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County of Lethbridge Lethbridge, Alberta



**For Year Ended
December 31, 2007**

Annual Report for the Year Ended Decemer 31, 2007



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



INTRODUCTION

Message from the Reeve

Lorne Hickey



On behalf of County Council it is again my pleasure to report on the County of Lethbridge finances, operations and activities for 2007. I will also comment on upcoming projects for 2008.

2007 was a year of change for the County. Robyn Singleton resigned as County Manager and County Council promoted Dennis Shigematsu from Deputy County Manager to County Manager. Rick Robinson, Director of Corporate Services, asked for a two year sabbatical to go to Haiti to work for the Albert Schweitzer Foundation. Rick left in November and his position was not filled until January, 2008. 2007 was an election year. Four new councillors came to the County: Morris Zeinstra, Division 7; Tom White, Division 6; Bonnie Cote, Division 4; Henry Doeve, Division 3 replacing David Oseen, John Kolk, Mark Osaka and Eugene Wauters respectively.

The Public Works Department consumes the largest part of the County Budget, accounting for more than 50% of every municipal tax dollar. The County will continue its lobby efforts. In the fall, the County took Ray Danyluk, Minister of Municipal Affairs, and Barry McFarland, MLA for Little Bow, for a helicopter tour of the County to point out the intense, heavy agricultural use of County roads.

Six miles of local road were reconstructed by the County in 2007. Six miles are slated for completion in 2008. Under the Provincial Resource Road Grant Program Funding, the Bos Sod/Old Coaldale Road was reconstructed at a cost of \$1 million. The Public Works Department will continue the road shoulder reconditioning program, rebuilding the road crown and improving drainage for heavy utilized roads. This is found to be cost effective so will continue into 2008.

The County applied under the new CAMRIF Program for a multitude of projects including the North County Water Co-op Project. Council maintains that providing potable water for rural users is of utmost importance. This funding was turned down for the second time.

Work is continuing to secure joint mutual aid agreements with its urban neighbors within the County's boundaries. Ambulance service continues to be funded by the Province in the amount of \$232,000 a year. A tanker truck for Coaldale was purchased and received in 2007. Another tanker will be stationed in Picture Butte. This location is central for the north part of the County. Staff and Council have conducted a simulated disaster exercise in preparation and training in the event of a pandemic event. The Emergency Operations Centre continues to be developed.

The Agricultural Services Department continues to work cooperatively with the Federal Government in the Watershed Evaluation Beneficial Management Practices Research.

Air Transat 737 service continued at the Lethbridge County Airport until March 30, 2007. Service was not extended past that date. With most of the Airport's air side infrastructure

Message from the Reeve (continued)

upgraded, the County continues its efforts to bring in larger aircraft to service the Southern Alberta community for 2008 and beyond.

The RCMP Enhanced position did not start in 2007 as was hoped. This position was finally reinstated in 2008.

Six miles of local roads were completed in 2007 at a cost of \$1.425 million. Six miles are slated for reconstruction in 2008. The Province granted \$3.98 million to do four Resource Roads in 2007 (Van Raay, West Monarch Overlay, Sunnyrose Cheese and Bos Sod). The Van Raay and Sunnyrose Cheese roads are carried forward and will hopefully be completed in 2008. In addition the Province has granted 90% of the required \$2.436 million to the County for Phase 1 of the Monarch Regional Pipeline installation which will carry potable water from the City of Lethbridge to the Hamlet of Monarch.

The three year business plan and budget continues to be a ongoing process.

The County of Lethbridge is a thriving community with a dedicated Council and Staff. We look forward to serving you in provision of quality services to ensure safety in all facets of our County to maintain the high quality of life that we enjoy.

A handwritten signature in blue ink that reads "Lorne Hickey". The signature is written in a cursive style with a large initial 'L' and a long tail on the 'y'.

Lorne Hickey
County Reeve
May, 2008

Council 2007

Lorne Hickey - Reeve **Division 1**
Hans Rutz - Deputy Reeve **Division 5**

Councillors

John Willms **Division 2** Tom White **Division 6**
Henry Doeve **Division 3** Morris Zeinstra **Division 7**
Bonnie Cote **Division 4**



Front row (left to right): Morris Zeinstra, Bonnie Cote, Lorne Hickey, Dennis Shigematsu
Back row (left to right): John Willms, Tom White, Henry Doeve, Hans Rutz

Administration 2007

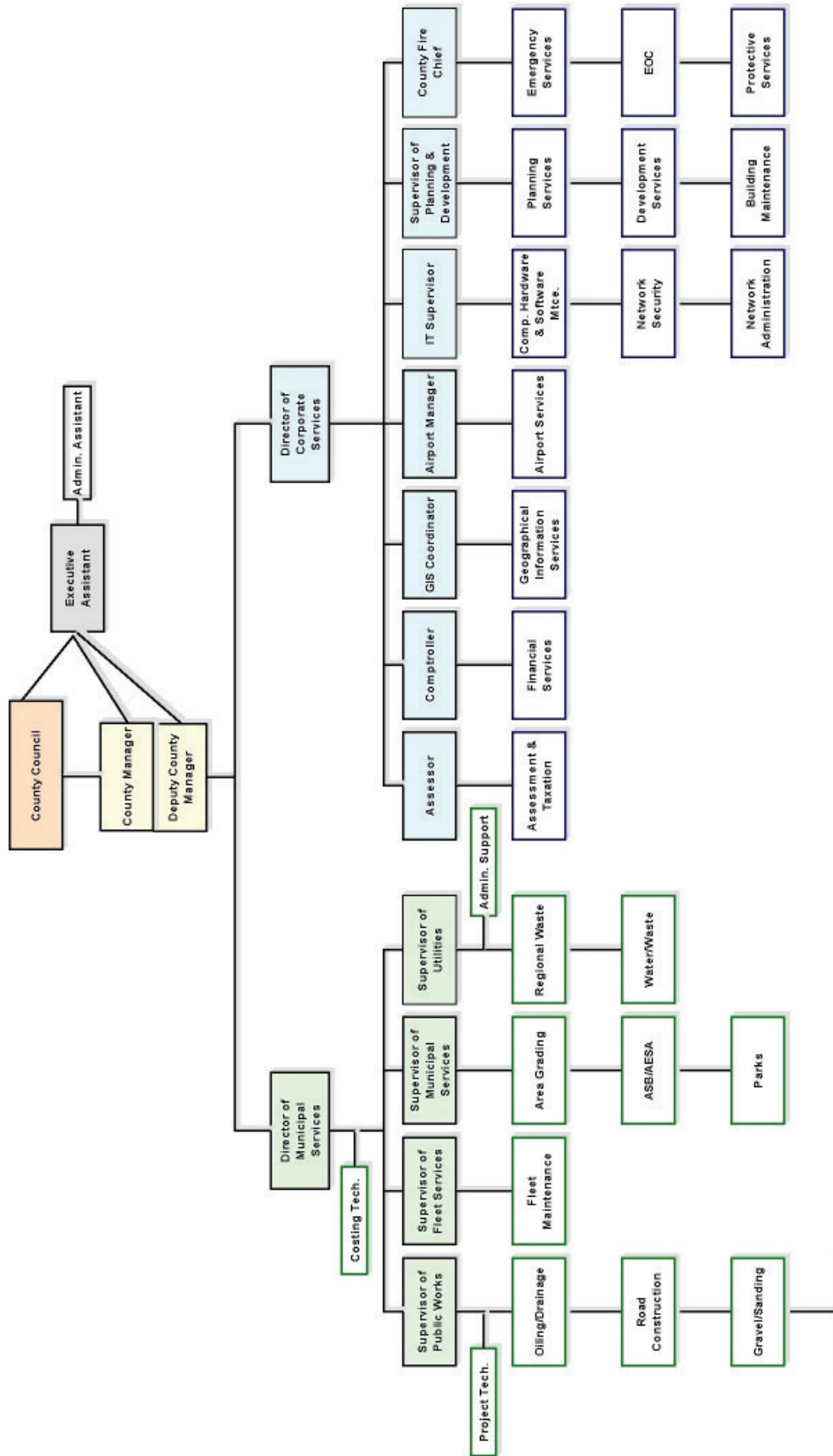
County Manager
Deputy County Manager
Director of Corporate Services

Director of Municipal Services
Assessor
Airport Manager
Supervisor of Agriculture & Municipal Services
Supervisor of Public Works
Supervisor of Utilities
Supervisor of Planning & Development
Comptroller
County Fire Chief
Supervisor of Fleet Services
GIS Coordinator
IT Supervisor

Dennis Shigematsu
Vacant at year end
Bill Landiuk
(as of Jan. 2, 2008)
Neil Powell
Don MacLennan
Scott Butchart
Duane Charlesworth
Tracy Beglaw
Les Wieland
Nick Paladino
Tracy Schuurman
Darryl Beaton
Robert Snowdon
Ron Mawson
Doug Burke

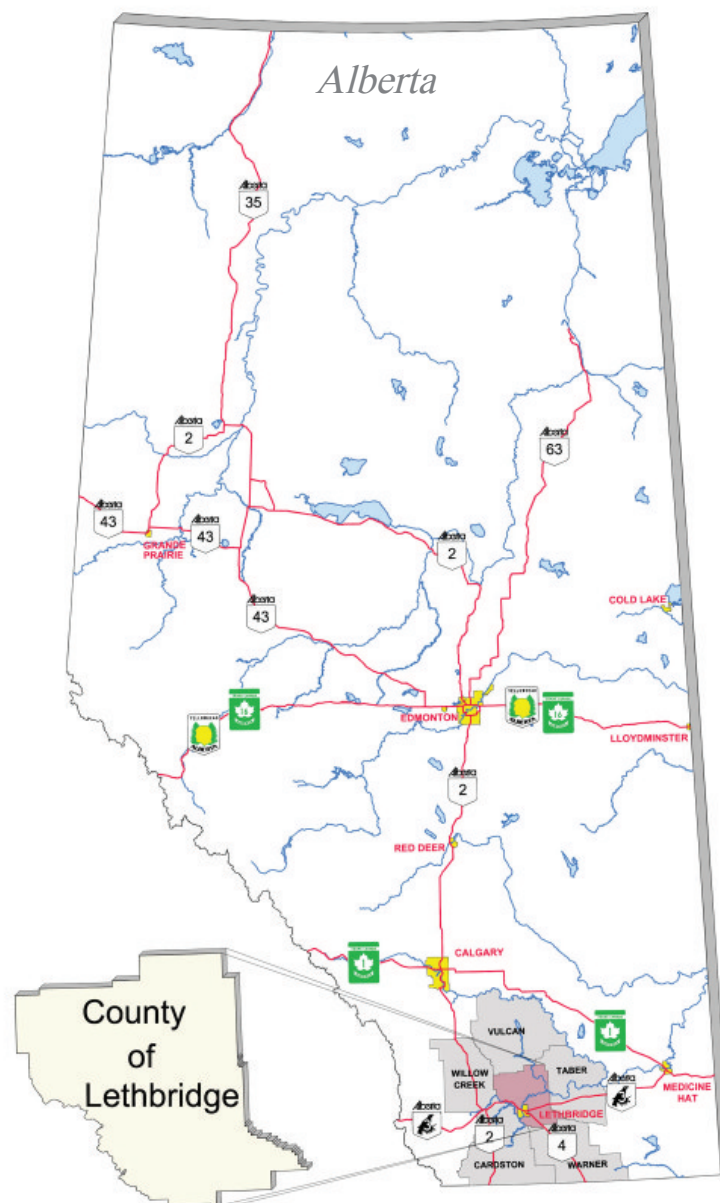
County Auditor - KPMG, LLP
County Banker- Royal Bank of Canada
County Solicitor - Paul Pharo, Stringam Denecky

County of Lethbridge Organizational Chart



Vision Statement

- Respect the primacy of the agricultural industry in the County and preserve prime agricultural land.
- Encourage compatible development.
- Appreciate and respond to the wants and needs of County residents.
- Provide for the preservation of unique areas within the County.
- Encourage an open, accountable and transparent taxation structure that provides the financial resources to achieve the County vision.



Mission Statement

- Develop and maintain an infrastructure 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.



Strategic Plan

Core Activities

Governance & Leadership

"We will provide responsible, open leadership and good government for our community."

Infrastructure & Municipal Services

"We will provide innovative and cost effective programs and services for our County."

Agriculture Services

"We will foster innovation to assist in strengthening our agricultural foundation."

Planned Development

"Our County will reflect our residents by being an innovative, responsible, community that is fiscally responsible."

Economic Development

"Our County will adopt policies that encourage investment and opportunity while balancing the requirement to preserve and maintain good agricultural lands."

Environment

"Our County will adopt policies that encourage a clean and healthy physical environment."

County of Lethbridge Profile

Business

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



The County of Lethbridge maintains approximately 200 bridges, 300 kilometers of asphalt and 2000 kilometers of gravel roads.

Investment

Investment fundamentals are exceptionally strong for individuals and corporations seeking opportunity and include: low tax rates, excellent transportation routes, existing business clusters, a pro-business workforce and access to some of Canada's finest post-secondary institutions.



The County is a business and agricultural service centre for Southern Alberta. Visitors can enjoy amenities such as hotels, restaurants, shopping and parks which exist in the area. As well, many people living within the trading area go to Lethbridge for everything from recreation and cultural events to personal and business services.



County of Lethbridge Profile

Employment

Employment opportunities in the region are varied with employment in many areas including agriculture, manufacturing, service, retail and professional services. Many opportunities exist for entrepreneurs to pursue their business dreams.

Agriculture

The people who first settled here brought water to the barren plains through an ingenious system of water diversion. This water has allowed agriculture to become a key part of this environment. Irrigation is a key competitive advantage for the County of Lethbridge. It permits the growth of high value crops, secures consistent production, substantially enhances yields and quality, and provides raw quality product for value added agri-food processing. Irrigation projects have been a major development force in the region as millions of dollars have been invested in irrigation infrastructure and improvements. As a result a multitude of crops can be grown by area farmers. This highly diversified crop base provides raw material for processing industries and export markets, as well as feed for the area's livestock industries.



Wheat is the major harvest of the region. Winter wheat, hard and soft spring wheat and durum are processed within the County and exported around the world. Other crops include barley, canola, flax, rye, oats, and various specialty crops which are increasing in popularity because of their higher value.



The County of Lethbridge is the livestock capital of Canada creating a high concentration of Confined Feeding Operations.

County of Lethbridge Profile

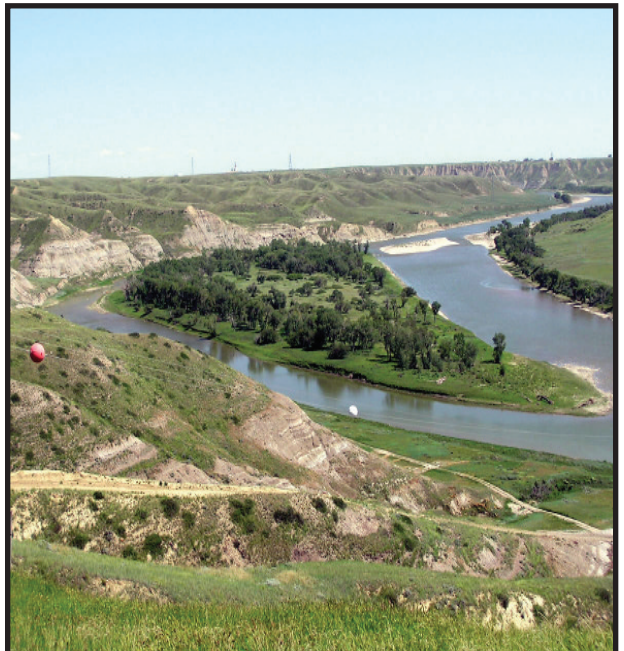
Quality of Life



The rich pasture areas within the County of Lethbridge produce some of North America's finest beef. Some of Canada's largest and most efficient cattle feedlots, pork and poultry operations are located within the County. There are also over 200 milk producers in the area, which accounts for about 17% of the provincial total.



The County and surrounding area is great for families. Housing in the County and surrounding communities covers a wide array of styles and price ranges suitable for anyone interested in living in the region.



County of Lethbridge Profile

The famous western writer, Zane Grey called it the 'Code of the West'. Many of the area residents immigrated to Canada from Holland and Europe and now are second and third generation residents. The men and women who came to this part of the country during western expansion were bound by an unwritten code of conduct. The values of integrity, and self reliance guided their decisions, actions and interactions. The cultural diversity within the County clearly provides a strength and richness for the local population.



Life in the County is rich and rewarding, treasured by both County residents who have



been here for generations and those who have recently moved here.

The County of Lethbridge offers outstanding opportunities for adults, seniors and families. The proximity of the County of Lethbridge to the City of Lethbridge, National Parks, the Alberta Rockies, and numerous other unique and scenic areas of the region makes recreational opportunities endless.



Message from the County Manager

Dennis Shigematsu



2007 has been a year of transition for both County Council and Administration. In October of 2007 a local election was held and four new Councillors were either elected or acclaimed. New Councillors include Henry Doeve (Division 3), Bonnie Cote (Division 4), Tom White (Division 6) and Morris Zeinstra (Division 7). Councillors Lorne Hickey (Division 1), Hans Rutz (Division 5) and John Willms (Division 2) are the remaining members on the new Council with Lorne Hickey selected as the County Reeve and Hans Rutz as Deputy Reeve at the Annual Organizational Meeting in October 2007.

Regarding staff, Robyn Singleton departed in September to become the Chief Commissioner for Strathcona County. Rick Robinson, Director of Corporate Services left shortly thereafter to serve on a two year hiatus in Haiti. Council appointed myself to the position of County Manager and it is an honour to have accepted the position to serve the County with dedication and working with the new Council and the excellent staff that we have. We will achieve the best services possible for the rate payers of the County of Lethbridge. A Strategic Planning Session with the new Council will be held to obtain clear strategic direction for the County and to prioritize mandates to be accomplished in the coming years.

As maintaining our infrastructure is of high importance, provision of potable water is becoming a major issue for the County in both commercial and residential developments as well as existing residents. We are striving to provide this valuable commodity and in 2007, the Monarch Water Line was completed to provide residents of this hamlet with potable City water. It was disappointing to note that the CAMRIF (Canada Alberta Municipal Rural Infrastructure) application regarding the North County Water Co-op Project was denied; however, momentum still exists with the Co-op and the County will strive to assist this group since there are 660 units available on the North County water line for provision of potable City water. The province has a Rural Sustainability Strategy and it is our task to communicate the importance of linking up rural residents with potable water.

Bio-energy developments include Kyoto Fuels, ECB and BFuels. A co-operative effort between the province, County, SouthGrow and Economic Development Lethbridge has created positive results in this area.

In the spring of 2007, a lobby effort was made to the Ministers of Transportation, Municipal Affairs and Agriculture to communicate the need for additional provincial funding for the County's road infrastructure due to the heavy volumes of agricultural traffic. Municipal Affairs Minister Ray Danyluk did pay a visit in September and took a helicopter tour to view the intensive agricultural operations and some recognition was

Message from the County Manager (continued)

given to the County in terms of Municipal Sustainability Initiative funding; however, there is still a gap between agricultural traffic volumes and the amount of road maintenance costs incurred.

During 2007 the West Monarch Road was overlaid using CAMRIF funding and a mile of the North Coaldale Road was upgraded to pavement standard utilizing Provincial Resource Road and Alberta Municipal Infrastructure program funding to the tune of \$1M. Four miles in the North County and the Sunnyside Cheese Road north of Diamond City were also given Resource Road monies which have been deferred to 2008. The County continues to perform its road reconditioning program as an alternative means to crown roads for improved drainage.

Our contracted RCMP officer was slated to begin in late spring of 2007; however due to manpower shortages the position was not filled until 2008. This position is vital in monitoring traffic issues, overweight vehicles and overall patrols of the County community for public safety, law and order.

Provincial Ambulance funding continues to be granted on an annual basis and once again the province has approved \$232,000. This is allocated to our joint municipal emergency services providers.

The County commenced the process of revamping its Municipal Development Plan in late 2007 and this process will continue well into 2008 to update its relevance. The County will also be looking at working with its municipal partners to update intermunicipal plans. Regional cooperation is of tantamount importance in proper development, potential sharing of services and overall cooperation between municipalities to achieve best results for all ratepayers in our jurisdictions.

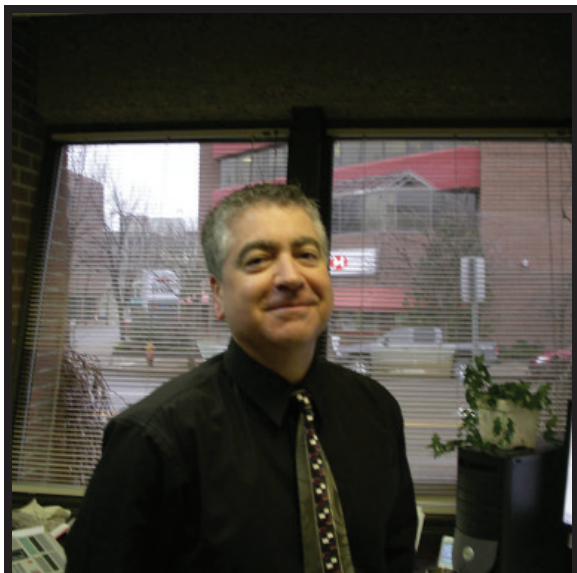
The County is fortunate to have a dedicated staff that is willing to go the extra mile in serving its residents and providing services from everything to airport to roads to agricultural services and administrative support in achieving the best results for the County. We extend our appreciation for their hard work and efforts. I look forward to working with the County community and County Council in making the County of Lethbridge one of the best places to live.



Dennis Shigematsu, C.M.A
County Manager
May, 2008

2007 at a Glance

Advancements and New Opportuntiiies



Leave of Absence

Rick Robinson:

Rick, Director of Corporate Services, was granted a two year leave of absence in order to take on the position of Chief Financial Officer for the Hospital Albert Schweitzer in Haiti. He will return November 9th, 2009.



Tracy Beglaw:

Tracy was promoted from Costing Technician to the position of Supervisor of Public Works April 23, 2007.

New Employees



Ken Read:

Ken was the successful candidate for the permanent position of Inventory Clerk July 30, 2007. Ken had been working seasonally since April 30, 2007.



Jim Graham:

Jim was the successful candidate for the position of Costing Technical June 4, 2007. Jim was previously the Journeyman Partsman.

2007 at a Glance

More Advancements and New Opportunities



Craig Praskach:

Was promoted from Water and Wastewater Operator Level II to Utilities Foreman, Water and Wastewater, May 14, 2007.



Ron Tokai

Was the successful candidate for the permanent position of Semi-Trailer Driver July 9, 2007. Ron had worked seasonally for the County since May 26, 1997.



Dennis Shigematsu:

Was promoted to the position of County Manager from Deputy County Manager in September 10, 2007.



Darren Charlesworth:

Was the successful candidate for the permanent position of Water and Wastewater Operator December 3, 2007. Darren had worked seasonally for the County since May 20, 1997.

2007 at a Glance

Construction Projects for 2007



- Monarch Regional Pipeline.
- Paving Bos Sod-Old Coaldale Roads.
- Paving Bulyea Avenue - Diamond City.
- Paving West Monarch Road.
- Base Coat and Oil Mountain Meadows Road.
- Coalhurst Access on River Ridge Road.
- Grading Dar Raay Road.
- Grading Lehto Road.



2007 at a Glance

In May of 2007 Premier Stelmach made a goodwill visit to a County Council meeting.



In 2007 the Utility Services Department purchased a new handheld automated meter reading system and began installing the new water meters in Shaughnessy, Turin and Fairview. The County will continue installing the new meters until they are all replaced. This new system has greatly enhanced the efficiency of the water department. Water meters are read with a hand held recording device which reads the meters as you drive by the homes. It also gives the County the ability to monitor leaks and water theft.



The Lethbridge County Airport serves as a backup to Calgary International Airport during bad weather making modern infrastructure and technology a must.



In 2007 a water truck was purchased jointly by the County and Town of Coaldale.



2007 at a Glance



Devastation: Three major fires occurred in 2007: The Shaughnessy Hotel, Green Prairie International and Triple M Housing.



2007 at a Glance



An Election Year

In 2007 we said fond farewell to four dedicated councillors: Mark Osaka, David Oseen, Eugene Wauters and John Kolk. Stepping into their shoes were Bonnie Cote, Tom White, Morris Zeinstra and Henry Doeve.



Road Tours

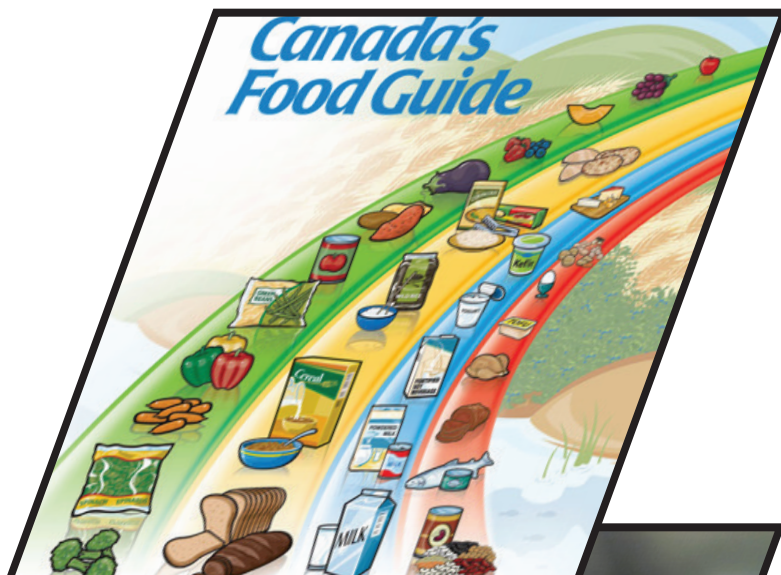
Duane Charlesworth, Supervisor of Agriculture and Municipal Services narrated a two-day road tour in the fall for the new councillors and employees who had not experienced Duane's interesting antidotes, facts of past and present history of the County.



2007 Equipment Rodeo

Once again the County of Lethbridge participated in the 2007 Equipment Rodeo put on by the Alberta Public Works Association and held in Red Deer, Alberta. Those who participated were: Pete Petrik, Ross Blair, Lucas Lippa and Todd Salmon.

2007 at a Glance



Health and Wellness

In 2007 the Health and Wellness Committee was kick started with enthusiasm and new ideas, some of which were:

Adopt-a-Family: At Christmas the Committee organized fund raising to sponsor a local family's Christmas.

Healthy Snack Promotion Program: Several times a year one of the Committee members drove to the various locations and delivered healthy snacks.

Free Flu Shot Clinic: A number of employees took advantage of the opportunity to get their annual flu shots at two locations, the Administration office in Lethbridge and the Picture Butte Shop.

Wellness Luncheon: Heather Komar from the Chinook Health Region spoke on healthy eating based on the new Canada Food Guide.

Special Occasion Treats: To celebrate the various holidays one of the Committee members distributed treats to all employees.

Council showed their support by allocating funds to help offset the costs of the various activities.



2007 at a Glance

Social Functions

The major social functions for 2007 were the annual Christmas party at the Lethbridge Lodge and a golf tournament at Evergreen Golf Centre



2007 Annual Safety Breakfast

The annual breakfast is a terrific way to welcome back our returning seasonal employees. It also gives all employees a chance to get together for a delicious breakfast prepared by the outside workers' supervisors with a lot of volunteer help from Council and the management team. After breakfast, representatives from the County's benefits providers, Lane Quinn Consultants and Industrial Alliance, reviewed the benefit package, answered questions and concerns.



Letter of Transmittal Director of Corporate Services

Bill Landiuk



Public Sector Accounting Board of the
Canadian Institute of Chartered Accountants.

Although I never started my position as Director of Corporate Services with the County of Lethbridge until January 2 of 2008, it is my pleasure to have prepared the transmittal letter for this report. The County of Lethbridge 2007 Annual Report provides information to County ratepayers, residents and other users about our 2007 financial performance. This report also supplies insight into some of the County's innovations and accomplishments for 2007 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

CANADIAN AWARD FOR FINANCIAL REPORTING

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 our annual financial report for the fiscal year ended December 31, 2006. 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.

Canadian Award for Financial Reporting

Presented to

County of Lethbridge
Alberta

For its Annual
Financial Report
for the Year Ended

December 31, 2006

A Canadian Award for Financial Reporting is presented by the Government of Finance Officers Association of the United States and Canada to municipalities whose annual financial reports achieve the high program standards for Canadian Government accounting and financial reporting.



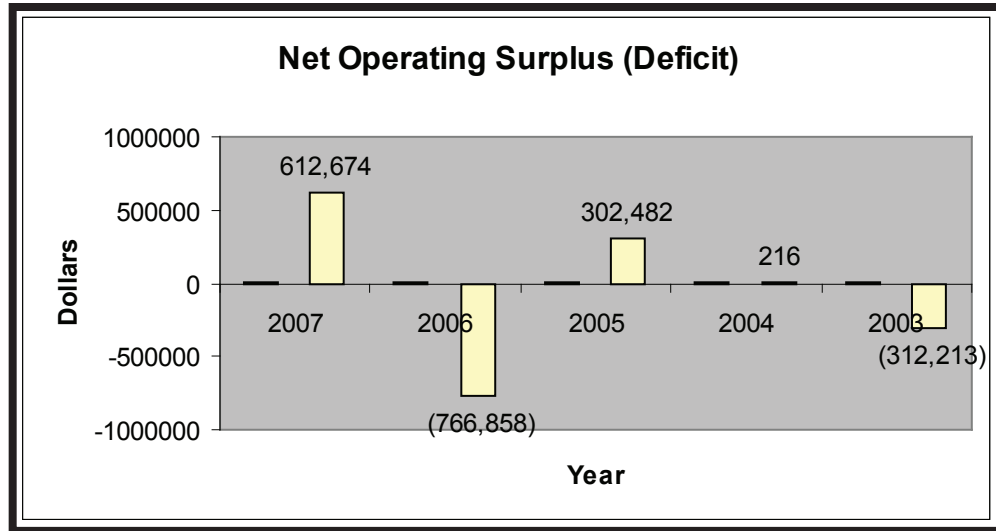
Charles S. Cox
President

Jeffrey L. Esser
Executive Director

Report from the Director of Corporate Services (continued)

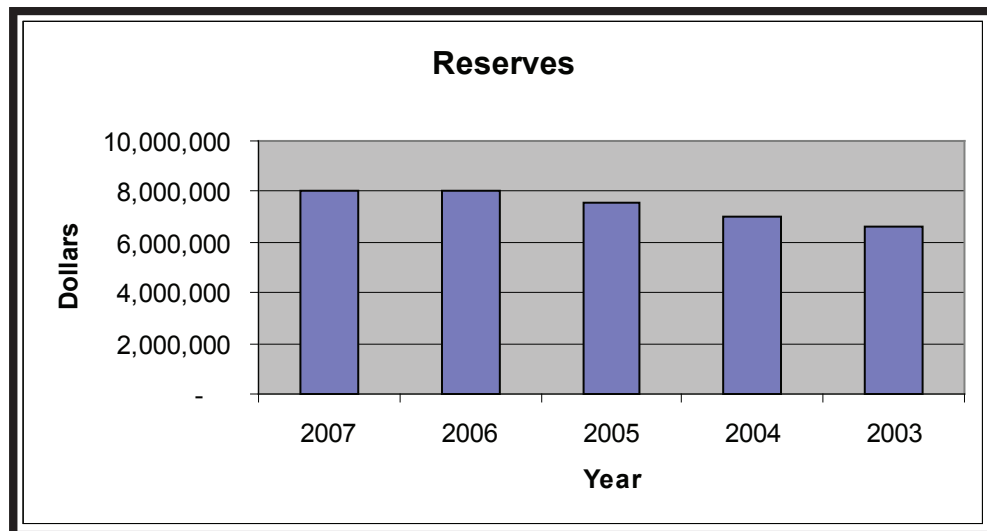
OPERATING RESULTS

The 2007 net operating surplus (deficit) for the County of Lethbridge after repayment of long-term debt and transfers to capital and reserves is \$612,674. As illustrated in the chart below, the County of Lethbridge has managed surpluses in the past 5 years with exception of 2003 and 2006. 2003 was restated to reflect a liability for post-employment benefits. 2006 is showing a deficit due to funding of a significant increase in Gravel Inventory.



RESERVES

All reserves for operating activities are approved by County Council. During the year transfers into and from the reserve accounts virtually balanced each other out.



Report from the Director of Corporate Services (continued)

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. As part of a Council strategic planning initiative, administration presented its first 3 year budget during 2007.

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. Quarterly financial reports are prepared for review by Council and senior administrative staff. Monthly Activity Based Costing information on our core activities is provided to County Council. 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 does oversee the engagement of and work performed by our independent auditor. The Committee also recommends, establishes, and monitors 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 (KPMG).

Report from the Director of Corporate Services (continued)

ECONOMIC EVENTS

Significant economic events and changes during 2007:

- The Alberta economy is experiencing tremendous growth due largely to the Oil and Gas sector. Throughout the province labor and housing costs have increased significantly.
- The Province of Alberta has committed to Ambulance Grant funding through to March 31st, 2009.
- The Municipal Sustainability Initiative (MSI) is the Province of Alberta's ten year funding commitment (2007/08 - 2016/17) to assist municipalities in meeting growth-related challenges and enhancing long-term sustainability. The County of Lethbridge total funding under this program is estimated to be in the area \$37.2 million dollars.

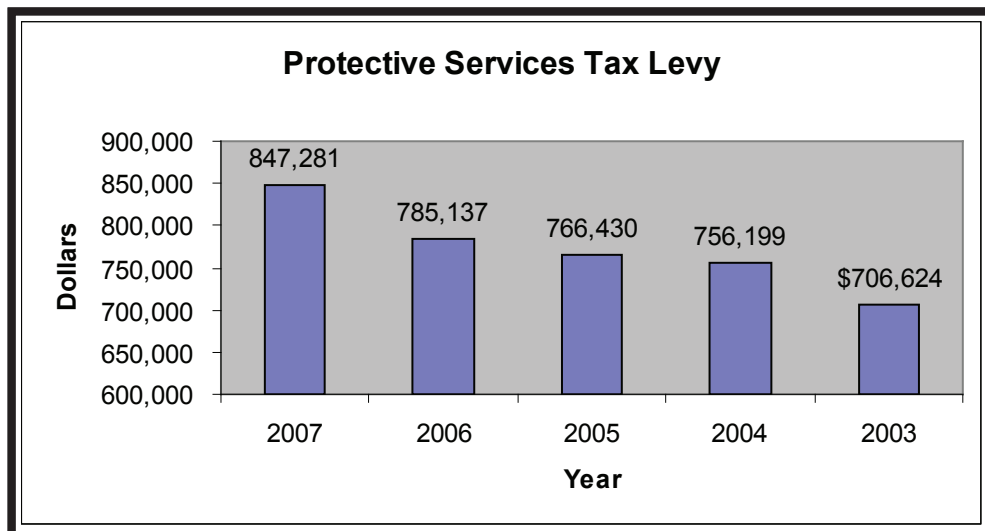
MEETING FUTURE CHALLENGES

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. To that end, the County of Lethbridge has adopted a 20 year Emergency Apparatus Replacement Schedule.

Another key challenge, both now and in the future, is retaining volunteer members in the various fire departments. The County of Lethbridge is very thankful and appreciative to its many dedicated volunteers.



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. 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.

Report from the Director of Corporate Services (continued)

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.

Public Sector Accounting and Auditing Standard 3150 – Tangible Capital Assets (PSAB 3150)

All Canadian municipalities effective January 1, 2009 will have to comply with the new recommendations for the accounting of tangible capital assets. As part of achieving this compliance, the County of Lethbridge has retained a local engineering firm to undertake an "Infrastructure Management Plan". Assisting with the engineering firm is dedicated in-house County personnel working towards achieving this accounting recommendation.

Accounting for tangible capital assets will help municipalities by identifying the full extent of the economic resources a municipality owns and/or controls and whether or not those resources are being maintained over time. Future accounting will give new details about tangible capital assets; the net book value of an asset; information on the cost of asset additions and disposals and the impact changes have had on the financial position of the municipality. Future accounting will also make available information on: the full cost of goods and services, future revenue requirements, the performance and sustainability of existing services and the affordability of future activities.

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,



Bill Landiuk, C.M.A.
Director of Corporate Services
May, 2008



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Consolidated Financial Statements of

COUNTY OF LETHBRIDGE

Year ended December 31, 2007

COUNTY OF LETHBRIDGE

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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.

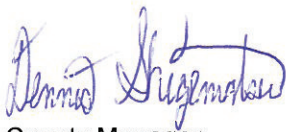
These consolidated financial statements have been prepared from information provided by management. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial 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 Audit Committee 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 of reappointment of the external auditors. Council reviews the monthly financial reports.

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



County Manager

February 29, 2008



KPMG LLP
Chartered Accountants
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400 - 4th Avenue South
Lethbridge AB T1J 4E1
Canada

Telephone (403) 380-5700
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AUDITORS' REPORT

To the Members of Council

We have audited the consolidated statement of financial position of the County of Lethbridge as at December 31, 2007 and the consolidated statements of financial activities and change in fund balances and the consolidated statement of cash flows 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 consolidated 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, 2007 and the results of its financial activities and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The comparative figures for December 31, 2006 were reported on by another firm of Chartered Accountants.

KPMG LLP

Chartered Accountants

Lethbridge, Canada
February 29, 2008

COUNTY OF LETHBRIDGE

Consolidated Statement of Financial Position

December 31, 2007, with comparative figures for 2006

	2007	2006
Financial Assets:		
Cash and temporary investments (note 3)	\$ 8,748,352	\$ 8,720,119
Taxes and grants in place of taxes receivable (note 4)	129,623	245,587
Trade and other receivables	4,125,445	2,830,972
Restricted cash accounts (note 5)	624,052	508,998
	<u>13,627,472</u>	<u>12,305,676</u>
Liabilities:		
Accounts payable and accrued liabilities	2,237,097	1,514,785
Deposit liabilities	78,651	102,451
Employee benefit obligation (note 6)	432,255	413,913
Deferred revenue (note 7)	1,600,078	1,512,767
Deferred lease payments (note 8)	7,175,848	7,474,842
Long-term debt (note 9)	6,025,930	6,216,243
Other liabilities	624,052	508,998
	<u>18,173,911</u>	<u>17,743,999</u>
Net debt	(4,546,439)	(5,438,323)
Non-financial assets:		
Prepaid expenses	161,726	161,153
Tangible capital assets (note 10)	51,056,412	47,480,359
Inventory for consumption	1,709,795	2,319,678
	<u>52,927,933</u>	<u>49,961,190</u>
	<u>\$ 48,381,494</u>	<u>\$ 44,522,867</u>
Municipal Equity:		
Fund balances:		
Operating	\$ 2,035,462	\$ 1,422,788
Capital (note 12)	--	214,261
Reserves (note 13)	8,055,243	8,051,078
	<u>10,090,705</u>	<u>9,688,127</u>
Equity in non-financial assets		
Tangible capital assets (note 14)	37,854,634	33,789,274
Prepaid expenses	19,624	19,051
Inventory	416,531	1,026,415
	<u>38,290,789</u>	<u>34,834,740</u>
Contingency (note 11)		
	<u>\$ 48,381,494</u>	<u>\$ 44,522,867</u>

See accompanying notes to consolidated financial statements.

COUNTY OF LETHBRIDGE

Consolidated Statement of Financial Activities

Year ended December 31, 2007, with comparative figures for 2006

	Budget (Unaudited)	2007	2006
Revenues:			
Net municipal property taxes (note 15)	\$ 8,565,071	\$ 8,563,265	\$ 7,959,248
User fees and sale of goods	2,568,931	2,746,519	2,851,330
Government transfers (note 16)	11,102,971	6,535,566	3,921,410
Fines	40,000	38,140	24,061
Special levies	49,400	41,530	54,778
Penalties and cost of taxes	93,500	114,910	137,643
Resident contributions	--	--	57,055
Licenses and permits	30,100	26,548	27,861
Rentals	196,850	217,204	215,267
Investment income	145,210	378,222	280,279
Fleet services equipment rental	2,600,000	2,988,233	2,387,226
Lease payment – McCain wwtp	298,994	298,994	298,994
Proceeds from disposal of capital assets	405,000	333,270	352,567
Other	403,518	997,246	191,311
	26,499,545	23,279,647	18,759,030
Expenditures (note 17):			
Legislative	199,430	225,312	164,556
Administration	2,553,675	2,316,030	2,076,632
Fire and by-laws enforcement	1,829,267	1,496,431	1,053,074
Roads, streets, walks and lighting	11,115,001	8,378,935	7,291,477
Airport	1,895,273	1,210,208	2,207,934
Fleet services	3,276,664	3,410,071	2,805,839
Water, waste water and waste management	4,488,327	4,264,213	2,037,053
Family and community support services	55,000	57,098	--
Environmental development	873,320	866,098	878,233
Recreation and culture	183,550	163,367	117,092
Other	(3,500)	--	--
	26,466,007	22,387,763	18,631,890
Excess of revenues over expenditures	33,538	891,884	127,140
Capital financing transactions:			
Deferred lease payments	(298,994)	(298,993)	(298,994)
Repayment of long-term debt	(195,316)	(190,313)	(186,550)
Change in fund balances	(460,772)	402,578	(358,404)
Fund balance, beginning of year	9,688,127	9,688,127	10,046,531
Fund balance, end of year	\$ 9,227,355	\$ 10,090,705	\$ 9,688,127

See accompanying notes to consolidated financial statements.

COUNTY OF LETHBRIDGE

Consolidated Statement of Cash Flows

December 31, 2007, with comparative figures for 2006

	2007	2006
Cash provided by (used in):		
Operations:		
Excess of revenues over expenditures	\$ 891,884	\$ 127,140
Change in non-cash financial assets and liabilities:		
Taxes and grants in place of taxes receivable	115,964	2,354
Trade and other receivables	(1,294,473)	2,613,389
Accounts payable and accrued liabilities	722,312	(652,851)
Deposit liabilities	(23,800)	2,000
Employee benefit obligation	18,342	56,041
Deferred revenue	87,311	(667,953)
	517,540	1,480,120
Financing:		
Repayment of long-term debt	(190,313)	(186,550)
Deferred lease payments	(298,994)	(298,994)
	(489,307)	(485,544)
Increase in cash	28,233	994,576
Cash and cash equivalents, beginning of year	8,720,119	7,725,543
Cash and cash equivalents, end of year	\$ 8,748,352	\$ 8,720,119

See accompanying notes to consolidated financial statements.

COUNTY OF LETHBRIDGE

Statement of Operating Fund

Year ended December 31, 2007, with comparative figures for 2006

	Budget	2007	2006
	(Unaudited)		
Revenues:			
Net municipal property taxes (note 15)	\$ 8,565,071	\$ 8,563,265	\$ 7,959,248
User fees and sales of goods	2,568,931	2,746,519	2,851,330
Government transfers	8,817,413	4,415,389	3,549,119
Fines	40,000	38,140	24,061
Special levies	49,400	41,530	54,778
Penalties and cost of taxes	93,500	114,910	137,643
Licenses and permits	30,100	26,548	27,861
Rentals	196,850	217,204	215,267
Investment income	145,210	372,401	269,016
Fleet services equipment rental	2,600,000	2,988,233	2,387,226
Other	403,518	997,246	191,311
	23,509,993	20,521,385	17,666,860
Expenditures (note 17):			
Legislative	199,430	225,312	164,556
Administration	2,477,175	2,263,172	2,076,632
Fire and by-law enforcement	1,281,767	1,179,185	915,644
Roads, streets, walks and lighting	10,965,001	8,969,747	5,954,008
Airport	1,863,273	1,166,538	2,204,153
Fleet services	1,695,664	1,926,235	1,600,015
Water, waste water and waste management	1,914,257	1,959,257	1,798,088
Family and community support services	55,000	57,098	--
Environmental development	873,320	879,639	862,950
Recreation and culture	183,550	163,367	117,092
Other	(3,500)	--	--
	21,504,937	18,789,550	15,693,138
Excess of revenues over expenditures	2,005,056	1,731,835	1,973,722
Net inter-fund transfers			
Transfer to capital – repayment of long-term debt	(195,316)	(190,313)	(186,550)
Transfer to reserves	(1,666,832)	(852,554)	(1,385,805)
Transfers to capital	(1,063,962)	(76,294)	(1,168,225)
Change in fund balance	(921,054)	612,674	(766,858)
Balance, beginning of year	1,422,787	1,422,788	2,189,646
Balance, end of year	\$ 501,733	\$ 2,035,462	\$ 1,422,788

See accompanying notes to consolidated financial statements.

COUNTY OF LETHBRIDGE

Statement of Capital Fund

Year ended December 31, 2007, with comparative figures for 2006

	Budget (Unaudited)	2007	2006
Revenues:			
Proceeds from disposal of capital assets	\$ 405,000	\$ 333,270	\$ 352,567
Government transfers	2,285,558	2,120,177	372,291
Interest	--	5,821	11,263
Resident contributions	--	--	57,055
Lease payment – McCain wwtp	298,994	298,994	298,994
	<u>2,989,552</u>	<u>2,758,262</u>	<u>1,092,170</u>
Expenditures (note 17):			
Administration	76,500	52,858	--
Fire and by-law enforcement	547,500	317,246	137,430
Roads, streets, walks and lighting	150,000	(590,812)	1,337,469
Airport	32,000	43,670	3,781
Fleet services	1,581,000	1,483,835	1,205,824
Water, waste water and waste management	2,574,070	2,304,957	238,965
Environmental development	--	(13,541)	15,283
	<u>4,961,070</u>	<u>3,598,213</u>	<u>2,938,752</u>
Deficiency of revenues over expenditures	(1,971,518)	(839,951)	(1,846,582)
Capital financing transactions and net inter-fund transfers:			
Deferred lease payments	(298,994)	(298,993)	(298,994)
Repayment of long-term debt (note 14)	(195,316)	(190,313)	(186,550)
Transfers from operating – repayment of long-term debt (schedule 1)	195,316	190,313	186,550
Transfer from reserves (schedule 3)	1,206,550	848,389	926,612
Transfer from operating (schedule 1)	1,063,962	76,294	1,168,225
Change in fund balance	--	(214,261)	(50,739)
Balance, beginning of year	214,261	214,261	265,000
Balance, end of year	\$ 214,261	\$ --	\$ 214,261

See accompanying notes to consolidated financial statements.

COUNTY OF LETHBRIDGE

Statement of Reserves

Year ended December 31, 2007, with comparative figures for 2006

	Budget (Unaudited)	2007	2006
Balance, beginning of year	\$ 8,051,078	\$ 8,051,078	\$ 7,591,885
Add (deduct):			
Transfer (to) from operating (schedule 1)	1,666,832	852,554	1,385,805
Transfer to capital (schedule 2)	(1,206,550)	(848,389)	(926,612)
Balance, end of year	\$ 8,511,360	\$ 8,055,243	\$ 8,051,078

See accompanying notes to consolidated financial statements.

COUNTY OF LETHBRIDGE

Notes to Consolidated Financial Statements

Year ended December 31, 2007

1. Significant accounting policies:

The consolidated financial statements of the County of Lethbridge are the representations of management prepared in accordance with generally accepted accounting principles for local governments 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, revenues and expenditures, changes in fund balances and change in financial position of the County which comprises of all 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.

(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) 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 revenues and expenditure 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.

(d) 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.

COUNTY OF LETHBRIDGE

Notes to Consolidated Financial Statements

Year ended December 31, 2007

1. Significant accounting policies (continued):

(e) Investments:

Investments are recorded at cost. Where there has been a loss in value of an investment other than a temporary decline, the investment is written down to reflect the loss.

(f) 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.

(g) 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 reported as capital revenue and do not reduce the related asset costs.

Capital assets for government purposes are not depreciated.

(h) 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 for the prior year.

(i) 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.

COUNTY OF LETHBRIDGE

Notes to Consolidated Financial Statements

Year ended December 31, 2007

1. Significant accounting policies (continued):

(j) Operating fund:

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

(k) Capital fund:

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

(l) 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.

(m) 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.

2. Tangible capital assets:

Effective January 1, 2007, The County of Lethbridge adopted Accounting Guideline 7 (PSG-7) of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants ("CICA") with respect to the disclosure of tangible capital assets of local governments. PSG-7 provides transitional guidance on presenting information related to tangible capital assets until Section 3150 - Tangible Capital Assets of the Public Sector Accounting Handbook comes into effect on January 1, 2009.

Prior to January 1, 2007, The County of Lethbridge recorded tangible capital assets including assets held under capital leases at cost in the period they were acquired on the statement of financial position and as an expenditure within the capital fund. Capital assets were not previously amortized.

During 2007, The County of Lethbridge continued to work towards compliance with the new recommendations for accounting for tangible capital assets. As of December 31, 2007, The County of Lethbridge has identified major classes of assets and is in the process of obtaining a complete listing of these assets. A complete listing of assets and values for all asset classes is currently underway and expected to be completed by December 31, 2008.

COUNTY OF LETHBRIDGE

Notes to Consolidated Financial Statements

Year ended December 31, 2007

2. Tangible capital assets (continued):

As of January 1, 2007, capital assets including assets held under capital leases are recorded at cost in the period they are acquired and recorded as an expenditure within the capital fund. Works of art for display are not included as capital assets. The County of Lethbridge does not capitalize interest as part of the costs of its capital assets.

As of January 1, 2007, there is no amortization presented in the notes to the financial statements. Amortization is not recorded as an expense. Amortization for all applicable tangible capital asset classes is expected to be presented in the 2009 financial statements and will be calculated on a basis still to be determined over an asset's estimated useful lives.

3. Cash and temporary investments:

	2007	2006
Cash	\$ 3,351,450	\$ 663,839
Temporary investments	5,396,902	8,056,280
	<u>\$ 8,748,352</u>	<u>\$ 8,720,119</u>

The temporary investments are comprised of GICs and short term securities with interest rates of 4.60% to 4.80%. The investments mature in 2008.

4. Taxes and grants in place of taxes receivable:

	2007	2006
Current year	\$ 114,856	\$ 207,776
Arrears	74,189	109,319
Credits transferred to payables	99,856	87,770
	288,901	404,865
Allowance for uncollectible taxes	(159,278)	(159,278)
	<u>\$ 129,623</u>	<u>\$ 245,587</u>

5. Restricted cash accounts:

	2007	2006
Tax sale surplus reserve account	\$ 1,617	\$ 1,556
Municipal land reserve	622,435	507,442
	<u>\$ 624,052</u>	<u>\$ 508,998</u>

COUNTY OF LETHBRIDGE

Notes to Consolidated Financial Statements

Year ended December 31, 2007

6. Employee benefit obligations

	2007	2006
Vacation	\$ 204,712	\$ 199,753
Post-employment benefits	227,543	214,160
	<u>\$ 432,255</u>	<u>\$ 413,913</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 employee ceases to be an employee of the County.

7. Deferred revenue:

	2007	2006
Streets Improvement Grant (SIP)	\$ 17,868	\$ 50,446
Alberta Municipal Infrastructure Program (AMIP) Grant	--	1,102,291
AESA Grant	--	1,141
Municipal Sponsorship Grant	--	--
New Deal Grant	71,105	331,387
WEBS Grant	102,511	17,502
Alberta Lottery	--	10,000
AWMEC Grant	566,900	--
MSI Grant	833,605	--
AFSC Rent	8,089	--
	<u>\$ 1,600,078</u>	<u>\$ 1,512,767</u>

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

COUNTY OF LETHBRIDGE

Notes to Consolidated Financial Statements

Year ended December 31, 2007

8. Deferred lease payments:

	2007	2006
Balance, beginning of year	\$ 7,474,842	\$ 7,773,836
Amortization	(298,994)	(298,994)
	<u>\$ 7,175,848</u>	<u>\$ 7,474,842</u>

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 to acquisition of the water treatment plant. The revenue will be recognized evenly over the thirty year minimum term revenue by the capital fund, as the payments are being used to fund to acquisition of the of the lease, including the four renewal terms.

9. Long-term debt:

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2008	\$ 201,434	\$ 358,849	\$ 560,283
2009	213,596	346,867	560,463
2010	226,302	334,161	560,463
2011	239,775	320,688	560,463
2012	254,064	306,399	560,463
Thereafter	4,890,759	2,532,838	7,423,597
	<u>\$ 6,025,930</u>	<u>\$ 4,199,802</u>	<u>\$ 10,225,732</u>

Debenture debt is repayable to Alberta Municipal Financing Corporation and bears interest at the rate of 5.175% to 12 % per annum, before Provincial subsidy, and matures in periods 2024 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.

COUNTY OF LETHBRIDGE

Notes to Consolidated Financial Statements

Year ended December 31, 2007

10. Tangible capital assets:

	2007	2006
Airport	\$ 140,288	\$ 140,288
Land	1,210,719	1,210,719
Buildings	2,274,604	2,274,604
Engineering structures	34,392,943	32,210,469
Machinery, equipment and furnishings	10,375,834	9,373,825
Vehicles	2,662,024	2,270,454
	<u>\$ 51,056,412</u>	<u>\$ 47,480,359</u>

11. 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.

12. Capital fund:

	2007	2006
Financing available:		
Sunnyrose Cheese project	\$ --	\$ 214,261

COUNTY OF LETHBRIDGE

Notes to Consolidated Financial Statements

Year ended December 31, 2007

13. Reserves:

Reserves for operating and capital activities changed as follows:

	2006	Increase	Decrease	2007
Administration building	\$ 554,222	\$ 51,800	\$ 107,959	\$ 498,063
Agricultural service projects	149,971	--	--	149,971
Airport equipment replacement	230,350	--	--	230,350
Airport customs reserve	10,290	--	5,893	4,397
Airport improvement fee	726,142	140,751	--	866,893
Airport subsidy	575,431	--	289,100	286,331
Business tax reserve	120,000	--	--	120,000
Computer replacement	90,329	100,000	68,500	121,829
Council Discretionary Reserve	99,442	100,000	6,700	192,742
Disaster services	1,158	--	--	1,158
Environmental health projects	655,083	170,000	254,398	570,685
Fleet equipment replacement	1,134,031	753,886	515,050	1,372,867
Frontage reserves	12,329	--	650	11,679
GIS	49,950	30,000	27,632	52,318
Gravel pit reclamation	50,000	--	--	50,000
Municipal debt reduction proceeds	1,044,034	23,052	188,799	878,287
Municipal safety program	31,087	2,604	--	33,691
Protective services	834,018	243,663	121,651	956,030
Public works	1,300,472	195,721	269,040	1,227,153
Public works infrastructure	68,483	--	--	68,483
Recreation	15,396	30,000	6,300	39,096
Shaughnessy debenture – sewer	27,880	--	--	27,880
Shaughnessy debenture – water	27,400	--	--	27,400
Waterline replacement reserve	243,580	24,360	--	267,940
	\$ 8,051,078	\$ 1,865,837	\$ 1,861,672	\$ 8,055,243

14. Equity in tangible capital assets:

	Budget (Unaudited)	2007	2006
Acquisition of tangible capital assets:			
Administration	\$ 76,500	\$ 52,858	\$ --
Airport	32,000	48,628	--
Water, waste water and waste management	2,574,070	2,304,957	238,965
Roads, streets, walks, and lighting	1,731,000	1,483,835	1,205,824
Fire and by-law enforcement	547,500	317,246	137,430
Environmental development	--	--	10,650
	4,961,070	4,207,524	1,592,869
Disposal of tangible capital assets (cost):			
Fleet services	--	(631,471)	(756,137)

COUNTY OF LETHBRIDGE

Notes to Consolidated Financial Statements

Year ended December 31, 2007

14. Equity in tangible capital assets:

	Budget (Unaudited)	2007	2006
Capital financing:			
Proceeds of long-term debt	--	--	--
Repayment of long-term debt	195,316	190,313	186,550
Deferred lease payments	298,994	298,994	298,994
	494,310	489,307	485,544
Change in equity balance	5,455,380	4,065,360	1,322,276
Equity balance, beginning of year	33,789,274	33,789,274	32,466,998
Equity balance, end of year	\$ 39,244,654	\$ 37,854,634	\$ 33,789,274
Balance consists of:			
Tangible capital assets (note 10)		\$ 51,056,412	\$ 47,480,359
Deferred lease payments (note 8)		(7,175,848)	(7,474,842)
Long-term debt (note 9)		(6,025,930)	(6,216,243)
		\$ 37,854,634	\$ 33,789,274

15. Net taxes available for municipal purposes:

	Budget (Unaudited)	2007	2006
Taxation:			
Real property taxes	\$ 9,557,228	\$ 9,555,423	\$ 9,116,343
Linear property taxes	2,361,813	2,361,812	2,120,484
Government grants in place of property taxes	1,262,070	1,262,070	1,239,366
	13,181,111	13,179,305	12,476,193
Requisitions:			
School Boards	289,057	289,131	275,010
Alberta School Foundation Fund	4,169,728	4,169,654	4,125,135
Seniors Foundation	157,255	157,255	116,800
	4,616,040	4,616,040	4,516,945
	\$ 8,565,071	\$ 8,563,265	\$ 7,959,248

COUNTY OF LETHBRIDGE

Notes to Consolidated Financial Statements

Year ended December 31, 2007

16. Government transfers:

	Budget (Unaudited)	2007	2006
Federal transfers:			
Shared-cost agreements and grants	\$ 1,650,062	\$ 825,011	\$ 1,349,827
Provincial transfers:			
Shared – cost agreements and grants	9,452,909	5,710,555	2,571,867
Debt interest rebates	--	--	63
	9,452,909	5,710,555	2,571,929
Local government transfers:			
Shared-cost agreements and grants	--	--	(347)
Total government transfers	\$ 11,102,971	\$ 6,535,566	\$ 3,921,410

17. Expenditures by object:

	Budget (Unaudited)	2007	2006
Operating:			
Salaries, wages and benefits	\$ 5,134,919	\$ 5,290,315	\$ 4,759,605
Contracted and general services	9,647,692	6,087,006	4,621,780
Materials, goods, and utilities	3,399,553	3,624,590	3,106,990
Provision for allowances	--	--	10,000
Transfers to Local Boards and Agencies	345,129	348,636	345,638
Transfers to Individuals and Organizations	88,750	84,582	83,007
Interest on long-term debt	376,894	366,786	378,432
Other expenditures	2,512,000	2,987,635	2,387,686
	21,504,937	18,789,550	15,693,138
Capital:			
Purchase of capital assets	4,961,070	3,598,213	2,938,752
	\$ 26,466,007	\$ 22,387,763	\$ 18,631,890

18. 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.

COUNTY OF LETHBRIDGE

Notes to Consolidated Financial Statements

Year ended December 31, 2007

18. Local authorities pension plan (continued):

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 7.75% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 10.64% on pensionable earnings above this amount. Employees of the County are required to make a current service contributions of pensionable salary up to the year's maximum pensionable salary and 9.64% on pensionable salary above this amount.

Total current service contributions by the County to the Local Authorities Pension Plan in 2007 were \$260,738 (2006 - \$209,280). Total current service contributions by the employees of the County to the Local Authorities Pension Plan in 2007 were \$229,566 (2006 - \$237,737).

19. Salary and benefits disclosure:

Disclosure of salaries and benefits for elected municipal officials and the chief administrative officer and as required by provincial regulation is as follows:

			2007	2006
	Salary (1)	Benefits & Allowances (2)	Total	Total
Council:				
Division 1	\$ 22,417	\$ 11,221	\$ 33,638	\$ 31,267
Division 2	16,535	10,441	26,976	25,164
Division 3	18,748	9,921	28,669	13,493
Division 4	13,083	4,642	17,725	14,405
Division 5	17,670	11,900	29,570	28,671
Division 6	12,274	8,079	20,353	19,296
Division 7	14,628	8,894	23,522	18,406
County Manager	108,391	27,553	135,944	112,484
Designated Officers (2 positions)	132,229	27,411	159,640	144,094

- 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.
- 3) 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.

COUNTY OF LETHBRIDGE

Notes to Consolidated Financial Statements

Year ended December 31, 2007

20. Debt limits:

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 313/2000 for the County of Lethbridge be disclosed as follows:

	2007	2006
Total debt limit	\$ 31,739,207	\$ 27,580,111
Total debt	6,025,930	6,216,243
Unused debt limit	\$ 25,713,277	\$ 21,363,868

	2007	2006
Debt servicing limit	\$ 5,289,868	\$ 4,596,685
Debt servicing	560,283	560,463
Unused debt servicing limit	\$ 4,729,585	\$ 4,036,222

The debt limit is calculated at 1.5 times revenue of the County (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 County. Rather, the financial statements must be interpreted as a whole.

21. Financial instruments:

The County of Lethbridge's financial instruments consist of cash and temporary investments, accounts receivable, 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 or currency risks arising from these financial instruments.

The County is subject to credit risk with respect to taxes and grants in place of taxes receivable and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the County provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

22. Comparative figures:

Where necessary the comparative figures for the 2006 year have been reclassified to conform with 2007 financial statement presentation.

24. Approval of financial statements:

These financial statements were approved by Council and Management.

COUNTY OF LETHBRIDGE

Airport – Schedule of financial activities and change in fund balance

Year ended December 31, 2007, with comparative figures for 2006

	Budget (Unaudited)	2007	2006
Revenues:			
Parking	\$ 50,000	\$ 81,932	\$ 55,937
Leases	470,000	469,587	461,289
Vending machines	--	--	--
Registrations	3,181	3,181	3,181
Air service fees	265,000	282,796	247,640
Airport improvement fees	440,000	140,750	144,110
Investment income	15,000	24,295	40,292
Utility recoveries	35,000	37,904	44,826
Custom costs recovered	27,000	39,750	36,678
Government grants	834,992	1,651	1,145,795
Miscellaneous revenue	7,750	19,956	180,530
	2,147,923	1,101,802	2,360,278
Expenditures:			
Operating:			
Wages and benefits	455,363	483,801	467,350
Travel and sustenance	3,000	9,561	5,006
Telephones	8,100	8,040	7,240
Registration and membership fees	4,300	1,283	4,214
Legal and professional services	3,200	4,361	1,713
Repairs and maintenance	10,000	55,324	6,639
Building repairs and maintenance	60,500	76,397	72,390
Contract construction	--	--	1,147,589
Insurance	42,500	48,626	45,428
Commissionaires	92,268	98,772	92,868
Miscellaneous services	951,992	134,675	115,756
Utilities	167,000	169,896	167,879
Lubes and asphalt oil	2,000	2,632	1,010
Fuel	16,000	20,197	13,335
Materials and supplies	25,050	30,101	29,347
Machine parts	17,000	19,094	20,766
Miscellaneous supplies	5,000	3,778	5,623
	1,863,273	1,166,538	2,204,153
Excess of revenues over expenditures from operations	284,650	(64,736)	156,125
Other items:			
Grant in lieu of allowances	43,500	49,500	43,500
Services by other departments	20,000	20,000	20,000
	63,500	69,500	63,500
Excess of revenue over expenditures	221,150	(134,236)	92,625
Interfund transfers:			
Transfer to capital	(32,000)	(21,591)	(27,037)
Transfer from (to) reserves	(189,150)	154,242	(65,588)
Net increase (decrease) to operating fund	--	(1,585)	--
Fund balance, beginning of year	51,316	51,316	51,316
Fund balance, end of year	\$ 51,316	\$ 49,731	\$ 51,316



STATISTICAL

(Unaudited)

COUNTY OF LETHBRIDGE - AIRPORT
SCHEDULE OF FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCE
For the Years Ended December 31, 2003 - 2007
(in thousands of dollars)

	2007	2006	2005	2004	2003
REVENUES					
Parking	82	56	48	43	42
Leases	470	461	488	445	468
Registrations	3	3	3	2	2
Airport Improvement Fees	141	144	156	144	137
Air Service Fees	283	248	261	238	214
Investment Income	24	40	22	25	33
Cost Recoveries	78	81	68	44	29
Government Grants	1	1,146	3,413	28	9
Misc. Revenues	20	181	18	5	6
TOTAL REVENUES	1,102	2,360	4,477	974	940
EXPENDITURES - OPERATING					
Wages & Benefits	484	467	439	426	418
Travel & Subsistence	10	5	2	3	8
Telephones	8	7	8	7	7
Registration & Membership Fees	1	5	5	4	4
Legal & Professional Services	4	2	3	2	3
Repairs & Maintenance	55	7	14	23	16
Building Repairs & Maintenance	76	72	73	67	115
Contract Construction	-	1,148	3,400	9	-
Insurance	49	45	40	29	41
Commissionaires	99	93	90	92	82
Misc. Services	135	116	56	37	22
Utilities	170	168	153	115	147
Lubes & Asphalt Oil	3	1	2	1	2
Fuel	20	13	13	11	14
Materials & Supplies	30	29	25	28	18
Machine Parts	19	21	14	10	18
Misc. Supplies	4	5	5	4	2
TOTAL OPERATING EXPENDITURES	1,167	2,204	4,342	868	917
EXCESS OF REVENUES OVER EXPENDITURES BEFORE THE FOLLOWING:	(65)	156	135	106	23
Grant in Lieu Allowances	50	44	44	44	44
Services by Other Departments	20	20	20	20	20
	70	64	64	64	64
EXCESS OF REVENUE OVER EXPENDITURES	(134)	93	72	43	(41)
INTERFUND TRANSFERS					
Transfer to capital	(22)	(27)	(28)	(27)	-
Transfer from (to) Reserves	154	(66)	(43)	(16)	41
CHANGE IN FUND BALANCE	(2)	-	1	-	-

County of Lethbridge

Development Permits - By Type of Permit (2003 to 2007)

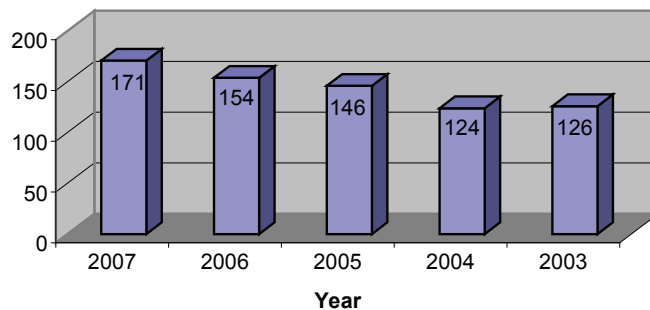
Year	Residential	Industrial/ Commercial	Intensive Agricultural	Home Occup., Signs, Misc.	TOTAL
2007	82	39	9	41	171
2006	54	35	0	65	154
2005	56	41	0	49	146
2004	41	28	*0	55	124
2003	44	32	*0	50	126

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

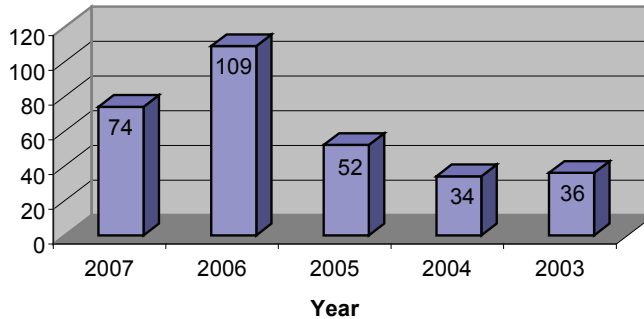
Subdivision Activity (2003 to 2007)

Year	No. of Applications	Residential	Country Residential	Agricultural	Commerical	Industrial	Misc.	Total Lots
2007	57	14	42	8	0	8	2	74
2006	50	10	40	7	2	49	1	109
2005	35	8	23	4	2	12	3	52
2004	29	0	25	5	0	2	2	34
2003	20	0	32	2	0	0	2	36

Development Permits (2003 to 2007)



Subdivisions (2003 to 2007)



**COUNTY OF LETHBRIDGE
DEBT LIMIT
As at December 31, 2003 - 2007
(in thousands of dollars)**

	2007	2006	2005	2004	2003
Total debt limit	31,739	27,580	29,012	18,481	19,184
Total debt	6,026	6,216	6,403	5,778	5,332
Total unused debt limit	25,713	21,364	22,609	12,703	13,852
Service on debt limit	5,290	4,596	4,835	3,247	3,197
Service on debt	560	560	568	539	518
Amount of unused service on debt	4,730	4,036	4,267	2,708	2,679

**As at December 31, 2003 - 2007
(in thousands of dollars)**

	2007	2006	2005	2004	2003
USER SUPPORTED					
County/McCain Foods Waterline	3,315	3,421	3,520	3,613	3,701
North County Waterline	1,393	1,429	1,463	1,496	1,526
Diamond City Water/Sewer	750	778	805		
Monarch Sewer	568	588	608	626	
Fairview Sewer	-	-	7	13	18
	6,026	6,216	6,403	5,748	5,245
TAX SUPPORTED	-	-	-	30	87
Total Debt	6,026	6,216	6,403	5,778	5,332

Per Capita Long-Term Debt (in Dollars)	\$ 607	\$ 626	\$ 645	\$ 582	\$ 537
---	--------	--------	--------	--------	--------

Debt Charges as a Percentage of Expenditures	1.95%	2.42%	2.22%	2.99%	3.07%
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**COUNTY OF LETHBRIDGE
CONSOLIDATED EXPENDITURES BY FUNCTION*
For the Years Ended December 31, 2003 - 2007
(in thousands of dollars)**

	2007	2006	2005	2004	2003
Legislative	225	165	144	149	153
Administration	2,316	2,077	1,693	1,650	1,421
Fire and by-law enforcement	1,497	1,053	894	670	635
Roads, streets, walks and lighting	8,379	7,291	5,585	4,669	4,722
Recreation and culture	164	117	107	110	126
Airport	1,210	2,208	4,370	895	917
Fleet services	3,410	2,806	3,011	1,603	2,100
Water, waste water and waste management	4,264	2,037	5,508	3,607	2,544
Family and community support services	57	-	-	-	-
Environmental development	866	878	715	519	625
	<u>22,388</u>	<u>18,632</u>	<u>22,027</u>	<u>13,872</u>	<u>13,243</u>

*Includes Operating and Capital Expenditures

**COUNTY OF LETHBRIDGE
EXPENDITURES BY OBJECT
For the Years Ended December 31, 2003 - 2007
(in thousands of dollars)**

	2007	2006	2005	2004	2003
Expenditures by object - Operating Fund					
Salaries, wages and benefits	5,290	4,760	4,298	3,668	3,818
Contracted, general, and other services	9,075	7,009	9,197	4,578	4,212
Materials, goods and utilities	3,625	3,107	2,728	2,305	2,443
Provision for allowances	-	10	10	10	10
Transfers to Local Boards and Agencies	349	345	411	305	304
Transfers to Individuals and Organizations	84	83	15	135	110
Interest on long-term debt	367	379	379	339	345
	<u>18,790</u>	<u>15,693</u>	<u>17,038</u>	<u>11,340</u>	<u>11,242</u>

**COUNTY OF LETHBRIDGE
CAPITAL EXPENDITURES
For the Years Ended December 31, 2002 - 2006
(in thousands of dollars)**

	2007	2006	2005	2004	2003
CAPITAL EXPENDITURES					
Administrative	53	-	7	76	105
Fire and bylaw enforcement	317	137	-	-	-
Roads, streets, walks & lighting	937	2,548	1,274	438	893
Water, wastewater & waste management	2,305	239	3,711	2,018	1,001
Environmental development	(14)	15	(4)	-	1
	<u>3,598</u>	<u>2,939</u>	<u>4,988</u>	<u>2,532</u>	<u>2,000</u>

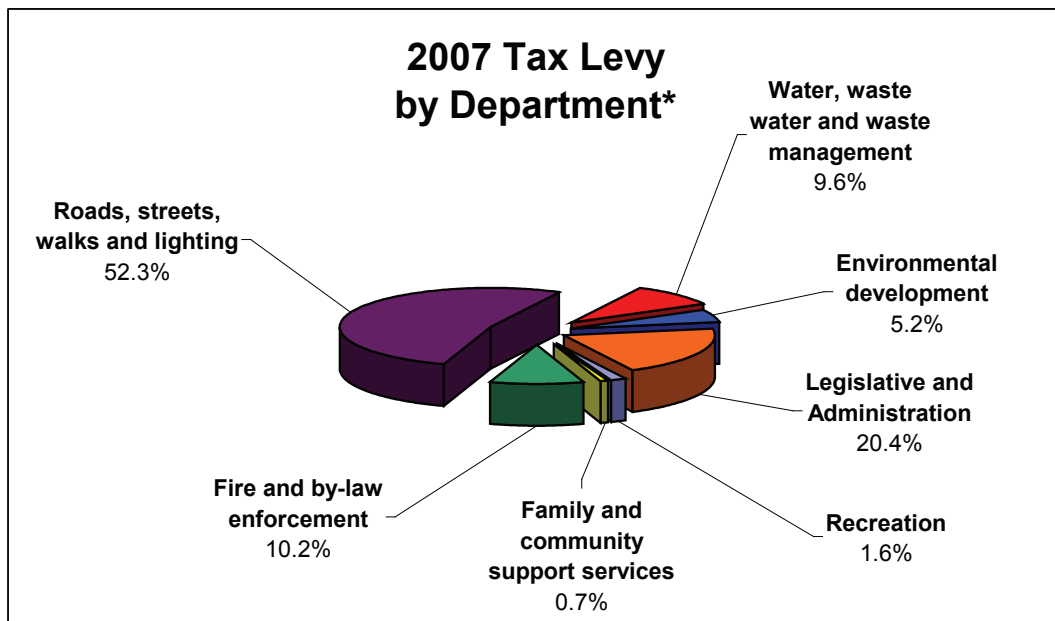
**COUNTY OF LETHBRIDGE
CAPITAL EXPENDITURES SOURCES OF FINANCING
For the Years Ended December 31, 2003 - 2007
(in thousands of dollars)**

	2007	2006	2005	2004	2003
CAPITAL EXPENDITURES FUNDED BY:					
Government Transfers	2,120	372	2,477	1,477	834
Resident Contributions	-	57	305	90	-
Proceeds from Disposal of Capital Assets	333	353	315	56	118
Reserves	849	927	-	-	-
Interest	6	11	-	-	-
Debt	-	-	818	626	-
Operating Fund	76	1,168	1,022	599	1,048
Appropriated from prior year	214	51	51	(316)	-
	<u>3,598</u>	<u>2,939</u>	<u>4,988</u>	<u>2,532</u>	<u>2,000</u>

**COUNTY OF LETHBRIDGE
CONSOLIDATED REVENUES BY SOURCE***
For the Years Ended December 31, 2003 - 2007
(in thousands of dollars)

	2007	2006	2005	2004	2003
Gross Revenues					
Net municipal property taxes	8,563	7,959	7,031	6,494	6,380
User fees and sales of goods	2,747	2,851	2,769	2,401	2,238
Government transfers	6,536	3,922	8,402	2,847	2,129
Resident contributions	-	57	306	89	-
Fines	38	24	39	60	62
Special levies	42	55	5	5	5
Penalties and costs on taxes	115	138	126	111	110
Insurance proceeds	-	-	-	-	-
Licenses and permits	27	28	40	47	63
Rentals	217	215	124	125	101
Investment income	378	280	209	179	212
Fleet services equipment rental	2,988	2,387	2,099	1,690	1,840
Lease payment - McCain WWTP	299	299	299	299	299
Proceeds on disposal of capital assets	333	353	315	56	118
Other	997	191	54	61	67
Total Revenue	23,280	18,759	21,818	14,464	13,624

* Includes Operating and Capital Sources of Revenue



* No Tax Levy required for Airport or Fleet services.

County of Lethbridge

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

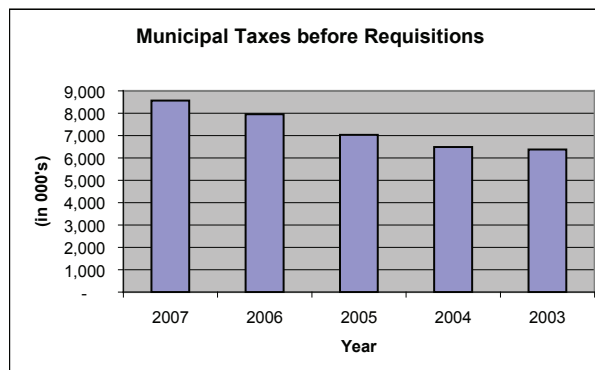
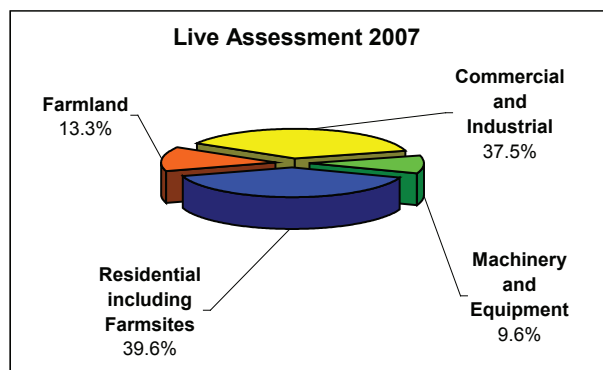
Taxation	2007	2006	2005	2004	2003
Residential including Farmsites	2,642	2,568	2,204	2,065	2,071
Farmland	1,684	1,629	1,531	1,367	1,367
Commercial and Industrial	3,165	2,793	2,412	2,246	2,145
Machinery and Equipment	810	707	622	588	569
LRWMSC	262	262	262	228	228
Total Property Tax Levy	8,563	7,959	7,031	6,494	6,380

Tax Rates - MILLS

Tax Rates	2007	2006	2005	2004	2003
Residential including Farmsites	5.6958	6.2921	6.2921	6.4239	6.4239
Farmland	10.7825	10.4473	9.8287	8.8482	8.8482
Commercial and Industrial	7.2036	7.1952	6.9851	6.9851	6.9851
Machinery and Equipment	7.2036	7.1952	6.9851	6.9851	6.9851

Live Assessment (in thousands of dollars)

Live Assessment	2007	2006	2005	2004	2003
Residential including Farmsites	464,218	409,228	349,744	323,206	311,616
Farmland	156,165	155,906	155,809	154,437	154,449
Commercial and Industrial	439,397	388,193	345,322	321,595	307,021
Machinery and Equipment	112,428	98,282	88,979	84,221	81,513
Total Live Assessment	1,172,208	1,051,609	939,854	883,459	854,599



**COUNTY OF LETHBRIDGE
RESERVES
As at December 31, 2003 - 2007
(in thousands of dollars)**

	2007	2006	2005	2004	2003
Administration Reserve	498	555	562	586	583
Airport Capital Reserve	230	230	68	96	95
Airport Customs Reserve	4	10	15	20	24
Airport Federal Subsidy Reserve	286	576	801	881	1,005
Airport Improvement Fee Reserve	867	726	593	437	293
ASB Reserve	150	150	161	111	74
Business Tax Reserve	120	120	120	120	120
Computer Replacement Reserve	122	90	125	90	67
Council Discretionary Reserve	193	99	150	81	140
Disaster Services Reserve	1	1	1	1	1
Environmental Health Reserve	571	655	676	632	590
Frontage	12	12	0	1	1
Fleet Services	1373	1134	906	986	895
GIS Reserve	52	50	79	59	74
Gravel Pit Reclamation Reserve	50	50	50	50	50
Lethbridge Landfill Reserve	0	0	0	190	163
Municipal Debt Reduction Reserve	878	1044	1108	1132	1,132
Protective Services Reserve	956	834	858	560	392
PW Infrastructure Reserve	69	69	157	170	358
PW Projects Reserve	1227	1301	912	601	352
Recreation Reserve	39	15	21	17	22
Safety Reserve	34	31	10	10	2
Shaughnessy Debenture (Sewer) Reserve	28	28	28	28	28
Shaughnessy Debenture (Water) Reserve	27	27	27	27	27
Waterline Replacement	268	244	164	140	116
TOTAL RESERVES	8,055	8,051	7,592	7,026	6,604

**TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE
As at December 31, 2003 - 2007
(in thousands of dollars)**

	2007	2006	2005	2004	2003
Current Taxes	215	296	274	294	265
Arrears	74	109	130	215	181
	289	405	404	509	446
Allowance for uncollectible taxes	(159)	(159)	(156)	(154)	(151)
TOTAL	130	246	248	355	295
TOTAL MUNICIPAL & EDUCATION TAXES LEVIED	13,181	12,476	11,646	11,071	10,656
PERCENTAGE COLLECTED - CURRENT YEAR	98.37%	97.63%	97.65%	97.34%	97.51%

County of Lethbridge
Demographic and Statistical Information

	2007	2006	2005	2004	2003
County of Lethbridge Population *	10302 *	10302 *	9930 **	9930 **	9930 **
* source 2006 Census					
** source 2001 Census					
Alberta Population (rounded) *	3,474,000	3,370,600	3,280,700	3,208,200	3,161,400
* source Statistics Canada					
Canada Population (rounded) *	32,976,000	32,649,500	32,312,100	31,995,200	31,676,100
* source Statistics Canada					
Municipality Size					
Size in Square Kilometers (km)	2,875	2,875	2,875	2,875	2,875
Size in Townships	33	33	33	33	33
Roads					
Km of Provincial Highways	483	483	440	440	440
Km of Local Roads	1,967	1,967	1,820	1,820	1,820
Number of Employees					
Full Time Administration Employees	28	28	27	22	20
Full Time Union Employees *	32	30	31	31	32
Total Permanent Employees	60	58	58	53	52
Seasonal/Casual Employees	26	31	19	15	23

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

Principal Corporate Taxpayers (alphabetical order)

Agriculture Canada
 Altalink Management Ltd.
 Atco Gas and Pipelines Ltd.
 Bonavista Petroleum Ltd.
 Encana Corporation
 H.M.Q. Alberta Infrastructure and Transportation
 H.M.Q. Canadian Food Inspection Agency
 McCain Foods Limited
 Nova Gas Transmission Ltd.

Further information requests should be directed to the Director of Corporate Services at:

**County of Lethbridge
#100, 905 - 4th Avenue South
Lethbridge, Alberta T1J 4E4**

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

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