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CITY OF LETHBRIDGE

# ANNUAL REPORT

For the year ended  
December 31, 2025

Alberta, Canada



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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The City of Lethbridge 2025 Annual Report, including the financial statements, is the responsibility of management.

# MAYOR'S MESSAGE



Mayor Blaine Hyggen

On behalf of newly-elected Lethbridge City Council, I am pleased to showcase the 2025 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. I want to be open and transparent that this Council term will largely be focused on asset management and maintaining current infrastructure. We have heard loud and clear that holding the line is what a lot of people are hoping we do for the next several years.

This new Council will inherit the final year of the previous Council's 2023-2026 Operating Budget. In June 2026, we will deliberate for the 2027 Operating Budget – planned to be a stub year added to the existing four-year timeline. Then in late 2027, City Council will deliberate the four-year Operating Budget for 2028-2031.

Capital Budget deliberations for the 2027-2030 Capital Improvement Program (CIP), meanwhile, will be conducted in the fall of 2026. Work is already underway to prepare projects for Council's consideration. Last March, City Council was provided with an update from Administration with an overview of the current economic conditions and the impact they have on the City's financial position and resources, as well as the limited funding available in the next CIP.

The CIP supports major capital needs, outside of day-to-day City operations. The majority of CIP funding comes from Provincial and Federal grants, some of which have recently been reduced. We know there are already

many, many more projects than there is funding. We want to be upfront with our residents and our community partners about this reality. Based on what we know, this City Council will be extremely limited in the CIP projects they can approve. Because of this, we won't be going out looking for new projects but rather trying to address the things we already have in the queue.

At the Council Swearing-In Ceremony back in October, I spoke about reaffirming the commitment to building a stronger and more united city. I commend our City Manager Lloyd Brierley and his Administration staff, whose dedication, professionalism and tireless work has helped us navigate challenges and seize opportunities.

I also focused on looking ahead by continuing to build on the momentum started, as well as leading with integrity, passion and courage. Let's continue to make Lethbridge a place where businesses grow and where every resident feels safe, heard and valued. Let's be bold in our vision, thoughtful in our actions and united in our purpose. Together, we'll move our city forward. Not just through policies and projects, but through the tone we set, the respect we show and the legacy we leave.

When I recently presented my annual State of the City address, I spoke about a wide variety of topics including long-term needs with water and wastewater, the bright future at Excite Lethbridge, improvements in public safety, further westside development, housing needs and business supports.

I also addressed the updated Community Issues Committee (CIC) structure, which has now replaced our

# MAYOR'S MESSAGE

previous Standing Policy Committees. This model will ensure all members of Council receive the same information concurrently and can participate meaningfully in a focused, issue-driven environment. The CIC is intended to provide enhanced opportunities for community participation, with better opportunities for our residents, stakeholders, and organizations to bring forward perspectives, information and concerns during focused discussions on issues of community interest. The CIC would allow all members of Council to participate fully in discussions, as well as engage directly with Administration and review matters of community importance in a transparent and collaborative setting.

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 2026.

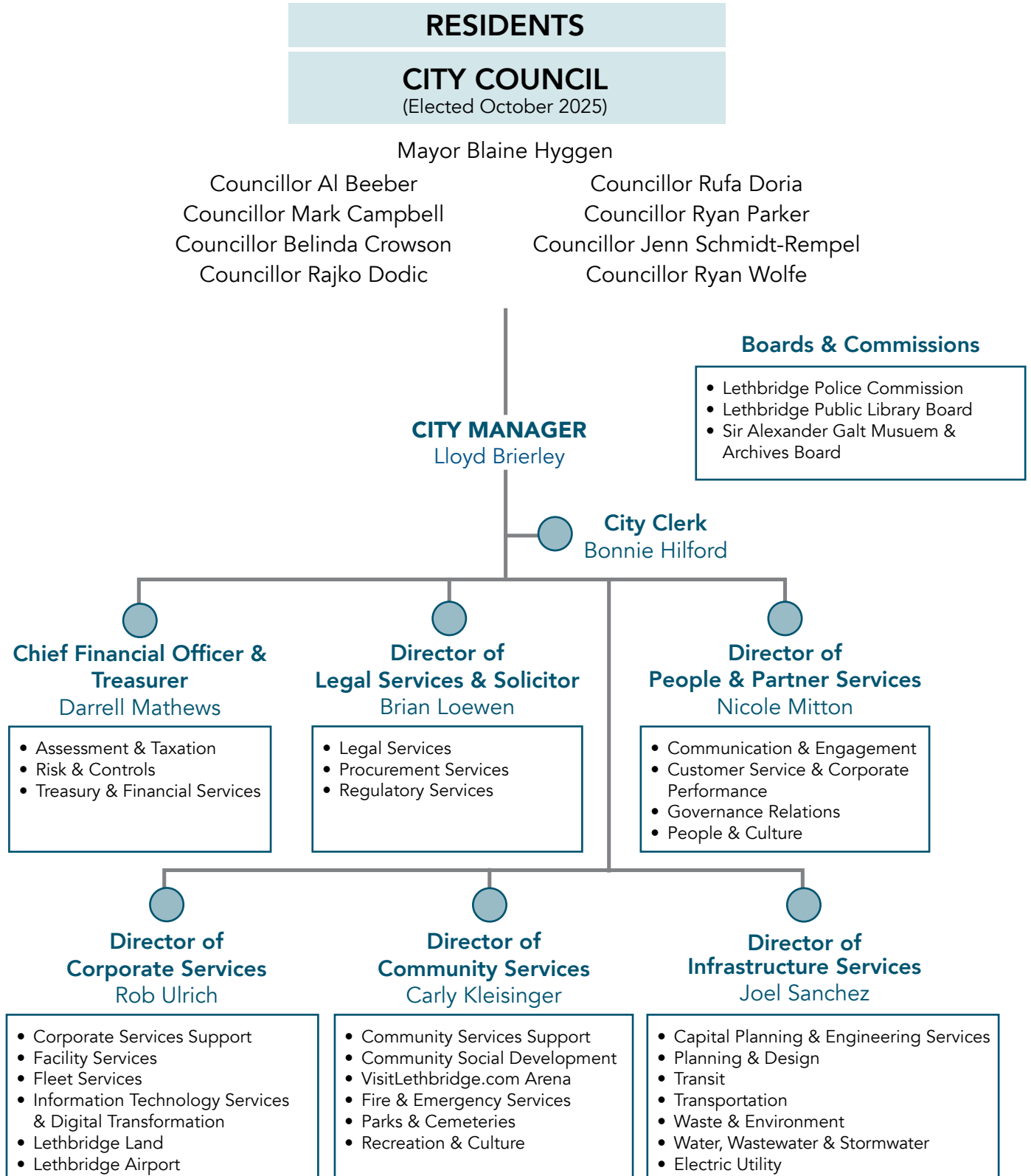


Blaine Hyggen  
Mayor



Oldman River

## Legislative & Administrative Organization Chart



Note: the organizational chart is as of December 31, 2025.

# CITY COUNCIL 2025-2029



Back Row (L-R): Councillor Al Beeber, Councillor Ryan Parker, Councillor Ryan Wolfe & Councillor Rajko Dodic.  
Front Row (L-R): Councillor Mark Campbell, Councillor Belinda Crowson, Mayor Blaine Hyggen, Councillor Jenn Schmidt-Rempel & Councillor Rufa Doria.

**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 2025 and will serve a four-year term.

## ACTION PLAN 2021-2025 GATEWAY TO OPPORTUNITY

City Council is currently preparing their Strategic Plan for 2026-2029. In 2024, City Council updated their Gateway to Opportunity City Council Action Plan that works with the Municipal Development Plan to set the strategic direction for City Council until the end of the Council term. Focus areas for the action plan include:

- **Economic prosperity** – actively encourage the development and diversification of the local economy
- **Healthy and diverse** – prioritize health-supporting developments and the wellbeing of all residents
- **Cultural vibrancy** – support the creation of a thriving, dynamic environment that exudes a sense of place and of community identify and belonging
- **Quality design** – strive to enhance and sustain a quality built environment
- **Environmental responsibility** – strive to enhance and sustain the natural environment
- **Regional support** – contribute towards shared regional objectives

# **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
- Provided recommendations on financial policies
- Provided recommendatons on the Operating Budget Carryover Reserves

2025 Audit Committee Members:  
January 1, 2025 - October 31, 2025

Councillor J. Carlson (Chair)  
Councillor R. Dodic  
Councillor N. Paladino  
Councillor R. Parker

November 1, 2025 - December 31, 2025

Councillor B. Crowson  
Councillor R. Dodic (Chair)  
Councillor J. Schmidt-Rempel  
Councillor R. Wolfe

April 28, 2026

# CHIEF FINANCIAL OFFICER & TREASURER

## FINANCIAL STATEMENT DISCUSSION & ANALYSIS



**Darrell Mathews - CFO & Treasurer**

The 2025 Annual Report of the City of Lethbridge (the "City") provides information to all members of the public about the City's 2025 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 presents the City's consolidated financial statements, which management prepares in accordance with Canadian public sector accounting standards. The reporting entity comprises the City, its Utilities, the Lethbridge Public Library, the Lethbridge Police Service, the Galt Museum, the Lethbridge & District Exhibition (LDE) and Excite Lethbridge Society. LDE has been included in the consolidated financial statements since 2024, as the City became the sole shareholder under the terms of the MOU dated January 23, 2024.

Excite Lethbridge Society (Excite) forms parts of the City's consolidated reporting following its incorporation by the City of Lethbridge, effective

July 2, 2025, as a Part 9 nonprofit organization under the Companies Act (Alberta). As the sole shareholder, the City controls Excite.

The City's auditor KPMG LLP has audited the 2025 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, 2025, 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).

### 2025 FINANCIAL HIGHLIGHTS

2025 was the third 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 2025, the City realized a Consolidated Annual Unrestricted Surplus of \$10.4 million, (2024 - surplus of \$2.7 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 2025 General and Utility operations for the period ended December 31, 2025.

#### General Operating Results

Consolidated results for General Fund, Lethbridge & District Exhibition

# FINANCIAL STATEMENT DISCUSSION & ANALYSIS

(LDE) and Excite Lethbridge Society were \$7.28M. City of Lethbridge Corporate Accounts ended the year with a \$7.11 million surplus and there is \$0.17 million surplus that relates to consolidation of Lethbridge & District Exhibition as well as Excite Lethbridge Society. This is the net impact after inter-entity transactions are eliminated upon consolidation.

City of Lethbridge Corporate Accounts ended the year with a \$7.11 million surplus. For 2025, specific budget variances resulting from factors not attributable to the department management (e.g., corporate revenue and utility costs on City facilities) are reported as a corporate responsibility.

By City Council resolution, this \$7.11 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 \$2.77 million. This is due to higher than anticipated growth in residential and commercial properties of \$2.34 million and lower than anticipated tax cancellations and appeals of \$0.45 million. These positive variances were offset by negative variances in other related costs of \$0.02 million.

General revenue ended the year with a positive variance of \$0.42 million. This positive variance includes higher than budgeted penalties on taxes of \$0.32 million and higher than budgeted transfer of \$0.11 million from Water Utility and Landfill Utility to General Operations. These positive variances were offset by lower than budgeted general revenues of \$0.01 million.

Permit, development and license revenue ended the year with a

positive variance of \$0.23 million. This was primarily due to higher than anticipated inspection and license revenue of \$0.23 million, driven by a couple of large projects undertaken in 2025.

Employee Benefit accounts ended the year with a positive variance of \$1.83 million. This is a net result of lower-than-budgeted pension rates, a offset by increases to CPP and WCB rates.

Corporate fuel costs ended in a positive variance of \$0.5 million. This variance is primarily due to a favourable price variance, as actual market fuel prices were significantly lower than the budgeted rate and were further improved by the effective hedging activities. These price savings were partially offset by an unfavourable quantity variance due to higher than budgeted fuel consumption.

Utility costs for tax-supported City facilities ended the year with a positive variance of \$1.36 million, primarily due to lower than budgeted consumptions for electricity, natural gas, and City utility costs.

General Fund has a \$0.17 million surplus that relates to consolidation of Lethbridge & District Exhibition (LDE) and Excite Lethbridge Society. 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 third year, Departments are expected to overcome the deficit by adjusting the expenditures in the last year of the operating budget (2026); and if the experience after the third year results in net under expenditures, the Departments have the ability to

roll the amounts over to assist with operations during 2026. General Fund Department results are therefore transferred to the Uncommitted Budget Carryover 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 \$10.4 million Consolidated Annual Unrestricted Surplus.

## Utility Operating Results

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

Electric Utility ended the year with a \$1.88 million positive variance from operations. This result is primarily a result of the Rate of Last Resort (RoLR) program which finished the year with a positive variance of \$2.43 million. The Alberta Government replaced the previous Regulated Rate Option (RRO) to the RoLR, moving from monthly pricing to a two year fixed rate. The Lethbridge Electric Utility increased its risk margin to account for the longer rate period as this increases uncertainty. This higher risk margin is the primary driver of the 2025 surplus. Other areas of electric operations have had the following offsetting impacts:

- Fibre operations ended the year with a negative variance of \$0.27 million. This is primarily due to a negative variance in increased system operation costs, Cost of Capital, depreciation expense as well as decreased revenue. These negative variances were offset by slight positive variance from decreased Linear Property Tax.
- Distribution tariff ended the year with a negative variance of \$0.16 million which is primarily due to the Transmission Access (Provincial Access to the Grid) component of the tariff

# FINANCIAL STATEMENT DISCUSSION & ANALYSIS

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 \$0.12 million. This is primarily due to a shortfall in revenue of \$0.87 million. This negative variance was offset by a positive variance of \$0.75 million from decrease in Cost of Capital, system operations, depreciation expenses, and Linear Property Taxes.

Overall, Waste & Environment (which includes Waste Collection and Waste Processing services) ended the year with a positive variance of \$0.53 million. Waste Collection operations, which include both waste and recycling collection, ended the year with a positive variance of \$0.6 million. This was primarily driven by lower than budgeted recycling collection expenses and higher-than-budgeted waste collection revenue. In 2025, \$0.41 million was transferred to the newly established Waste Utility Reserve Fund to support projects related to infrastructure renewal and expansion, ensuring reliable operations and meeting the needs of a growing community. Waste Processing operations ended the year with a negative variance of \$0.07 million. This was mainly due to higher than budgeted landfill revenue being offset by increased Material Recovery Facility (MRF) operational costs. Also contributing to the negative variance were higher than budgeted operating costs and lower than budgeted processing revenue in Organic Processing operations.

Wastewater Utility ended the year in a balanced position. Revenue finished the year with a \$1.17 million negative variance, primarily due to lower than budgeted industrial, commercial, and residential revenues, partially offset

by higher regional sewage revenue. Operating expenses ended the year with a \$1.17 million positive variance, mainly due to lower than budgeted Wastewater Treatment Plant energy costs and a debenture debt surplus. In 2025, \$1.29 million was transferred to the Water Utility Reserve Fund to support the Wastewater Treatment Plant Expansion project.

Water Utility ended the year with a positive variance of \$0.1 million. Revenues finished the year with a positive variance of \$1.04 million, primarily due to surpluses in regional revenues and irrigation revenues. Operating expenses ended the year with a negative variance of \$0.94 million, mainly due to higher than budgeted costs in Water Administration, Engineering, and Technical Support. Additional allocations of operating surplus to the 2023–2026 Watermain Renewal Program also contributed to the negative variance. In 2025, \$2.6 million has been transferred to Water Utility Reserve Fund to support Water Treatment Plant Expansion.

## FINANCIAL POSITION

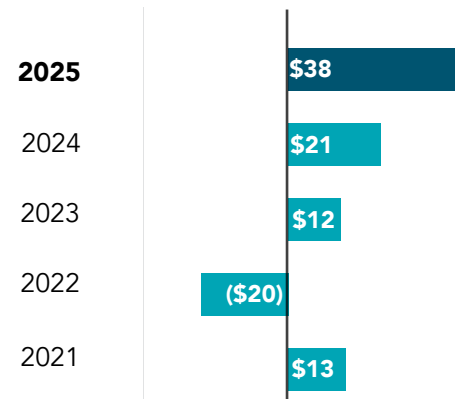
The overall financial position of the City of Lethbridge ended 2025 with year-end net financial assets totaling \$38.2 million (2024 net financial assets of \$20.9 million). The net financial assets are an indicator of the ability of the City to meet its obligations and continue to provide services into the future.

### Financial Assets

The City's total financial assets increased to \$456 million in 2025, an increase of \$14.4 million from the prior year (2024 \$441.6 million). The primary contributor was a net increase in cash and investments of \$10.8 million at yearend due to the timing

of investment maturities. In 2025, the average size of the investment portfolio decreased. This aligns with a reduction in deferred revenue related to the timing of funding received from other levels of government relative to the funding used for capital project construction and a decrease in investment returns. Additional contributors to the increase include a \$3.3 million increase in general and utility receivables, and an increase in deposits of \$0.4 million. Offsetting these increases was a decrease in land held for resale of \$0.1 million.

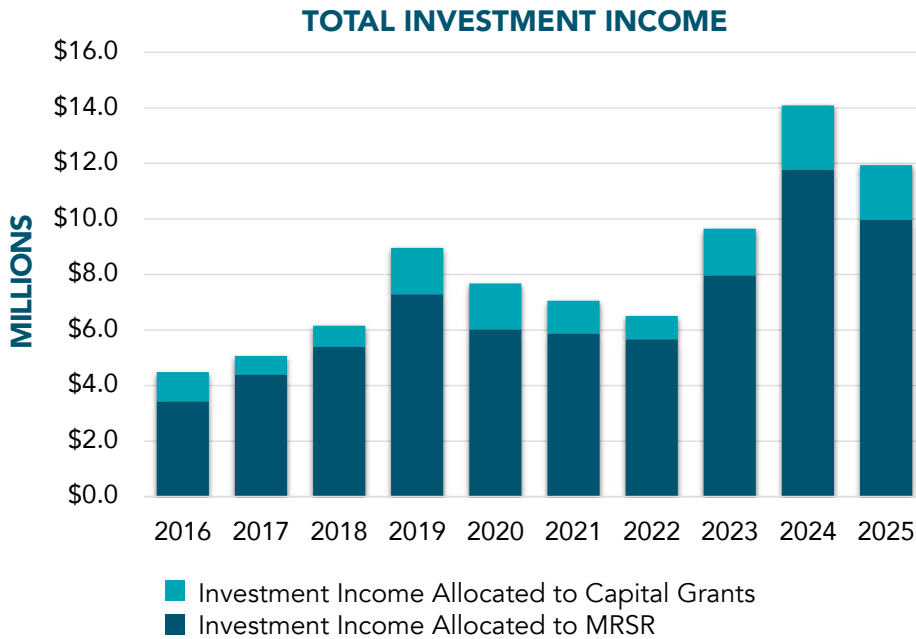
## NET FINANCIAL ASSETS (DEBT) (millions)



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 2025 was \$369.6 million (2024 \$377.5 million).

The investment activities of the City are governed by the Municipal

# FINANCIAL STATEMENT DISCUSSION & ANALYSIS



Government Act (MGA) and an investment policy which has been adopted by City Council.

The 2025 gross interest income earned from the investment portfolio was \$11.9 million (2024 \$14.1 million). The City's 2025 average portfolio yield of 3.23% (2024 3.73%) is higher than the Government of Canada 3-year Benchmark yield of 2.60% (2025 3.53%). The decrease in interest income and the average portfolio yield is primarily due to the timing of investment purchases and maturities, which resulted in maturing investments being reinvested at lower rates.

### Liabilities

The City's total financial liabilities for 2025 amounted to \$417.8 million, a decrease of \$2.9 million from the prior year results (2024 \$420.7 million). This was primarily due to a decrease in debenture debt of \$14.2 million, accounts payable and accrued liabilities of \$6.4 million, and deferred revenue of \$3.3 million. These decreases were partially offset

by increases in asset retirement obligation of \$17.2 million, deposits and other liabilities of \$2.5 million, and a combined increase of \$1.3 million in capital lease obligations and employee benefit obligations.

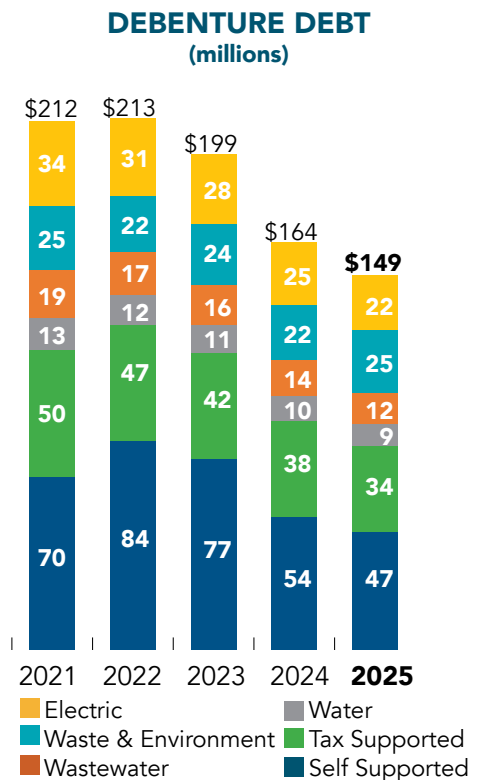
### Debenture Debt

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.

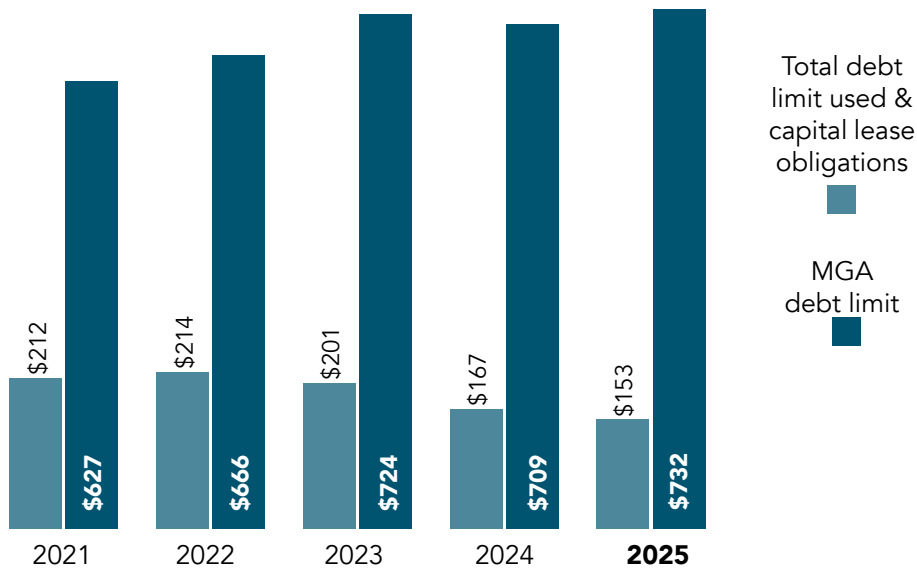
The general fund continues to require external borrowing for "self-supported" activities such as Land Development and Developer Offsite Levy projects. Its activities are termed self-supported because the debt repayments are made directly from the revenue of these activities and are not paid from property 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 2025, the City's debt was \$149.3 million. This was a decrease of \$14.2 million (8.7%) from the 2024 balance.

The 2025 new borrowings totaled \$12.2 million which included Waste & Recycling Centre Disposal & Cell Development, Gas & Leachate Management Systems, Waste & Recycling Centre Site Enhancements, and Clean Energy Improvement Program (CEIP) third disbursement. New borrowing was offset by principal loan payments of \$26.4 million.

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

## Accounts Payable and Accrued Liabilities

The accounts payable and accrued liabilities balance of \$47 million at the end of 2025 decreased by \$6.4 million over the prior year balance of \$53.4 million. Trade accounts payable increased by \$1.7 million due to payments related to the timing of construction and capital expenditures during and payments for larger

operating expenses in 2025. Accrued liabilities decreased by \$7 million primarily due to a decrease in payroll and benefits. Other government liabilities decreased by \$1.1 million due to a decrease in CPP, WCB, and Employment Insurance payables.

## Deferred Revenue

Deferred revenue consists of contributions from other levels of government, user fees, prepaid taxes, and other revenue deferrals. In 2025 deferred revenue decreased by \$3.3 million to \$112.5 million. This decrease is primarily due to a reduction of \$9.7 million in government contributions received. This reduction was partially offset by increases in prepaid taxes of \$4.7 million and deferred user fees and others of \$1.7 million.

## Asset Retirement Obligations

In 2025, the City's asset retirement obligations were \$73.1 million, an increase of \$17.2 million from the 2024 balance of \$55.9 million. During 2025, the City revised assumptions

used as a result the ARO liability increased primarily due to a \$14.4 million change in estimate. Additional details about the nature of these obligations are provided in Note 11 – Asset Retirement Obligations.

## 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 2025, deposits and other liabilities increased by \$2.6 million primarily due to an increase in conditional funding.

## Employee Benefit Obligations

Employee benefit obligations ended the year with a balance of \$17 million which was an increase of \$0.9 million from the previous year (2024 \$16.1 million). This is primarily due to an increase in vacation and overtime liabilities.

## Capital Lease Obligations

In 2025, the City's capital lease obligation was \$3.4 million. This was an increase of \$0.4 million from \$3 million in 2024. The increase is due to the increased number of leased fleet units to 82 in 2025 from 65 in 2024.

## Net Financial Assets (Debt)

As demonstrated on the Consolidated Statement of Net Financial Assets, the City of Lethbridge has net financial assets of \$38.2 million (2024 net financial assets of \$20.9 million). This increase in net financial assets of \$17.3 million relates to an increase in cash and investments of \$10.8 million and a decrease in debt of \$14.2 million. During 2025, the City

# FINANCIAL STATEMENT DISCUSSION & ANALYSIS

continued to prioritize maintenance of existing infrastructure while managing capital spending. Additions to tangible capital assets closely align to the amortization expense, while amortization is more an accounting measure rather than a direct indicator of asset replacement needs, this level of investment demonstrates the City's ongoing commitment to sustaining its asset base and supporting long term delivery.

## 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 2025 with a balance of \$1.95 billion (2024 \$1.95 billion) which was a decrease of \$3.1 million.

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

existing assets and has controlled capital project spending as funding for capital projects has been limited.

In 2025, asset acquisitions across all categories were \$81.8 million, an increase of \$25.2 million from 2024. The most significant investments in tangible capital assets during 2025, included the Waste & Recycling Centre Site Enhancements of \$4.5 million, Henderson Ice Centre Upgrades of \$2.3 million, Crossings North Phase 9 development of \$2.1 million, and Sanitary and Sewer Expansion of \$1.8 million. In addition, there were \$2.9 million in contributed assets, these acquisitions were offset by disposals with a net book value of \$3.4 million and amortization expense of \$84.4 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 2025 with a balance of \$65.4 million which is an increase of \$1.5 million from the prior year (2024 \$63.9 million). This was primarily due to increases in prepaid expenses and land held for resale due to the timing of sales within subdivision activities and land acquired for future development offset by a decrease in inventory held for consumption.

## Municipal Equity (Net Assets)

As reflected in Note 15 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 2025 municipal equity total is \$2.05 billion which is an increase of 0.76% from the previous year.

## FINANCIAL OPERATIONS

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

## Revenue

The overall revenue had a decrease of \$62 million, or 10.8%, with total revenue of \$511.2 million (2024 \$573.2 million).

REVENUES (millions)	
2025 Actual	\$ 511.2
2024 Actual	573.2
Variance	\$ (62.0)
% Variance	(10.8)%

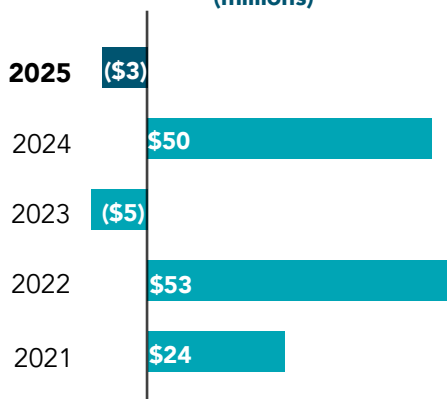
The decrease was largely driven by a reduction in contributed assets of \$76.1 million. Further contributing to the overall decrease were decreases in land sales of \$5 million and government transfers of \$2 million. In addition, small decreases in fines and penalties, and the gas company franchise fee collectively reduced revenue by \$0.5 million. These decreases were partially offset by increases in net taxes of \$11.9 million, sales and user charges of \$6.6 million, and a \$2.1 million increase in licenses and permits revenue. Also, small increases in return on investment, and other revenues collectively contributed an additional \$1 million.

In 2025, the contributed assets revenue was \$2.9 million, a decrease of \$76.1 million. The primary driver of this decrease was the 2024 consolidation of LDE which added \$78.6 million in tangible capital assets.

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

## NET INCREASE IN TANGIBLE CAPITAL ASSETS (millions)



# FINANCIAL STATEMENT DISCUSSION & ANALYSIS

will increase to meet demands and in turn, contributions to the City for roadways, parks, etc. will increase.

Weather conditions - will cause construction completion dates to fluctuate.

Parks and amenity features - dependent on the size of parks and amenities (e.g., playground equipment, pergolas, and decorative fencing) that the developer installs and will correspondingly change the value of the assets and contributed asset revenue for the City.

In 2025, the City received land sales revenue of \$6 million which was a decrease by \$5 million from the previous year (2024 \$11 million). This is mainly due to lower sales in Sherring Industrial of \$6.2 million and residential lot sales of \$0.2 million in The Crossings. This was offset by a slight increase in lot sales in Crossing North & RiverStone collectively rose by \$1.4 million. Land sales fluctuations from year to year occur due to timing differences created through the development process with residential and industrial subdivisions.

Government transfers decreased by \$2 million in 2025, 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 overall decrease was driven largely by lower funding from several sources, including a \$1.1 million decrease from the Municipal Sustainability Initiative (MSI), a \$0.9 million decrease from Investing in Canada Infrastructure Program (ICIP), \$0.6 million decrease in grant revenue recognized in LDE. In addition, other smaller grants decreased by \$2.7 million. These decreases were partially offset by increases in certain grants, including a \$1.5 million increase from the Local

Growth & Sustainability Grant (LGSG), and a \$0.9 million increase from the Active Transportation Fund. Other grants also contributed an additional \$0.9 million in revenue.

Property tax is a key revenue source for the City to fund municipal services. In 2025, net taxes available for municipal services totaled \$194.2 million, reflecting an increase of \$11.9 million, or 6.5%, compared to 2024. This amount accounted for 38% of gross revenue, up from 32% in 2024. The year-over-year increase is primarily a result of a decline in other revenue streams, most notably the reduction in contributed asset revenue following the one-time consolidation impact seen in 2024. The increase in net taxes was primarily driven by a 5.1% property tax increase approved by Council, combined with higher-than-expected assessment 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.

Sales and user charges increased by \$6.6 million, or 2.99%, from 2024. This is primarily due to an increase in general sales and user charges of \$5.7 million. This includes an increase in Developer contributions of \$2.9 million, an increase in LDE rental and other operating revenues of \$1.4 million, and Entertainment & Event Services revenues of \$0.8 million. Various other general departments contributed to a \$0.6 million increase in other revenue. Utility revenues further contributed to the overall increase, including a \$1.4 million increase in Water Utility revenue, a \$0.4 million increase in Electric Utility revenue, and a \$0.1 million increase in Wastewater Utility revenue. These positive increases were partially offset by a \$1 million decrease in Waste & Environment, primarily attributable to

the change in recycling fees resulting from the implementation of Extended Producer Responsibility (EPR) Program.

Licenses and permits increased by \$2.1 million in 2025 to \$5.1 million. The change was primarily driven by a \$1.9 million increase in inspection and permit revenue in Development Services, resulting from the start of construction on several larger projects. Other permits and licenses collectively contributed to the increase of an additional \$0.2 million.

The City experienced an overall increase of \$0.5 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 28 – Segmented Disclosures.

In 2025, the consolidated expenses were \$495.6 million which was a 2.7% decrease from the previous year (2024 \$509.3 million).

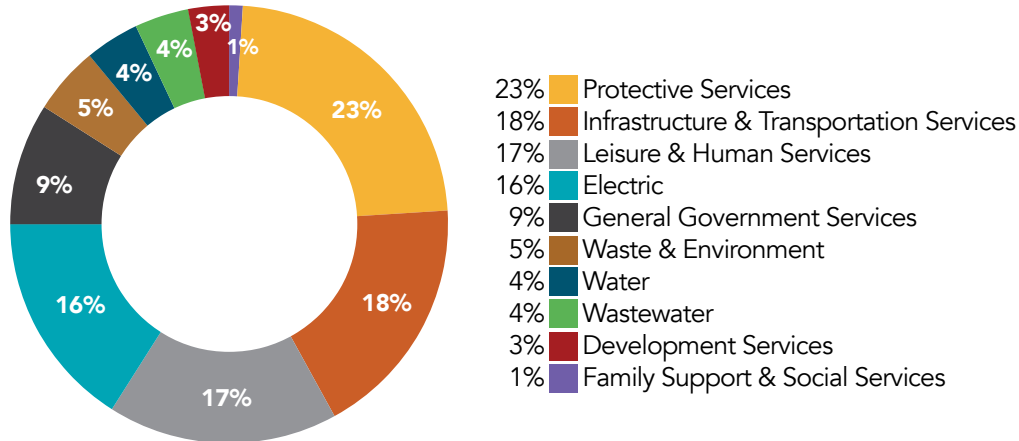
EXPENSES (millions)	
2025 Actual	\$ 495.6
2024 Actual	509.3
Variance	\$ (13.7)
% Variance	(2.7)%

## Expenses by Function

In 2025, overall expenses decreased by \$13.7 million from 2024. The primary factors contributing to this change were a \$21.5 million decrease in General Government Services and a \$3 million decrease in Electric Utility. These decreases were offset by increases in Protective Services of \$4.6 million, Infrastructure & Transportation Services of \$2.9 million, Development

# FINANCIAL STATEMENT DISCUSSION & ANALYSIS

## 2025 Expenses by Function



Services of \$1.6 million, and all other segments making up a \$1.7 million increase.

General Government Services expenses decreased by \$21.5 million to \$43.8 million in 2025 from \$65.3 million in 2024. General administration recoveries from other internal segments increased by \$21.8 million, largely due to absence of the one-time impact of LDE consolidation from 2024. In addition, there was a \$1.9 million decrease in contracted general services and a \$1.2 million decrease in transfer to individuals and organizations. These decreases and increased recoveries were partially offset by a \$2.2 million increase in personnel costs, and a \$1.2 million increase across the remaining expense categories.

Electric Utility expenses decreased by \$3 million to \$76.8 million in 2025 from \$79.8 million in 2024. The majority of this decrease, \$2.9 million, is due to the continued decline in pool prices from 2024 to 2025. The remaining \$0.1 million decrease reflects modest reductions across other operating expense categories.

Protective Services expenses increased by \$4.6 million, rising to \$113.7 million in 2025 from \$109.1 million in 2024. The increase was

driven primarily by higher personnel-related costs of \$5.2 million including negotiated wage increases, overtime and associated employee benefit costs. These increases were offset by a decrease in other expense categories of \$0.4 million.

In 2025, Infrastructure & Transportation Services expenses increased by \$2.9 million, reaching a total of \$86.9 million, up from \$84 million in 2024. This increase was primarily driven by a \$3.5 million increase in contracted and general services due to higher bridge, roadway and rail rehab maintenance and repair costs, as well as an increase of \$1.4 million in personnel costs. These increases were partially offset by an increase in expense recoveries from capital projects of \$1.5 million and \$0.5 million decrease in other expense categories.

Development Services expenses had a \$1.6 million increase to \$15.7 million from \$14.1 million in 2024. This primary driver of this change was a \$5.8 million increase in depreciation expense on land improvements. This increase was partially offset by a decrease of \$1.9 million in transfers to individuals and organizations, a \$1.3 million decrease in debt interest and a \$1.4 million decrease in land

development costs. Remaining expense categories had an increase of \$0.4 million from 2024.

The City experienced an overall increase of \$1.7 million in the remaining expense segments.

### Expenses by Object

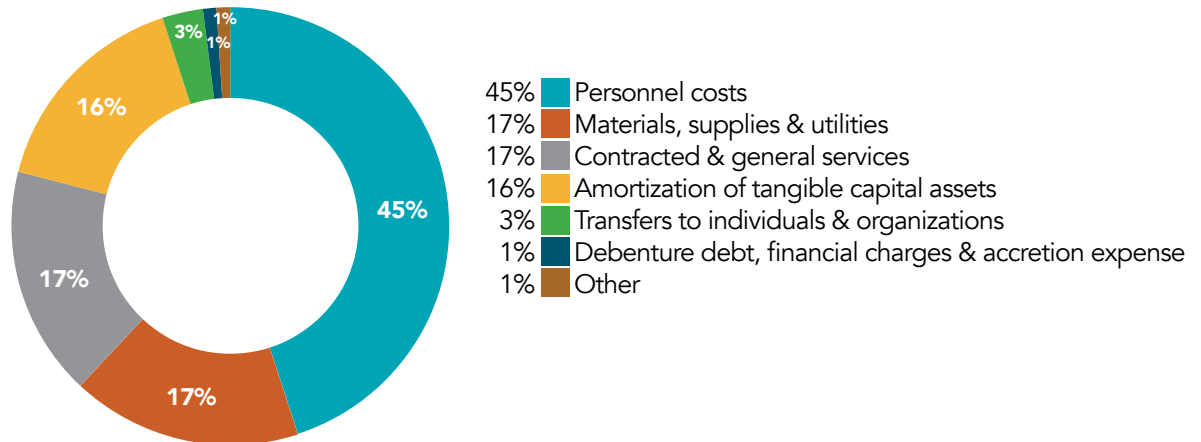
The Schedule of Segmented Reporting – Schedule 4 and note 22 – Expenses by Object provide an alternate view of the City's expenses. The expense by object provides another insight into the overall decrease of \$13.7 million from 2024.

Contributing factors to this decrease include a \$26.2 million reduction in other expenses, a \$3.4 million decrease in materials, supplies and utilities, and a \$1.9 million decrease in debenture debt interest. These decreases were partially offset by an \$8.4 million increase in salaries, wages and benefits, a \$6.4 million in amortization of tangible capital assets, and a \$2.6 million increase in contracted and general services. All other expense categories collectively increased by \$0.4 million.

Other expenses decreased by \$26.2 million, primarily due to the one-time consolidation impact of LDE in 2024, including the recognition of assumed obligations.

# FINANCIAL STATEMENT DISCUSSION & ANALYSIS

## 2025 Expenses by Object



Materials, supplies, and utilities expenses decreased by \$3.4 million, or 3.8%, to \$85.4 million from \$88.8 million in 2024. The decrease in expenses of the Electric Utility of \$3.4 million a result of continued decline in pool prices from 2024 to 2025, as well as decrease in Fuel expenses of \$1.6 million. These decreases are offset by a \$1.2 million increases in materials and supplies, primarily in Traffic Signals, and Fleet operations and an increase of \$0.4 million in parts and consumable expenses.

In 2025, debenture debt interest decreased by \$1.9 million or 31% falling to \$4.3 million from \$6.2 million in 2024. This reduction was primarily due to a \$1.3 million decrease in interest related to the LDE Loan, which was fully paid out in 2024. The remaining interest expenses had a modest decrease of \$0.6 million.

Personnel costs increased by \$8.4 million to \$223.6 million, representing a 3.9% increase over 2024. This increase is primarily attributable to staffing requirements associated with the Capital Improvement Program and Operating Initiatives, negotiated collective agreement increases, including the finalization of a new collective agreement for Protective Services, and higher benefit costs

resulting from increased payroll deduction rates. The overall increase in personnel and benefit costs of \$9.4 million was partially offset by a \$1.0 million reduction in overtime and other wage-related expenses.

In 2025, amortization of tangible capital asset expenses totaled \$84.4 million, an increase of \$6.4 million from 2024. The largest increase was in land improvements which rose \$6 million, followed by buildings which increased by \$0.9 million, and engineering structures, which increased by \$0.6 million. Offsetting these increases were decreases in vehicles of \$0.7 million, asset retirement obligation assets of \$0.2 million, and equipment and furnishings of \$0.2 million.

Contracted and general services increased by \$2.6 million, rising to \$84.7 million in 2025 from \$82.1 million in 2024. This was primarily attributable to Infrastructure, which experienced a \$3.5 million increase due to higher bridge, roadway and rail rehabilitation maintenance and repair costs. Recreation Facilities & Programs also saw a capital spending increase of \$1.1 million due to Pathway System Connections and Extension projects. These capital spending increases were offset by

a combined \$1.2 million decrease in other capital project spending. Operations related costs decreased by \$0.8 million, due to reduced travel and training expenses, which declined by \$0.4 million across the organization. In addition, LDE recorded a \$0.4 million decrease resulting from lower repairs, maintenance and event services expenses compared to 2024.

Other expense categories have increased by \$0.4 million. This is due to a slight increase in financial charges, transfers to individuals and organizations, and accretion expenses.

### Excess of Revenue Over Expenses

During 2025, the City realized an excess of revenue over expenses of \$15.5 million. As summarized on the Consolidated Schedule of Unrestricted Surplus – Schedule 1, the amount of unrestricted surplus was increased by prior year transfers of \$8.7 million. The bulk of these funds were reduced by restricted balance transfers of \$12.8 million for transfers to reserves, and \$6.1 million in transfers to the capital fund. Additional change in the equity in non-financial assets further impacted the unrestricted

# FINANCIAL STATEMENT DISCUSSION & ANALYSIS

position including an increase related to equity in tangible capital assets of \$6.6 million (represented by the net decrease in tangible capital assets of \$3.2 million, the net decrease of debenture debt of \$14.2 million, capital lease obligation increase of \$0.4 million and asset retirement obligation increase of \$17.2 million), and a decrease in land held for resale of \$1.5 million. Once these changes and transfers are completed, it leaves the consolidated annual unrestricted surplus of \$10.4 million as noted in Schedule 1.

## CASH FLOWS

The City's cash and cash equivalents experienced a \$0.5 million decrease resulting in the year-end balance of \$50.9 million. During the year, \$105.8 million was raised from operating activities. This was offset by the use of cash and cash equivalents for net debenture debt repayments of \$14.2 million, investment portfolio increase of \$11.2 million (net), and \$80.9 million (net) was spent to acquire tangible capital assets, a reflection of the City's commitment to the maintenance and improvement of capital infrastructure and facilities. Collectively, these cash movements nearly fully offset operational cash inflows, resulting in only a minimal net change in cash and cash equivalents for the year.

## 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).

# FINANCIAL STATEMENT DISCUSSION & ANALYSIS

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, 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, Lethbridge & District Exhibition, Excite Lethbridge Society 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 2025 Consolidated Financial Statements at its meeting in April 28, 2026.

## 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. The City continues to strengthen its Asset Management program as a key

# FINANCIAL STATEMENT DISCUSSION & ANALYSIS

driver of financial sustainability and reliable service delivery. Building on the program's foundation established in 2005, City Council approved the Asset Management Policy (CC-68) along with the Asset Management Strategy in 2025. The Policy provides leadership and guidance for implementing consistent Asset Management processes throughout the City of Lethbridge while the strategy defines a high-level long-term approach to Asset management. Recently, the City has developed comprehensive Asset Management Plans for critical and asset-intensive areas such as Facility Services, Parks, Water Treatment Plant, Wastewater Treatment Plant, Fleet Services and Lethbridge & District Exhibition. These plans enhance the City's ability to prioritize investments, forecast long-term capital needs, and manage asset lifecycle costs more effectively.

## ECONOMIC CONDITIONS

In 2025, the annual unemployment rate in Lethbridge is at 6.7% versus the national average of 6.8% and lower than the Alberta rate of 7.2%. Lethbridge population remains stable at just over 106,500. The annual rate of inflation fell to 2.1%. This was the third consecutive annual decline and the smallest decrease since 2020. This rate is the closest the country has been to the Bank of Canada target rate. As prices continued to recede in 2025, the overall trend was positive and costs remain elevated in some important categories with food prices rising by 3.2% (up from 2.7% in 2024). Shelter prices remained higher than the all-items average (increasing by 3.0%), but moderate by way of comparison from the year prior (5.7% in 2024). Current forecasts for 2026 anticipate price growth of 2.3% - 3.0% and based on current trends it may be possible that prices for the year ahead will outpace those in 2025.

Construction values can vary significantly year-over-year based on the composition of permit applications, as well as other factors such as material and labour costs. Lethbridge experienced an increase in terms of the value of overall construction in the community at \$489 million, versus \$280 million in 2024. Values were significantly higher than 2024, due largely to the significant increase in the value of 'Institutional' permits, which was a result of the application for the Lethbridge Alberta LDS Temple. Commercial permit values saw an increase to \$41.5 million in 2025, from \$22.6 million in 2024. Residential permit values saw an increase to \$247.7 million in 2025, from \$210.6 million in 2024. In both 2024 and 2025 Lethbridge saw a significant increase in investments in multi-family construction projects.

## CONCLUSION

The 2025 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 \$38.2 million at the end of 2025. 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 2025. 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 2026.

Respectfully submitted,



Darrell Mathews, CPA, CMA, CIA  
CFO & Treasurer  
April 28, 2026

# RECOGNITION FOR ACHIEVEMENTS

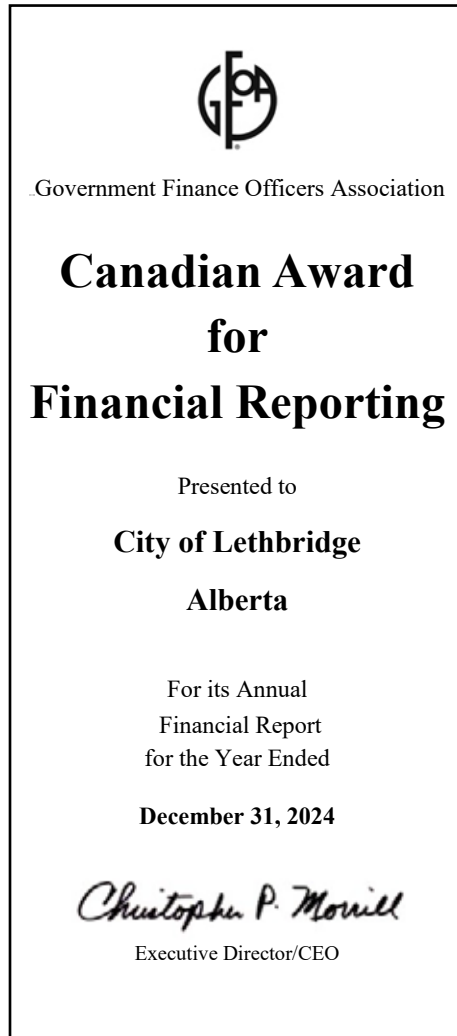
## Recognition for Achievements

### Canadian Award for Financial Reporting

The City of Lethbridge annual financial report for the year ended December 31, 2024, 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, 2024. 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 ten consecutive years (2015-2024). 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, 2025 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 28, 2026



Darrell Mathews, CPA, CMA, CIA  
CFO & City Treasurer  
April 28, 2026

# 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, 2025
- the consolidated statement of operations for the year then ended
- the consolidated statement of net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes and schedules to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2025 and its consolidated results of operations, its consolidated 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 financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

## **Other Information**

Management is responsible for other information. Other information comprises:

- the information, other than the financial statements and the auditor's report thereon, included in the 2025 Annual Report document.

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

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

We obtained the information, other than the financial statements and the auditor's report thereon, included in the 2025 Annual Report as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the City's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the City or to cease operations, or has no realistic alternative but to do so.

# INDEPENDENT AUDITOR'S REPORT

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 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 financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.  
The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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 financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- 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 font, all in black. A horizontal line is drawn underneath the text.

Chartered Professional Accountants

Lethbridge, Canada  
April 28, 2026

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2025 (in thousands of dollars)

		2025	2024
<b>FINANCIAL ASSETS</b>			
Cash and cash equivalents	Note 3	\$ 50,872	\$ 51,394
Investments	Note 4	359,440	348,245
Receivables	Note 5	44,771	41,440
Deposits		505	96
Land held for resale		385	495
		455,973	441,670
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	Note 6	47,006	53,445
Employee benefit obligations	Note 7	16,968	16,088
Deferred revenue	Note 8	112,476	115,737
Deposits and other liabilities		15,589	13,061
Capital lease obligations	Note 9	3,396	3,023
Debenture debt	Note 10	149,290	163,508
Asset retirement obligations	Note 11	73,075	55,869
		417,800	420,731
<b>NET FINANCIAL ASSETS (DEBT)</b>		<b>38,173</b>	<b>20,939</b>
<b>NON-FINANCIAL ASSETS</b>			
Inventories held for consumption		12,832	13,138
Prepaid expenses		9,922	9,240
Land held for resale		42,641	41,542
Tangible capital assets	Schedule 3 & Note 13	1,949,938	1,953,145
		2,015,333	2,017,065
<b>MUNICIPAL EQUITY</b>	Note 15	<b>\$ 2,053,506</b>	<b>\$ 2,038,004</b>
Commitments (Note 23)			
Contingent liabilities (Note 27)			
Contractual rights (Note 30)			

Approved on behalf of City Council

  
 Mayor Blaine Hyggen

  
 Councillor

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

# CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2025 (in thousands of dollars)

		2025	2025 Budget (Note 29)	2024
<b>REVENUE</b>				
Sales and user charges		\$ 226,991	\$ 242,890	\$ 220,397
Net taxes	Schedule 2	194,212	191,444	182,336
Government transfers	Note 20	32,392	34,543	34,413
Gas company franchise fee		7,083	6,890	7,091
Contributed assets		2,883	-	79,026
Sale of land		6,047	6,047	11,058
Fines and penalties		4,990	6,742	5,436
Return on investments		14,319	8,914	13,667
Licenses and permits		5,139	4,299	3,090
Other		17,095	14,244	16,710
		<b>511,151</b>	<b>516,013</b>	<b>573,224</b>
<b>EXPENSES</b>				
	Note 22			
Protective Services		113,757	114,582	109,115
Electric		76,778	91,008	79,804
Infrastructure & Transportation Services		86,886	91,414	84,021
Leisure & Human Services		85,303	84,586	84,759
General Government Services		43,763	48,822	65,225
Water		20,763	23,137	20,996
Waste & Environment		24,826	29,916	24,120
Wastewater		20,110	20,705	19,979
Development Services		15,744	10,779	14,135
Family Support & Social Services		7,719	7,756	7,210
		<b>495,649</b>	<b>522,705</b>	<b>509,364</b>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	Schedule 1 & 4	<b>15,502</b>	<b>(6,692)</b>	<b>63,860</b>
<b>MUNICIPAL EQUITY, BEGINNING OF YEAR</b>		<b>2,038,004</b>	<b>2,038,004</b>	<b>1,974,144</b>
<b>MUNICIPAL EQUITY, END OF YEAR</b>	Note 15	<b>\$ 2,053,506</b>	<b>\$ 2,031,312</b>	<b>\$ 2,038,004</b>

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

# CONSOLIDATED STATEMENT OF NET FINANCIAL ASSETS (DEBT) FOR THE YEAR ENDED DECEMBER 31, 2025 (in thousands of dollars)

	2025	2025 Budget (Note 29)	2024
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ 15,502</b>	<b>\$ (6,692)</b>	<b>\$ 63,860</b>
Change related to tangible capital assets			
Acquisition of tangible capital assets	(81,765)	(65,317)	(56,576)
Contributed assets	(2,883)	-	(79,026)
Proceeds on disposal of tangible capital assets	868	250	1,112
Loss on disposal of tangible capital assets	2,586	-	6,963
Amortization of tangible capital assets	84,401	76,229	77,980
	3,207	11,162	(49,547)
Change related to other non-financial assets			
Acquisition of inventories held for consumption	(22,907)	-	(19,927)
Use of inventories held for consumption	23,213	-	19,639
Acquisition of prepaid expenses	(11,937)	-	(10,115)
Use of prepaid assets	11,255	-	4,280
Use of land held for resale	(1,099)	-	951
	(1,475)	-	(5,172)
<b>INCREASE IN NET FINANCIAL ASSETS</b>	<b>17,234</b>	<b>4,470</b>	<b>9,141</b>
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<b>20,939</b>	<b>20,939</b>	<b>11,798</b>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>\$ 38,173</b>	<b>\$ 25,409</b>	<b>\$ 20,939</b>

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

# CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE YEAR ENDED DECEMBER 31, 2025 (in thousands of dollars)

	2025	2024
<b>NET INFLOW (OUTFLOW) OF CASH</b>		
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 15,502	\$ 63,860
Items not involving cash		
Amortization of tangible capital assets	84,401	77,980
Loss on disposal of tangible capital assets	2,586	6,963
Tangible capital assets received as contributions	(2,883)	(79,026)
Changes to financial assets		
Decrease (increase) in receivables	(3,331)	11,162
Decrease (increase) in other financial assets	(299)	18,269
Changes to non-financial assets		
Decrease (increase) in inventory held for consumption	306	(288)
Decrease (increase) in prepaid expenses	(682)	(5,835)
Decrease (increase) in land held for resale	(1,099)	951
Changes to liabilities		
Increase (decrease) in accounts payable and accrued liabilities	(6,439)	9,836
Increase (decrease) in employee benefit obligation	880	1,160
Increase (decrease) in deferred revenue	(3,261)	18,336
Increase (decrease) in deposits and other liabilities	2,528	1,273
Increase (decrease) in capital lease obligations	373	612
Increase (decrease) in asset retirement obligations	17,206	1,114
	105,788	126,367
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(81,765)	(56,576)
Proceeds on disposal of tangible capital assets	868	1,112
	(80,897)	(55,464)
<b>INVESTING ACTIVITIES</b>		
Increase in investments	(11,195)	(20,545)
<b>FINANCING ACTIVITIES</b>		
Debenture borrowings	12,177	1,271
Debenture debt principal redeemed	(26,395)	(36,590)
	(14,218)	(35,319)
<b>CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR</b>	(522)	15,039
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	51,394	36,355
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 50,872	\$ 51,394

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

# CONSOLIDATED SCHEDULE OF UNRESTRICTED SURPLUS AS AT DECEMBER 31, 2025 (in thousands of dollars) Schedule 1

	2025	2025 Budget (Note 29)	2024
<b>EXCESS OF REVENUE OVER EXPENSES</b>	\$ 15,502	\$ (6,692)	\$ 63,860
Unrestricted balances			
Transfer from prior year surplus	1,210	-	6,812
Transfer from prior year unrestricted surplus	7,588	-	-
Unfunded			
Transfer to (from) equity in inventories held for consumption	(306)	-	288
Transfer to (from) equity in prepaid expenses	682	-	5,835
Restricted balances			
Transfer (to) from reserves	(12,817)	(2,283)	(6,031)
Transfer (to) from capital fund	(6,141)	(22,164)	19,836
Equity in non-financial assets			
Change in inventories held for consumption	306	-	(288)
Change in prepaid expenses	(682)	-	(5,835)
Change in land held for resale	(1,489)	-	1,341
Change in tangible capital assets	6,568	29,242	(83,140)
<b>CONSOLIDATED ANNUAL UNRESTRICTED SURPLUS</b>	<b>\$ 10,421</b>	<b>\$ (1,897)</b>	<b>\$ 2,678</b>

# SCHEDULE OF NET TAXES

## FOR THE YEAR ENDED DECEMBER 31, 2025

(in thousands of dollars)

### Schedule 2

	2025	2025 Budget (Note 29)	2024
<b>TAXATION</b>			
Real property taxes	\$ 245,461	\$ 237,670	\$ 227,523
Business taxes (BRZ)	276	211	258
Grants in lieu of taxes			
Provincial	1,223	1,203	1,213
Federal	59	77	68
	247,019	239,161	229,062
<b>Less special requisition transfers</b>			
Alberta School Foundation Fund	44,858	39,986	38,928
Holy Spirit RCSR 4	5,162	4,991	5,016
Green Acres Foundation	2,495	2,513	2,506
Downtown Lethbridge Business Revitalization Zone	268	203	250
Designated Industrial Properties	24	24	26
	52,807	47,717	46,726
<b>NET TAXES</b>	<b>\$ 194,212</b>	<b>\$ 191,444</b>	<b>\$ 182,336</b>

# SCHEDULE OF TANGIBLE CAPITAL ASSETS

## AS AT DECEMBER 31, 2025

(in thousands of dollars)

### Schedule 3

	Land	Land Improvements	Buildings	Infrastructure	Equipment & Furnishings	Vehicles	Assets Under Construction	2025	2024
<b>COST</b>									
BALANCE, BEGINNING OF YEAR	\$ 138,981	\$ 163,358	\$ 715,524	\$ 1,631,954	\$ 188,955	\$ 102,401	\$ 36,487	\$ 2,977,660	\$ 2,863,306
Acquisition of tangible capital assets	935	26,944	4,652	32,541	5,437	9,900	1,356	81,765	56,576
Contributed assets	25	-	-	2,769	89	-	-	2,883	79,026
Disposal of tangible capital assets	-	(6,418)	(12)	(7,401)	(2,258)	(6,226)	-	(22,315)	(21,205)
Asset Transfer	140	246	(4,566)	(54)	(1,179)	24	(219)	(5,608)	-
Write down of tangible capital assets	-	-	-	-	5	-	(10)	(5)	(43)
<b>BALANCE, END OF YEAR</b>	<b>140,081</b>	<b>184,130</b>	<b>715,598</b>	<b>1,659,809</b>	<b>191,049</b>	<b>106,099</b>	<b>37,614</b>	<b>3,034,380</b>	<b>2,977,660</b>
<b>ACCUMULATED AMORTIZATION</b>									
BALANCE, BEGINNING OF YEAR	-	(67,920)	(192,688)	(613,822)	(93,073)	(57,012)	-	(1,024,515)	(959,708)
Annual Amortization	-	(11,992)	(15,818)	(38,427)	(9,785)	(8,379)	-	(84,401)	(77,980)
Accumulated amortization on disposals	-	6,242	8	5,450	1,714	5,452	-	18,866	13,173
Asset Transfers	-	(246)	4,575	54	1,261	(36)	-	5,608	-
<b>BALANCE, END OF YEAR</b>	<b>-</b>	<b>(73,916)</b>	<b>(203,923)</b>	<b>(646,745)</b>	<b>(99,883)</b>	<b>(59,975)</b>	<b>-</b>	<b>(1,084,442)</b>	<b>(1,024,515)</b>
<b>TOTAL NET BOOK VALUE</b>	<b>\$ 140,081</b>	<b>\$ 110,214</b>	<b>\$ 511,675</b>	<b>\$ 1,013,064</b>	<b>\$ 91,166</b>	<b>\$ 46,124</b>	<b>\$ 37,614</b>	<b>\$ 1,949,938</b>	<b>\$ 1,953,145</b>

# SCHEDULE OF SEGMENTED REPORTING FOR THE YEAR ENDED DECEMBER 31, 2025 (in thousands of dollars) Schedule 4

	General Municipal Revenue	Protective Services	Infrastructure & Transportation Services	Leisure & Human Services
<b>REVENUE</b>				
Sales and user charges	\$ -	\$ 18,078	\$ 10,702	\$ 18,566
Net taxes	194,212	-	-	-
Government transfers	-	4,042	11,759	5,849
Gas company franchise fee	7,083	-	-	-
Contributed assets	-	-	1,947	89
Sale of land	-	-	-	-
Fines and penalties	-	50	485	3
Return on investments	10,800	1,262	1,412	754
Licenses and permits	-	4,857	280	2
Municipal Consent and Access Fee	11,420	-	-	-
Other	86	2,903	(66)	3,104
	223,601	31,192	26,519	28,367
<b>EXPENSES</b>				
Salaries, wages and benefits	-	74,758	28,893	26,491
Materials, supplies and utilities	-	3,744	17,060	9,678
Contracted and general services	-	6,185	15,886	16,751
Amortization of tangible capital assets	-	2,232	30,754	14,981
Transfers to individuals and organizations	-	62	9	4,491
Debenture debt interest	-	-	1,068	1,052
Financial charges	-	544	612	320
Accretion expense	-	33	156	409
Interdepartmental transfers (net)	-	26,349	(3,217)	11,371
Expenses recovered from capital	-	(323)	(5,448)	(253)
Other	-	173	1,113	12
	-	113,757	86,886	85,303
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>223,601</b>	<b>(82,565)</b>	<b>(60,367)</b>	<b>(56,936)</b>
Change in unrestricted balances	2,022	669	(120)	(123)
Transfer from (to) reserves	(7,754)	(2,039)	1,598	(1,904)
Transfer from (to) internal segments	3,762	379	8,579	2,116
Transfer from (to) capital fund	-	(211)	(406)	3,320
Change in equity in non-financial assets	-	148	10,306	3,784
<b>UNRESTRICTED SURPLUS (DEFICIT)</b>	<b>\$ 221,631</b>	<b>\$ (83,619)</b>	<b>\$ (40,410)</b>	<b>\$ (49,743)</b>

# SCHEDULE OF SEGMENTED REPORTING FOR THE YEAR ENDED DECEMBER 31, 2025 (in thousands of dollars) Schedule 4

General Government Services	Development Services	Family Support & Social Services	Utilities	2025	2024
\$ 364	\$ 5,339	\$ 896	\$ 173,046	\$ 226,991	\$ 220,397
-	-	-	-	194,212	182,336
635	3,134	3,665	3,308	32,392	34,413
-	-	-	-	7,083	7,091
-	-	-	847	2,883	79,026
-	6,047	-	-	6,047	11,058
4,452	-	-	-	4,990	5,436
35	(38)	94	-	14,319	13,667
-	-	-	-	5,139	3,090
-	-	-	(11,420)	-	-
7,471	1,100	41	2,456	17,095	16,710
12,957	15,582	4,696	168,237	511,151	573,224
62,911	2,425	2,415	25,676	223,569	215,183
4,818	40	91	49,931	85,362	88,757
21,511	668	112	23,566	84,679	82,051
4,122	5,865	184	26,263	84,401	77,980
1,968	4,770	3,577	-	14,877	14,737
49	369	-	1,762	4,300	6,229
1,005	-	10	(3)	2,488	2,335
154	-	2	805	1,559	1,518
(57,002)	826	1,023	20,650	-	-
(562)	(527)	(656)	(7,520)	(15,289)	(12,598)
4,789	1,308	961	1,347	9,703	33,172
43,763	15,744	7,719	142,477	495,649	509,364
(30,806)	(162)	(3,023)	25,760	15,502	63,860
442	(9)	(10)	6,303	9,174	12,935
1,300	1,240	(196)	(5,062)	(12,817)	(6,031)
(2,335)	(6,113)	697	(7,085)	-	-
(6,979)	5,840	-	(7,705)	(6,141)	19,836
2,405	(2,971)	101	(9,070)	4,703	(87,922)
\$ (35,973)	\$ (2,175)	\$ (2,431)	\$ 3,141	\$ 10,421	\$ 2,678

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025 (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") and Excite Lethbridge Society ("Excite").

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, 2025 (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, 2025 (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:

<b>Asset</b>	<b>Years</b>
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, 2025 (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, 2025 (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, 2025. 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, 2025 (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 and 2030. 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 1202 - 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.

### PS 3251 - Employee Benefits

Effective for fiscal years beginning on or after April 1, 2029, the new standard replaces the existing employee benefits guidance in Sections PS 3250 and PS 3255.

## 3. CASH & CASH EQUIVALENTS

	2025	2024
Cash	\$ 40,632	\$ 28,369
Cash equivalents	10,240	23,025
	<b>\$ 50,872</b>	<b>\$ 51,394</b>

Cash includes cash on hand and balances with financial institutions.

Cash equivalents are comprised of short term deposits and guaranteed investment certificates with original maturities less than three months. The cash equivalents shown above have an average effective annual yield of 3.35% (2024 5.32%).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025 (in thousands of dollars)

## 4. INVESTMENTS

	2025		2024	
	Carrying Value	Market	Carrying Value	Market
Short term investments	\$ 135,481	\$ 135,679	\$ 129,319	\$ 128,982
Long term investments	223,959	212,685	218,926	204,097
	\$ 359,440	\$ 348,364	\$ 348,245	\$ 333,079

Investments mature at various dates between January 14, 2026 and September 23, 2035 and have an average effective annual yield of 3.16% (2024 3.58%).

Investments include \$52,616 (2024 \$62,332) in externally restricted amounts which must be used for specified capital projects.

## 5. RECEIVABLES

	2025	2024
Trade accounts receivable	\$ 45,841	\$ 43,500
Taxes receivable	4,150	3,252
Receivables from other governments	2,079	1,818
	52,070	48,570
Allowance for doubtful amounts	(7,299)	(7,130)
	\$ 44,771	\$ 41,440

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025 (in thousands of dollars)

## 6. ACCOUNTS PAYABLE & ACCRUED LIABILITIES

	2025	2024
Trade accounts payable	\$ 31,874	\$ 30,124
Accrued liabilities	13,464	20,523
Other government	1,668	2,798
	<b>\$ 47,006</b>	<b>\$ 53,445</b>

## 7. EMPLOYEE BENEFIT OBLIGATIONS

	2025	2024
Vacation and overtime	\$ 15,397	\$ 14,432
Sick pay	1,419	1,513
Other	152	143
	<b>\$ 16,968</b>	<b>\$ 16,088</b>

### 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, 2025 (in thousands of dollars)

## 8. DEFERRED REVENUE

	2025	2024
Deferred revenue	\$ 1,026	\$ 1,182
Permit Revenue	1,474	1,165
User Fees	4,542	2,944
Government contributions <sup>(1)</sup>	52,616	62,332
Prepaid taxes	52,818	48,114
	<b>\$ 112,476</b>	<b>\$ 115,737</b>

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

	2024 Balance	Grants Received & Net Interest	Government Transfer Revenue	2025 Balance
Canada Community Building Fund	\$ 26,372	\$ 901	\$ (6,164)	\$ 21,109
Municipal Sustainability Initiative Grant	31,368	(144)	(11,631)	19,593
Local Growth & Sustainability Grant	-	8,445	(1,514)	6,931
Other Grants	4,592	13,474	(13,083)	4,983
	<b>\$ 62,332</b>	<b>\$ 22,676</b>	<b>\$ (32,392)</b>	<b>\$ 52,616</b>

## 9. 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 5.40% to 8.79% per annum. Obligation under capital leases consists of:

	2025	2024
Minimum lease payments payable	\$ 3,764	\$ 3,431
Less: Portion representing interest to be recorded over the remaining term of the leases	(368)	(408)
<b>Total leases</b>	<b>\$ 3,396</b>	<b>\$ 3,023</b>

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

2026	\$ 1,179
2027	1,166
2028	822
2029	504
2030	75
Thereafter	18
<b>Total</b>	<b>\$ 3,764</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025 (in thousands of dollars)

## 10. DEBENTURE DEBT

	2025	2024
General - self supported	\$ 47,885	\$ 54,336
Utilities	67,581	71,022
General - tax supported	33,824	38,150
	<b>\$ 149,290</b>	<b>\$ 163,508</b>

Principal and interest repayments are as follows:

	Principal	Interest	Total
2026	\$ 19,517	\$ 4,124	\$ 23,641
2027	19,330	3,741	23,071
2028	18,654	3,083	21,737
2029	18,835	2,552	21,387
2030	18,671	2,017	20,688
2031 to maturity	54,283	4,533	58,816
	<b>\$ 149,290</b>	<b>\$ 20,050</b>	<b>\$ 169,340</b>

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 \$4,300 (2024 \$6,229).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025 (in thousands of dollars)

## 11. 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 2.86% and assuming annual inflation of 3.05%.

	2025	2024
Asset retirement obligations, beginning of year	\$ 55,869	\$ 54,755
Accretion	1,559	1,518
Additions	1,267	-
Revision in estimate	14,380	(12)
Disposal of Asset retirement obligations	-	(392)
Asset retirement obligations, end of year	\$ 73,075	\$ 55,869

### 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 44 years with final closure activities in 2070 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 and updated the initial 2022 estimates for the applicable buildings in 2025. The costs are based upon the presently known obligations obtained through assessments. The majority of buildings will be remediated at intervals over the next 52 years. These costs were discounted to December 31, 2025.

### 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, 2025.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025 (in thousands of dollars)

## 12. 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:

	2025	2024
Total debt limit	\$ 732,365	\$ 709,417
Debtenture debt	(149,290)	(163,508)
Capital lease obligations	(3,396)	(3,023)
Debt limit unused	579,679	542,886
Percentage of debt to debt limit	20.85 %	23.47 %
Service on debt limit	122,061	118,236
Service on debt (principal and interest payment)	(23,641)	(23,991)
Service on capital lease (principal and interest payment)	(1,179)	(932)
Service on debt limit unused	\$ 97,241	\$ 93,313
Percentage of service on debt limit used	20.33 %	21.08 %

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, 2025 (in thousands of dollars)

## 13. TANGIBLE CAPITAL ASSETS

	2025	2024
Net Book Value		
Land	\$ 140,081	\$ 138,981
Land improvements	110,214	95,438
Buildings	511,675	522,836
Infrastructure		
Roadways	471,612	480,444
Water system	195,814	196,708
Wastewater system	170,331	170,241
Waste Services system	5,570	5,758
Electrical system	169,737	164,981
Equipment and furnishings	91,166	95,882
Vehicles	46,124	45,389
Assets		
Under Construction	37,614	36,487
	<b>\$ 1,949,938</b>	<b>\$ 1,953,145</b>

Contributed capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$2,883 (2024 \$79,026). This amount is comprised of land in the amount of \$25 (2024 \$67), land improvements in the amount of \$0 (2024 \$219), buildings in the amount of \$0 (2024 \$74,671), infrastructure in the amount of \$2,769 (2024 \$2,256), equipment and furnishings in the amount of \$89 (2024 \$1,779), and vehicles in the amount of \$0 (2024 \$34).

The City capitalized \$160 (2024 \$353) in interest during the year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025 (in thousands of dollars)

## 14. 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:

	2025 Surplus	2024 Surplus
General	\$ 7,112	\$ 2,022
LDE	176	73
Excite	(8)	-
<b>Total General, LDE, &amp; Excite</b>	<b>7,280</b>	<b>2,095</b>
Utilities		
Water	95	119
Wastewater	-	(364)
Waste & Environment	1,164	1,640
Electric	1,882	(812)
<b>Total Utilities</b>	<b>3,141</b>	<b>583</b>
	<b>\$ 10,421</b>	<b>\$ 2,678</b>

## 15. MUNICIPAL EQUITY

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

	2025	2024
Unrestricted balances		
Unrestricted surplus (Note 16)	\$ 34,394	\$ 32,771
Unfunded		
Inventories held for consumption	(12,832)	(13,138)
Prepaid expenses	(9,922)	(9,240)
Restricted balances		
Reserves (Note 17)	148,903	136,086
Capital fund	109,154	103,013
Equity in non-financial assets		
Inventories held for consumption	12,832	13,138
Prepaid expenses	9,922	9,240
Land held for resale	36,878	35,389
Tangible capital assets (Note 19)	1,724,177	1,730,745
	<b>\$ 2,053,506</b>	<b>\$ 2,038,004</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025 (in thousands of dollars)

## 16. 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 2025 General Operations accumulated surplus of \$7,112 will be transferred to the Municipal Revenue Stabilization Reserve and the 2025 Electric accumulated surplus of \$1,882 will be transferred to the Electric Reserve in 2026.

	2024 Balance	Appropriations & Adjustments	2025 Surplus (Deficit)	2025 Balance
City general	\$ 2,022	\$ (2,022)	\$ 7,112	\$ 7,112
LDE	73	-	176	249
Excite	-	-	(8)	(8)
<b>Total General, LDE, &amp; Excite</b>	<b>2,095</b>	<b>(2,022)</b>	<b>7,280</b>	<b>7,353</b>
Water	9,249	-	95	9,344
Wastewater	3,955	-	-	3,955
Waste & Environment	18,284	(7,588)	1,164	11,860
Electric	(812)	812	1,882	1,882
	\$ 32,771	\$ (8,798)	\$ 10,421	\$ 34,394

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025 (in thousands of dollars)

## 17. RESERVES

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

	2025	2024
Municipal Revenue Stabilization (Note 18)	\$ 44,374	\$ 38,482
Major Capital Projects	26,077	19,615
Fleet Services	14,453	15,333
Electric	9,761	12,984
Water	8,660	6,063
Insurance	6,347	5,806
Department Committed Budget Carryovers	6,161	-
Real Estate Holdings	4,769	5,955
Corporate Committed Budget Carryovers	4,132	-
Urban Parks	3,964	3,645
Wastewater	3,947	2,662
Community Lighting	3,819	3,471
Airport Reserve	3,690	4,315
Cemeteries	2,885	2,738
Uncommitted Budget Carryovers	2,279	-
Transit Bus	1,043	1,043
Waste	988	-
Acquire Off Street Parking	888	781
Municipal Reserve Fund	418	404
Mayor Magrath Drive Beautification	125	125
Central Business District Land Acquisition	123	270
Budget Appropriations	-	12,394
	<b>\$ 148,903</b>	<b>\$ 136,086</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025 (in thousands of dollars)

## 18. 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, 2025 are as follows:

	2025	2024
Balance, beginning of year	\$ 38,482	\$ 48,567
Electric Municipal Consent and Access Fee ("MCAF")	11,495	11,378
Investment and interest income (net of trust allocations)	10,036	12,774
Gas company franchise fee revenue	7,083	7,091
Recovery of internal financing	4,235	2,818
Return on Investment (Electric ROI)	3,369	2,392
By-law enforcement	2,412	3,027
Prior Year General Operating Surplus	2,022	1,225
Commercial land lease revenue	1,083	1,000
Snow Removal	600	-
Unused CBC funding	-	27
YMCA Contractual Agreement Reimbursement	-	26
	<b>80,817</b>	<b>90,325</b>
Less:		
Budgeted Allocation to General Operations:		
Electric Municipal Consent and Access Fee ("MCAF")	(11,167)	(10,941)
Gas company franchise fee	(6,310)	(6,210)
Allocation to General Operations	(6,050)	(6,050)
By-law enforcement	(4,310)	(4,310)
Return on Investment (Electric ROI)	(2,674)	(2,629)
One time allocations	(2,653)	(5,603)
Internal financing advances	(1,267)	(13,684)
Allocation for Tax Installment Payment Plan discounts	(1,012)	(959)
Commercial land debenture payment	(1,000)	(1,000)
Snow Removal	-	(457)
	<b>(36,443)</b>	<b>(51,843)</b>
Balance, end of year	\$ 44,374	\$ 38,482

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025 (in thousands of dollars)

## 19. EQUITY IN TANGIBLE CAPITAL ASSETS

	2025	2024
Tangible capital assets (Schedule 3)	\$ 3,034,380	\$ 2,977,660
Accumulated amortization (Schedule 3)	(1,084,442)	(1,024,515)
Debenture debt (Note 10)	(149,290)	(163,508)
Capital lease obligations (Note 9)	(3,396)	(3,023)
Asset retirement obligations (Note 11)	(73,075)	(55,869)
	<b>\$ 1,724,177</b>	<b>\$ 1,730,745</b>

## 20. GOVERNMENT TRANSFERS

	2025	2024
Operating		
Provincial	\$ 9,219	\$ 9,523
Federal	3,148	3,368
Capital		
Provincial	12,989	14,301
Federal	7,036	7,221
	<b>\$ 32,392</b>	<b>\$ 34,413</b>

## 21. REVENUE

Revenues that are not related to recurring activities were \$8,930 (2024 - \$90,084).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025 (in thousands of dollars)

## 22. EXPENSES BY OBJECT

	2025	2024
Salaries, wages and benefits	\$ 223,569	\$ 215,183
Materials, supplies and utilities	85,362	88,757
Contracted and general services	84,679	82,051
Amortization of tangible capital assets	84,401	77,980
Accretion expense	1,559	1,518
Transfers to individuals and organizations	14,877	14,737
Debenture debt interest	4,300	6,229
Financial charges	2,488	2,335
Other <sup>(1)</sup>	(5,586)	20,574
	<b>\$ 495,649</b>	<b>\$ 509,364</b>

<sup>(1)</sup> 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, 2025 (in thousands of dollars)

## 23. COMMITMENTS

### a. Contracts

As at December 31, 2025 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
Henderson Ice Upgrades	\$ 2,764	\$ 3,515
Environmental Utilities		
Water Treatment Plant Medium Voltage Upgrades	21,122	23,340
Water Treatment Plant Process Redundancy	31,810	37,771
Waste Water Treatment Plant Process & Electrical Upgrade - Detailed Design	6,308	6,317
Water Treatment Plant Expansion Detailed Design	2,967	3,389
Water Treatment Plant UV Disinfection Upgrades	1,700	3,000
Whoop Up/Scenic Dr Interchange Design	604	5,513
Crossings Subdivision	2,957	6,289
RiverStone Subdivision	1,582	5,459
Vehicles		
Access a Ride Bus Replacement	1,022	1,022
Side Load Refuse Trucks	833	833
Area Mowers	840	840
Clean Diesel Low Floor Transit Buses	4,961	4,961
	<b>\$ 79,470</b>	<b>\$ 102,249</b>

In addition to the above, the City has projects planned in its Capital Improvement Program for which contracts will be committed in future years.

### 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, 2025 (in thousands of dollars)

## 24. 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 316,938 people and 453 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% (2024 8.45%) of pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings ("YMPE") and 11.65% (2024 11.65%) for the excess. Employees are required to make current service contributions of 7.45% (2024 7.45%) to the YMPE and 10.65% (2024 10.65%) for any portion of pensionable salary over the YMPE.

Total current and past service contributions by the City to the LAPP were \$13,006 (2024 \$11,621). Total current and past service contributions by the employees of the City were \$11,439 (2024 \$10,263).

At December 31, 2024 the LAPP disclosed an actuarial surplus of \$19,557 million (2023 \$15,057 million); the 2025 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 8,269 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 2025 were 14.30% (2024 14.55%) of pensionable earnings for the City and 13.20% (2024 13.45%) of pensionable salaries for police officers.

Total current and past service contributions by the City to the SFPP were \$3,158 (2024 \$3,081). Total current and past service contributions by the police officers to the SFPP were \$2,762 (2024 \$2,685).

At December 31, 2024 the SFPP disclosed an actuarial surplus of \$624 million (2023 surplus of \$553 million); the 2025 SFPP actuarial balance was not available at the date of this report.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025 (in thousands of dollars)

## 24. 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% (2024 2.42%) and 2.96% (2024 2.96%) respectively of pensionable earnings up to \$188 (2024 \$180).

Total current service contributions by the City to APEX in 2025 were \$696 (2024 \$682). Total current service contributions by the employees of the City were \$569 (2024 \$558).

### 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 recovery recorded by the City in the year is \$48 (2024 \$79).

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, 2025 (in thousands of dollars)

## 25. 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	2025	2024
<b>Mayor</b>					
Hyggen, B	1	\$ 172	\$ 11	\$ 183	\$ 177
<b>Councillors</b>					
Beeber, A	1	13	2	15	-
Campbell, M	1	68	10	78	79
Carlson, J	1	78	9	87	80
Crowson, B	1	69	9	78	75
Dodic, R	1	74	6	80	71
Doria, R	1	13	2	15	-
Middleton-Hope, J	1	66	5	71	68
Paladino, N	1	69	6	75	74
Parker, R	1	68	11	79	75
Schmidt-Rempel, J	1	71	11	82	78
Wolfe, R	1	13	2	15	-
	11	602	73	675	600
City Manager	1	345	63	408	390
Designated Officers <sup>(1)</sup>	4	\$ 892	\$ 205	\$ 1,097	\$ 1,111

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

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

## 26. 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.

### a. Liquidity Risk

Liquidity Risk is the risk that the City will encounter difficulty in meeting the obligations associated with its financial liabilities. The City manages this risk by maintaining a portfolio of short term investments with rolling maturity dates to manage short term cash requirements. Additionally, the City maintains a short term operating line of credit with a commercial bank to ensure funds are available if required. There has been no change in liquidity risk from the prior year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025 (in thousands of dollars)

## 27. 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.

The City is named as defendant in various claims. Management is of the opinion that these claims are without substantial merit and no provisions have been made in the financial statements.

## 28. 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, Lethbridge & District Exhibition, and Excite Lethbridge Society.

### 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, 2025 (in thousands of dollars)

## 29. 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:

	2025 Budget
<b>Revenue</b>	
Approved budgeted revenue	\$ 500,097
<b>Expenses</b>	
Approved budgeted expenses	413,462
Less: Budget adjustments	93,327
<b>Deficiency of Revenue Over Expenses</b>	<b>\$ (6,692)</b>

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

## 30. 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
2026 <sup>(1)</sup>	\$ 1,695	\$ 8,503	\$ 10,198
2027	1,443	3,707	5,150
2028	1,418	577	1,995
2029	387	419	806
2030	12	111	123
Thereafter	9	491	500
<b>Total at December 31, 2025</b>	<b>\$ 4,964</b>	<b>\$ 13,808</b>	<b>\$ 18,772</b>
<b>Total at December 31, 2024</b>	<b>\$ 5,159</b>	<b>\$ 16,520</b>	<b>\$ 21,679</b>

<sup>(1)</sup> The City has rights to \$6,228 in 2025 (2024 \$7,126) 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 16 acres remaining to be sold by December 31, 2027.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025 (in thousands of dollars)

## **30. 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.

## **31. 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 ("LDE"). The LDE is a not-for-profit organization operating as an agricultural society in Alberta. The consolidated financial statements present the operations of LDE and the City for the period during which the City exercised control.

Effective September 24, 2025, LDE transitioned from a municipally influenced agricultural society to a community based not-for-profit agricultural society, now operating as the Lethbridge & District Agricultural Society. At that time, the City ceased to be a shareholder and no longer exercised control over the organization.

Accordingly, this will be the final year in which LDE is consolidated within the City's financial statements.

## **32. Excite Lethbridge Society Consolidation**

Effective July 2, 2025, the City incorporated Excite Lethbridge Society ("Excite") as a Part 9 not-for-profit organization under the Companies Act (Alberta). The City of Lethbridge is the sole shareholder, and therefore exercises control over Excite.

On September 30, 2025, all assets, employees, contracts, and intellectual property of LDE were transferred to Excite under an Asset Purchase Agreement. Excite subsequently assumed operational responsibility for the 72 acre Exhibition property, beginning October 1, 2025.

As a controlled entity, Excite is consolidated within these financial statements.

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

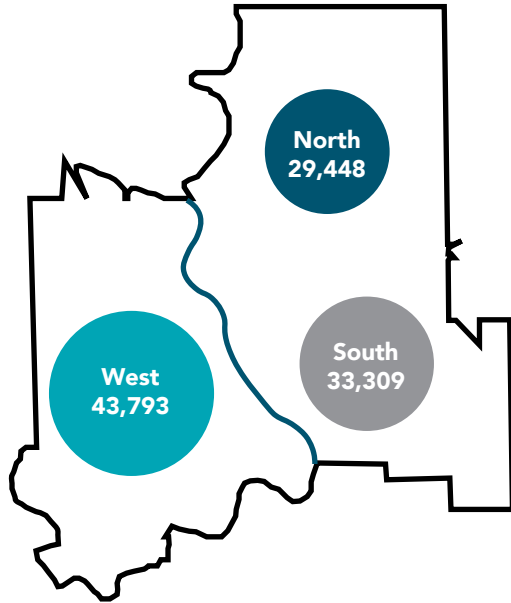
These financial statements have been approved by City Council.

**STATISTICAL  
INFORMATION  
(UNAUDITED)**

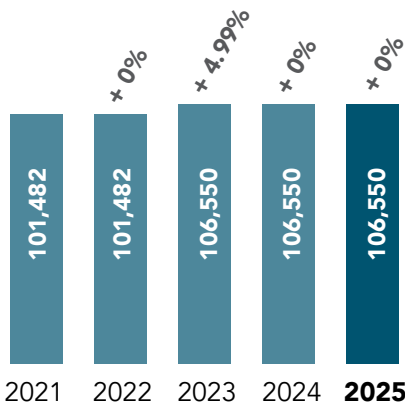


# STATISTICAL INFORMATION

## Population by Location in 2025

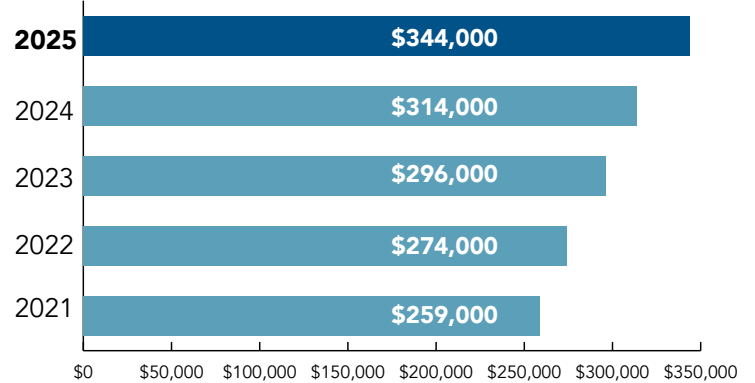


## Total Population

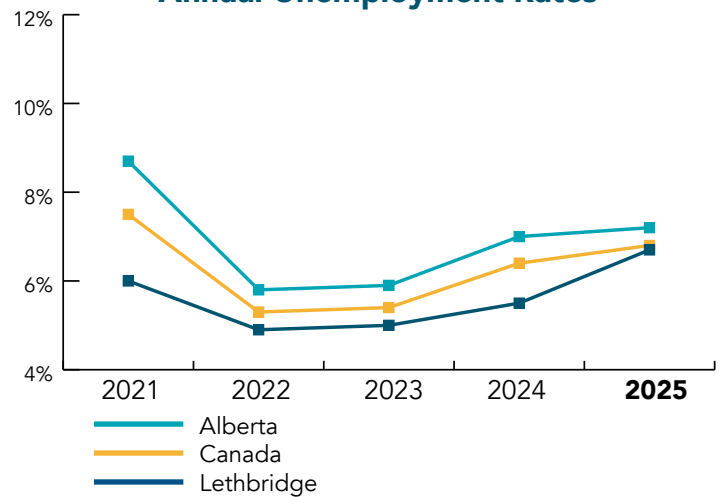


The City of Lethbridge conducted a census in 2023.

## Median Property Assessment for Single Family Residential Properties

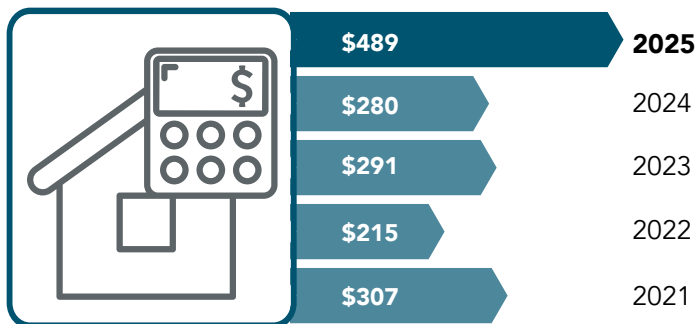


## Annual Unemployment Rates

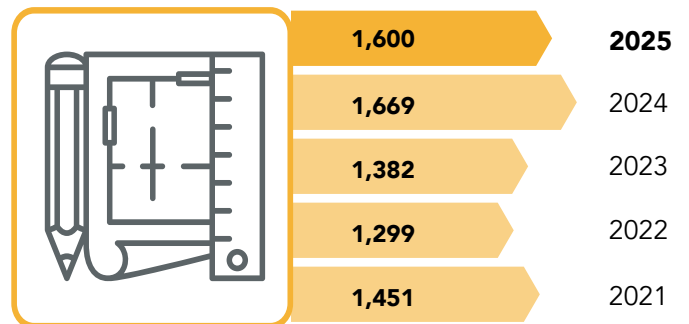


Source: Statistics Canada

## Building Permit Values (in millions of dollars)



## Number of Building Permits Issued



# STATISTICAL INFORMATION

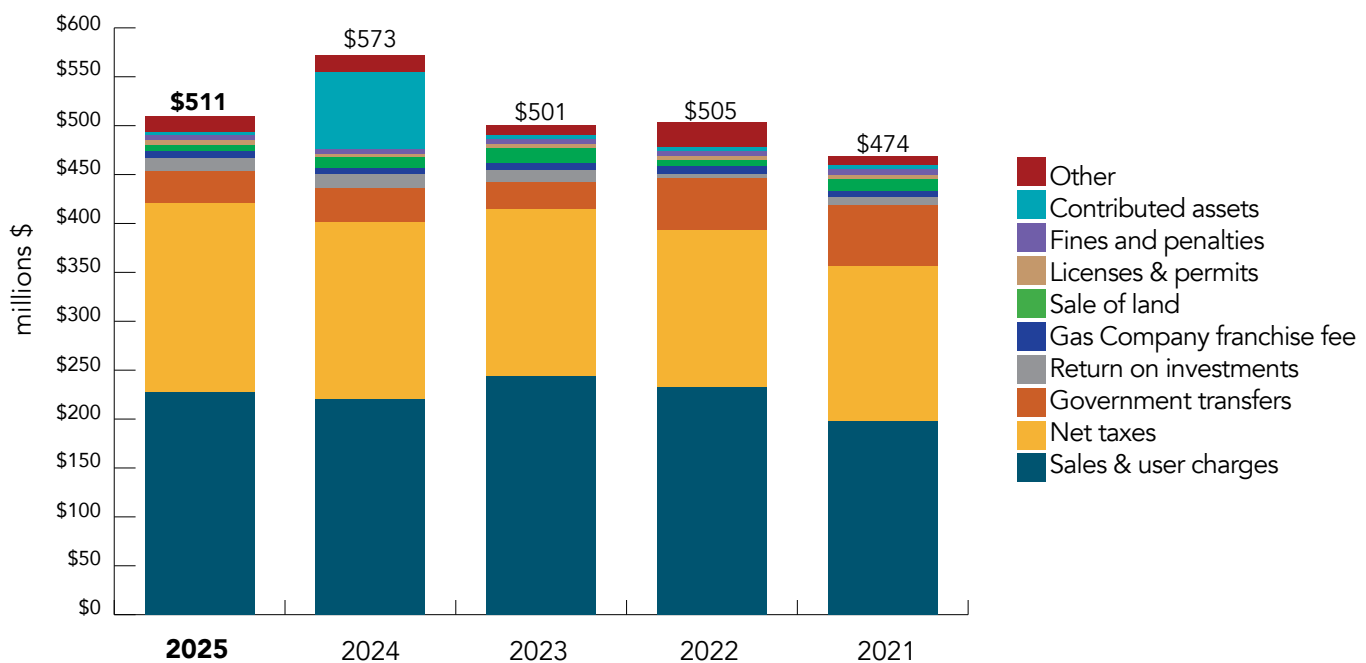
## Five Year Summary of Consolidated Revenue

For the Years Ended December 31, 2021 to 2025

(in thousands of dollars)

	2025	2024	2023	2022	2021
<b>REVENUE</b>					
Sales and user charges	\$ 226,991	\$ 220,397	\$ 244,289	\$ 233,446	\$ 198,307
Net taxes	194,212	182,336	170,406	160,006	158,048
Government transfers	32,392	34,413	27,585	52,839	62,822
Return on investments	14,319	13,667	12,979	5,097	8,432
Gas company franchise fee	7,083	7,091	6,968	7,719	6,152
Sale of land	6,047	11,058	15,207	5,803	11,566
Licenses and permits	5,139	3,090	3,752	3,912	4,074
Fines and penalties	4,990	5,436	5,324	5,265	6,940
Contributed assets	2,883	79,026	3,927	6,149	8,891
Other	17,095	16,710	10,723	25,191	9,210
<b>TOTAL REVENUE</b>	<b>\$ 511,151</b>	<b>\$ 573,224</b>	<b>\$ 501,160</b>	<b>\$ 505,427</b>	<b>\$ 474,442</b>

## 2021-2025 Gross Revenue



# STATISTICAL INFORMATION

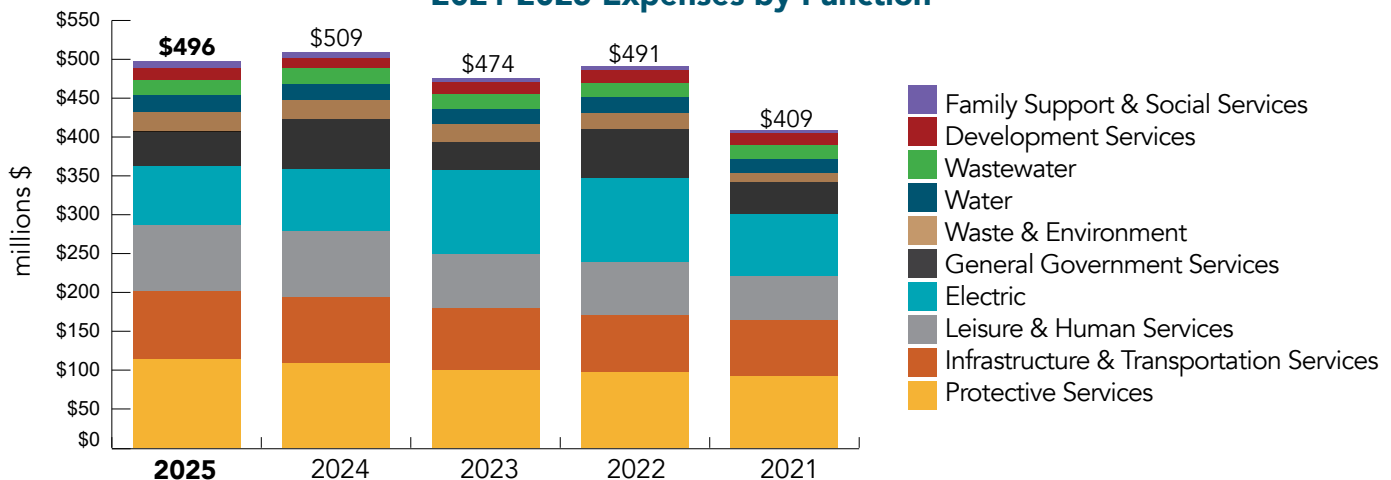
## Five Year Summary of Consolidated Expenses

For the Years Ended December 31, 2021 to 2025

(in thousands of dollars)

	2025	2024	2023	2022 Restated	2021 Restated
<b>EXPENSES BY FUNCTION</b>					
Protective Services	\$ 113,757	\$ 109,115	\$ 99,569	\$ 96,556	\$ 92,390
Infrastructure & Transportation Services	86,886	84,021	79,962	74,279	71,764
Leisure & Human Services	85,303	84,759	69,017	68,096	56,830
Electric	76,778	79,804	107,931	107,705	80,409
General Government Services	43,763	65,225	36,971	63,384	41,302
Waste & Environment	24,826	24,120	21,540	19,704	10,815
Water	20,763	20,996	20,142	20,552	19,012
Wastewater	20,110	19,979	18,654	18,976	16,527
Development Services	15,744	14,135	14,560	16,347	15,509
Family Support & Social Services	7,719	7,210	5,908	5,366	4,402
<b>TOTAL EXPENSES BY FUNCTION</b>	<b>\$ 495,649</b>	<b>\$ 509,364</b>	<b>\$ 474,254</b>	<b>\$ 490,965</b>	<b>\$ 408,960</b>
<b>EXPENSES BY OBJECT</b>					
Salaries, wages and benefits	\$ 223,569	\$ 215,183	\$ 197,748	\$ 186,238	\$ 179,964
Materials, supplies and utilities	85,362	88,757	113,762	115,757	81,268
Contracted and general services	84,679	82,051	75,953	74,507	65,137
Amortization of tangible capital assets	84,401	77,980	70,517	69,004	65,664
Transfers to individuals and organizations	14,877	14,737	12,613	45,498	23,534
Debenture debt interest	4,300	6,229	6,203	6,229	6,024
Financial charges	2,488	2,335	1,865	1,355	1,135
Accretion expense	1,559	1,518	1,487	1,446	-
Other	(5,586)	20,574	(5,894)	(9,069)	(13,766)
<b>TOTAL EXPENSES BY OBJECT</b>	<b>\$ 495,649</b>	<b>\$ 509,364</b>	<b>\$ 474,254</b>	<b>\$ 490,965</b>	<b>\$ 408,960</b>

### 2021-2025 Expenses by Function



# STATISTICAL INFORMATION

## Five Year Summary of Debenture Debt and Debt Limit

For the Years Ended December 31, 2021 to 2025 (in thousands of dollars)

	2025	2024	2023	2022	2021
<b>GENERAL</b>					
Tax supported					
Recreation & Culture Facilities	\$ 33,824	\$ 38,150	\$ 42,355	\$ 46,438	\$ 50,406
Self supported					
Offsites	32,863	37,946	42,880	47,670	49,764
Commercial land servicing	6,332	7,141	7,927	8,693	9,438
Industrial park servicing	5,762	6,997	8,199	9,369	10,507
Clean Energy Improvement Program	2,543	1,831	560	-	-
Airport	385	421	456	491	525
Lethbridge & District Exhibition	-	-	17,429	17,695	-
	81,709	92,486	119,806	130,356	120,640
<b>UTILITIES</b>					
Waste & Environment	24,663	22,224	24,410	22,223	25,000
Electric	21,628	24,790	27,873	30,879	33,810
Wastewater	12,481	14,013	15,587	17,321	19,247
Water	8,809	9,995	11,151	12,279	13,379
	67,581	71,022	79,021	82,702	91,436
<b>TOTAL GENERAL AND UTILITIES DEBT</b>	<b>\$ 149,290</b>	<b>\$ 163,508</b>	<b>\$ 198,827</b>	<b>\$ 213,058</b>	<b>\$ 212,077</b>
<b>POPULATION</b>					
	106,550	106,550	106,550	101,482	101,482
<b>DEBENTURE DEBT PER CAPITA</b>					
General - mill rate supported	\$ 317	\$ 358	\$ 398	\$ 458	\$ 497
General - self supported	449	510	727	827	692
Utilities	634	667	742	815	901
	\$ 1,400	\$ 1,535	\$ 1,867	\$ 2,100	\$ 2,090
<b>DEBT LIMIT (as per Municipal Government Act)</b>					
Total debt limit	\$ 732,365	\$ 709,417	\$ 724,366	\$ 665,665	\$ 626,994
Total debt (above)	(149,290)	(163,508)	(198,827)	(213,058)	(212,077)
Capital lease obligations	(3,396)	(3,023)	(2,411)	(626)	-
<b>DEBT LIMIT UNUSED</b>	<b>\$ 579,679</b>	<b>\$ 542,886</b>	<b>\$ 523,128</b>	<b>\$ 451,981</b>	<b>\$ 414,917</b>
Percentage of debt limit used	20.8%	23.5%	27.8%	32.1%	33.8%
Service on debt limit	\$ 122,061	\$ 118,236	\$ 120,728	\$ 110,944	\$ 104,499
Service on debt (principal and interest payment)	(23,641)	(23,991)	(25,319)	(26,058)	(24,949)
Service on capital lease payments	(1,179)	(932)	(639)	(150)	-
<b>SERVICE ON DEBT LIMIT UNUSED</b>	<b>\$ 97,241</b>	<b>\$ 93,313</b>	<b>\$ 94,770</b>	<b>\$ 84,736</b>	<b>\$ 79,550</b>
Percentage of service on debt limit used	20.3%	21.1%	21.5%	23.6%	23.9%
Percentage of expenditures	5.0%	4.9%	5.5%	5.3%	6.0%

# STATISTICAL INFORMATION

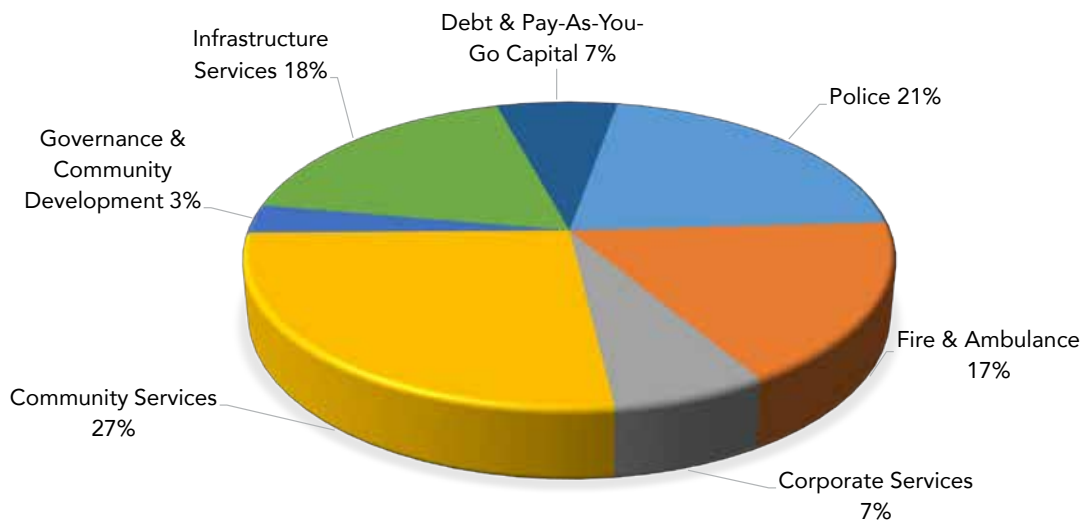
## Five Year Summary of Property Tax Levy

For the Years Ended December 31, 2021 to 2025 (in thousands of dollars)

	2025	2024	2023	2022	2021
<b>REAL PROPERTY</b>					
Municipal	\$ 193,586	\$ 182,027	\$ 170,539	\$ 159,610	\$ 157,423
Education	50,019	43,932	41,349	40,277	38,949
Other	1,856	1,564	890	1,272	1,396
<b>TOTAL REAL PROPERTY</b>	<b>245,461</b>	<b>227,523</b>	<b>212,778</b>	<b>201,159</b>	<b>197,768</b>
Business Taxes (BRZ)	276	258	246	189	215
<b>TOTAL CURRENT YEAR LEVY</b>	<b>\$ 245,737</b>	<b>\$ 227,781</b>	<b>\$ 213,024</b>	<b>\$ 201,348</b>	<b>\$ 197,983</b>
Current Taxes Collected	\$ 242,208	\$ 225,029	\$ 210,671	\$ 198,771	\$ 195,720
% of Current Taxes Collected	98.6%	98.8%	98.9%	98.7%	98.9%

The ten largest corporate taxpayers account for \$13,414 (5.3%) of the 2025 total property tax levy.

## 2025 Allocation of Municipal Property Tax Dollars



## Five Year Summary of Taxable Assessment

For the Years Ended December 31, 2021 to 2025 (in thousands of dollars)

	2025	2024	2023	2022	2021
Residential	\$ 13,932,161	\$ 12,696,422	\$ 11,944,150	\$ 11,115,168	\$ 10,326,618
Apartments	704,632	731,387	634,702	582,177	537,193
Commercial and Industrial	3,507,395	3,349,333	3,098,968	2,996,664	2,860,856
<b>TOTAL TAXABLE ASSESSMENT</b>	<b>\$ 18,144,188</b>	<b>\$ 16,777,142</b>	<b>\$ 15,677,820</b>	<b>\$ 14,694,009</b>	<b>\$ 13,724,667</b>

# STATISTICAL INFORMATION

## Five Year Summary of Acquisition of Tangible Capital Assets

For the Years Ended December 31, 2021 to 2025

(in thousands of dollars)

	2025	2024	2023	2022	2021
<b>CAPITAL SPENDING</b>					
Infrastructure	\$ 32,541	\$ 27,727	\$ 34,029	\$ 57,365	\$ 30,763
Land improvements	26,944	5,801	4,739	9,271	6,516
Vehicles	9,900	8,844	10,286	6,135	8,563
Equipment and furnishings	5,437	8,033	13,186	9,667	26,597
Buildings	4,652	4,906	11,641	4,799	48,762
Land	935	11	1,686	137	1,162
Change in assets under construction	1,356	1,254	(12,106)	(18,229)	(38,750)
<b>TOTAL CAPITAL SPENDING</b>	<b>\$ 81,765</b>	<b>\$ 56,576</b>	<b>\$ 63,461</b>	<b>\$ 69,145</b>	<b>\$ 83,613</b>

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

For the Years Ended December 31, 2021 to 2025

(in thousands of dollars)

	2025	2024	2023	2022 Restated	2021 Restated
<b>FINANCIAL ASSETS</b>					
Excess of revenue over expenses	\$ 15,502	\$ 63,860	\$ 26,906	\$ 14,462	\$ 65,482
Change related to tangible capital assets	3,207	(49,547)	5,123	(53,382)	(23,609)
Change related to other non-financial assets	(1,475)	(5,172)	180	(502)	(13,386)
<b>Increase (Decrease) in Net Financial Assets</b>	<b>17,234</b>	<b>9,141</b>	<b>32,209</b>	<b>(39,422)</b>	<b>28,487</b>
<b>Net Financial Assets, Beginning of Year</b>	<b>20,939</b>	<b>11,798</b>	<b>(20,411)</b>	<b>19,011</b>	<b>(9,476)</b>
<b>NET FINANCIAL ASSETS (DEBT), END OF YEAR</b>	<b>\$ 38,173</b>	<b>\$ 20,939</b>	<b>\$ 11,798</b>	<b>\$ (20,411)</b>	<b>\$ 19,011</b>

## Five Year Summary of Municipal Equity

For the Years Ended December 31, 2021 to 2025

(in thousands of dollars)

	2025	2024	2023	2022 Restated	2021 Restated
Revenue	\$ 511,151	\$ 573,224	\$ 501,160	\$ 505,427	\$ 474,442
Expenses	495,649	509,364	474,254	490,965	408,960
<b>Excess of Revenue Over Expenses</b>	<b>15,502</b>	<b>63,860</b>	<b>26,906</b>	<b>14,462</b>	<b>65,482</b>
<b>Municipal Equity, Beginning of Year</b>	<b>2,038,004</b>	<b>1,974,144</b>	<b>1,947,238</b>	<b>1,932,776</b>	<b>1,867,294</b>
<b>MUNICIPAL EQUITY, END OF YEAR</b>	<b>\$ 2,053,506</b>	<b>\$ 2,038,004</b>	<b>\$ 1,974,144</b>	<b>\$ 1,947,238</b>	<b>\$ 1,932,776</b>

# STATISTICAL INFORMATION

## Five Year Summary of Reserves

For the Years Ended December 31, 2021 to 2025

(in thousands of dollars)

	2025	2024	2023	2022	2021
<b>RESERVES</b>					
Municipal Revenue Stabilization	\$ 44,374	\$ 38,482	\$ 48,567	\$ 32,049	\$ 34,193
Major Capital Projects	26,077	19,615	16,144	11,204	16,943
Fleet Services	14,453	15,333	17,555	23,402	22,426
Electric	9,761	12,985	7,693	16,791	11,930
Water	8,660	6,063	1,174	-	-
Insurance	6,347	5,806	5,040	4,319	4,488
Department Committed Budget Carryover	6,161	-	-	-	-
Real Estate Holdings	4,769	5,955	5,883	6,244	6,223
Corporate Committed Budget Carryovers	4,132	-	-	-	-
Urban Parks	3,964	3,645	3,333	3,485	3,647
Wastewater	3,947	2,662	826	-	-
Community Lighting	3,819	3,471	3,230	3,005	3,605
Airport	3,690	4,315	4,742	5,229	3,944
Cemeteries	2,885	2,738	2,428	2,097	2,028
Uncommitted Budget Carryovers	2,279	-	-	-	-
Transit Bus	1,043	1,043	1,043	1,043	1,043
Waste	988	-	-	-	-
Acquire Off Street Parking	888	782	793	1,031	1,791
Municipal Reserve Fund	418	404	389	378	371
Mayor Magrath Drive Beautification	124	122	120	118	117
Central Business District Land Acquisition	123	270	688	687	687
Budget Appropriations	-	12,394	10,407	5,340	15,954
<b>TOTAL RESERVES</b>	<b>\$ 148,902</b>	<b>\$ 136,085</b>	<b>\$ 130,055</b>	<b>\$ 116,422</b>	<b>\$ 129,390</b>

## SUMMARY OF RESERVES (thousands \$)



# STATISTICAL INFORMATION

## Five Year Summary of Government Transfers

For the Years Ended December 31, 2021 to 2025

(in thousands of dollars)

	2025			2024	2023	2022	2021
	Provincial	Federal	Total				
<b>UNCONDITIONAL TRANSFERS</b>							
Grants in lieu of taxes	\$ 1,223	\$ 59	\$ 1,282	\$ 699	\$ 641	\$ 711	\$ 764
<b>CONDITIONAL TRANSFERS</b>							
Municipal Sustainability Initiative (MSI) <sup>(1)</sup>	11,631	-	11,631	12,741	9,148	12,156	22,268
Canada Community Building Fund (CCBF)	-	6,164	6,164	6,223	4,137	12,170	8,307
Reaching Home: Canada's Homelessness Strategy (RH)	-	3,007	3,007	3,033	2,237	1,173	2,963
Family and Community Support Services (FCSS)	2,593	-	2,593	2,579	2,270	2,506	2,361
Police Support Grant (PSG)	2,005	-	2,005	2,005	1,924	1,924	1,924
Local Growth & Sustainability Grant (LGSG)	1,514	-	1,514	-	-	-	-
9-1-1 Program	1,334	-	1,334	1,334	1,280	1,231	690
Local Government Fiscal Framework	1,303	-	1,303	1,303	-	-	-
Active Transportation Fund	-	919	919	-	1,200	50	-
Building Safer Communities Fund (BSCF)	-	605	605	777	57	-	-
Lethbridge Public Library	577	-	577	577	577	537	537
Low Income Transit Passes (LITP)	467	-	467	431	238	-	-
Second Health Grant	417	-	417	459	277	12	-
Enhanced Road Safety Transfer Payment Program (ERSTPP)	-	398	398	-	-	-	-
Adult Literacy Program	311	-	311	339	326	245	244
Victim/Witness Services Unit	300	-	300	300	375	375	269
Alberta Community Partnership (ACP)	211	-	211	1	-	-	-
Alberta Health & Wellness	139	-	139	130	112	103	107
Airport Capital Assistance Program (ACAP)	-	125	125	-	33	4,358	650
Employment & Social Development	-	68	68	12	-	-	-
Municipal Internship Program	60	-	60	-	-	-	-
Investing in Canada Infrastructure Program (ICIP)	52	-	52	976	1,251	2,616	8,229
Outreach & Support Services Initiative (OSSI)	47	-	47	-	1,145	5,050	3,782
Canada Heritage Program	-	42	42	25	33	170	81
Canada Day	-	42	42	43	48	50	15
Drug Impaired Driving Fund	32	-	32	39	-	-	-
Heritage Preservation Partnership Program	20	-	20	25	12	21	15
Fire Services Training Program Grant	9	-	9	-	12	9	-
Regional Airport Development Grant	-	-	-	108	-	-	-
Zero Emission Transit Fund (ZETF)	-	-	-	59	43	-	-
Canada Summer Jobs	-	-	-	4	4	11	16
Canada Community Revitalization Fund (CCRF)	-	-	-	-	419	31	-
Zero Emission Vehicle Infrastructure Program (ZEVIP)	-	-	-	-	250	-	-
Regional Air Transportation Initiative (RATI)	-	-	-	-	17	566	-
Green TRIP (Green Transit Initiatives Program)	-	-	-	-	7	-	-
Municipal Stimulus Program (MSP)	-	-	-	-	(3)	3,383	8,482
Municipal Operating Support Transfer (MOST)	-	-	-	-	-	1,235	-
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
Senate Elections Referendum Grant	-	-	-	-	-	-	214

Continued onto next page

## Five Year Summary of Government Transfers

For the Years Ended December 31, 2021 to 2025  
(in thousands of dollars)

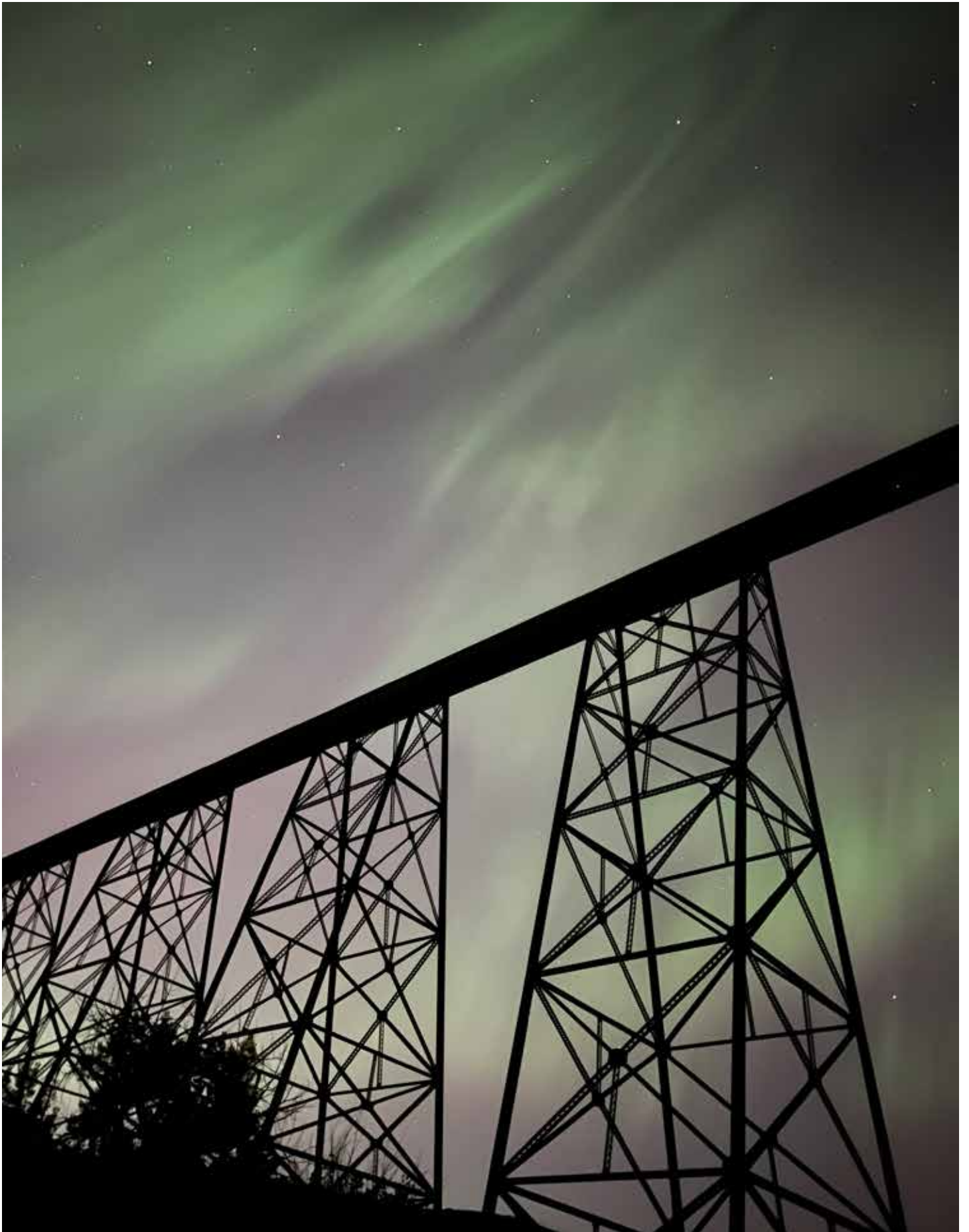
	2025			2024	2023	2022	2021
	Provincial	Federal	Total				
<b>CONDITIONAL TRANSFERS (continued)</b>							
Alberta Critical Worker Benefit	-	-	-	-	-	-	50
Municipalities for Climate Innovation Program (MCIP)	-	-	-	-	-	-	36
COVID-19 Pandemic Emergency Response	-	-	-	-	-	-	21
Other	-	-	-	-	1	7	3
	23,022	11,370	34,392	33,523	27,430	50,463	62,634
<b>TOTAL GOVERNMENT TRANSFERS <sup>(2)</sup></b>	<b>\$ 24,245</b>	<b>\$ 11,429</b>	<b>\$ 35,674</b>	<b>\$ 34,222</b>	<b>\$ 28,071</b>	<b>\$ 51,174</b>	<b>\$ 63,398</b>

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

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



River Valley & High Level Bridge (Sheila Enevold)



High Level Bridge (Sheila Enevold)



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

