



Operating Forecast September 2025

September 30, 2025

Prepared by:

Treasury & Financial Services

December 11, 2025



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This City of Lethbridge 2025 Financial Information Report is produced by Treasury & Financial Services in cooperation with all City of Lethbridge departments.

Executive Summary - September 2025 Operating Forecast

For Submission to the December 11 Economic & Finance SPC Meeting

This September 2025 Operating Forecast provides City Council with highlights of the 2025 General Fund, Utility Fund and Reserve Funded Operations and an update on the City's financial position for the year ended December 31, 2025. The supporting Variance Discussion and Analysis has been prepared in cooperation with all Departments.

December 31, 2025 marks the third year of the City's multi-year budget cycle (2023-2026). Typically, to accommodate the four-year budget cycle, departments are expected to operate within their 48 month budget. If there is a shortfall after the third year, departments are expected to overcome the deficit by adjusting expenditures in the remaining years 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 operations during 2026. At the end of the four-year budget cycle, any remaining Uncommitted Budget Carryover is transferred to the MRSR in accordance with City Council Resolution. To fund 2025 and 2026 operating costs for the Lethbridge and District Exhibition with one-time funding and contingency as per December 10th, 2024 Council meeting; \$444,670 of 2023 Uncommitted Budget Carryover has been identified as one-time funding source.

The September Operating Forecast Report is organized into the following sections: Corporate Accounts, Department Operations, Utility Funded Operations, and Reserve Funded Operations.

The Corporate Accounts are forecasted to end the year with a positive variance of \$5,940,000. Specific positive and negative budget variances resulting from factors not attributable to the department management (e.g. corporate revenues and utility costs on City facilities) are reported as a corporate responsibility.

Significant corporate variances include:

- 1) Property Tax Revenue \$2,880,000 - This surplus is due to higher than anticipated growth in residential and commercial properties of \$2,300,000, higher than budgeted federal and provincial grants in lieu of taxes of \$30,000, lower than budgeted tax appeals and tax cancellations of \$600,000. This is offset with higher than budgeted TRIP incentive of \$(25,000) and Designated Industrial Area Tax amount of \$(25,000).
- 2) Employee benefit accounts \$1,950,000 - This surplus is the net result of lower than expected benefits.
- 3) Utility costs for tax supported City facilities \$1,140,000 - This surplus is due to estimated surpluses of \$365,000 for electricity, \$565,000 for natural gas, \$30,000 for City Utilities, and an estimated \$180,000 overall utility surplus at the VisitLethbridge.com Arena.
- 4) Permit, development & license revenues \$(740,000) - This variance is due to Inspection & Permit revenue shortfall of \$(235,000), primarily caused by changes in accounting standards (PS3400) on timing of revenue recognition, and Planning & Development revenue shortfalls of \$(455,000). Expensive building costs, high interest rates, rising home prices, and declining builder confidence have combined to form a contraction in construction growth. Business license revenues are forecasted to end the year with a shortfall of \$(50,000) due to the current economic conditions.

The corporate surplus will be transferred to the MRSR in 2026 in accordance with City policy.

General Fund Department Operations are forecasted to end the year with a positive variance of \$1,110,000 which represents 0.53% of the Departments' budgets. Significant areas contributing to the tax supported department variances are summarized below and described in more detail in the Variance Discussion and Analysis.

1) Planning and Design \$750,000 - Positive variance due to slower than anticipated residential and commercial construction activities. Additional savings were realized through retirements and staff transitions as well as decreased spending.

2) Fire and Emergency Services \$440,000 - Positive Variance due to surpluses in wages \$2,445,000, positive variance due to the delay of Budget Initiative N-67 \$950,000, specialty teams training \$320,000, increase in grant funding \$235,000, additional fire revenues \$90,000, supplies and contractual services \$80,000. These were partially offset by Committed Budget Carryovers of \$(2,545,000), termination of the County contract \$(435,000), deficit in administration wages \$(160,000), EMS revenues \$(140,000), increase in fleet \$(110,000), additional Information Technology costs \$(100,000), bad debt \$(90,000), building maintenance \$(70,000), mental health and wellness costs \$(20,000), Public Safety Communication Centre forecasted deficit \$(10,000).

3) Recreation & Culture \$340,000 - Positive variance due to surpluses of \$375,000 in Arenas, \$335,000 in increased bookings at the Yates, \$130,000 in Aquatics, and contractual services of \$90,000 due to a surplus at Legacy Park. These were partially offset by deficits of \$(480,000) due to the deployment of additional staffing resources to support key initiatives leading to a temporary increase in wages, transfers of \$(50,000), banking fees of \$(35,000), interdepartmental charges of \$(25,000).

4) Transit \$(580,000) - The negative variance due to a deficit in fixed route operations \$(30,000). This is due to a forecasted deficit of \$(190,000) from increased banking charges and safety upgrades, \$(330,000) in parts and maintenance costs. This is offset by higher than budgeted revenue \$490,000. Accessible transportation operations are expected to finish the year in a deficit position of \$(550,000) due to higher than budgeted maintenance costs.

5) Storm Water \$(300,000) - The negative variance due to higher than budgeted maintenance costs relating to storm mainline repairs, catchbasin cleaning and lift station repairs.

Utility Funded operations are forecasted to end the year with a positive variance of \$3,800,000. Significant variances include:

1) Electric \$2,800,000 - This is primarily due to a negative variance of \$(90,000) for Transmission tariff, and \$(170,000) for Fibre operations. These negative variances were offset by a positive variance of \$2,260,000 in Regulated Rate Tariff and \$800,000 in Distribution Tariff.

2) Waste Collection \$550,000 - Waste and Recycling collections have a combined positive variance of \$550,000 primarily due to lower than budgeted collection expenses which result from improved efficiencies achieved through route optimizations for waste and recycling.

3) Waste Processing \$430,000 - Landfill Revenues are forecasted to the end of the year with a positive variance of \$1,670,000 primarily from higher than budgeted Landfill operations revenue and lower than budgeted operating costs of the Waste and Recycling Centres. This was offset by a forecasted deficit of \$(295,000) in Material Recovery Facility ("MRF") operation and Organic processing due to lower than budgeted tonnages of organic materials and lower than budgeted commodity price, and a forecasted deficit from Organics Processing of \$(945,000) primarily due to higher than budgeted processing costs.

4) Wastewater is forecasted to end the year in a balanced position - Revenues are forecasted to have a negative variance of \$(1,080,000) due to conservation efforts. This is offset by operating expenditure positive variance of \$1,480,000 primarily due to lower than budgeted energy costs and debenture debt surplus. The remaining \$400,000 is forecasted to be transferred to Wastewater Utility Reserve fund to provide funding for the wastewater treatment plant expansion.

5) Water Utility is forecasted to end the year in a balanced position - Revenues are forecasted to have a positive variance of \$940,000 primarily due to a surplus in regional revenues as well as irrigation revenues. Operating expenditures are forecasted to end the year with a positive variance of \$980,000 primarily due to debenture debt surplus position. The remaining \$1,920,000 is forecasted to be transferred to the water utility reserve fund to provide funding for the water treatment plant expansion.

We would like to acknowledge our staff across the organization for their commitment in compiling and analyzing the information required to produce this report. We are pleased with the results of this year and our Departments continue to do an admirable job of providing service to our community and managing budget funds responsibly. Our financial policies continue to serve the City of Lethbridge and its residents in maintaining a strong financial position for the future.

For additional details, please contact the CFO & Treasurer or the Controller.

Respectfully submitted,

Jennifer Jerred CPA, CA
Controller

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Lloyd Brierley
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CITY OF LETHBRIDGE
September 2025 Operating Forecast
General Fund - Corporate Accounts

	Budget (Net Revenue) Net Expenditure	Forecast (Net Revenue) Net Expenditure	Variance Pos (Neg)
General Fund			
Corporate Accounts			
Property Tax	\$ (191,440,000)	\$ (194,320,000)	2,880,000
General Revenues	(27,540,000)	(27,800,000)	260,000
Permit, development & license revenues	(5,000,000)	(4,260,000)	(740,000)
Employee benefit accounts	-	(1,950,000)	1,950,000
Grants to organizations	2,490,000	2,490,000	-
	(221,490,000)	(225,840,000)	4,350,000
Non-discretionary department variances			
Corporate fuel costs	2,220,000	1,770,000	450,000
Utility costs for tax supported City facilities	5,780,000	4,640,000	1,140,000
	8,000,000	6,410,000	1,590,000
	\$ (213,490,000)	\$ (219,430,000)	5,940,000

Note 1: The corporate surplus will be transferred to the MRSR in the following year in accordance with City policy.



CITY OF LETHBRIDGE

September 2025 Operating Forecast

General Fund - Department Operations

	2025	2025	2025	2024	2023-2025
	Budget	Forecast	Variance	Roll Over	Balance
	(Net Revenue)	(Net Revenue)		Remaining	
	Net Expenditure	Net Expenditure	Pos (Neg)	Pos (Neg)	Pos (Neg)
Boards and Commissions					
Galt Museum	\$ 2,120,000	\$ 2,120,000	\$ -	\$ 10,000	\$ 10,000
Lethbridge Police Services	45,980,000	46,000,000	(20,000)	50,000	30,000
Lethbridge Public Library	6,590,000	6,590,000	-	-	-
General Government					
City Clerk	610,000	590,000	20,000	150,000	170,000
Mayor & City Council Office	940,000	840,000	100,000	70,000	170,000
Pay-As-You-Go	14,530,000	14,530,000	-	-	-
Corporate Services					
Corporate Services Support	520,000	440,000	80,000	(90,000)	(10,000)
Indigenous Relations	300,000	300,000	-	20,000	20,000
IT Services & Digital Transformation	5,720,000	5,720,000	-	-	-
Facility Services	8,140,000	8,140,000	-	-	-
Economic Development	340,000	340,000	-	(10,000)	(10,000)
Finance & Risk Management					
Risk & Controls	1,560,000	1,560,000	-	-	-
Treasury & Financial Services	3,730,000	3,620,000	110,000	100,000	210,000
Legal Services					
Legal Services	990,000	1,000,000	(10,000)	(50,000)	(60,000)
Procurement	1,510,000	1,510,000	-	80,000	80,000
Regulatory Services	1,980,000	2,030,000	(50,000)	180,000	130,000
People & Partner Services					
Communications & Engagement	570,000	570,000	-	-	-
Customer Service & Corporate Performance	880,000	880,000	-	100,000	100,000
Government Relations	1,200,000	1,190,000	10,000	-	10,000
People & Culture	3,250,000	3,260,000	(10,000)	-	(10,000)
Community Services					
Community Services Support	920,000	900,000	20,000	-	20,000
Community Social Development	2,540,000	2,540,000	-	-	-
Entertainment & Event Services	1,250,000	1,390,000	(140,000)	(690,000)	(830,000)
Fire & Emergency Services	34,880,000	34,440,000	440,000	-	440,000
Parks	15,320,000	15,360,000	(40,000)	20,000	(20,000)
Recreation & Culture	13,670,000	13,330,000	340,000	270,000	610,000
Infrastructure Services					
Capital Planning & Engineering Services	1,790,000	1,600,000	190,000	50,000	240,000
Lethbridge Transit	14,330,000	14,910,000	(580,000)	470,000	(110,000)
Planning and Design	5,420,000	4,670,000	750,000	510,000	1,260,000
Stormwater	590,000	890,000	(300,000)	(200,000)	(500,000)
Transportation	16,490,000	16,290,000	200,000	230,000	430,000
	\$ 208,660,000	\$ 207,550,000	\$ 1,110,000	\$ 1,270,000	\$ 2,380,000

Notes:

Significant variances are explained within Section A-5 Variance Discussion and Analysis

At the end of the four-year budget cycle, any remaining Uncommitted Budget Carryover is transferred to the MRSR in accordance with City Council Resolution.

In 2024, \$444,672 of 2023 Uncommitted Budget Carryover was allocated as funding for 2025/2026 Lethbridge and District Exhibition Operating Grant.



CITY OF LETHBRIDGE

September 2025 Operating Forecast

Summary of Utility Funds

	Budget	Forecast	Variance Pos (Neg)
Utility Funded Operations			
Electric			
Revenue	\$ 115,490,000	\$ 103,340,000	\$ (12,150,000)
Expenses	115,490,000	100,540,000	14,950,000
Surplus (Deficit)	-	2,800,000	2,800,000
Waste Collection			
Revenue	15,190,000	15,400,000	210,000
Expenses	15,190,000	14,850,000	340,000
Surplus	-	550,000	550,000
Waste Processing			
Revenue	15,420,000	16,340,000	920,000
Expenses	14,790,000	15,280,000	(490,000)
Surplus*	630,000	1,060,000	430,000
Wastewater			
Revenue	21,480,000	20,400,000	(1,080,000)
Expenses	21,480,000	20,400,000	1,080,000
Balanced	-	-	-
Water			
Revenue	27,390,000	28,330,000	940,000
Expenses	27,390,000	28,330,000	(940,000)
Balanced	\$ -	\$ -	\$ -

Notes:

*Waste Processing budgeted transfer from prior year accumulated surplus.

CITY OF LETHBRIDGE
September 2025 Operating Forecast
Summary of Reserve Funds



	Budget	Forecast	Variance Pos (Neg)
Reserve Funded Operations			
Airport			
Revenue	\$ 1,670,000	\$ 1,300,000	\$ (370,000)
Less expenditures	3,330,000	2,760,000	570,000
Plus tax supported funding	850,000	850,000	-
Transfer from the Reserve	(810,000)	(590,000)	200,000
Cemeteries			
Revenue	990,000	990,000	-
Less expenditures	1,580,000	1,530,000	50,000
Plus tax supported funding	590,000	590,000	-
Transfer to the Reserve	-	-	50,000
Community Lighting			
Revenue	10,000	10,000	-
Less expenditures	3,530,000	3,060,000	470,000
Plus tax supported funding	3,520,000	3,520,000	-
Transfer to the Reserve	-	470,000	470,000
Fleet Services			
Revenue	12,360,000	13,640,000	1,280,000
Less expenditures	9,020,000	10,130,000	(1,110,000)
Transfer to the Reserve	3,340,000	3,510,000	170,000
Parking			
Revenue	1,430,000	1,290,000	(140,000)
Less expenditures	840,000	1,090,000	(250,000)
Transfer from reserve to operations	(130,000)	-	(130,000)
Transfer to the Reserve	460,000	70,000	(390,000)
Real Estate & Land Development			
Less expenditures	1,290,000	1,330,000	(40,000)
Transfer from Subdivision Surplus	(1,290,000)	(1,330,000)	(40,000)
Risk Management			
Revenue	5,720,000	5,770,000	50,000
Less expenditures	5,320,000	4,490,000	830,000
Less Insurance Claim Deductible	(90,000)	(1,090,000)	(1,000,000)
Transfer to the Reserve	\$ 310,000	\$ 190,000	\$ (120,000)

The following provides City Council with an overview of the operations of the City of Lethbridge:

1) a) General Fund - 2025 Corporate Accounts

Corporate Accounts surplus of \$5,940,000 - Specific positive and negative budget variances resulting from factors not attributable to the department management (e.g. corporate revenues and utility costs on City facilities) are reported as a corporate responsibility. The corporate surplus will be transferred to the MRSR in the following year in accordance with City policy. The major areas are summarized as follows:

Property Tax - is forecasted to end the year in a positive variance of \$2,880,000. This is mainly due to higher than anticipated growth in residential and commercial properties of \$2,300,000, higher than budgeted provincial grants in lieu of taxes of \$30,000, lower than budgeted tax appeals and tax cancellations of \$600,000. These positive variances were offset by higher than budgeted TRIP incentive of \$(25,000) and Designated Industrial Area Tax amount of \$(25,000)

General Revenues - is forecasted to end the year in a positive variance of \$260,000. This is due to a higher than budgeted penalties on taxes of \$160,000, transfer from Water Utilities to General Operations of \$75,000, and a higher than budgeted transfer from the Landfill to General Operations of \$40,000. This is offset by lower than budgeted other general revenues of \$(15,000)

Permit, development & license revenues - is forecasted to end the year in a negative variance of \$(740,000). This variance is due to Planning & Design revenue shortfall of \$(455,000) and Inspection & Permit revenue shortfall of \$(235,000). This is primarily caused by changes in accounting standards (PS3400) on timing of revenue recognition. Inspection, Permit, Planning, and Development revenues are a result of slower than anticipated commercial and residential construction activity. Business license revenues are forecasted to end the year with a deficit of \$(50,000) due to economic conditions.

Employee benefit accounts - is forecasted to end the year in a positive variance of \$1,950,000. This surplus is attributed to lower than anticipated benefits.

Corporate fuel costs - is forecasted to end the year in a positive variance of \$450,000. This is due primarily to lower than budgeted fuel prices.

Utility costs for tax supported City facilities - is forecasted to end the year in a positive variance of \$1,140,000. This includes estimated surpluses of \$365,000 for electricity, \$565,000 for natural gas, and \$30,000 for City Utilities. There is also an estimated surplus of \$180,000 in overall utilities at the VisitLethbridge.com Arena.

1) b) General Fund - 2025 Department Operations

Departments are forecasted to end the year with a positive variance of \$1,110,000 which represents 0.53% of the departments' budgets. At the end of the four-year budget cycle any remaining Uncommitted Budget Carryover is transferred to the MRSR in accordance with City Council Resolution.

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

1) b) General Fund - 2025 Department Operations**Boards and Commissions**

Galt Museum - is forecasted to end the year in a balanced position. This includes surpluses of \$145,000 in revenue from facility rentals, museum stores and admissions, community programming and Fort Whoop-Up, grants, donations and sponsorships of \$70,000 and savings of \$35,000 in travel, training, marketing, and contractual services. These positive variances are offset by negative variances in casual wages \$(200,000), honorariums, interdepartmental IT charges and bank fees \$(30,000) and cost of goods sold \$(20,000).

Lethbridge Police Service (LPS) - is forecasted to end the year in a negative variance of \$(20,000). Revenues are projected to exceed budget by \$310,000 due to new and unbudgeted grant agency funds \$340,000, recoveries \$200,000 and Police Information Checks / Impound revenues of \$170,000, offset by unrecognized Virtual Opioid Dependency grant due to reduced expenses (\$400,000).

Total expenses are projected to have a negative variance of \$(800,000). Wages, benefits and overtime are anticipated to be underspent by \$310,000, offset by fleet costs in excess of budget of \$(450,000), inflationary increases in materials and supplies (\$310,000), IT software cost increases \$(240,000) and legal costs (\$110,000).

The Lethbridge Police Service incurred purchases and project costs totaling approximately \$470,000 in 2025 to be funded from department initiated funds, lifecycle, and technology funds.

Lethbridge Public Library - is forecasted to end the year in a balanced position. Positive variances include unbudgeted revenues from federal grants \$15,000, and general revenue from other sources \$65,000. Under expenditures in contractual services \$10,000, travel, education & recruitment \$30,000, and net transfer to/from reserves \$105,000. These positive variances are offset by over expenditures in wages & benefits due to sick leave \$(50,000), building maintenance, equipment & supplies \$(50,000), vehicle maintenance \$(60,000), and information technology \$(65,000).

General Government

City Clerk - is forecasted to end the year in a positive variance of \$20,000. The increases in election expenses resulting from changes in legislation was offset by depleting the Election CBC. The remaining \$20,000 operating surplus is a result of unspent advertising budget.

Mayor & City Council Office - is forecasted to end the year in a positive variance of \$100,000. This is due to a \$180,000 positive variance from less than budgeted travel, receptions and promotional events; of this amount \$(80,000) will be transferred to CBC for Governance SPC.

Corporate Services

Corporate Services Support - is forecasted to end the year in a surplus of \$80,000. This surplus is due to a temporary vacancy.

Corporate Services

Indigenous Relations - is forecasted to end the year in a balanced position. A surplus is projected due to staff transitions. This will be requested as a CBC transfer to honor the 150th anniversary of the signing of Treaty 7.

Facility Services - is forecasted to end the year in a balanced position. The overall four year operating budget is allocated and managed by Facility Services as needed over the four year cycle as a total budget based on the building fleets' needs determined through the four year Implementation Plan.

Finance & Risk Management

Treasury & Financial Services - is forecasted to end the year in a with a positive variance of \$110,000. Forecast of lower than budgeted wages related to timing delays in the hiring of vacant positions and other wage related costs of \$235,000. Other positive variances include higher than budgeted recoveries of \$220,000, travel & training, contractual services, special services & studies, and supplies of \$55,000 and banking charges and lower than budgeted bad debt of \$35,000. These have been offset with higher than budgeted computer software and maintenance expenses of \$(35,000), an anticipated transfer to capital lifecycle of \$(200,000) for assessment technology updates, and an anticipated transfer of \$(200,000) to Corporate budget carryover for future reviews or advisory support.

Legal Services

Regulatory Services - is forecasted to end the year in a negative variance of \$(50,000). This is due to the result of increased expenses for bylaw officers uniform updates and protective vests. A change in the CUPE collective agreement related to long-term vacation banks is anticipated to result in payouts, leading to a negative wage variance for the department.

Community Services

Community Services Support - is forecasted to end the year in a positive variance of \$20,000. This surplus is due to wage savings of \$70,000 due to various staffing transitions and support within the department. These savings are offset by unbudgeted legal fees, chair replacements for the 3rd Floor City Hall meeting rooms and a transfer to Committed Budget Carryovers of \$(50,000).

Entertainment & Event Services - is forecasted to end the year in a negative variance of \$(140,000). The Arena is projected to have a lighter event schedule than budgeted due to minimal risk taking and ensuring that the events that are brought into the building have minimal negative budget impact. Lower sponsorship revenue than budgeted is forecasted due to a vacant position for five months and lost time with training. An eight-game playoff run by the Hurricanes contributed to a surplus in Food and Beverage in addition to reduced costs in operations.

Fire & Emergency Services - is forecasted to end the year in a positive variance of \$440,000.

Fire is forecasted to end the year in a surplus of \$450,000. This is due to positive variances in Operations wages of \$2,445,000 arising from a combination of staff attrition, various leaves, open positions as well as a delay in the finalization of the Collective Agreement, \$950,000 surplus due to the

delay of Budget Initiative N-67 Medical Supervisors, a decrease in Fire/EMS & specialty teams training of \$320,000, Medical First Response and EMS grant funding of \$235,000, additional fire revenues of \$90,000, as well as a surplus in fire/EMS supplies and contractual services of \$80,000. This is offset by Committed Budget Carryovers of \$(2,545,000), termination of the County Contract of \$(435,000), a deficit in Administration wages of \$(160,000), EMS revenues of \$(140,000), an increase in fleet of \$(110,000), additional Information Technology costs of \$(100,000), Fire/EMS bad debt of \$(90,000), additional building maintenance of \$(70,000), as well as additional Mental Health and wellness costs of \$(20,000).

Public Safety Communication Centre (PSCC) is forecasted to end the year in a deficit of \$(10,000). This is due to increased 911 wireless and other dispatch revenues of \$170,000, surpluses of \$25,000 in training wages, contractual services of \$20,000 as well as travel and training of \$15,000. This is offset by a deficit in operational wages of \$(140,000), equipment upgrades of \$(75,000), supplies, information technology and uniforms of \$(15,000), as well as \$(10,000) over budget in recruit marketing and assessments.

Parks - is forecasted to end the year in a negative variance of \$(40,000). The negative variance is comprised of Contractual Services \$(340,000) related to an outline plan, aquatic weed cutting, irrigation pump repairs, consultant fees and additional tree pruning and chipping expenses, funding transfers of \$(280,000) from snow removal and labour costs recoveries related to tree planting. Additionally, increases in equipment costs of \$(140,000) due to higher rates for maintenance and replacements, wages of \$(55,000) due to seasonal workers staying longer than budgeted and supply costs of \$(35,000) due to tree purchases that have been incurred. Offsetting these deficits are positive variances in new park development of \$245,000 as there are no new parks being developed, lifecycle projects of \$225,000 due to specific projects funded from the CIP, an increase in revenue of \$200,000 from grants received and unbudgeted special events, transfers from the Subdivision Surplus of \$100,000 to offset the expenses related to the outline plan and \$40,000 for interdepartmental recoveries.

Recreation & Culture - is forecasted to end the year in a positive variance of \$340,000. This is due to positive variances in utilities at the Arenas of \$375,000 partially due to the elimination of the Carbon tax, revenue of \$335,000 primarily due to increased bookings at the Yates, supplies of \$130,000 due to lower than budgeted purchases for Aquatics, and contractual services of \$90,000 due to a surplus at Legacy Park. These positive variances are partially offset by negative variances in wages of \$(480,000) due to the deployment of additional staffing resources to support key initiatives leading to a temporary increase in wages, a transfer for future Canada Day events \$(50,000), banking fees of \$(35,000) due increased credit card payments and the associated fees, and interdepartmental charges from Fleet of \$(25,000).

Infrastructure Services

Capital Planning & Engineering Services - is forecasted to end the year in a positive variance of \$190,000. This surplus is due primarily to an unfilled analyst position in Infrastructure Service Systems Support as well as an unfilled position in Engineering Services. These positions are expected to be filled in the first quarter of 2026.

Lethbridge Transit - is forecasted to end the year in a negative variance of \$(580,000). Fixed route operations are forecast to finish the year over budget by approximately (\$30,000). This includes a deficit of (\$190,000) in General accounts from increased banking charges and safety upgrades made to the building. A deficit in parts and maintenance cost for (\$330,000), and higher than budgeted revenue of \$490,000. Accessible Transportation operations are expected to finish the year in a deficit

position \$(550,000) due primarily to higher than budgeted asset maintenance costs.

Planning and Design - is forecasted to end the year in a positive variance of \$750,000. Planning and design are forecast to finish the year under budget by approximately \$460,000 due primarily to position vacancies. Inspection services are also expected to finish the year underbudget by approximately \$290,000 due to position vacancies.

Stormwater - is forecasted to end the year in a negative variance of \$(300,000). This negative variance is due to higher than budgeted maintenance costs relating to storm mainline repairs, catchbasin cleaning and lift station repairs.

Transportation - is forecasted to end the year in a positive variance of \$200,000. Transportation operations accounts are expected to finish the year with a \$160,000 surplus due primarily to underexpenditures in Roadway Maintenance and Rail Maintenance accounts. Traffic operations are forecast to end the year with a \$35,000 surplus and Transportation administration is forecast to finish the year with a \$5,000 surplus.

2) 2025 Utility Funded Operations

Electric Utility - is forecasted to end the year in a positive variance of \$2,800,000 from operations, compared to its balanced budget, broken down as follows:

Fibre Operations - negative variance	\$	(170,000)
Distribution Tariff - positive variance		800,000
Rate of Last Resort (RoLR) - positive variance		2,260,000
Transmission Tariff - negative variance		<u>(90,000)</u>
Total Electric Operations - positive variance	\$	<u>2,800,000</u>

Fibre Operations - Fibre Operations is forecasted to end the year with a negative variance of \$(170,000). This is due to decrease in revenue of \$20,000, an increase in Cost of Capital of (\$25,000), increase in system operations of (\$120,000) and decrease in Linear Property Tax of \$5,000. These positive variances were offset by an increase in Depreciation expenses of (\$50,000).

Distribution Tariff - Distribution Tariff is forecasted to end the year with a positive variance of \$800,000. This is due to a positive variance of \$820,000 from Transmission Access (the component of the Distribution Tariff which collects the funds required to cover fees from the AESO DTS invoices, and Rider C is used to match the costs and revenue). A negative variance of \$(20,000) from Distribution Access (the component of the Distribution Tariff which collects funds required to pay for the distribution infrastructure required to connect Lethbridge customers to the provincial transmission system).

Rate of Last Resort (RoLR) - Rate of Last Resort(RoLR) is forecasted to end the year with a positive variance of \$2,260,000. Due to the Alberta Government changing the regulation from the RRO to RoLR, which changed from pricing monthly to a two year fixed rate, the LEU increased the risk margin due to the 2 year timeline. This increased risk margin is the main reason for the surplus for 2025.

Transmission Tariff - Transmission Tariff is forecasted to end the year with a negative variance of \$(90,000). Due to a shortfall in revenue of \$(870,000), increase in Cost of Capital of \$(95,000), and an decrease in System Operations of \$440,000. This is offset by a decrease in depreciation expenses of \$355,000, and a decrease in Linear Property Tax of \$80,000.

The 2025 Electric Operations actual positive variance of \$2,800,000 will be transferred in 2026 to the Electric Utility Reserve in accordance with City Policy.

Waste Utility & Environment

Waste Collection - is forecasted to end the year in a positive variance of \$550,000.

Recycling Collection is forecasted to end the year in a surplus position of \$335,000. Recycling revenues are forecasted to finish the year in a slight deficit position of approximately \$(5,000). Residential collections is forecasted to finish the year in a surplus position of \$320,000 due to route optimizations. Waste Diversion Depots are forecast to end the year in a surplus position of \$5,000. E-Waste, paint and toxic waste accounts are forecast to finish the year in a slight deficit. The Organic waste diversion programs (Fall Leaf program, Yard Waste sites) will end the year in a deficit of \$(55,000). The Waste education programs are forecast to finish the year in a surplus of \$70,000.

Waste Collection operations is forecasted to end the year in a surplus position of \$215,000. Waste collection revenues are forecasted to end the year with a \$215,000 surplus. Waste collection operations are forecast to end the year on budget.

Waste Processing - is forecasted to end the year in a positive variance of \$430,000.

The Landfill is forecast to finish the year with a \$1,670,000 surplus. Landfill revenues are forecasted to end the year in a surplus position of \$1,445,000. Landfill operations are forecast to end the year in a surplus position by approximately \$225,000 due to lower than budgeted operating costs.

Debenture Debt payments are forecasted to be \$1,900,000 less than budgeted. Per the FS6 Debt Management Policy, the surplus will be applied to reduce future debt financing of \$(1,900,000) to CIP projects.

The Material Recovery Facility (MRF) operations are forecasted to end the year in a deficit position of \$(295,000). MRF revenue will finish the year in a slight surplus of \$35,000 due to lower than budgeted commodity prices. MRF operating costs are forecast to finish the year in a deficit of \$(330,000) due to higher processing costs.

Organics Processing is forecast to end the year in deficit position of \$(945,000). Organics processing revenue tonnage is less than expected, thus contributing to an expected revenue shortfall of approximately \$(560,000). Organics processing costs are forecast to end the year in a deficit position of \$(385,000) due to higher than budgeted processing costs.

Wastewater Utility - is forecasted to end the year in a balanced position. Revenues are forecasted to be lower than budgeted by \$(1,080,000). This decrease is due primarily to lower than budgeted Commercial/General \$(460,000), Residential \$(325,000), and Industrial \$(280,000) and Regional revenues of \$(15,000).

Operating expenditures are projected to be in a surplus of approximately \$1,480,000. Wastewater debenture debt accounts are forecast to finish the year in a surplus position of \$570,000. Waste Water Treatment Plant (WWTP) operations are forecasted to end the year in a surplus position of \$440,000 due to lower than budgeted energy costs and sludge disposal. Wastewater Collection system maintenance accounts are expected to end the year in a surplus position of \$430,000 due primarily to lower than budget sewer main renewal projects performed in 2025. Wastewater administration, engineering and technical support accounts are forecasting a \$40,000 surplus.

In 2025, the remaining \$400,000 is forecasted to be transferred to Wastewater Utility Reserve Fund to provide funding for the Wastewater Treatment Plant Expansion.

Water Utility - is forecasted to end the year in a balanced position. Revenues are projected to be higher than budgeted by \$940,000, primarily due to a surplus of \$1,390,000 from regional revenues and \$90,000 irrigation revenues. This surplus will be offset by lower than budgeted general/commercial revenues of \$(370,000), residential revenues of \$(170,000).

Operating expenditures are projected to finish the year higher than budgeted by \$980,000. Water debenture debt accounts are forecast to finish the year in a surplus position of \$1,160,000. Water Distribution operations are expected to finish the year with a \$(190,000) deficit. Water administration, engineering and technical support accounts are forecasting a \$(40,000) deficit. Water Treatment Plant (WTP) Operations are forecasted to finish the year with a surplus of \$125,000, due primarily to energy and natural gas savings. Consistent with a increase in Water revenues is higher than budgeted water utility contribution to the general fund of approximately \$(75,000).

In 2025, the remaining \$1,920,000 is forecasted to be transferred to Water Utility Reserve Fund to

provide funding for the Water Treatment Plant Expansion.

3) 2025 Reserve Funded Operations

Airport Operations - is forecasted to end the year with a positive variance of \$200,000. Revenues have a negative variance of \$(360,000) of which \$(470,000) relates to lower passenger facility, parking, landing and terminal fees. This is offset by a favorable variance of \$110,000 in lease and other revenues. Traffic volumes are slightly down as it continues to be serviced by only one major airline and number of flights per day reduced. Operating costs have a \$560,000 positive variance primarily due to contractual services of \$310,000, lower than forecasted wages of \$60,000 as seasonal employees were not required, marketing and insurance of \$60,000, fuel \$40,000, utilities \$60,000 and other operating costs of \$30,000.

Traffic Safety Act Revenues - is forecasted to end the year with a negative variance of \$(2,030,000). The Variance is mainly a result of decreased fine and penalty revenue (\$2,175,000) offset by a surplus in operating expenses of \$145,000. Provincial changes have significantly reshaped the traffic enforcement act landscape, reducing the City's share of ticket and fine revenue (2020) and limits the ability to use technology to efficiently enforce traffic safety laws (2024). The result is a significant reduction in municipal traffic safety act revenue in excess of 60% per year.

Revenues include photo radar for the City of Lethbridge, Provincial violation fines (fines for speeding, failing to stop, etc.) and delivery of Photo Radar Enforcement for red light violations. In accordance with City Council policy, the Traffic Safety Act revenues will be directed to the Municipal Revenue Stabilization Reserve and do not impact the year end operating surplus.

Revenues include photo radar for City of Lethbridge, Provincial violation fines (tickets for speeding, failing to stop, going through red lights etc.).

Cemeteries - is forecasted to end the year with a positive variance of \$50,000. The 2025 net transfer to the Cemeteries Reserve is comprised of \$90,000 interest revenue and \$(40,000) of operating deficit. The major factors that contributed to the deficit are as follows:

- i) Rights to Interment and Interment Services revenues were lower than budget by \$(90,000).
- ii) Surpluses in various operational expenditures of \$50,000.

Community Lighting - is forecasted to end the year with a positive variance of \$470,000. Roadway lighting distribution and consumption charges are forecasted to end the year lower than budgeted by approximately \$330,000. Streetlight maintenance activities are forecasted to end the year with a positive variance of approximately \$140,000 due to a decrease in the amount of repairs. This surplus will be balanced through a transfer to the Community Lighting Reserve.

Fleet Services - is forecasted to end the year with a positive variance of \$170,000. Revenues are forecasted to be in a surplus due to higher equipment rental revenues as a result of departments holding units for a longer period. Garage operations have higher expenses due to increased unscheduled repairs. There is also a positive variance in wages resulting from temporary staff transitions. The forecasted surplus will be transferred to the Fleet Reserve.

Parking Operations - is forecasted to end the year in a negative variance of \$(390,000). Parking revenues from both on-street and off-street collections are forecasted to be lower than budgeted by approximately \$(245,000). Parking operations accounts are forecast to end the year over budget by approximately \$(145,000) due primarily to over expenditures in parking meter operating and maintenance costs. The shortfall will be balanced at year end with a transfer from the Acquire Off-Street Parking Reserve.

Risk Management - is forecasted to end the year with a negative variance of \$(120,000). This negative outcome is primarily driven by insurance deductible of \$(1,000,000) for the Whoop-Up Drive Bridge incident, this is offset by insurance premiums forecasted to be lower than budgeted resulting in a \$830,000 positive variance in expenses and recoveries projected to be \$50,000 higher than budgeted.

Snow Clearing - is forecasted to end the year with a positive \$200,000 variance. This assumes normal snow conditions in the last few months of the year. In accordance with City Council policy, any annual surplus / deficit from sanding, snow, and ice removal operations will be transferred to / funded from the MRSR.

Glossary of Terms

Committed Budget Carryover (CBC) - where, in a given year's budget, the City provides for specified expenditures which at year end are not expended/received, the department may transfer the unexpended funds with City Manager's approval. Such transfers are recorded in a reserve for budget appropriations unexpended.

Uncommitted Budget Carryover - prior year(s) tax supported budget variance between the approved budget and actual revenue or expenditures for the fiscal period. To accommodate the four year budget cycle, departments are expected to operate within the 48 month budget allocation. If there was a shortfall after the first three years, departments are expected to overcome the deficit by adjusting expenditures in the final year of the four-year budget (2026); and if the experience after the third year resulted in net under expenditures, the departments have the ability to roll over the amounts to assist with operations during the last year of the budget cycle. At the end of the four year budget cycle any remaining Uncommitted Budget Carryover is transferred to the MRSR in accordance with City Council Resolution.

Department Variance - the specific department budgeted variance between the approved budget and actual net expenditure for the fiscal period. These variances are the responsibility of the department.

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

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

Electric Utility Operating Surplus/(Deficit) - the City of Lethbridge Electric Utility's residual operating surplus/ (deficit) is applied to/ (from) the Electric Reserve.

Lifecycle Funds - Lifecycle funds are allocated to maintain high-priority capital assets. Examples of high priority maintenance items included in the operating budget are bridge maintenance, street upgrading, sidewalk/boulevard renewals, planning and overlay of arterials, storm sewer maintenance, utility infrastructure maintenance, parks/trails maintenance, irrigation automation, building maintenance and technology infrastructure.

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

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

Utility Costs for Tax Supported City Facilities - variances due to utility price fluctuations versus budgeted City facility utility costs. These variances are not attributable to management decisions.

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

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

STATEMENT OF RESERVES AS AT SEPTEMBER 30, 2025



	September 30 2025	December 31 2024
Acquire Off Street Parking	\$ 728,815	\$ 781,352
Airport	4,314,586	4,314,586
Cemeteries	2,800,870	2,737,920
Central Business District Land Acquisition	271,124	270,374
Community Lighting	3,471,308	3,471,308
Electric	9,159,855	12,984,387
Fleet Services	14,195,571	15,333,199
Insurance	5,805,967	5,805,967
Major Capital Projects	21,524,258	19,615,247
Mayor Magrath Drive Beautification	123,390	121,852
Municipal Reserve Fund	413,050	403,767
Municipal Revenue Stabilization	46,281,647	38,482,257
Real Estate Holdings	5,953,973	5,955,131
Transit Bus	1,043,159	1,043,159
Urban Parks	4,152,316	3,645,466
Wastewater	2,661,610	2,661,610
Water	6,063,320	6,063,320
Total Reserves	<u>\$ 128,964,819</u>	<u>\$ 123,690,902</u>
Total Committed Funds	<u>\$ 40,228,207</u>	<u>\$ 41,873,607</u>
Current Internal Funding Requirements:		
Affordable Housing (CIP 2022-31 D-32)	3,874,137	3,874,137
Offsite Levy Account Shortfall LOC (Council March 25, 2025)	2,800,000	-
Offsite Levy Account Shortfall LOC (Council March 26, 2024)	1,038,431	1,038,431
Clean Energy Improvement Program (Council Nov 29, 2022)	589,318	589,318
	<u>8,301,886</u>	<u>5,501,886</u>
Total Committed Funds and Internal Funding Requirements	<u>\$ 48,530,093</u>	<u>\$ 47,375,493</u>

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

Reserve Analysis
For the period January 1, 2025 to September 30, 2025

Acquire Off Street Parking

The purpose of the Acquire Off Street Parking Reserve is to provide funding necessary to develop additional off-street parking and fund other parking related expenditures. Established: 1978.

Balance as at January 1, 2025		\$ 781,352
Add:		
Parking Revenues		
- Parking meters	841,144	
- Parking fines	265,548	
- Parking lots	<u>121,414</u>	
		1,228,106
Less:		
Administration	403,130	
Parking enforcement	364,922	
Parking meter operations	299,801	
Parking lot operations	111,540	
Enhance downtown maintenance (snow clearing, street sweeping etc.)	<u>101,250</u>	
		<u>1,280,643</u>
Balance as at September 30, 2025		<u><u>\$ 728,815</u></u>

Reserve Analysis
For the period January 1, 2025 to September 30, 2025

Airport

The reserve was established July 1, 2018 when the City of Lethbridge acquired ownership of the airport. The future purpose of the reserve will be to provide capital financing of airport projects and support the general operations of the airport. Established: 2018.

Balance as at January 1, 2025	\$ 4,314,586
Balance as at September 30, 2025	<u><u>\$ 4,314,586</u></u>

Committed Funds:

- Airport & Governance Operation (Budget 2019-22 N-98)	\$ 799,250	
- Matching funds for ACAP grant (Council Dec 14, 2021)	<u>82,705</u>	
	<u>\$ 881,955</u>	

Cemeteries

The purpose of the Cemeteries Reserve is to provide for and make provision for the improvement, maintenance, management, control and operation of public cemeteries. Established: 1961.

Balance as at January 1, 2025	\$ 2,737,920
Add:	
Interest earnings	<u>62,950</u>
Balance as at September 30, 2025	<u><u>\$ 2,800,870</u></u>

Funding commitments from this reserve are included in the 2023-2026 Operating Budget under Cemetery Reserve Projects.

Reserve Analysis
For the period January 1, 2025 to September 30, 2025

Central Business District Land Acquisition

The purpose of the Central Business District Land Acquisition Reserve is to establish a source of funding for parcels of land in the Central Business District. Established: 1976.

Balance as at January 1, 2025	\$ 270,374
Add:	
Patio rental	750
Balance as at September 30, 2025	\$ 271,124

Committed Funds:

- Urban Core Housing Incentive Program (Council Nov 2, 2020)	\$ 266,124
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Community Lighting

The purpose of the Community Lighting Reserve is to fund the replacement of community lighting assets. Established: 1997.

Balance as at January 1, 2025	\$ 3,471,308
Balance as at September 30, 2025	\$ 3,471,308

Advances from the Community Lighting Reserve relating to the Metis Trail and Whoop Up Drive projects, will be repaid to the reserve from the Offsite Account over ten years.

Reserve Analysis
For the period January 1, 2025 to September 30, 2025

Electric

The purpose of the Electric Reserve is to provide capital financing of Electric Utility projects and to stabilize the effects of fluctuating operation surpluses and deficits. Established: 2016.

Balance as at January 1, 2025		\$ 12,984,387
Add:		
Return on Equity	6,653,828	
Allocation from Electric Capital	1,865,389	
	8,519,217	8,519,217
Less:		
Allocation to Electric Capital Projects	8,112,818	
Return on Investment to the General Fund	3,418,825	
2024 Electric Operating Deficit	812,106	
		12,343,749
Balance as at September 30, 2025		\$ 9,159,855
Committed Funds:		
- Chinook Trail Functional Planning Study (Council Sept 13, 2022)	\$ 300,000	

Other funding commitments from this reserve for Electric Utility projects are included in the 2022-2031 Capital Improvement Program (CIP).

Reserve Analysis
For the period January 1, 2025 to September 30, 2025

Fleet Services

The purpose of the Fleet Services Reserve is to provide for a self-sufficient pool of funds to allow for the ongoing replacement of fleet assets. Established: 1976.

Balance as at January 1, 2025		\$ 15,333,199
Add:		
Allocation from fleet operations	639,406	
Disposal Proceeds	175,588	
Asset replacement contributions	19,170	
		834,164
Less:		
Purchase of equipment	1,776,008	
Equipment lease program	195,784	
		1,971,792
Balance as at September 30, 2025		<u><u>\$14,195,571</u></u>
Committed Funds:		
- Equipment Purchases (Budget 2023-26)	\$ 23,894,400	
- Equipment Purchases (Budget 2019-22)	1,878,000	
	\$ 25,772,400	

Insurance

The purpose of the Insurance Reserve is to stabilize the effects of rising and unpredictable insurance premiums. Established: 1985.

Balance as at January 1, 2025		\$ 5,805,967
Balance as at September 30, 2025		<u><u>\$ 5,805,967</u></u>

Reserve Analysis
For the period January 1, 2025 to September 30, 2025

Major Capital Projects

The purpose of the Major Capital Projects Reserve is to fund capital projects and buffer the effects of the short-term fluctuations in debt payments and capital expenditures on the Pay-As-You-Go plan. Established: 1989.

Balance as at January 1, 2025		\$ 19,615,247
Add:		
Pay-As-You-Go	552,416	
Interest Earnings	461,200	
Project Surplus:		
New Fire Station #5 - West (CIP 2018-27 D-28)	895,395	
		1,909,011
Balance as at September 30, 2025		\$21,524,258

Committed Funds:

- Galbraith Elementary School Modernization (Council June 25, 2024)		\$ 1,200,000
- Indigenous Cultural Centre Site Planning (CIP 2022-31 D-42)		131,252
- Facility Renewal and Upgrade Program (CIP 2018-27 D-45)		123,666
- Mobility Accessibility Audits (CIP 2022-31 D-46)		74,023
- Indigenous Place-making Strategy (CIP 2022-31 D-21)		62,914
- Parks Master Plan (CIP 2022-31 D-48)		32,365
- Nikka Yuko Japanese Garden Master Plan (CIP 2022-31 D-47)		11,633
		\$ 1,635,853

Reserve Analysis
For the period January 1, 2025 to September 30, 2025

Mayor Magrath Drive Beautification

The purpose of the Mayor Magrath Drive Beautification Reserve is to provide funds to allow for beautification of Mayor Magrath Drive. Established: 1984.

Balance as at January 1, 2025	\$	121,852
Add:		
Parking Lease Revenue		3,029
Less:		
Land Lease Taxes		1,491
		1,491
Balance as at September 30, 2025	\$	<u>123,390</u>

Municipal Reserve Fund

The Municipal Reserve Fund can only be used for prescribed purpose such as public parks and public recreation areas. Established: 1980.

Balance as at January 1, 2025	\$	403,767
Add:		
Interest Earnings		9,283
		9,283
Balance as at September 30, 2025	\$	<u>413,050</u>

Reserve Analysis
For the period January 1, 2025 to September 30, 2025

Municipal Revenue Stabilization

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 any General Operation deficits of prior years, one time expenses, internal financing advances, and other allocations to General Operations. Established: 1985.

Balance as at January 1, 2025		\$ 38,482,257
Add:		
Electric Municipal Consent and Access Fee (MCAF)	8,695,062	
Investment and Interest Income (net of Trust Allocations)	7,530,987	
ATCO Franchise Fee	5,496,419	
Return on Investment (Electric ROI)	3,418,825	
MRSR Internal Financing Recoveries (Schedule 1)	2,188,425	
By-law enforcement	2,093,031	
2024 General Operating Surplus	2,022,145	
Commercial land lease revenue	<u>750,000</u>	
		32,194,894
Less:		
Budget Allocation to General Operations:		
Electric Municipal Consent and Access Fee (MCAF)	8,374,275	
ATCO Franchise Fee	4,732,500	
Allocation to General Operations	4,537,500	
By-law enforcement	3,232,500	
Return on Investment (Electric ROI)	2,005,725	
Allocation for TIPP discounts	1,012,419	
Commercial land debenture payment	<u>500,585</u>	
		<u>24,395,504</u>
Balance as at September 30, 2025		<u>\$ 46,281,647</u>
Schedule 1: MRSR Internal Financing Recoveries (year of final payment):		
- Lethbridge Police Headquarters (2029)	\$ 963,150	
- ENMAX building (2027)	350,850	
- Police technology (2033)	322,650	
- ATB Centre - Phase 1 (Ice Complex) (2029)	216,375	
- Parks Asset Management (2028)	153,300	
- Fibre Connectivity Pilot (2037)	102,825	
- Affordable Housing (2039)	<u>79,275</u>	
		<u>\$ 2,188,425</u>

Reserve Analysis
For the period January 1, 2025 to September 30, 2025

Municipal Revenue Stabilization

Committed Funds:

2015-2018:

- Heart of Our City Housing (Budget 2015-18 N-4, amended Jul 4, 2017) \$ 179,945

2018-2021:

- School Gym Upsizing (CIP 2018-27 D-17) 283,334

2019-2022:

- Invasive Pest Management Urban Forest Disease (Budget 2019-22 N-58) 2,000,000
 - Airport Incentive Framework (Council Jan 18, 2022) 894,083
 - Broadband Pilot Project (Council Mar 22, 2022) 272,118
 - Missing & Murdered Indigenous Women & Girls Work Plan (Council Jan 12, 2021) 235,634
 - Youth Advisory Council (Budget 2019-22 N-85) 14,194
 - Blackfoot Confederacy & Reconciliation Flags at City Hall (Budget 2019-22 N-13) 4,496

2023-2026:

- Encampment Response Strategy (Council Apr 18, 2023) 1,480,931
 - Body Worn Cameras (Council July 29, 2025) 1,264,000
 - Land Use Bylaw Update (Budget 2023-26 C-5.5) 1,045,001
 - Lethbridge & District Exhibition Operating Grant (Council Jan 23, 2024) 703,736
 - EDL Creative Industries Cluster Ignition (Budget 2023-26 N-41) 589,570
 - Economic Development Strategy (Council July 28, 2025) 475,000
 - Lethbridge & District Exhibition City Resourcing (Council Dec 18, 2023) 404,040
 - Nord-Bridge Senior Centre (Budget 2023-26 N-51) 150,000
 - Procure to Pay (Budget 2023-26 N-7) 150,000
 - CPTED Grant (Budget 2023-26 C-11.1) 131,170
 - Indigenous Curator (Budget 2023-26 N-32) 119,200
 - EDL Market Intelligence (Budget 2023-26 N-42) 107,500
 - EDL Agrifood Cluster Ignition (Budget 2023-26 N-39) 100,000
 - Chinook Arch Municipal Membership Fees (Budget 2023-26 N-34) 97,645
 - EDL Supply Chain & Logistics Cluster Ignition (Budget 2023-26 N-40) 92,035
 - Interfaith Food Bank (Council Nov 28, 2023) 75,000
 - Habitat for Humanity (Council Nov 28, 2023) 75,000
 - Lethbridge Food Bank (Council Nov 28, 2023) 75,000
 - Lethbridge Soup Kitchen (Council Nov 28, 2023) 75,000
 - EDL Operational Excellence (Budget 2023-26 N-43) 65,500
 - Salute Our Veterans Project (Budget 2023-26 C-1) 47,747
 - Chinook Arch Library Membership Fees (Budget 2023-26 N-66) 44,921
 - Indigenous Programming (Budget 2023-26 N-31) 30,800
 - Tourism Lethbridge - Sport & Meeting Development (Budget 2023-26 N-56) 21,500
 - Tourism Lethbridge - Airport Marketing for Tourism (Budget 2023-26 N-57) 10,000

\$ 11,314,100

Reserve Analysis
For the period January 1, 2025 to September 30, 2025

Municipal Revenue Stabilization

	<u>Current 2025/26</u>
Internal Loan Requirements:	
Affordable Housing (CIP 2022-31 D-32)	\$ 3,874,137
Offsite Levy Account Shortfall LOC (Council March 25, 2025)	2,800,000
Offsite Levy Account Shortfall LOC (Council March 26, 2024)	1,038,431
Clean Energy Improvement Program (Council Nov 29, 2022)	<u>589,318</u>
	<u>\$ 8,301,886</u>

As at September 30, 2025 internal advances amounting to approximately \$42,266,293 were outstanding from this reserve. These amounts will be recovered, with interest, in future years.

In addition, amounts to the following community groups remain committed against this reserve. These amounts have been recorded as receivables by the City at September 30, 2025.

	Year	Maturity	Original Amount	Balance as at September 30 2025	Annual Payment
Lethbridge Hurricanes	2012	2031	\$ 2,500,000	\$ 1,000,000	\$ 166,667
Lethbridge Fish & Game Assoc. (CIP 2018-27 D-40)	2021	2040	400,000	320,000	20,000

Real Estate Holdings

The purpose of the Real Estate Holdings Reserve is to provide a source of funding for land acquisitions within the city. Established: 1929.

Balance as at January 1, 2025	\$ 5,955,131
Add:	
Rental Income	2,229
Less:	
Land Lease Taxes	<u>3,387</u>
Balance as at September 30, 2025	<u>\$ 5,953,973</u>
- Purchase of 714 7 Street South (Council Sept 19, 2023)	<u>\$ 25</u>

Reserve Analysis
For the period January 1, 2025 to September 30, 2025

Transit Bus

The purpose of the Transit Bus Reserve is to provide funding for the City portion of new transit equipment including maintenance and replacement of Lethbridge Transit and ACCESS-A-Ride (AAR) technology and equipment. Established: 1985.

Balance as at January 1, 2025	\$ 1,043,159
Balance as at September 30, 2025	<u><u>\$ 1,043,159</u></u>

Urban Parks

The purpose of the Urban Parks Reserve is to provide funds for the ongoing operation and maintenance of the Urban Parks system. Established: 1983.

Balance as at January 1, 2025	\$ 3,645,466
Add:	
Allocation from operations	<u>506,850</u>
Balance as at September 30, 2025	<u><u>\$ 4,152,316</u></u>

Committed Funds:	
- Parks Irrigation Central Control (CIP 2022-31 D-19)	<u>\$ 57,750</u>

Reserve Analysis
For the period January 1, 2025 to September 30, 2025

Wastewater

The purpose of the Wastewater Reserve is to provide funds for the Wastewater Treatment Plant expansions. Established: 2023.

Balance as at January 1, 2025 \$ 2,661,610

Balance as at September 30, 2025 **\$ 2,661,610**

Water

The purpose of the Water Reserve is to provide funds for the Water Treatment Plant expansions. Established: 2023.

Balance as at January 1, 2025 \$ 6,063,320

Balance as at September 30, 2025 **\$ 6,063,320**

TOTAL RESERVES as at September 30, 2025 **\$ 128,964,819**

TOTAL COMMITTED FUNDS **\$ 40,228,207**

TOTAL CURRENT INTERNAL LOAN REQUIREMENTS **8,301,886**

TOTAL FUNDING REQUIREMENTS **\$ 48,530,093**

SUMMARY OF SUBDIVISION SURPLUS
For the period January 1, 2025 to September 30, 2025

	<u>Sept 30, 2025</u>	<u>Dec 31, 2024</u>
INDUSTRIAL	\$ 3,712,400	\$ 4,306,300
RESIDENTIAL	4,897,300	5,324,900
NET SUBDIVISION SURPLUS	\$ 8,609,700	\$ 9,631,200

**INDUSTRIAL SUBDIVISION SURPLUS
FUNDING ANALYSIS**
For the period January 1, 2025 to September 30, 2025

Development Operations Funding

Funds Received from Subdivision Development

Funds Used for Subdivision Development

Sherring Industrial Park

\$ 99,600

Net Funds Used for Subdivision Development Operations

(99,600)

Other Activity Funding

Funds Received:

Lease Revenue

5,900

Funds Used:

Debt Payment - ACFA

(Note 1) 279,800

Allocation in Lieu of Property Taxes

220,400

500,200

Net Funds Used for Other Activities

(494,300)

Net decrease in Industrial Subdivision Surplus

(593,900)

Industrial Subdivision Surplus Balance January 1, 2025

4,306,300

Total Industrial Balance September 30, 2025

\$ 3,712,400

Funds Committed for Future

Sherring:

Notes:

- 1 In December 2016 council approved additional debenture borrowing through Alberta Capital Financing Authority (ACFA) to finance the expansion costs associated with Sherring Industrial Park. As at Sept 30, 2025 the remaining balance of ACFA loans is \$4,318,400
- 2 To finance the deficit balance in the Industrial Subdivision Surplus Account related to the startup costs associated with the Sherring Industrial Park, Council approved a "line of credit loan" of up to \$5,500,000. On March 23, 2021 Council approved an additional \$14,000,000 line of credit loan to fund the commitments for the expansion of Sherring Industrial Park. Loan payments will be based on cashflow availability within the Industrial Subdivision Surplus. As at September 30, 2025 the balance remaining to be paid to the MRSR from Industrial Subdivision Surplus on the total line of credit loans is \$19,500,000.

**RESIDENTIAL SUBDIVISION SURPLUS
FUNDING ANALYSIS**
For the period January 1, 2025 to September 30, 2025

Development Operations Funding

Funds Received from Subdivision Development

RiverStone	\$ 2,831,600	
Crossings	1,990,800	
	4,822,400	
Total Funds Received from Subdivision Development		4,822,400

Funds Used for Subdivision Development

Crossings	3,137,700	
RiverStone	280,800	
Watermark	45,800	
SunRidge	2,300	
	3,466,600	
Total Funds Used for Subdivision Development		3,466,600

		1,355,800
Net Funds Received from Subdivision Development Operations		1,355,800

Other Activity Funding

Funds Received:

Rental Revenue	2,700	
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Funds Used:

Debt Payment ACFA - Watermark	859,600	
Real Estate & Land Development Operations	838,100	
Allocation in Lieu of Property Taxes	81,700	
Weed Control	6,700	
	1,786,100	

		(1,783,400)
Net Funds Used for Other Activities		(1,783,400)

		(427,600)
Net decrease in Residential Subdivision Surplus		(427,600)

		5,324,900
Residential Subdivision Surplus Balance January 1, 2025		5,324,900

		\$ 4,897,300
Total Residential Subdivision Surplus Balance September 30, 2025		\$ 4,897,300

Funds Committed for Future

Subdivisions:

Crossings	\$ 3,934,200	
RiverStone	3,060,900	
	6,995,100	

Other Projects (including 2023-2026 Operating Budget Funding):

Operating Budget Funding

Parks Capital	1,346,500	
Affordable Housing	(Note 1) 562,500	
Urban Core Housing (previously Heart of Our City Housing)	406,600	
Other	223,000	
Allocation in Lieu of Property Taxes	135,700	
	2,674,300	
New School Site Development (D-18)	450,000	
	450,000	

CIP Projects (2022-2025):

New School Site Development (D-27)	68,500	
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		\$ 10,187,900
Total Committed Funds		\$ 10,187,900

Notes:

- 1 Affordable Housing - as at September 30, 2025 \$442,500 has been committed to the Affordable Housing Fund.
- 2 On July 8, 2013, City Council approved the sale of approximately 66.5 acres in the Crossings commercial area. As at September 30, 2024, \$26,330,300 has been received with amended final close date of December 31, 2027 (previously December 31, 2025). Due to slowed market conditions and reassignment of agreement an additional extension was requested and approved by Council July 9, 2024.

OFFSITE ACCOUNT ANALYSIS
For the period January 1, 2025 to September 30, 2025

Revenues

Net Offsite Levies

Garry Station Stage 1 Phase 8A	196,196	
Legacy Ridge Stage 3 Phase 16A	320,936	
2401 Westside Drive	712,257	
Prairie Arbor Phase 2C	168,337	
Crossings Stage 2 Ph 7B	117,964	
	-	
Total Net Levies	1,515,690	

Other Revenues

Debenture Debt Funded Projects		*
General Interest	(37,917)	
Total Other Revenues	(37,917)	

Total Revenues 1,477,773

Allocations

Offsite/Oversize Credits

Legacy Ridge Stage 3 Phase 16A	14,762	
2401 Westside Drive	26,655	
Total Oversize Credits	41,417	

Other Costs

Debt Payment - ACFA	3,858,782	
Total Allocations	3,858,782	

	3,900,199
Net Increase in Offsite Account	(2,422,426)
Add: Offsite Account Balance January 1, 2025	-
Offsite Account Balance September 30, 2025	(2,422,426)

* project spending is funded by Offsite Levy borrowing