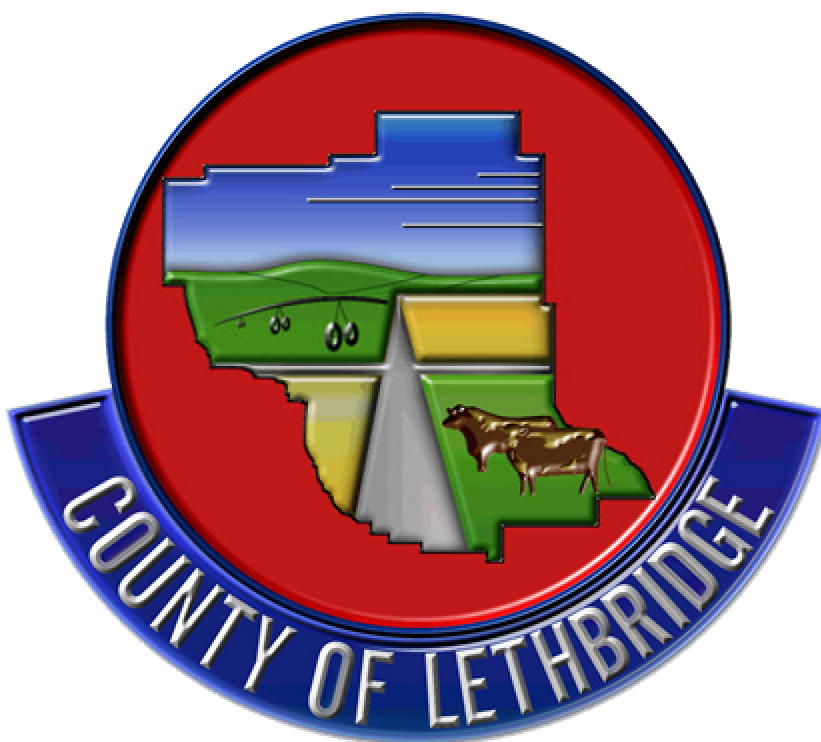


# **Celebrating 40 Years of Service**

**1964—2004**



**Alberta, Canada**

# **ANNUAL REPORT**

For the Year Ended  
December 31, 2004

# 2004 Annual Report

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*This Annual Report has been prepared by  
The County of Lethbridge Accounting Department*

# Introductory Section





## MESSAGE FROM THE REEVE

*David Oseen*

On behalf of County Council it is my pleasure to report on the County of Lethbridge finances, operations and activities for 2004. I will also comment on upcoming projects for 2005.

The main budget expenditures for the County involve the Public Works Department. This department usually accounts for over fifty percent of every municipal tax dollar. Council tries to achieve the greatest benefit for the ratepayers by using local taxation dollars in combination with provincial and federal programs to maintain our infrastructure. Safety is a prime objective in the projects and services we provide. The County used the ICAP (Infrastructure Canada-Alberta Program) entitlement funding along with municipal tax dollars (one-third Federal, one-third Provincial, one-third County) to complete two projects: the Monarch Church road and the Airport pumping station upgrade. We had made an application for funding from the Resource Road Program but were not able to obtain funding for 2004. We expect to do two miles of road in 2005 under these cost shared programs.

The majority of roads in the County would not qualify for cost sharing with senior government since these roads are unable to meet the criteria for funding. In 2004 the County reconstructed three miles of road that were totally funded from local tax dollars. In 2005 the County crews will rebuild five miles of local roads. The County has implemented a dust control program which has become popular with ratepayers. The program uses  $\text{mgcl}_2$  which has proven to be effective at a reasonably low cost. We will continue with the program in 2005.

A multi-million dollar wastewater system was installed in the Hamlet of Monarch through ICAP funding (again one-third Federal, one-third Provincial, one-third County) to address proper handling of wastes. Diamond City is slated to receive a water/wastewater system in 2005 through the same program.

The Protective Services Department continues to consume about fifteen percent of our municipal tax dollars. Most of the agreements that we have with our urban municipal protective service providers require updating to reflect the present practices of these departments. This process will be facilitated with the hiring of the County Fire Chief in January, 2005.

The County Airport continued to demand a lot of administrative and Airport Committee time in 2004 with the announcement of the closure of the Edmonton City Center Airport to Southern Alberta air traffic. The installation of airport security equipment in the terminal building must be in place by January 1, 2006, therefore, an agreement between the County and Transport Canada for this installation must be negotiated in 2005. The County also received ACAP (Airports Capital Assistance Program) funding (five million dollars) for the resurfacing of the 6,500 foot long Main Runway 05-23 in the summer of 2005.

The County continues to operate and improve on its GIS systems. County Council has budgeted for a full-time GIS/GPS Technician to enhance our adoption of new technology for the County.



## MESSAGE FROM THE REEVE

With agriculture being the main industry in the County of Lethbridge, the effect of BSE and low commodity prices has had a considerable effect on the growth of development in the County. The announcement of the Provincial Municipal Government Grant will enable the County to enhance the infrastructure in the County making it attractive for future private industrial development.

On behalf of County Council, it has been a pleasure to serve you, the residents of the County of Lethbridge and working together with you, dedicated councillors and County staff to provide quality service and maintain a safe infrastructure for the high quality of life we enjoy in our community.



May 6, 2005



## County Council 2004

David Oseen – Reeve – **Division 7**

### Councillors

Lorne Hickey (Deputy Reeve)  
John Willms  
Eugene Wauters

**Division 1**  
**Division 2**  
**Division 3**

Mark Osaka  
Hans Rutz  
John Kolk

**Division 4**  
**Division 5**  
**Division 6**



Front row (left to right): John Kolk, Hans Rutz, David Oseen, John Willms, Eugene Wauters  
Back row (left to right): Mark Osaka, Dennis Shigematsu, Robyn Singleton, Lorne Hickey

## County Administration 2004

Robyn Singleton – **County Manager**

Dennis Shigematsu  
**Director of Corporate Services**

Duane Climenhaga  
**Director of Municipal Services**

Scott Butchart  
**Airport Manager**

Don MacLennan  
**Assessor**

Nick Paladino  
**Supervisor of Planning & Development**

Neil Powell  
**Supervisor of Public Works**

Rick Robinson  
**Comptroller**

Robert Snowdon  
**Supervisor of Fleet Services**

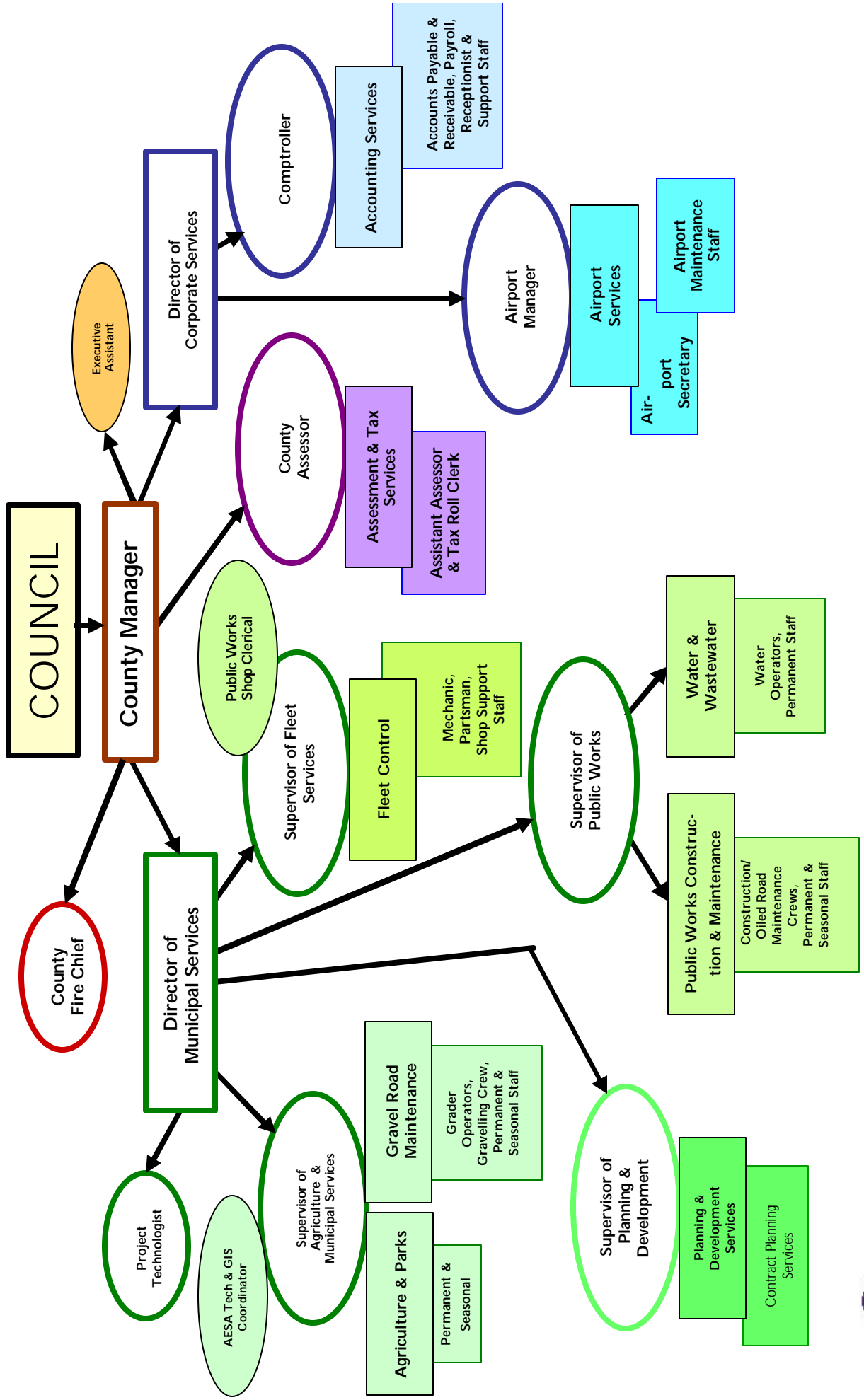
Duane Charlesworth  
**Supervisor of Agriculture  
& Municipal Services**

County Auditor - **Young Parkyn McNab LLP, Chartered Accountants**  
County Banker - **Royal Bank of Canada**  
County Solicitor - **Paul Pharo, Stringam Denecky**





# County of Lethbridge Organization Chart



## Mission Statement

- *Develop and maintain an infrastructure to a level that is compatible with its intended use.*
- *Acquire the revenues necessary to achieve the County Vision.*
- *Enhance the quality of life for its residents.*
- *Provide for the protection of people and property and uphold County policies.*
- *Foster a workplace culture that provides respect, opportunities and safety for staff.*



**County  
of  
Lethbridge**

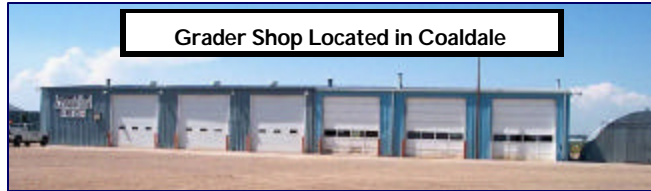
## Vision Statement

- *Council will respect the primacy of the agricultural industry in the County and preserve prime agricultural land.*
- *Council will encourage compatible development.*
- *Council will appreciate and respond to the wants and needs of County residents.*
- *Council will provide for the preservation of unique areas within the County.*
- *Council will implement an open, accountable and transparent taxation structure that provides the financial resources to achieve the County vision.*





# County of Lethbridge Profile



Administration and Mechanical Shops Located in Picture Butte

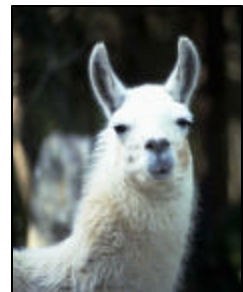
**Business Opportunities:** County of Lethbridge features a highly diversified economy throughout its boundaries. Excellent opportunities exist in all facets of business including retail of service industry, food and beverage processing, metal fabricating, farm machinery manufacturing, public sector services, construction, transportation and more.



# County of Lethbridge Profile



**Agriculture:** The agricultural industry remains the backbone of the local economy. Opportunities include some of the largest and most efficient cattle feedlots and pork and poultry operations in Canada. Good irrigation infrastructure, advantageous agricultural soils, appropriate climate, good proximity to market, and other favorable elements allow producers in the County of Lethbridge to grow a variety of crops. Crops grown can range from grains, oilseeds and pulses to specialty crops.





# County of Lethbridge Profile



Irrigation is a key competitive advantage for the County of Lethbridge. It permits the growth of high value crops and secures consistent production.



**Recreation:** The many small lakes and irrigation reservoirs within the County offer fishing and boating enthusiasts a wide array of wonderful opportunities. These prairie potholes are complemented by a variety of well used campgrounds, picnic areas and hiking trails. The County's involvement in recreation has changed significantly over the past fifteen years. All rural parks in the County have been privatized, however, the County still maintains two urban parks and five hamlet playground areas.



## MESSAGE FROM THE COUNTY MANAGER

*Robyn Singleton*



My personal experience with the County of Lethbridge began when I arrived as County Manager in late August 2004. The 2002 and 2003 Annual Reports proved to be an excellent source of information for me regarding the recent history of the County and I trust the 2004 Annual Report will continue to provide useful information for those people interested in County affairs over the past year and proceeding into 2005.

The ongoing closure of the American border to Canadian cattle due to the BSE crisis continued to impact the entire agricultural industry and, therefore, impacted all residents, businesses and County of Lethbridge operations. The County did not raise property tax rates in 2004 as a reflection of the difficult economic situation.

The costs for providing emergency services within the County continued to escalate. County Council, at its November Strategic Planning Session, finalized a plan

to hire a County Fire Chief. For the first time an experienced firefighter is on staff that will work with our urban municipal partners to coordinate emergency services, re-draft our emergency partnership agreements and County Emergency Plan. This new position was filled in January 2005.

The re-development of Highways 3 and 4 continues to be of major importance for the County. The City of Lethbridge by-pass, planned for a yet unspecified construction date, appears to be proceeding slowly and will result in a relocation of those highways north of Coalhurst and Coaldale and between Lethbridge and Coaldale respectively with a number of interchanges within the County. Senior management continues to work with the Province regarding these highways as well as regarding re-development of the existing Highway 3 Corridor between Lethbridge and Coaldale. No final plans for these developments have been announced.

Construction of the Monarch Wastewater Collection System proceeded during 2004 with challenges along the way. The final completion date of the project is expected in late spring 2005.

Planning for the Diamond City Water and Wastewater Project proceeded gradually during 2004 due to concerns over costs but tenders were to be issued in early 2005 and the project is planned for completion prior to freeze-up in the fall of 2005.

The County reconstructed approximately 3 miles of County roads in 2004. County Council expects to increase the miles of reconstruction of roads in 2005.

Both the Provincial and Federal Governments indicated new funding for infrastructure improvements with municipalities was a possibility during 2004. No funding announcements were made before year end, however, the Government of Alberta did announce such programs in 2005 which will be the subject of a new Strategic Planning Session once funding has been confirmed.



## MESSAGE FROM THE COUNTY MANAGER (Continued)

Pursuing Federal Government funding for major projects at the Lethbridge County Airport for runway improvements and secure baggage handling has continued throughout the year with the hope of securing funding and completion of the projects in 2005.

Service to ratepayers and residents have remained a priority for County Staff in 2004. I am very pleased with the qualifications and dedication of County Staff. County Staff are striving to work as a cohesive team both internally and co-operatively with our urban neighbors to efficiently deliver services within the County of Lethbridge.



May 10, 2005





# 2004 Highlights

*We welcomed several new employees in 2004 and.....*



Robyn Singleton, County Manager, joined the County August 30, 2004. Robyn comes to us from the County of Thorhild No. 7.

Sandi Trockstad, Data Entry Clerk, Joined the Picture Butte office May 19, 2004.



Sarah Quinlan joined us October 25 2004. Sarah is filling in for Amanda Paul, Receptionist at the County Administration Office, while Amanda is on maternity leave.

Arnold Fuhrmann was appointed to permanent staff April 12, 2004 as a County Grader Operator. Arnold has worked seasonally with the County since 1992.



*..... bid a fond farewell to others.*

Two long term employees retired from the County in 2004: Michael Lanz (not shown) after 40 years of service and Robert Wiens after 24 years of service. Good Luck Mike and Bob.





# 2004 Highlights



Hats off to the County employees, councillors and their families who volunteered to design, construct, decorate and take a float to seven local parades, winning prizes in three of the parades. The float was built to celebrate the County's 40th anniversary.



The 2004 Equipment Rodeo was held in Red Deer on September 24, 2004. The events entered by County of Lethbridge employees were: grader (Duane Hamabata), loader (Pete Petrik), single axle truck (Perry Ruaben) and backhoe (Gary Heinonen).



The Lethbridge Air Show was held once again in 2004.



# 2004 Highlights



The County of Lethbridge has continued to participate with various committees, organizations, and studies regarding riparian management. Riparian health can be directly related to water quality within a given area or watershed.



It has been stated that the County of Lethbridge has the highest concentration of Livestock in Canada. This being the case, nutrient management is a strong component of the County's AESA Program. Assistance is provided to a number of research/demonstration projects dealing with manure's impact on air, soil and water quality.

As in other years, tours were used to demonstrate and explain various environmentally sustainable agricultural concepts relating to positive practice soil, air and water quality change. Funding for such efforts comes from the Alberta Environmentally Sustainable Agriculture (AESAs), the Community Riparian and the Watershed Evaluation of Beneficial Management Practices (WEBS) programs.



**2004 Awards**  
*The 2004 Calgary Stampede Farm Family Award was presented to Bob Ober.*

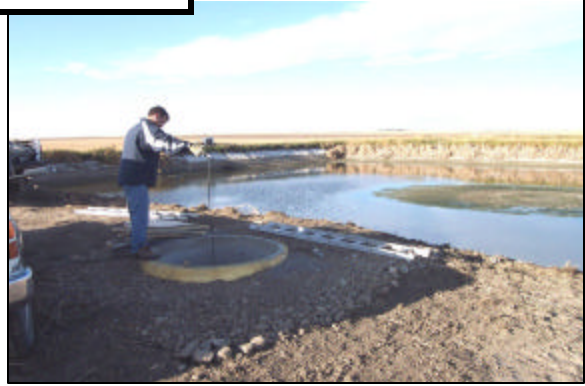
Fairview Drainage Project





# 2004 Highlights

Sewage Inlet Structure Repair at Airport



Road Project LR212 (Problems encountered with wet bog)



Monarch Sewage Project

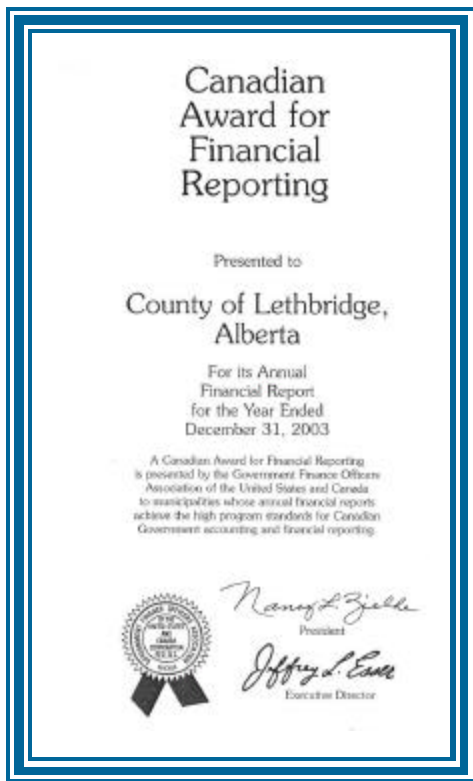


## REPORT FROM THE DIRECTOR OF CORPORATE SERVICES

*Dennis Shigematsu, CMA*

The County of Lethbridge 2004 Annual Report provides information to County ratepayers, residents and other users about our 2004 financial performance. This report also supplies insight into some of the County's innovations and accomplishments for 2004 as well as some of our major financial policies, current economic climate, and future challenges.

The consolidated financial statements of the County of Lethbridge are prepared in accordance with Section 276 of the Municipal Government Act of the Province of Alberta. These audited financial statements are representations of management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.



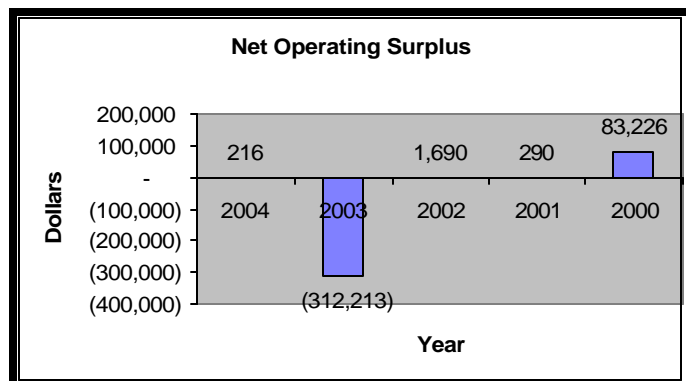
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Canadian Award for Financial Reporting to the County of Lethbridge for its annual financial report for the fiscal year ended December 31, 2003. The Canadian Award for Financial Reporting program was established 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 establish 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.

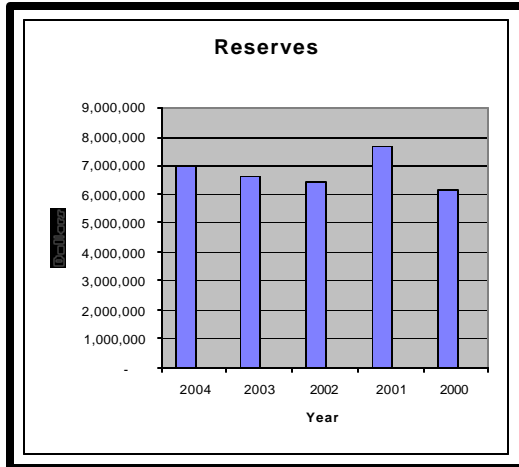
A Canadian Award for Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Canadian Award for Financial Reporting Program requirements, and we are submitting it to GFOA.

### OPERATING RESULTS

The 2004 net operating surplus for the County of Lethbridge after repayment of long-term debt and transfers to capital and reserves is \$216. As illustrated in the chart below, the County of Lethbridge has managed small surpluses in the past 5 years with exception of 2003 which was restated to reflect a liability for post-employment benefits.



## REPORT FROM THE DIRECTOR OF CORPORATE SERVICES



### RESERVES

All reserves for operating activities are approved by County Council. The increase in reserve balances in the years 2001 and 2002 are due largely to transfers to Fleet Services. Fleet Services maintains an Equipment Replacement reserve to fund future Fleet Services requirements.

### FINANCIAL MANAGEMENT AND CONTROL

The County of Lethbridge maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the assets of the County are properly accounted for and adequately safeguarded. Further to that, County Council has adopted several long-term financial policies to effect good governance and fiscal responsibility.

#### **FINANCIAL POLICIES**

##### Investment Policy

This policy provides a framework for efficient and secure management of investment assets. Investments are limited to those permitted by the Municipal Government Act of Alberta. Returns on investments flow into General Revenues as part of the operating budget. Safety of capital is paramount. As a result, the County of Lethbridge only invests in institutions with a credit rating of R1 or equivalent. This policy is reviewed annually to ensure that it remains consistent with the overall objectives of the County and prudent and conservative investment practices.

##### Project Costing Policy

Our project costing policy provides a framework for cost analysis. The County of Lethbridge has been working with Activity Based Costing since 1994. With this activity based focus we are able to maximize our activity outputs (such as road maintenance, grading and gravelling) while minimizing our costs for these activities. Project costing also ties in the cost of services provided to County of Lethbridge residents.

#### **FINANCIAL MANAGEMENT CONTROL**

##### Budget

Section 242 of the Municipal Government Act of the Province of Alberta provides for the adoption of a budget by County Council. Council typically reviews the initial budget presentation in December for the upcoming year. Council then provides direction to administration regarding desired service levels and the respective acceptable level of taxation to achieve those service levels.

##### Accounting

All financial and accounting services fall under the auspices of Corporate Services. Current information technology and our highly developed Management Information System are key components of timely and accurate financial reporting. Monthly reports are prepared for review by



## REPORT FROM THE DIRECTOR OF CORPORATE SERVICES

Council and senior administrative staff. Annual financial statements are prepared for the annual audit.

### **Audit**

Section 280 of the Municipal Government Act states that “Each council must appoint one or more auditors for the municipality”. Further, the Act requires the auditor to report to council on the annual financial statements. These financial statements are the responsibility of the municipal administration. The auditor’s responsibility is to express an opinion on the annual financial statements based on their audit.

### **Audit Committee**

The County of Lethbridge has established an audit committee whose primary function is to assist Council in fulfilling its responsibilities by reviewing the financial statements provided by management and also reviewing the County’s internal financial and accounting controls. The Audit Committee will oversee the engagement of and work performed by our independent auditor. The Committee will recommend, establish, and monitor procedures designed to improve the quality and reliability of the disclosure of the County’s financial condition and results of operations. One of the main objectives of this committee is to serve as a liaison between County Council and the County Auditor.

## **ECONOMIC EVENTS**

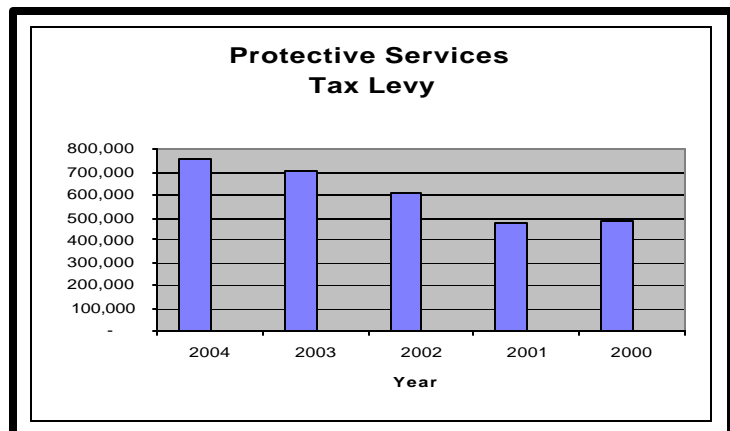
Significant economic events and changes during 2004:

- The BSE crisis continues to cripple the Livestock sector and associated service industries. Because the BSE crisis was still negatively impacting livestock producers in the County, the 2004 Budget reflected a hold-the-line expenditure level.
- The County of Lethbridge commenced a Wastewater Project in the Hamlet of Monarch capitalizing on Federal and Provincial funding. Providing potable water to County residents is a key objective in addition to maintaining high environmental standards through the provision of wastewater projects.

## **MEETING FUTURE CHALLENGES**

### **Protective Services**

Our Mission Statement provides for the protection of the County residents and to this end Protective Services has become a major component of the Municipal budget. The County of Lethbridge continues to work with the various municipalities incorporated within its boundaries to provide efficient and responsive fire and emergency services to its residents. One of the County’s major objectives is to standardize training and capital equipment for all fire departments in its jurisdiction. Retaining volunteer members in the various fire departments is another key challenge both now and in the future.



### **County Airport**

The Lethbridge County Airport faces challenges arising from the uncertain state of scheduled air carriers; added security charges and measures along with decreased landing and air services





revenues; however, the County of Lethbridge is committed to working with Airport Stakeholders and the Southern Alberta community to provide maximum and safe air services in a cost-efficient manner. In 2004, a new airline, Regional 1, commenced direct air service to Kelowna and Vancouver. Moreover, through substantial capital infrastructure investment through the Federal Airport Capital Assistance Program, the County of Lethbridge is maximizing safety and long-term viability of the Airport. The Lethbridge County Airport serves as a backup to Calgary International Airport during bad weather events thus modern infrastructure and technology is a must.

**Maintaining Service Levels**

One of the biggest challenges facing the County of Lethbridge is balancing fiscal responsibility with the service levels required by its residents. Coping with the pressure of doing more with less and the need to balance a range of divergent interests does require innovative new approaches to local government. Council and administration bring many diverse views to the table and through their collective effort we believe that we will be able to work through these challenges for the benefit of the municipality as a whole.

To conclude, the County of Lethbridge continues to maintain a relatively strong financial position and is well positioned to face the many challenges. Looking ahead, the one constant that can be predicted with certainty is “continued change”. In an effort to provide direction during times of change, Council has developed a Vision and Mission Statement which serves as a guide for the organization during the annual budget process and in the daily delivery of County services. Together with Council, the dedicated team of County Staff that provide the day-to-day delivery of services are well equipped to respond to future changes and continue providing core services in an effective manner.

Respectfully submitted,



May 17, 2005



# Financial Section



**COUNTY OF LETHBRIDGE**  
**Financial Statements**  
**For the year ended December 31, 2004**

Young Parkyn McNab LLP



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**COUNTY OF LETHBRIDGE**  
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**For the year ended December 31, 2004**

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**AUDITORS' REPORT**

To: The Reeve and Members of Council of  
the County of Lethbridge

We have audited the consolidated statement of financial position of the County of Lethbridge as at December 31, 2004, the consolidated statement of financial activities and change in fund balances, and the consolidated statement of changes in financial position for the year then ended. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the County of Lethbridge as at December 31, 2004 and the results of its financial activities and the changes in its financial position for the year then ended in accordance with the disclosed basis of accounting described in Note 1.

Lethbridge, Alberta

February 25, 2005

*Young Parkyn McNab LLP*

Chartered Accountants



## MANAGEMENT REPORT

The accompanying consolidated financial statements and other information contained in this Financial Report are the responsibility of the management of the County of Lethbridge.

These consolidated financial statements have been prepared from information provided by management. Financial statements are not precise since they include certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

The County maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the County's assets are properly accounted for and adequately safeguarded.

The elected Council of the County of Lethbridge is responsible for ensuring that management fulfils its responsibilities for financial statements. Council carries out its responsibility principally through the Audit Committee.

The Council meets annually with management and the external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. Council also considers the engagement or re-appointment of the external auditors. Council reviews the monthly financial reports.

The consolidated financial statements have been audited by Young Parkyn McNab LLP, Chartered Accountants, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the Council, residents and ratepayers of the County. Young Parkyn McNab LLP has full and free access to the Council.



County Manager





**COUNTY OF LETHBRIDGE**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at December 31, 2004**

	2004	2003
<b>ASSETS</b>		
<b>Financial assets</b>		
Cash and temporary investments (note 2)	\$ 7,253,809	\$ 7,760,956
Taxes and grants in place of taxes receivable (note 3)	354,631	294,998
Trade and other receivables	2,717,467	1,341,177
Prepaid expenses	142,103	129,214
Trust funds (note 4)	473,022	473,011
	10,941,032	9,999,356
<b>Physical assets</b>		
Capital assets (note 5)	41,953,092	39,703,260
Inventory for consumption	1,293,262	1,225,863
	43,246,354	40,929,123
	\$ 54,187,386	\$ 50,928,479

**LIABILITIES AND MUNICIPAL EQUITY**

<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 1,185,461	\$ 1,001,126
Deposit liabilities	110,451	87,698
Employee benefit obligations (note 6)	362,369	333,331
Deferred revenue (note 7)	173,331	139,591
Deferred lease payments (note 8)	8,072,830	8,371,824
Long-term debt (note 9)	5,778,136	5,332,009
Trust funds (note 4)	473,022	473,011
	16,155,600	15,738,590
<b>Contingency (note 22)</b>		
<b>Municipal equity</b>		
Fund balances		
Operating (schedule 1)	2,587,164	2,586,948
Capital (schedule 2) (note 10)	316,135	-
Reserves (schedule 3) (note 11)	7,026,361	6,603,513
	9,929,660	9,190,461
Equity in capital assets (note 12)	28,102,126	25,999,428
	38,031,786	35,189,889
	\$ 54,187,386	\$ 50,928,479



**COUNTY OF LETHBRIDGE**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCES**  
**For the year ended December 31, 2004**

	Budget (Unaudited)	2004	2003
<b>Revenue</b>			
Net municipal property taxes (note 13)	\$ 6,504,983	\$ 6,493,571	\$ 6,380,458
Government transfers (note 14)	5,220,227	2,847,382	2,129,258
User fees and sales of goods	1,871,524	2,401,036	2,237,832
Penalties and costs of taxes	95,600	111,497	109,890
Resident contributions	-	89,500	-
Fines	50,000	59,624	62,426
Special levies	5,380	5,374	5,374
Investment income	156,100	179,215	211,551
Licenses and permits	46,600	46,605	63,060
Rentals	113,755	124,522	100,434
Fleet services equipment rental	1,905,000	1,690,009	1,839,933
Proceeds from disposal of capital assets	166,500	56,299	117,788
Lease payment - McCain wastewater treatment plant	298,994	298,994	298,994
Other	1,269,515	60,886	67,072
	<b>17,704,178</b>	<b>14,464,514</b>	<b>13,624,070</b>
<b>Expenditures (note 15)</b>			
Legislative	167,800	149,426	152,770
Administration	1,439,713	1,649,907	1,421,620
Fire and bylaw enforcement	753,699	669,857	634,692
Roads, streets, walks and lighting	5,505,348	4,669,214	4,722,186
Airport	861,019	894,745	917,652
Fleet services	1,846,500	1,602,913	2,099,966
Water, wastewater and waste management	6,078,893	3,607,346	2,543,765
Environmental development	544,065	519,173	625,118
Recreation and culture	110,970	109,866	125,573
Other	29,295	-	-
	<b>17,337,302</b>	<b>13,872,447</b>	<b>13,243,342</b>
<b>Excess of revenue over expenditures</b>	<b>366,876</b>	<b>592,067</b>	<b>380,728</b>
<b>Capital financing transactions</b>			
Deferred lease payments	(298,994)	(298,994)	(298,994)
Proceeds of long-term debt	626,000	626,000	-
Repayment of long-term debt	(194,954)	(179,874)	(213,018)
<b>Change in fund balances</b>	<b>498,928</b>	<b>739,199</b>	<b>(131,284)</b>
<b>Fund balances, beginning of year</b>			
As previously reported	8,175,599	8,175,599	7,993,377
Prior period error correction (note 17)	-	(211,000)	-
Change in accounting policy (note 18)	-	1,225,862	1,328,368
As restated	<b>8,175,599</b>	<b>9,190,461</b>	<b>9,321,745</b>
<b>Fund balances, end of year</b>	<b>\$ 8,674,527</b>	<b>\$ 9,929,660</b>	<b>\$ 9,190,461</b>



**COUNTY OF LETHBRIDGE**  
**CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION**  
For the year ended December 31, 2004

	2004	2003
<b>Cash flows from operating activities</b>		
Excess of revenue over expenditures	\$ 592,067	\$ 380,728
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	(59,633)	71,429
Trade and other receivables	(1,376,290)	916,638
Prepaid expenses	(12,889)	(129,214)
Inventory for consumption	(67,399)	102,505
Accounts payable and accrued liabilities	184,334	(253,355)
Deposit liabilities	22,753	25,000
Employee benefit obligations	29,038	204,704
Deferred revenue	33,740	139,591
	(654,279)	1,458,026
<b>Cash flows from financing activities</b>		
Deferred lease payments	(298,994)	(298,994)
Proceeds of long-term debt	626,000	-
Repayment of long-term debt	(179,874)	(213,018)
	147,132	(512,012)
<b>(Decrease) increase in cash and temporary investments</b>	(507,147)	946,014
<b>Cash and temporary investments, beginning of year</b>	7,760,956	6,814,942
<b>Cash and temporary investments, end of year</b>	\$ 7,253,809	\$ 7,760,956



**COUNTY OF LETHBRIDGE**  
**SCHEDULE 1**  
**SCHEDULE OF FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCE - OPERATING**  
**For the Year Ended December 31, 2004**

	Budget (Unaudited)	2004	2003
<b>Revenue</b>			
Net municipal property taxes (note 13)	\$ 6,504,983	\$ 6,493,571	\$ 6,380,458
Government transfers	1,694,211	1,370,347	1,294,502
User fees and sales of goods	1,871,524	2,401,036	2,237,832
Penalties and costs of taxes	95,600	111,497	109,890
Fines	50,000	59,624	62,426
Special levies	5,380	5,374	5,374
Investment income	156,100	179,215	211,551
Licenses and permits	46,600	46,605	63,060
Rentals	113,755	124,522	100,434
Fleet services equipment rental	1,905,000	1,690,009	1,839,933
Other	1,269,515	60,886	67,072
	<u>13,712,668</u>	<u>12,542,686</u>	<u>12,372,532</u>
<b>Expenditures (note 15)</b>			
Legislative	167,800	149,426	152,770
Administration	1,362,213	1,573,425	1,316,322
Fire and bylaw enforcement	753,699	669,857	634,692
Roads, streets, walks and lighting	5,505,348	4,669,214	4,722,186
Airport (note 16)	861,019	868,002	917,652
Fleet services	1,152,500	1,192,214	1,206,732
Water, wastewater and waste management	1,544,877	1,589,232	1,541,872
Environmental development	544,065	519,173	625,118
Recreation and culture	110,970	109,866	125,573
Other	29,295	-	-
	<u>12,031,786</u>	<u>11,340,409</u>	<u>11,242,917</u>
<b>Excess of revenue over expenditures</b>	<b>1,680,882</b>	<b>1,202,277</b>	<b>1,129,615</b>
<b>Net interfund transfers</b>			
Transfer to capital - repayment of long-term debt (schedule 2)	(194,954)	(179,874)	(213,018)
Transfer to capital (schedule 2)	(987,000)	(599,339)	(1,047,881)
Transfer to reserves (schedule 3)	(347,872)	(422,848)	(180,929)
<b>Change in fund balance</b>	<b>151,056</b>	<b>216</b>	<b>(312,213)</b>
<b>Fund balance, beginning of year</b>			
As previously reported	1,572,086	1,572,086	1,570,793
Prior period error correction (note 17)	-	(211,000)	-
Change in accounting policy (note 18)	-	1,225,862	1,328,368
As restated	<u>1,572,086</u>	<u>2,586,948</u>	<u>2,899,161</u>
<b>Fund balance, end of year</b>	<b>\$ 1,723,142</b>	<b>\$ 2,587,164</b>	<b>\$ 2,586,948</b>



**COUNTY OF LETHBRIDGE**  
**SCHEDULE 2**  
**SCHEDULE OF FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCE - CAPITAL**  
**For the year ended December 31, 2004**

	Budget (Unaudited)	2004	2003
<b>Revenue</b>			
Government transfers	\$ 3,526,016	\$ 1,477,035	\$ 834,756
Resident contributions	-	89,500	-
Proceeds from disposal of capital assets	166,500	56,299	117,788
Lease payment - McCain wastewater treatment plant	298,994	298,994	298,994
	3,991,510	1,921,828	1,251,538
<b>Expenditures (note 15)</b>			
Administration	77,500	76,482	105,298
Airport	-	26,743	-
Fleet services	694,000	410,699	893,234
Water, wastewater and waste management	4,534,016	2,018,114	1,001,893
	5,305,516	2,532,038	2,000,425
<b>Deficiency of revenue over expenditures</b>	(1,314,006)	(610,210)	(748,887)
<b>Capital financing transactions and net interfund transfers</b>			
Transfer from operating - repayment of long-term debt (schedule 1)	194,954	179,874	213,018
Transfer from operating (schedule 1)	987,000	599,339	1,047,881
Proceeds of long-term debt (note 12)	626,000	626,000	-
Repayment of long-term debt (note 12)	(194,954)	(179,874)	(213,018)
Deferred lease payments	(298,994)	(298,994)	(298,994)
<b>Change in fund balance</b>	-	316,135	-
<b>Fund balance, beginning of year</b>	-	-	-
<b>Fund balance, end of year (note 10)</b>	\$ -	\$ 316,135	\$ -



**COUNTY OF LETHBRIDGE**  
**SCHEDULE 3**  
**SCHEDULE OF CHANGE IN FUND BALANCE - RESERVES**  
**For the year ended December 31, 2004**

	Budget (Unaudited)	2004	2003
<b>Net interfund transfers</b>			
Transfer from operating (schedule 1)	\$ 347,872	\$ 422,848	\$ 180,929
<b>Change in fund balance</b>	347,872	422,848	180,929
<b>Fund balance, beginning of year</b>	6,603,513	6,603,513	6,422,584
<b>Fund balance, end of year (note 11)</b>	\$ 6,951,385	\$ 7,026,361	\$ 6,603,513





**1. Significant accounting policies**

The consolidated financial statements of the County of Lethbridge are the representations of management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the County are as follows:

(a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenue and expenditures, changes in fund balances and change in financial position of the reporting entity which comprises all of the organizations that are owned or controlled by the County and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

Taxes levied also includes requisitions for educational, health care, social and other external organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

(b) Basis of accounting

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues.

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

Government transfers are recognized in the financial statements as revenues 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.

Expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

(c) Fund accounting

For reporting purposes, established funds consist of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate equity account. Gains or losses from land sales are recorded as operating fund revenue or expenditures.

(d) Investments

Investments are recorded at cost. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.



**1. Significant accounting policies, continued**

- (e) Inventories  
Inventories of materials and supplies for consumption are valued at the lower of cost and net realizable value with cost determined by the average cost method.

Land held for resale is recorded at the lower of cost and net realizable value. Cost includes costs 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 waste water services, roads, sidewalks, and street lighting are recorded as physical assets under their respective function.

- (f) Capital assets  
Capital assets are reported as expenditures in the period that they are acquired. Capital assets are recorded at cost except for donated assets, which are recorded at estimated fair value when acquired.

Government contributions for the acquisition of capital assets are recorded as capital revenue and do not reduce the related physical asset costs.

Capital assets are not amortized.

- (g) Requisition over-levy and under-levy  
Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual 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.

- (h) Prepaid local improvements charges  
Construction and borrowing costs associated with local improvement projects are recovered through annual special property assessments during the period of the related borrowing. These levies are collectible from property owners for work performed by the County

Where a taxpayer has elected to prepay the outstanding local improvement charge, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight-line basis over the remaining term of the related borrowings.

In the event that the prepaid amounts are applied against the related borrowing, the deferred revenue is amortized to the revenue by an amount equal to the debt repayment.

- (i) Operating fund  
Operating fund represents the amounts available to offset future operational revenue requirements (or the shortfall which will be financed from future operational revenues).

- (j) Capital fund  
Capital fund represents the amounts available to finance (or the shortfall in financing available for) capital projects.

**COUNTY OF LETHBRIDGE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2004**

**1. Significant accounting policies, continued**

- (k) Reserve fund  
 Reserve fund represents the amounts set aside to finance future operating and capital expenditures. Reserves are established at the discretion of Council. Transfers to and/or from the reserve fund are reflected as an adjustment to the respective fund.
- (l) Equity in capital assets  
 Equity in capital assets represents the County's net investment in its total capital assets, after deducting work in progress, the portion financed by third parties through debenture, bond, and mortgage debts, long-term capital borrowing, capitalized leases, and other capital liabilities which will be repaid by the municipality.
- (m) Use of estimates  
 The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

**2. Cash and temporary investments**

	2004	2003
Cash (cheques written in excess of cash on deposit)	\$ 996,631	\$ (119,210)
Temporary investments	6,257,178	7,880,166
	\$ 7,253,809	\$ 7,760,956

The temporary investments are comprised of GICs and short term securities with interest rates of 2.0% to 2.76%. The investments mature in 2005.

**3. Taxes and grants in place of taxes receivable**

	2004	2003
Current year	\$ 294,044	\$ 265,369
Arrears	215,025	181,032
	509,069	446,401
Allowance for doubtful accounts	(154,438)	(151,403)
	\$ 354,631	\$ 294,998



**COUNTY OF LETHBRIDGE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2004

**4. Trust funds**

Trust funds are administered by the County on behalf of others consist of the following:

	2004	2003
Tax sale surplus trust	\$ 1,473	\$ 1,447
Reserve land trust	471,549	471,564
	<u>\$ 473,022</u>	<u>\$ 473,011</u>

**5. Capital assets**

	2004	2003
Airport	\$ 111,988	\$ 85,245
Land	674,837	548,496
Buildings	2,226,604	2,226,604
Engineering structures	28,260,723	26,368,949
Machinery, equipment and furnishings	8,516,748	8,155,971
Vehicles	2,162,192	2,317,995
	<u>\$ 41,953,092</u>	<u>\$ 39,703,260</u>

**6. Employee benefit obligations**

	2004	2003
Vacation	\$ 129,369	\$ 122,331
Post-employment benefits	233,000	211,000
	<u>\$ 362,369</u>	<u>\$ 333,331</u>

**Vacation**

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

**Post-employment benefits**

The County provides a retirement allowance for its employees. Employees with over 10 years of service to the County are eligible for the allowance at a rate of \$450 per year for each year of service over 10 years, plus \$1,500, up to a maximum of \$15,000. The benefit is paid out when the individual ceases to be an employee of the County.



**COUNTY OF LETHBRIDGE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2004

**7. Deferred revenue**

The deferred revenue balance represents operating funds received in the current period that are related to the subsequent period as follows::

	2004	2003
Bridge repair grants	\$ 159,446	\$ -
Battersea drain grant	6,200	-
AFSC rent	7,685	7,685
Kipp Road grant	-	123,755
Urban Weed Control grant	-	8,151
	<u>\$ 173,331</u>	<u>\$ 139,591</u>

**8. Deferred lease payments**

The County received \$8,969,812 as a prepaid lease payment from McCain Foods Limited for the use of a water treatment plant. The lease is for the useful operating life of the plant. The minimum term is for an initial period of ten years ending December 31, 2011 with four subsequent renewal terms of five years each. The deferred lease payments will be recognized as revenue by the capital fund, as the payments are being used to fund the acquisition of the water treatment plant. The revenue will be recognized evenly over the thirty year minimum term of the lease, including the four renewal terms.

	2004	2003
Balance, beginning of year	\$ 8,371,824	\$ 8,670,818
Amortization	(298,994)	(298,994)
	<u>\$ 8,072,830</u>	<u>\$ 8,371,824</u>

**9. Long-term debt**

	2004	2003
Debentures	\$ 5,747,920	\$ 5,245,341
Lease obligation	30,216	86,668
	<u>\$ 5,778,136</u>	<u>\$ 5,332,009</u>
Current portion	<u>\$ 180,221</u>	<u>\$ 179,874</u>



**COUNTY OF LETHBRIDGE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2004

**9. Long-term debt, continued**

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2005	\$ 180,221	\$ 358,574	\$ 538,795
2006	159,665	364,800	524,465
2007	162,239	336,501	498,740
2008	172,301	326,439	498,740
2009	182,990	315,750	498,740
Thereafter	4,920,720	2,921,067	7,841,787
	<b>\$ 5,778,136</b>	<b>\$ 4,623,131</b>	<b>\$ 10,401,267</b>

Debenture debt is repayable to Alberta Capital Financing Corporation and bears interest at rates from 5.175% to 12% per annum, before Provincial subsidy, and matures in periods 2006 to 2027. For qualifying debentures, the Province of Alberta rebates 60% of interest in excess of 8%, 9%, and 11% to a maximum annual rate of 12.5%, depending on the date borrowed. Debenture debt is issued on the credit and security of the County of Lethbridge at large.

The lease obligation is repayable in annual instalments of \$32,335 including principal and interest at 6.8%. The lease obligation is secured by the equipment under the lease.

Interest on long-term debt amounted to \$338,808 (2003 - \$345,541).

The County's total cash payments for interest in 2004 were \$338,356 (2003 - \$352,477).

**10. Capital fund**

	2004	2003
<b>Financing available:</b>		
Monarch wastewater project	\$ 316,135	\$ -



**COUNTY OF LETHBRIDGE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2004

**11. Reserves**

Reserves for operating activities changed as follows:

	2003	Increase	Decrease	2004
Administration building	579,693	49,001	\$ 46,000	\$ 582,694
Agricultural service projects	73,621	37,000	-	110,621
Airport contingency	24,120	-	4,393	19,727
Airport equipment replacement	95,138	27,700	26,743	96,096
Airport improvement fee	293,117	143,751	-	436,867
Airport subsidy	1,005,132	-	124,178	880,954
Business tax	120,000	-	-	120,000
Computer replacement	\$ 66,829	\$ 55,000	31,500	90,329
Council discretionary	140,763	93,410	152,422	81,752
Disaster services	1,158	-	-	1,158
Environmental health projects	589,623	42,500	-	632,123
Fleet equipment replacement	894,603	987,100	895,722	985,981
Frontage	1,432	-	478	954
GIS	73,950	10,000	25,000	58,950
Gravel pit reclamation	50,000	-	-	50,000
Kendon road	163,000	27,000	-	190,000
Municipal debt reduction proceeds	1,132,247	-	-	1,132,247
Municipal safety program	1,591	10,000	1,535	10,056
Protective services	392,426	178,750	11,548	559,627
Public works	351,711	504,977	255,467	601,221
Public works infrastructure	357,633	-	187,155	170,478
Recreation	22,182	-	5,560	16,622
Shaughnessy debenture - sewer	27,880	-	-	27,880
Shaughnessy debenture - water	27,400	-	-	27,400
Under/over levy	2,764	-	-	2,764
Waterline replacement	115,500	24,360	-	139,860
	<b>\$ 6,603,513</b>	<b>\$ 2,190,549</b>	<b>\$ 1,767,701</b>	<b>\$ 7,026,361</b>

**12. Equity in capital assets**

	Budget (Unaudited)	2004	2003
<b>Acquisition of capital assets</b>			
Administration	\$ 77,500	\$ 76,482	\$ 105,298
Airport	-	26,743	-
Fleet services	694,000	410,699	893,234
Water, wastewater and waste management	4,534,016	2,018,114	1,001,893
	<b>5,305,516</b>	<b>2,532,038</b>	<b>2,000,425</b>





**COUNTY OF LETHBRIDGE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2004

**12. Equity in capital assets, continued**

<b>Disposal of capital assets (cost)</b>			
Fleet services	-	(282,207)	(352,524)
<b>Capital financing</b>			
Proceeds of long-term debt	(626,000)	(626,000)	-
Repayment of long-term debt	194,954	179,874	213,018
Deferred lease payments	298,994	298,994	298,994
	(132,052)	(147,132)	512,012
<b>Change in equity balance</b>	<b>5,173,464</b>	<b>2,102,699</b>	<b>2,159,913</b>
<b>Equity balance, beginning of year</b>			
As previously reported	27,225,289	27,225,289	25,167,882
Change in accounting policy (note 18)	-	(1,225,862)	(1,328,368)
As restated	27,225,289	25,999,427	23,839,514
<b>Equity balance, end of year</b>	<b>\$ 32,398,753</b>	<b>\$ 28,102,126</b>	<b>\$ 25,999,427</b>
<b>Balance consists of:</b>			
Capital assets (note 5)		\$ 41,953,092	\$ 39,703,260
Deferred lease payments (note 8)		(8,072,830)	(8,371,824)
Long-term debt (note 9)		(5,778,136)	(5,332,009)
		\$ 28,102,126	\$ 25,999,427

**13. Net municipal property taxes**

	Budget (Unaudited)	2004	2003
<b>Taxation</b>			
Real property taxes	\$ 8,076,587	\$ 8,067,011	\$ 7,828,970
Linear property taxes	1,770,021	1,768,185	1,655,960
Government grants in place of property taxes	1,223,940	1,223,940	1,241,613
	11,070,548	11,059,136	10,726,543
<b>Requisitions</b>			
Alberta School Foundation Fund	4,156,810	4,156,810	3,936,901
School Boards	285,050	285,050	284,557
Seniors' Foundations	123,705	123,705	124,627
	4,565,565	4,565,565	4,346,085
	\$ 6,504,983	\$ 6,493,571	\$ 6,380,458



**COUNTY OF LETHBRIDGE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2004

**14. Government transfers**

	Budget (Unaudited)	2004	2003
<b>Federal transfers</b>			
Shared-cost agreements and grants	\$ -	\$ -	\$ 8,750
<b>Provincial transfers</b>			
Shared-cost agreements and grants	5,215,227	2,847,212	2,104,058
Debt interest rebates	-	170	214
	5,215,227	2,847,382	2,104,272
<b>Local government transfers</b>			
Shared-cost agreements and grants	5,000	-	16,236
	\$ 5,220,227	\$ 2,847,382	\$ 2,129,258

**15. Expenditures by object**

	Budget (Unaudited)	2004	2003
<b>Operating</b>			
Salaries, wages and benefits	\$ 3,555,844	\$ 3,667,611	\$ 3,818,121
Contracted and general services	5,278,259	4,578,341	4,212,271
Materials, goods and utilities	2,453,729	2,304,725	2,443,339
Provision for allowances	10,000	10,000	10,000
Transfers to Local Boards and Agencies	303,978	305,572	303,958
Transfers to individuals and Organizations	78,285	135,352	109,687
Interest on long term debt	322,396	338,808	345,541
Other	29,295	-	-
	12,031,786	11,340,409	11,242,917
<b>Capital</b>			
Purchase of capital assets	5,305,516	2,532,038	2,000,425
	\$ 17,337,302	\$ 13,872,447	\$ 13,243,342



**COUNTY OF LETHBRIDGE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2004

**16. Airport**

Included in the operating revenue and expenditures and the operating fund balance are the airport operations as follows:

	Budget (Unaudited)	2004	2003
<b>Revenue</b>			
Parking	\$ 38,000	\$ 42,697	\$ 42,436
Leases	460,000	445,462	468,494
Registration	2,100	2,066	2,066
Airport service fees	220,000	238,132	213,709
Air improvement fees	105,000	143,751	137,343
Investment income	31,100	25,193	33,702
Utilities recovered	28,854	28,953	28,548
Custom costs recovered	-	15,243	-
Government grants	-	27,700	8,750
Miscellaneous	45,100	5,186	5,379
	<u>930,154</u>	<u>974,383</u>	<u>940,427</u>
<b>Expenditures</b>			
Wages and benefits	371,789	426,177	417,680
Travel and sustenance	2,000	3,187	8,170
Telephone	5,980	6,900	6,657
Registration and membership fees	5,550	3,586	4,333
Legal and professional service	3,200	2,000	2,560
Repairs and maintenance	11,500	23,465	16,288
Building repairs and maintenance	45,200	66,685	114,946
Contract road construction	-	8,552	-
Insurance	42,000	28,548	40,878
Commissionaires	77,000	91,559	82,457
Miscellaneous services	49,300	37,337	21,660
Utilities	194,500	115,482	147,344
Lubes and asphalt oil	2,200	946	2,006
Fuel	15,000	10,676	13,904
Materials and supplies	18,800	27,967	18,330
Machine parts	15,000	10,842	17,865
Miscellaneous supplies	2,000	4,093	2,574
	<u>861,019</u>	<u>868,002</u>	<u>917,652</u>
<b>Excess of revenue over expenditures from operations</b>	<u>69,135</u>	<u>106,381</u>	<u>22,775</u>
<b>Other items</b>			
Grant in lieu allowances	43,500	43,500	43,500
Services by other departments	20,000	20,000	20,000
	<u>63,500</u>	<u>63,500</u>	<u>63,500</u>
<b>Excess of revenue over expenditures</b>	<u>5,635</u>	<u>42,881</u>	<u>(40,725)</u>
<b>Net interfund transfers</b>			
Transfer to capital	-	(26,743)	-
Transfer (to) from reserves	(5,635)	(16,138)	40,725
<b>Net increase to operating fund</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**17. Prior period error correction**

The County has adjusted the prior year's financial statements to record an employee benefit obligation. The net effect of this change is an increase in operating expenses for the year ended December 31, 2003 of \$211,000 and an increase in employee benefit obligations as at December 31, 2003 of \$211,000.

**18. Change in accounting policy**

Alberta Municipal Affairs has issued an accounting pronouncement concerning the calculation of the County's equity in capital assets. Based on this pronouncement, the equity in capital assets has been restated, on a retroactive basis, to exclude the value of inventory for consumption.

**19. Local Authorities Pension Plan**

The County participates in a multi-employer defined benefit pension plan. This plan is accounted for as a defined contribution plan.

Employees of the County participate in the Local Authorities Pension Plan (LAPP), which is covered by the Public Sector Pension Plans Act. The Plan serves about 133,000 people and about 389 employers. It is financed by employer and employee contributions and investment earnings of the LAPP fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

The County is required to make current service contributions to the Plan of 5.525% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 7.4% on pensionable earnings above this amount. Employees of the County are required to make current service contributions of 4.525% of pensionable salary up to the year's maximum pensionable salary and 6.4% on pensionable salary above this amount.

Total current service contributions by the County to the Local Authorities Pension Plan in 2004 were \$173,283 (2003 - \$136,205). Total current service contributions by the employees of the County to the Local Authorities Pension Plan in 2004 were \$148,275 (2003 - \$112,753).

At December 31, 2003, the LAPP disclosed an actuarial deficiency of \$445.0 million.

**COUNTY OF LETHBRIDGE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2004

**20. Salary and benefits disclosure**

Disclosure of salaries and benefits for elected municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	(1) Salary	(2) Benefits & allowances	2004	2003
Councillors:				
Division 1	\$ 15,896	\$ 10,071	\$ 25,967	\$ 25,721
Division 2	14,476	8,935	23,411	23,534
Division 3	11,776	3,510	15,286	16,890
Division 4	10,826	4,316	15,142	15,432
Division 5	12,438	5,905	18,343	22,197
Division 6	11,441	4,926	16,367	17,366
Division 7	10,146	4,761	14,907	18,303
County Manager(s) (3)	63,554	10,804	74,358	89,705
Designated Officer	\$ 71,733	\$ 12,195	\$ 83,928	\$ 82,019

(1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

(2) Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long- and short-term disability plans, professional memberships, and tuition.

Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances, and club memberships.

(3) 2004 County Manager(s) salary and benefits represents a change in staff. It includes the former County Manager for 5 months salary and benefits and the current County Manager's salary and benefits for 4 months.

**21. Debt limits**

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the County be disclosed as follows:

	2004	2003
Total debt limit	\$ 18,481,219	\$ 19,183,969
Total debt	5,778,136	5,332,009
Unused debt limit	\$ 12,703,083	\$ 13,851,960
Debt servicing limit	\$ 3,246,870	\$ 3,197,328
Debt servicing	538,795	518,230
Unused debt servicing limit	\$ 2,708,075	\$ 2,679,098



**21. Debt limits, continued**

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) 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. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

**22. Contingency**

The County of Lethbridge is a member of Genesis which provides liability insurance. The investment in this program is not reflected as an asset in the accompanying financial statements. The County was also a member of the Alberta Local Authorities Reciprocal Insurance Exchange (ALARIE), which is in the process of being wound down.

Under the terms of membership, the County could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

**23. Financial instruments**

The County of Lethbridge's financial instruments consist of cash and temporary investments, receivables, bank overdraft, accounts payable and accrued liabilities, and long-term debt. It is management's opinion that the County is not exposed to significant interest, currency or credit risk arising from these financial instruments. Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

**24. Comparative figures**

Where necessary the comparative figures for the 2003 year have been reclassified to conform with 2004 financial statement presentation.

**25. Approval of financial statements**

These financial statements were approved by Council and Management.

**26. Subsequent events**

Subsequent to year-end the County purchased land at a cost of \$535,882 to develop as a new source of gravel. The County also purchased a grader for \$323,140.



# Statistical Section





**COUNTY OF LETHBRIDGE - AIRPORT**  
**SCHEDULE OF FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCE**  
For the Years Ended December 31, 2000 - 2004  
(in thousands of dollars)

	2004	2003	2002	2001	2000
<b>Revenues</b>					
PARKING	43	42	42	49	46
LEASES	445	468	442	442	417
VENDING MACHINES	-	-	-	0	1
REGISTRATIONS	2	2	2	6	2
AIRPORT IMPROVEMENT FEES	144	137	130	159	20
AIR SERVICE FEES	238	214	215	248	239
INVESTMENT INCOME	25	33	33	51	69
COST RECOVERIES	44	29	27	35	33
GOVERNMENT GRANTS	28	9	661	2,183	-
MISC. REVENUES	5	6	28	6	14
<b>Total revenues</b>	<b>974</b>	<b>940</b>	<b>1,581</b>	<b>3,180</b>	<b>842</b>
<b>Expenditures Operating</b>					
WAGES & BENEFITS	426	395	386	355	346
TRAVEL & SUSTENANCE	3	8	9	4	4
TELEPHONES	7	7	7	5	6
REGISTRATION & MEMBERSHIP FEES	4	4	5	2	2
LEGAL & PROFESSIONAL SERVICES	2	3	4	3	1
REPAIRS & MAINTENANCE	23	8	18	12	11
BUILDING REPAIRS & MAINTENANCE	67	115	52	58	47
CONTRACT CONSTRUCTION	9	-	709	2,272	25
INSURANCE	29	41	44	31	26
COMMISSIONAIRES	92	82	81	79	76
MISC. SERVICES	37	30	27	17	57
UTILITIES	115	147	136	118	100
LUBES & ASPHALT OIL	1	2	1	3	4
FUEL	11	14	15	14	11
MATERIALS & SUPPLIES	28	33	18	26	50
MACHINE PARTS	10	18	22	15	12
MISC. SUPPLIES	4	3	5	4	4
<b>Total operating expenditures</b>	<b>868</b>	<b>910</b>	<b>1,539</b>	<b>3,019</b>	<b>781</b>
<b>Excess of revenues over expenditures before the following:</b>	<b>106</b>	<b>30</b>	<b>41</b>	<b>161</b>	<b>60</b>
GRANT IN LIEU ALLOWANCES	44	44	44	44	44
SERVICES BY OTHER DEPARTMENTS	20	20	20	20	23
	<b>64</b>	<b>64</b>	<b>64</b>	<b>63</b>	<b>66</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<b>43</b>	<b>(34)</b>	<b>(22)</b>	<b>98</b>	<b>(6)</b>
<b>INTERFUND TRANSFERS</b>					
Transfer to capital	-27	-	(14)	(3)	(11)
Transfer to capital - Inventory	0	16	(8)	(5)	7
Transfer from (to) Reserves	-16	18	43	(70)	17
<b>Change in fund balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20</b>	<b>7</b>



## County of Lethbridge

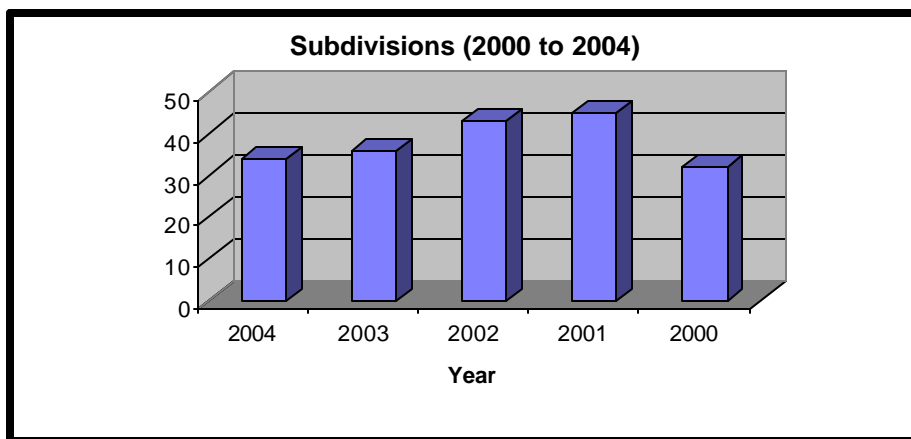
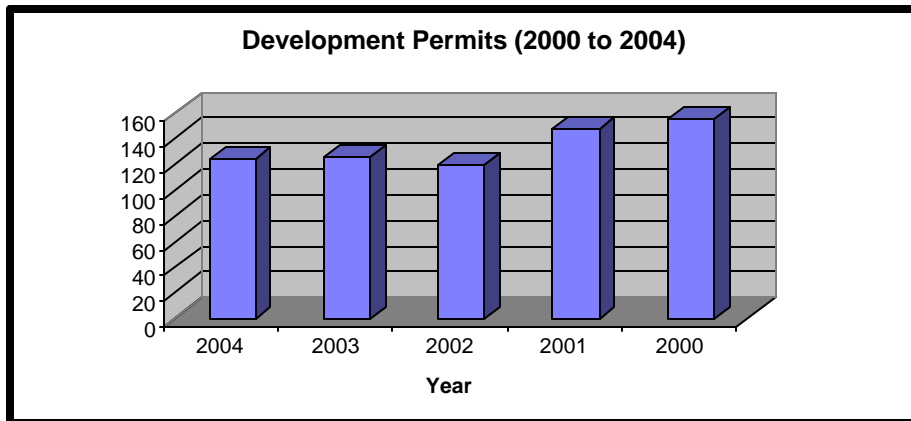
### Development Permits - By Type of Permit (2000 to 2004)

Year	Residential	Industrial/ Commercial	Intensive Agricultural	Home Occup., Signs, Misc.	TOTAL
2004	41	28	*0	55	124
2003	44	32	*0	50	126
2002	57	41	*0	22	120
2001	55	20	24	49	148
2000	70	15	27	44	156

\* Intensive Livestock Operation approvals issued by N.R.C.B. as of January 1, 2002

### Subdivision Activity (2000 to 2004)

Year	No. of Applications	Residential	Country Residential	Agricultural	Commerical	Industrial	Misc.	Total Lots
2004	29	0	25	5	0	2	2	34
2003	20	0	32	2	0	0	2	36
2002	30	3	25	6	1	7	1	43
2001	37	1	27	12	0	2	3	45
2000	31	0	28	1	1	1	1	32



**COUNTY OF LETHBRIDGE**  
**DEBT LIMIT**  
**As at December 31, 2000 - 2004**  
**(in thousands of dollars)**

	2004	2003	2002	2001	2000
<b>Total debt limit</b>	18,481	19,184	24,795	32,812	21,865
<b>Total debt</b>	5,778	5,332	5,545	4,163	4,435
<b>Total unused debt limit</b>	12,703	13,852	19,250	28,649	17,430
<b>Service on debt limit</b>	3,247	3,197	4,132	8,203	3,644
<b>Service on debt</b>	539	518	565	445	565
<b>Amount of unused service on debt</b>	2,708	2,679	3,567	7,758	3,079

**As at December 31, 2000 - 2004**  
**(in thousands of dollars)**

	2004	2003	2002	2001	2000
<b>USER SUPPORTED</b>					
County/McCain Foods Waterline	3,613	3,701	3,783	3,860	3,932
North County Waterline	1,496	1,526	1,555		
Shaughnessy Water	-	-	-	-	11
Shaughnessy Sewer	-	-	-	-	9
Monarch Sewer	626				
Fairview Sewer	13	18	23	28	31
	5,748	5,245	5,361	3,888	3,983
<b>TAX SUPPORTED</b>	30	87	184	275	452
<b>Total Debt</b>	5,778	5,332	5,545	4,163	4,435

<b>Per Capita Long-Term Debt (in Dollars)</b>	<b>\$ 582</b>	<b>\$ 537</b>	<b>\$ 558</b>	<b>\$ 419</b>	<b>\$ 477</b>
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<b>Debt Charges as a Percentage of Expenditures</b>	<b>2.99%</b>	<b>3.07%</b>	<b>2.33%</b>	<b>2.10%</b>	<b>2.53%</b>
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**COUNTY OF LETHBRIDGE**  
**CONSOLIDATED EXPENDITURES BY FUNCTION\***  
For the Years Ended December 31, 2000 - 2004  
(in thousands of dollars)

	2004	2003	2002	2001	2000
Legislative	149	153	151	138	140
Administration	1,650	1,421	1,184	1,252	1,080
Protective Services	670	635	703	487	698
Public Works	4,669	4,722	6,275	5,812	6,976
Recreation	110	126	98	93	71
Airport	895	917	1,553	3,019	785
Fleet Services	1,603	2,100	2,591	1,062	-
Environ Health	3,607	2,544	5,484	19,156	2,250
Agricultural Services	519	625	795	599	611
Other	-	-	-	-	-
	<u>13,872</u>	<u>13,243</u>	<u>18,834</u>	<u>31,617</u>	<u>12,610</u>

\*Includes Operating and Capital Expenditures

**COUNTY OF LETHBRIDGE**  
**EXPENDITURES BY OBJECT**  
For the Years Ended December 31, 2000 - 2004  
(in thousands of dollars)

	2004	2003	2002	2001	2000
<b>Expenditures by object - Operating Fund</b>					
Salaries, wages and benefits	3,668	3,818	3,630	3,338	3,256
Contracted and general services	4,578	4,212	5,842	6,994	5,900
Materials, goods and utilities	2,305	2,443	2,710	2,539	1,975
Provision for allowances	10	10	10	10	10
Transfers to Local Boards and Agencies	305	304	196	210	-
Transfers to Individuals and Organizations	135	110	94	60	289
Interest on long-term debt	339	345	298	282	296
	<u>11,340</u>	<u>11,242</u>	<u>12,778</u>	<u>13,433</u>	<u>11,726</u>

**COUNTY OF LETHBRIDGE**  
**CAPITAL EXPENDITURES**  
For the Years Ended December 31, 2000 - 2004  
(in thousands of dollars)

	2004	2003	2002	2001	2000
<b>CAPITAL EXPENDITURES</b>					
Administrative	76	105	30	52	43
Fire and bylaw enforcement	-	-	130	-	191
Roads, steets, walks & lighting	438	893	1,836	598	165
Water & waste water	2,018	1,001	4,041	17,533	421
Environmental development	-	1	18	-	63
	<u>2,532</u>	<u>2,000</u>	<u>6,055</u>	<u>18,184</u>	<u>884</u>

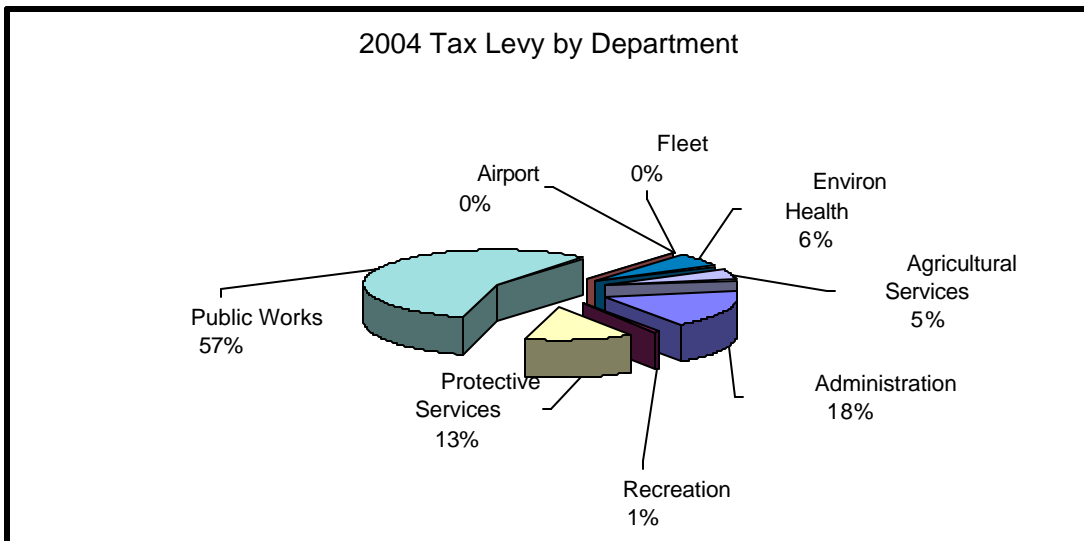
Note: Capital Expenditures are funded through the Operating Fund, Reserves, Capital Grants, and Debenture borrowings.



**COUNTY OF LETHBRIDGE**  
**CONSOLIDATED REVENUES BY SOURCE\***  
For the Years Ended December 31, 2000 - 2004  
(in thousands of dollars)

	2004	2003	2002	2001	2000
<b>Gross Revenues</b>					
Net municipal property taxes	6,494	6,380	5,683	5,363	4,681
Sales to other governments	-	-	-	-	8
User fees and sales of goods	2,401	2,238	2,532	2,350	1,994
Government transfers	2,847	2,129	5,097	11,276	5,720
Resident Contributions	89	-	-	-	-
Fines	60	62	46	37	59
Special levies	5	5	5	34	380
Penalties and costs on taxes	111	110	98	105	107
Insurance proceeds	-	-	-	126	-
Licenses and permits	47	63	58	93	79
Rentals	125	101	135	135	135
Investment income	179	212	235	456	514
Fleet Services Equipment Rental	1,690	1,840	1,974	1,747	-
Lease payment - McCain WWTP	299	299	299	-	-
Proceeds on disposal of capital assets	56	118	300	133	59
Other	61	67	67	20	341
<b>Total Revenue</b>	<b>14,464</b>	<b>13,624</b>	<b>16,530</b>	<b>21,875</b>	<b>14,076</b>

\* Includes Operating and Capital Sources of Revenue





# County of Lethbridge

## Property Tax Levy (excluding Requisitions) (in thousands of dollars)

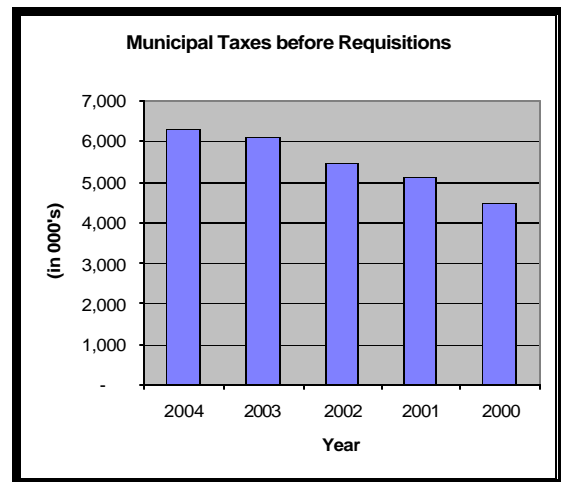
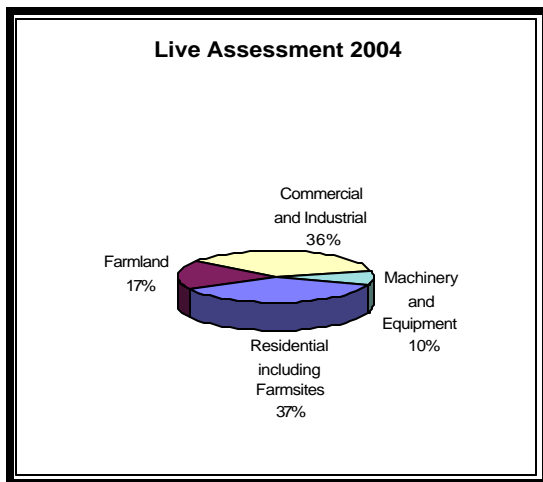
<b>Taxation</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>
Residential including Farmsites	2,076	2,002	1,850	1,693	1,576
Farmland	1,367	1,367	1,281	1,198	1,194
Commercial and Industrial	2,246	2,145	1,842	1,782	1,523
Machinery and Equipment	588	569	488	450	185
<b>Total Property Tax Levy</b>	<b>6,277</b>	<b>6,082</b>	<b>5,461</b>	<b>5,123</b>	<b>4,478</b>

## Tax Rates - MILLS

<b>Tax Rates</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>
Residential including Farmsites	6.4239	6.4239	6.3539	6.5793	6.5793
Farmland	8.8482	8.8482	8.3004	7.8004	7.8004
Commercial and Industrial	6.9851	6.9851	6.3539	6.5793	6.5793
Machinery and Equipment	6.9851	6.9851	6.3539	6.5793	6.5793

## Live Assessment (in thousands of dollars)

<b>Live Assessment</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>
Residential including Farmsites	323,206	311,616	291,130	257,271	239,484
Farmland	154,437	154,449	154,332	153,581	153,108
Commercial and Industrial	321,595	307,021	289,857	270,833	231,486
Machinery and Equipment	84,221	81,513	76,822	68,408	28,058
<b>Total Live Assessment</b>	<b>883,459</b>	<b>854,599</b>	<b>812,142</b>	<b>750,093</b>	<b>652,136</b>



**COUNTY OF LETHBRIDGE  
RESERVES  
As at December 31, 2000 - 2004  
(in thousands of dollars)**

	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>
COMPUTER REPLACEMENT	90	67	91	101	51
RECREATION RESERVE	17	22	14	19	36
UNDERLEVY/OVERLEVY RESERVE	3	3	3	3	3
ADMINISTRATION RESERVE	583	580	511	489	597
PROTECTIVE SERVICES RESERVE	560	392	247	271	219
SAFETY RESERVE	10	2	4	7	7
AIRPORT FEDERAL SUBSIDY RESERVE	881	1,005	1,166	1,268	1,251
FAIRVIEW PREPAID FRONTAGE-SEWER	1	1	2	2	3
GRAVIL PIT RECLAMATION RESERVE	50	50	50	50	50
AIRPORT CUSTOMS RESERVE	20	24	26	30	30
DISASTER SERVICES RESERVE	1	1	1	1	1
LETHBRIDGE LANDFILL RESERVE	190	163	136	109	82
PW PROJECTS RESERVE	601	352	105	488	1,373
PW INFRASTRUCTURE RESERVE	170	358	689	808	-
AIRPORT CAPITAL RESERVE	96	95	95	108	89
FLEET SERVICES	986	895	966	1,444	-
ENVIRONMENTAL HEALTH RESERVE	632	590	624	525	370
WATERLINE REPLACEMENT	140	116	85	59	25
ASB RESERVE	111	74	107	74	74
AIRPORT IMPROVEMENT FEE RESERVE	437	293	149	73	20
GIS RESERVE	59	74	52	52	11
MUNICIPAL DEBT REDUCTION RESERVE	1,132	1,132	1,132	1,496	1,694
COUNCIL DISCRETIONARY RESERVE	81	140	112	112	100
BUSINESS TAX RESERVE	120	120	-	-	-
SHAUGHNESSY DEBENTURE (WATER) RESERVE	27	27	27	27	27
SHAUGHNESSY DEBENTURE (SEWER) RESERVE	28	28	28	28	28
<b>TOTAL RESERVES</b>	<b>7,026</b>	<b>6,604</b>	<b>6,423</b>	<b>7,644</b>	<b>6,141</b>

**TAXES AND GRANTS IN LIEU RECEIVABLE**

As at December 31, 2000 - 2004  
(in thousands of dollars)

	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>
CURRENT TAXES	294	265	183	208	320
ARREARS	215	181	325	330	327
<b>TOTAL</b>	<b>509</b>	<b>446</b>	<b>508</b>	<b>538</b>	<b>647</b>
<b>TOTAL MUNICIPAL &amp; EDUCATION TAXES LEVIED</b>	<b>11,071</b>	<b>10,656</b>	<b>9,764</b>	<b>9,237</b>	<b>9,257</b>
<b>PERCENTAGE COLLECTED - CURRENT YEAR</b>	<b>97.34%</b>	<b>97.51%</b>	<b>98.13%</b>	<b>97.75%</b>	<b>96.54%</b>



**County of Lethbridge**  
**Demographic and Statistical Information**

	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>
<b>County of Lethbridge Population</b>	9,930	9,930	9,930	9,930	9,290
<b>Alberta Population*</b>	3,179,066	3,136,581	3,087,024	3,028,773	2,975,170
<b>Canada Population*</b>	31,788,635	31,496,751	31,182,448	30,828,130	30,528,850
* source Statistics Canada					
<b>Municipality Size</b>					
Size in Square Kilometers (km)	2,875	2,875	2,875	2,875	2,875
Size in Townships	33	33	33	33	33
<b>Roads</b>					
Km of Provincial Highways	440	440	440	440	440
Km of Local Roads	1,820	1,820	1,820	1,820	1,820
<b>Number of Employees</b>					
Full Time Administration Employees	22	20	20	20	19
Full Time Union Employees*	31	32	32	31	32
Total Permanent Employees	53	52	52	51	51
<b>Seasonal/Casual Employees</b>	15	23	20	18	21

\*Canadian Union of Provincial Employees (C.U.P.E) Local 2800



Further information requests should be directed to the Comptroller at:

**County of Lethbridge**  
**#100, 905 – 4<sup>th</sup> Avenue South**  
**Lethbridge, AB T1J 4E4**

**Phone: 403-328-5525**  
**Fax: 403-328-5602**

Visit our Website at:  
[www.county.lethbridge.ab.ca](http://www.county.lethbridge.ab.ca)