municipalities for Climate Innovation Program (MCIP)	-	-	-	-	-	36	(57)
COVID-19 Pandemic Emergency Response	-	-	-	-	-	21	243

Continued onto next page

STATISTICAL INFORMATION

Five Year Summary of Government Transfers

For the Years Ended December 31, 2020 to 2024
(in thousands of dollars)

	2024			2023	2022	2021	2020
	Provincial	Federal	Total				
CONDITIONAL TRANSFERS (continued)							
Alberta Community Resilience Program	-	-	-	-	-	-	643
Disaster Recovery	-	-	-	-	-	-	235
Community Regional Economic Support (CARES)	-	-	-	-	-	-	48
ALERT Program	-	-	-	-	-	-	7
Other	-	-	-	1	7	3	5
	23,347	10,187	33,534	27,430	52,668	62,634	50,275
TOTAL GOVERNMENT TRANSFERS ⁽²⁾	\$ 23,978	\$ 10,255	\$ 34,233	\$ 28,071	\$ 53,379	\$ 63,398	\$ 50,974

(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.



Oldman River



Cottonwood Park (Brittany Wickenheiser)



The Annual Report is produced by the
Treasury & Financial Services department of the City of Lethbridge
in cooperation with all civic departments and agencies.



lethbridge.ca