



2004 ANNUAL FINANCIAL REPORT

CITY OF ST. ALBERT
ALBERTA, CANADA

For the Year Ended December 31, 2004

*Corporate Business Plan - Budget Overview - Property Tax - Operating Budget - Utility Budget - Capital Budget - Staffing
Manager's Office - Planning and Engineering Services - Community and Protective Services - Corporate Services - C
Staffing - Fees and Charges - Debt - Reserves - 2004 Budget - City Council - City Manager's Office - Pla
Common and Fiscal - Line Item Detail Corporate Business Plan - Budget Overview - C
Office - Planning and Engineering Services - Community and Protective Services
Detail Corporate Services*



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**CITY OF ST. ALBERT
ALBERTA, CANADA**

For the Year Ended December 31, 2004

Prepared by:
Corporate Services Division



The City of St. Albert 2004 Annual Financial Report

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INTRODUCTORY SECTION 2004



Message from the Mayor



On behalf of my colleagues on St. Albert City Council, I am pleased to provide the 2004 Annual Financial Report.

A new City Council was elected in October of 2004 and pledged to build on the sound fiscal reform policies that have been adopted by past City Councils. In fact, the new Council has made taxation a major priority for this term of office.

Nobody likes taxes, and St. Albert City Council is determined to find other revenue streams to reduce the burden on the residential tax base. To that end, Council is working with both the Alberta Urban Municipalities Association and the Federation of Canadian Municipalities to address funding issues from other levels of government.

There is little doubt that the current system cannot sustain municipal growth. Towns and cities are struggling with issues surrounding aging infrastructure, growth, and expectations from citizens to maintain and enhance program and service levels.

St. Albert is in a unique position, in that it has commissioned a major infrastructure study. Phase one of this study, completed in 2004, provides the City with an inventory and the condition of its physical infrastructure, such as water and sewer lines, streets, sidewalks, park and trail systems, and buildings. Phase two of this study will outline the costs of repairing and upgrading existing infrastructure and will assist the City in identifying future costs.

The City of St. Albert has developed a sound business planning model, which allows Administration to plan for the future; and City Council will continue to work with Administration to find innovative ways to ensure we can continue to offer high-quality services at a reasonable cost to taxpayers.

A handwritten signature in dark ink, appearing to read 'P. Chalifoux'.

Paul Chalifoux
Mayor



Message from the City Manager



The City of St. Albert continues to grow at a near record pace. Building permit values for 2004 were the second highest in St. Albert history. While we welcome growth, we are also faced with some challenges to manage that growth.

Against that backdrop, the City is working hard to ensure the continued delivery of high-quality services, while recognizing the need to keep tax increases to a minimum.

The City is also moving ahead with several major projects, including construction of the West Regional Road and a new Multipurpose Leisure Centre. That has put an additional strain on financial resources.

In 2003, the City started a new business planning process; and that process was streamlined in 2004. The business planning process outlines, in detail, the priorities of the Corporation over a three-year period. We have also started work on long-term plans for many departments. This process allows us to plan for the future in a fiscally responsible manner.

Residents of St. Albert elected a new City Council in 2004, and the new Council is developing its priorities for the next three years. High on that list is continued work on sound financial planning. City Council is pledging to minimize tax increases in the future.

2004 was a challenging and exciting year for City staff and, as City Manager, I am proud of the diligence employees show in developing new programs and services while maintaining and enhancing services already in place.

The 2004 Annual Financial Report is presented to demonstrate the progress we have made in financial reform and fiscal responsibility.

A handwritten signature in black ink, appearing to read 'Bill Holtby', written over a horizontal line.

Bill Holtby
City Manager



City Council and Administration

City Council

Mayor Paul Chalifoux

Councillor Len Bracko

Councillor Christine Brown

Councillor James Burrows

Councillor Nolan Crouse

Councillor Lorie Garrity

Councillor Neil Korotash

Civic Administration

Bill Holtby
City Manager

Guy Boston
General Manager, Planning and Engineering

Del Dyck
General Manager, Corporate Services

Gail Barrington-Moss
General Manager, Community and Protective Services

City Auditor

Grant Thornton, LLP

City Banker

Royal Bank of Canada



City of St. Albert
Alberta, Canada



City Profile

The Town of St. Albert was incorporated in 1904. One hundred years later, the City of St. Albert is a vibrant community with a population of 54,588.

St. Albert is the oldest non-fortified community in Alberta. Founded in 1861 by Father Albert Lacombe, St. Albert is located immediately north of Alberta's capital city, Edmonton. Father Lacombe was one of the earliest missionaries in the west and built a chapel in St. Albert to minister to the Cree and Métis.

Today, St. Albert is a bustling community and boasts many cultural, arts, and leisure facilities such as the world renowned Arden Theatre, the Musée Héritage Museum, visual arts studios, 40 kilometres of walking and hiking trails, and more than 1,100 acres of parks and green space.

Government Structure

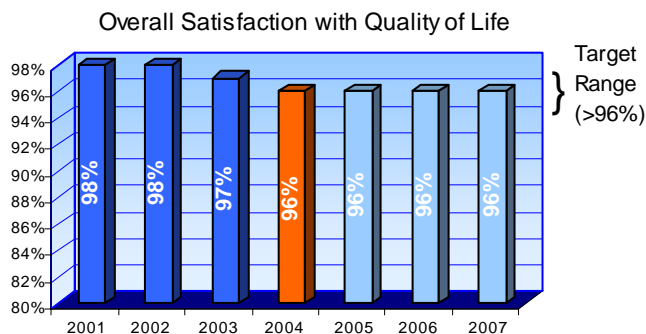
The City of St. Albert operates under the council/manager form of government. Residents elect a mayor and six councillors for a three-year term on a non-partisan basis. Council governs in accordance with the powers granted under various Provincial statutes. City Council is responsible for setting corporate policies to levy taxes, pass regulations, and establish budgets for the delivery of services throughout the community.

City Council has one employee, the City Manager or Chief Administrative Officer. The CAO in turn manages a staff of just over 500 employees who carry out the day-to-day operations of the corporation.

The Year in Review

Quality of Life

St. Albert residents consistently rate their quality of life as exceptional. In fact, according to the City's 2004 Community Satisfaction Survey, 96% of residents surveyed were satisfied with their quality of life in St. Albert.



* Note - No statistically significant decline in Quality of Life

Information from the City of St. Albert 2004 Community Satisfaction Survey

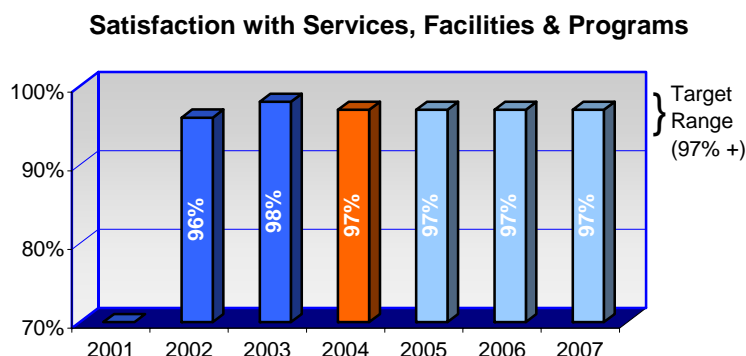


Quality of life is about ensuring access to efficient physical and social infrastructure, leisure opportunities, parks and open spaces, an efficient transportation system, community events and other quality City services as well as community amenities not delivered by the City.

Exceptional quality of life is what makes St. Albert the community of choice. In 2004 the City of St. Albert has made progress on a number of initiatives that improve quality of life.

Delivering Quality Services

The City of St. Albert achieved a 97% satisfaction rate among residents with the services, facilities and programs provided by the City of St. Albert, based on the 2004 Community Satisfaction Survey.



Information from the City of St. Albert 2004 Community Satisfaction Survey

Residents' satisfaction with St. Albert cultural facilities, such as the Arden Theatre and Visual Arts Wing, increased to 94% in 2004. Citizens' high level of satisfaction in the City's recreation programs was also maintained, with registration capacity in 2004 programs at about 85%.

Developing an Affordable Housing Strategy

St. Albert prides itself on being an inclusive community welcoming all newcomers to share in the quality of life that is our community trademark. In 2004, we initiated an Affordable Housing Strategy to examine the need for affordable housing in the City and to develop strategies to respond to that need.

Federal and Provincial Budgets

In April 2005, the Government of Alberta announced a \$3 billion infrastructure program to assist municipalities in dealing with the infrastructure gap. The program, based on a per capita formula, will result in payments to St. Albert of \$11 million per year over five years for a total of \$55 million. Funding will be used on new roads, repaving, bridge repair, sewer upgrades and recreation facilities.

The Federal Government also announced funding for municipalities in its budget. The gas rebate program, of three to five cents per litre, will provide an additional \$2 million to \$3.5 million per year over five years. The funding is also to be used on infrastructure programs.



West Regional Road

In late 2004, the City of St. Albert received regulatory approvals for construction of the West Regional Road. The road is being constructed in phases over the next three years and includes a new river crossing. In 2005, the Government of Alberta announced it would construct a link to the new road to the existing Anthony Henday Drive.

The estimated cost for the construction of phase one of the road, from Meadowview Drive to 137 Avenue, including the bridge, is \$29 million.

Approving the Multipurpose Leisure Centre (MPLC)

After extensive planning and community consultation, the City of St. Albert asked its residents, via a plebiscite held in conjunction with the 2004 municipal election, to vote on the construction of an MPLC at the chosen site in Campbell Business Park. Residents voted 55% in favour of the proposed MPLC and Council approved the project on November 4, 2004.



The \$42.7 million Centre will include a full range of facilities and services making it St. Albert's focal point for recreation as well as a community gathering place. It will include:

- Fitness and wellness centre
- Leisure/ aquatics centre with water slide, tube slide, hot tub, sauna and steam
- 1,700+ seat ice arena/event centre
- Family skating rink
- Twin indoor soccer fields
- Gymnasium/fieldhouse
- Jogging/walking track
- Premier outdoor football field (with lights and bleacher seating)
- Revenue generating commercial space for food and beverage concession
- Other appropriate commercial space

Earthwork on the site began in November 2004, and construction on the building will begin in April 2005.



Municipal Leadership and Governance

Holding the 2004 Municipal Election

The 2004 municipal election was held on October 18, at a cost of approximately \$150,000, to elect a Mayor, six City Councillors, four Catholic School Trustees and five Protestant School Trustees.

The use of an electronic voting system and extensive use of the City's website to provide election information to the public made this the most technologically intensive election undertaken by the City to date.

Working with Municipal Neighbours

After much negotiation, the City of St. Albert in 2004 resolved its disputes with Sturgeon County relating to the terms of the Wal-Mart cost and revenue-sharing agreement and the Hunter Ridge and Northern Lights developments.

Participating in the Drug Endangered Children Program

The City confirmed its leadership reputation by participating in the national pilot of the Drug Endangered Children program in co-operation with the RCMP in Ottawa and Edmonton.

Forming inter-governmental partnerships

We completed a co-operation initiative with the City of Edmonton and the Province for the functional improvement of 170 Street to increase safety and traffic flow.

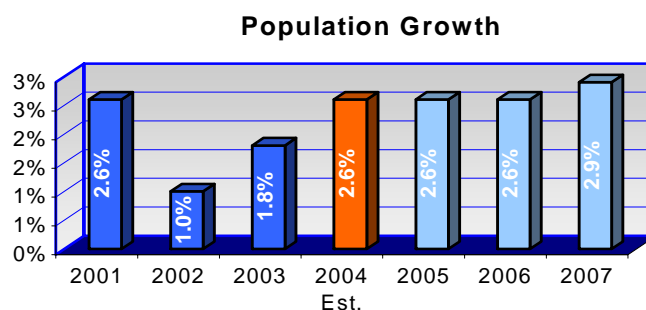
Reviewing Policy Framework

Having completed in 2002 an initial review of St. Albert City policies that need updating and writing, the next phase of the review is underway. In 2004, a policy framework was developed including Council Governance Policies, Council Policies, Administrative Policies and Procedures that guide Council and Administration. Going forward, all civic policies will follow this framework.



Long-term Planning

By understanding and planning for the future, we will be able to better balance community needs and manage long-term costs. In a climate of fiscal pressure and a growing population, it is increasingly important for the City of St. Albert to plan ahead so the St. Albert of the future is not faced with preventable problems or catch-up costs because of a lack of forward planning.



Improving Business Planning

In 2004, the City improved upon a new business planning process that was introduced in 2003. This rigorous process responds to Council's vision, mission, and values and utilizes corporate strategies to help Council achieve the difficult balance between needs, wants, and affordability. The strategies also guide the budget planning process and the prioritization of initiatives.

Council outcome goals, corporate strategies and assumptions continue to guide departmental corporate planning.

In 2004, departmental long-term plans were initiated to link with the City's overall long term planning. They include:

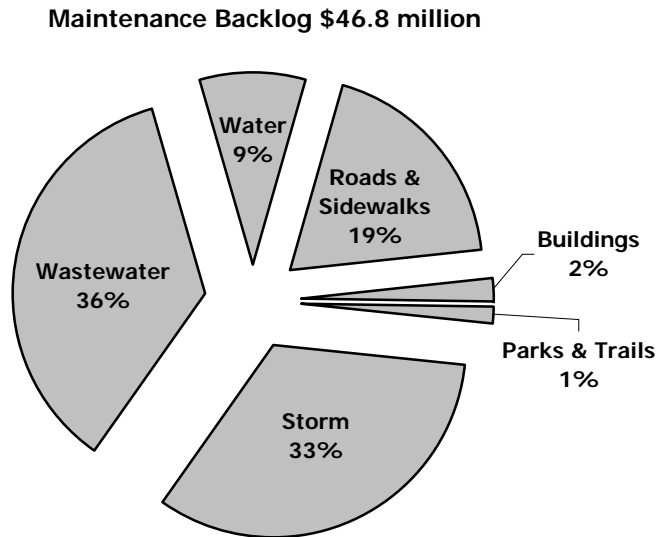
- Economic Development
- Policing and Bylaw
- Transit
- Family and Community Support Services
- Fire Services



Reviewing our infrastructure

The City of St. Albert, like all municipalities in Canada, is facing a growing infrastructure challenge. To identify the scope of the infrastructure gap a two-phase infrastructure review was approved by City Council.

The first phase of the study, completed in 2004, identified the current inventory of infrastructure in the City. In December 2004, Council approved commencement of the Infrastructure Review Phase 2, which will identify costs associated with maintaining and upgrading infrastructure and plan our future funding so the most critical assets get attention first.



Economic Development

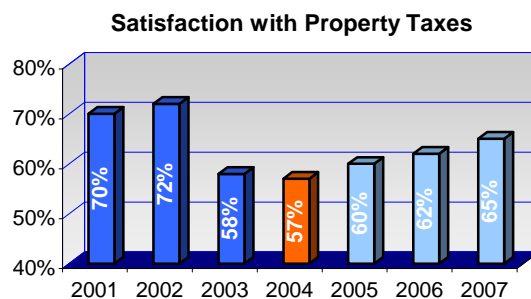
Welcoming business

The City has exceeded targets set out in the 2001 five-year economic plan to increase the value of building permits for commercial and industrial properties by \$50 million by the end of 2005. In the first four years of the plan, we exceeded targets by \$10.6 million for a total of \$60.6 million.

In 2004 St. Albert issued the second highest ever amount of building permits worth \$122 million. Institutional building permits at \$23.4 million were the highest in history and residential permits were the second highest in history at \$92.5 million.

Fiscal Responsibility

We have been focusing on fiscal reform as one way of helping to balance citizens' priorities and the increased demand for services with strong fiscal responsibility.



Recovering Road Costs

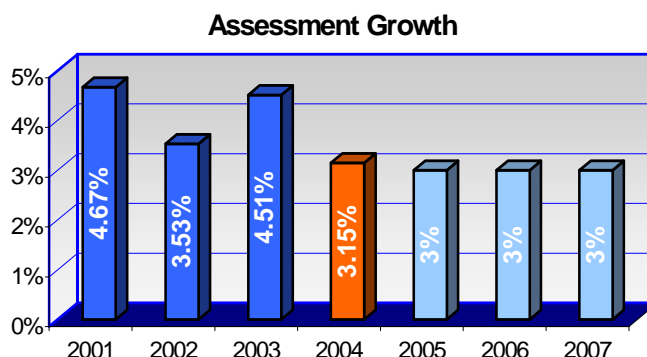
The City adopted a Permanent Area Charge model to enable the recovery of road costs associated with civic growth without affecting property taxes. This shifts the responsibility for funding new roads from property taxpayers to developers.

Improving the Utility Rate Model

A utility rate model was developed that projects costs of utilities over a 100-year time horizon to ensure investment needs are funded through utility rates and not by borrowings.

Assessment growth

Development growth in the City continues to rise. The 3.15% rise in real assessment growth in 2004 contributed to a reduced overall tax burden on taxpayers.



Improving the Budget Process

In 2004, the City completed a budget shaped by new fiscal policies that were developed by Council and administration over the past two years. The budget process is much stronger with Council direction through fiscal policies, budget guiding principles, the Corporate Business Plan, and long term department plans.



2004 Organizational Chart



Report from the Chief Financial Officer

The City of St. Albert is pleased to present the 2004 Annual Financial Report containing the audited 2004 consolidated financial statements. These financial statements meet the requirements of Section 276 of the Municipal Government Act and are consistent with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. These financial statements represent the consolidated operating and capital activities of the City of St. Albert, including Utilities, the Library, and the Arts and Heritage Foundation of St. Albert.

This report provides the reader with a clear insight of the financial results for the fiscal year ended December 31, 2004. The City of St. Albert has made every effort to ensure this document presents a fair accounting of the financial position of the Municipality and that financial resources that are entrusted to the City of St. Albert are managed well. The report is divided into three sections:

- Introductory Section – provides an overview of the political, economic and administrative context within which the Municipality operates.
- Financial Section – presents the Auditors' Report, consolidated financial statements and supporting statements and schedules prepared on a comparative basis.
- Statistical Section – presents a variety of relevant financial information on a five-year comparative basis.

The City of St. Albert received the Canadian Award for Financial Reporting for the 2003 Annual Financial Report. We believe the 2004 report also conforms to the program requirements for the Canadian Award for Financial Reporting. For the fifth consecutive year, we will be submitting this report to the Government Finance Officers Association. In order to qualify, the municipality must publish an easily readable and efficiently organized Annual Financial Report that conforms to program standards beyond the minimum requirements of applicable Canadian generally accepted accounting principles. Such a report should clearly communicate the municipality's financial position, enhance an understanding of financial reporting, and address user needs.

Financial Management and Control

The City of St. Albert's management is responsible for the preparation and presentation of the financial statements and related information in the Annual Financial Report. The accounting firm of Grant Thornton LLP has been appointed by City Council to report directly on the results of their external audit. City Council has approved the budget presented in the financial statements, which is a result of ongoing corporate business planning. In addition, the City of St. Albert reports to City Council and the public on a quarterly basis with comparisons of actual spending to budget, along with other relevant financial information.

Certain financial information is prepared using estimates and judgements that have been based on careful assessment of data through the City's management information systems. We maintain a system of internal controls to provide reasonable assurance as to the fairness and reliability of that information and data. These control systems are regularly reviewed and enhanced as required to ensure the production of timely, accurate and complete financial information to protect and safeguard City assets.



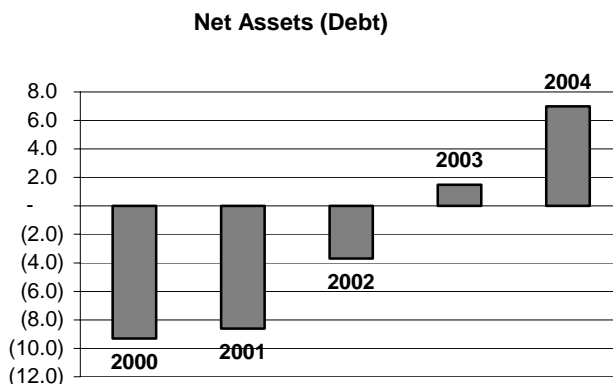
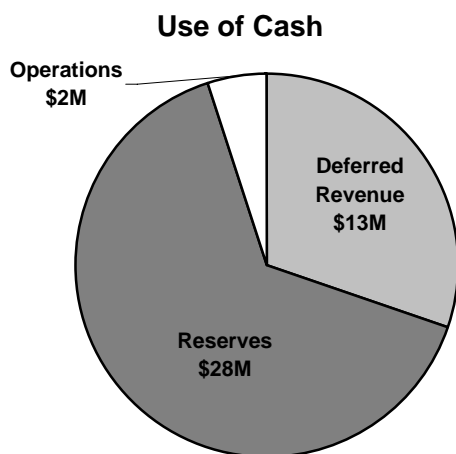
Financial Position

A key financial indicator for municipalities is net assets (net debt). This indicator gives a measure of the overall financial health of a municipality.

The financial health of the City of St. Albert has been steadily improving. Until 2003 the City had net debt, indicating that, overall, the City had acquired assets using future revenues. In 2004, the City has net assets of \$7 million indicating that existing revenues are available to fund future expenditures. Like many municipalities, the City of St. Albert needs to maintain a strong net asset position to fund infrastructure needs.

Following are the significant changes from the previous year as shown on the Statement of Financial Position. At year end, the City held cash and temporary investments of \$43 million which are comprised of \$13 million for deferred revenue, \$28 million for reserves and \$2 million for operations.

Trade and other receivables are \$700,000 higher than the previous year due to utility and GST balances. Long Term Investments decreased by \$500,000, as one of the City's bond investments matured in 2004. Capital assets increased by \$12.6 million including \$8.7 million of engineering structures and \$2.3 million on the MPLC.



The balance of accounts payable increased \$5 million from the previous year due to the accrual of some large amounts: West Regional Road - \$2 million; MPLC - \$1.1 million; and the full accrual of salaries and wages - \$650,000. Long term debt decreased due to \$4 million of debt payments. The capital fund deficiency of \$2.8 million represents capital costs to be financed in 2005 - the largest amount was \$2.3 million of MPLC construction costs which will be financed by external borrowing in June 2005. Reserves increased by \$4.3 million with most of the increase going to utilities, transportation and land development reserves.

Accounting Changes

Changes in accounting were made to better comply with generally accepted accounting principles. As disclosed in detail in Note 16, the City has restated certain financial figures from previous years.

- Permanent area charges are recognized as revenue when they are received and then transferred to reserves. Previously, permanent area charges were recorded as deposits until the City incurred the related costs.

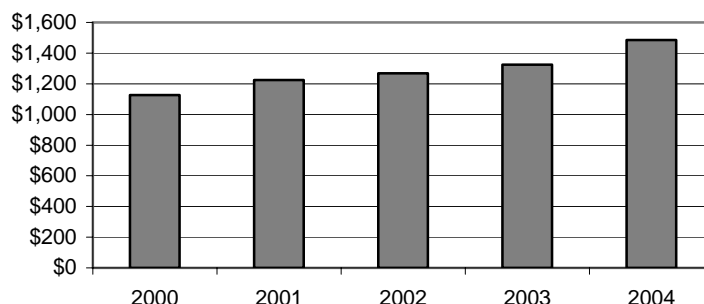


- In 1992, the City borrowed \$2.9 million to contribute to the construction of the Sturgeon Hospital. The recovery of this amount was previously recorded as an asset in accordance with industry standards. In 2004, this policy was changed to conform with generally accepted accounting principles and the requisition amount has been removed from the asset side of the Statement of Financial Position.
- The financial position and activities of the Arts and Heritage Foundation have been consolidated with the City's. The City's financial statements must include those major outside agencies over which the City exercises a significant amount of control.

Financial Activities

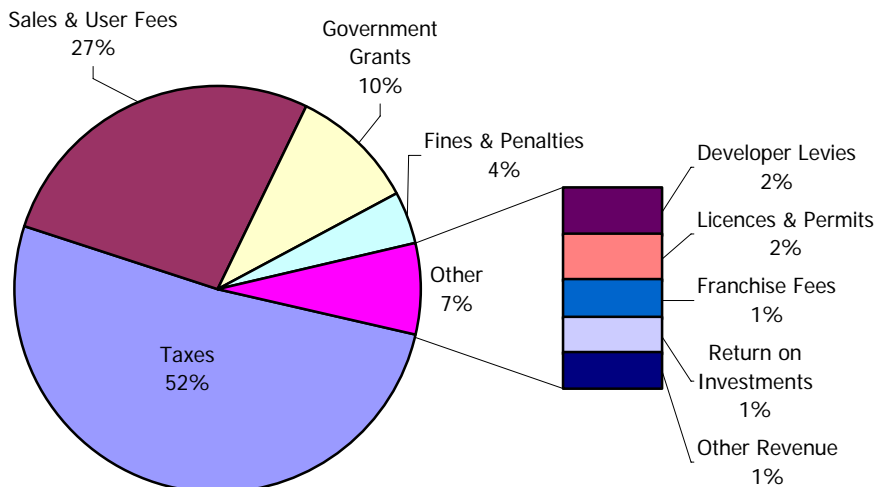
The Statement of Financial Activities shows revenues of \$81 million, expenditures of \$75.5 million, and debt payments of \$3.8 million.

Revenue Per Capita

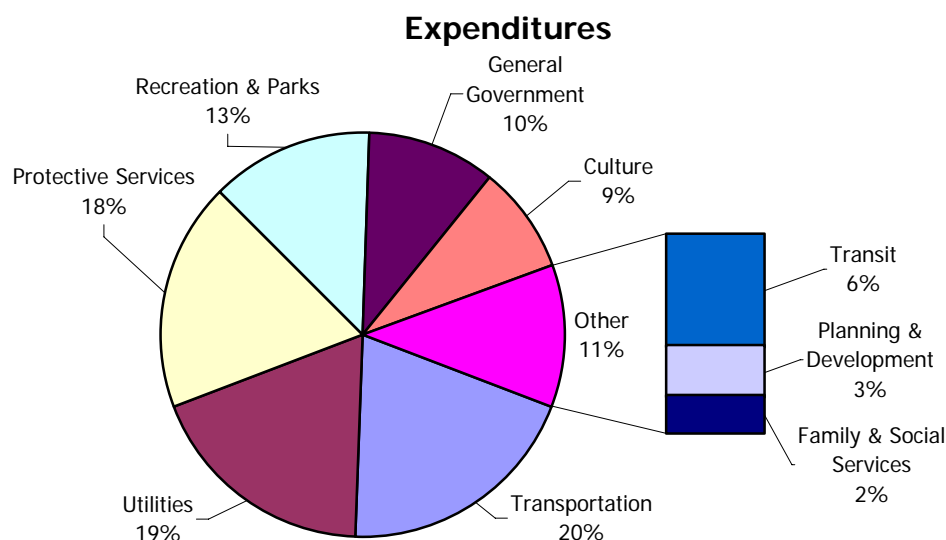


Revenue increased by \$8.8 million from 2003 and includes the following increases: taxes - \$3.6 million; utility charges - \$1 million; police grant - \$560,000 and provincial capital grants - \$3.4 million. The provincial capital grants were used to fund several road construction costs including \$2 million for the West Regional Road.

Revenues



The expenditure increase from 2003 (\$8.3 million) is made up of a \$4.3 million increase in operations and \$4 million in capital. The increase of 7.5% in the cost of operations is due to various cost pressures such as salaries, contracts, utilities, and insurance. Additional capital spending was on the West Regional Road, other road projects and the MPLC.



Municipal Operating Budget

The 2004 net municipal operations were \$407,000 under budget. Of this amount, \$358,000 was allocated to complete 2004 projects and the balance was transferred to the Stabilization Reserve. Following are the significant variances from budget.

Significant Favourable Variances

• Increased police grant	\$	561,000	
• GST rebate		296,000	
• Deferred capital financing		413,000	
• Vacant RCMP positions		209,000	
• Mosquito, tourism and STEP grants		154,000	
• Property taxes		328,000	
• Gas franchise fee		118,000	
• Unused contingency funds		135,000	
• Other		80,000	
		<u>80,000</u>	\$ 2,294,000

Significant Unfavourable Variances

• Increased funding of transit reserve	680,000	
• Wage accruals & additional casual staff	560,000	
• Lower recreation revenues	243,000	
• Insurance premiums	166,000	
• Pension contributions	238,000	
	<u>238,000</u>	<u>1,887,000</u>
		\$ <u>407,000</u>



Utility Operating Budget

The 2004 net utility operations were \$39,000 under budget. This amount was transferred to the Utilities Reserve. Following are the significant variances from budget.

Significant Favourable Variances

• Wages	\$	118,000	
• Less water purchased/wastewater treated		626,000	
• Higher storm & waste revenue		131,000	
• Equipment Charges		102,000	
• Other		<u>95,000</u>	\$ 1,072,000

Significant Unfavourable Variances

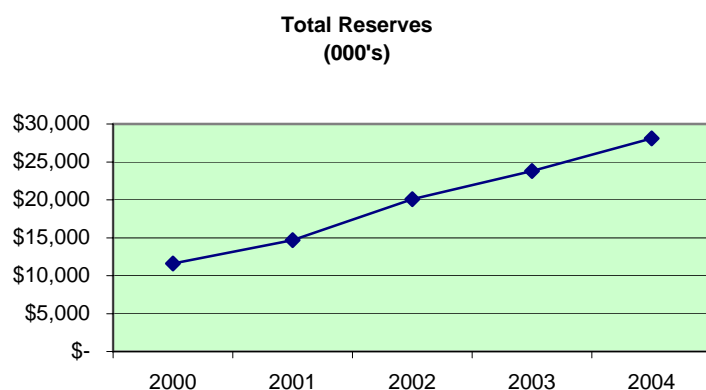
• Lower revenue (consumption)	984,000	
• Other revenue	<u>49,000</u>	<u>1,033,000</u>
		\$ <u><u>39,000</u></u>

Capital Budget

As indicated in Note 12 to the financial statements, the City's capital budget is project specific. Actual revenues and expenditures are recorded in the year the project was started and subsequent years if the project extends into more than one year. This can result in large variances due to the budget representing only 2004 projects, while the actual costs for capital are for projects originally budgeted in 2003, 2002, and earlier years.

Reserves

Reserves are one of the tools used by local governments to set aside funds to replace existing capital, provide for emergent needs, stabilize tax rates, and fund future capital projects to reduce the reliance on debt financing. When reviewing a local government's financial position, the level of reserves is often confused with the financial health of the municipality. In fact, when used to effectively manage the municipality's funding needs, reserve balances may increase for a time and then decrease significantly to address planned capital requirements.



Council's fiscal policy, funding for reserves has been a priority and in 2004 balances have increased to \$28 million.



Another initiative identified in the City's fiscal reform strategy was to develop 10-year plans for each reserve in order to improve the accountability, planning and management of these reserves. The benefits associated with this strategy include improved accountability (i.e. reporting) and monitoring, consolidated management of the reserves throughout the organization, improved planning by incorporating a multi-year focus, and improved cash management by identifying cash flows which will assist in potential longer-term investment opportunities and internal financing capacity.

Investments

The investment policy for the City of St. Albert has as its prime objective the safety and preservation of the principal invested. The policy ensures conformity to the types of investments permitted under the Municipal Government Act. A report of the investment portfolio for the City is presented to Council on a quarterly basis to ensure adherence of the nature and diversification of the portfolio to the investment policy. The City's short-term investments earn 2.5% to 2.85%. Long-term investments have yields ranging from 9.25% to 11.25% and mature in periods ranging from 2005 to 2007.

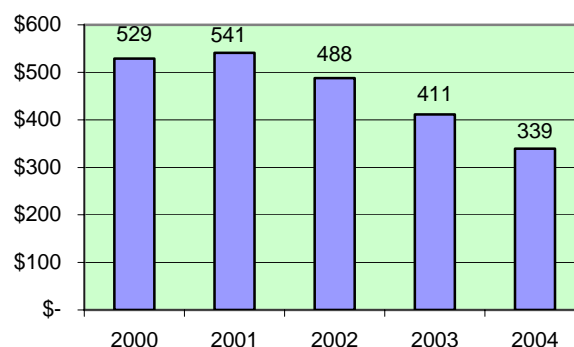
Debt

The City's debt management policy has the prime objective of a strong financial position for the City as well as limiting the impact debt charges will have on future tax rates. Debt per capita has been on a general decline since 1998 due to less of a reliance on debt.

Council's debt policy emphasizes Pay-As-You Go as the preferred financing option, followed by internal financing, and finally external debt financing. External borrowing terms are to be limited to a maximum of 15 years, with the exception of major capital projects that may require a longer term of up to 25 years.

In 2004, Council approved two major capital projects, the West Regional Road and the Multipurpose Leisure Centre. These two projects alone, due to their significance, resulted in approval of 20-year external borrowings and will increase the City's debt by \$22 million and \$38 million respectively. Funds for these projects will be drawn as required over the term of financing. Expected interest rates for 20-year borrowings are approximately 5%. While the two major projects approved in 2004 are significant, the City will remain within the debt limits established through City policy and as set out by the Province.

Debt Per Capita



Funding Infrastructure Needs

Every municipality strives for sustainability and a major consideration in this fiscal responsibility and governance issue is related to the successful management of the infrastructure. With the capital funding gap that the City is currently facing, a study was undertaken to determine the City's infrastructure requirements over the next 25 years. The purpose of this study was to position the City to create strategies to meet the funding shortfall. Virtually every municipality in Canada is experiencing a capital financial resource gap that exceeds most municipality's capability to undertake the required life-cycle needs of their infrastructure. Although St. Albert is a



community with a relatively young infrastructure, without long-term strategies to address this problem, it could find itself with an unmanageable financial gap that may be impossible to bridge. To date the study has identified in excess of \$1 billion of infrastructure funding required to meet these needs (i.e. deferred capital, lifecycle and growth). The issue of a potential funding gap is not specifically identified in the Audited Financial Statements, however the City of St. Albert has taken a major step in beginning to quantify the specific issues surrounding this management responsibility; and, undoubtedly, the information from this study will be the basis of long-term financial plans, three-year business plans and annual budgets.

The Future

Enhanced work on the City's Corporate Business Plan and a continued focus on our fiscal reform strategy to improve the financial accountability of the City continues into 2005 and beyond. The development of a corporate consolidated long-term financial plan through individual departmental long term financial plans continues and will incorporate any funding gaps identified through the inventory and assessment study of all City infrastructure.

St. Albert, with its large residential tax base, also faces issues with regard to its ability to generate sufficient revenues within the limited sources available. In coordination with other municipalities, the City is working with Federal and Provincial levels of government regarding funding to address civic infrastructure and operating challenges.

This report and the continued success in meeting the challenges of a growing community are made possible through the continuing efforts of all City staff and appreciation is extended to all departments for their ongoing cooperation and assistance.



Glen Jarbeau, CA
Chief Financial Officer
April 12, 2005



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 City of St. Albert 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 publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments, and address user needs.

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



Canadian Award for Financial Reporting

Presented to

The City of St. Albert,
Alberta

For its Annual
Financial Report
for the Year Ended
December 31, 2003

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

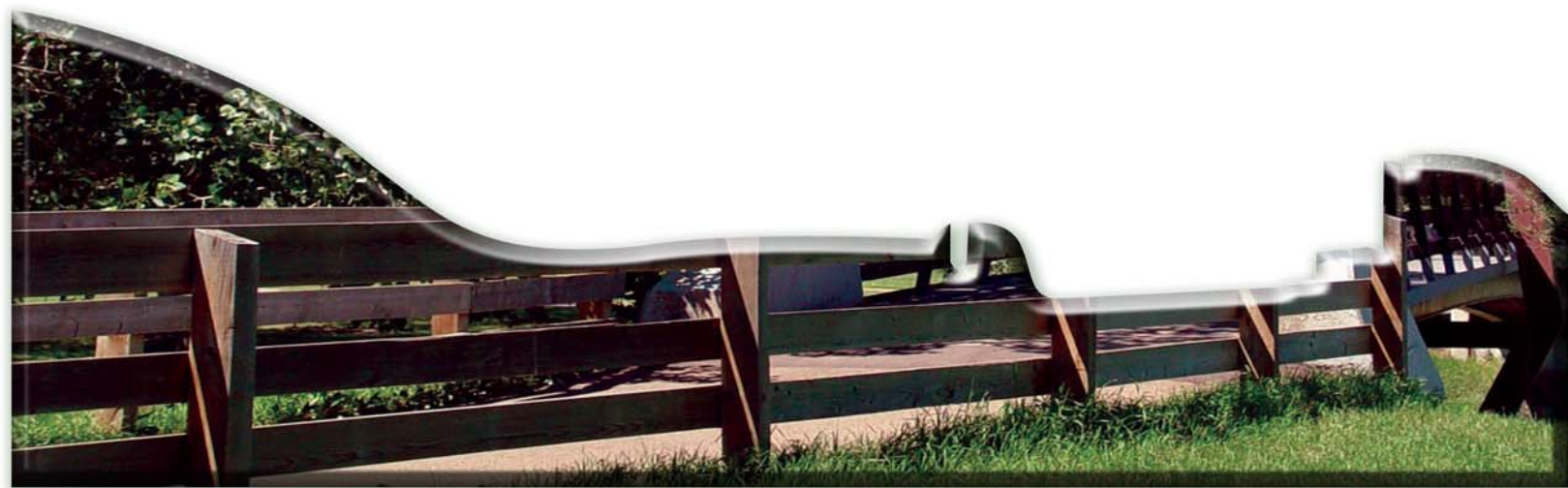


Nancy L. Zielke
President

Jeffrey L. Esler
Executive Director



FINANCIAL SECTION 2004



Management's Report

The management of the City of St. Albert is responsible for the integrity of the accompanying consolidated financial statements and all other information within this Annual Report. The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The preparation of the consolidated financial statements necessarily includes some amounts which are based on the best estimates in judgments of management.

To assist in meeting its responsibility, management maintains accounting, budget, and other financial controls. These controls provide reasonable assurance that transactions are appropriately authorized and accurately recorded, that assets are properly accounted for and safeguarded, in order that the integrity of financial records is maintained.

The consolidated financial statements have been audited by the independent firm of Grant Thornton LLP, Chartered Accountants. Their report to the Mayor and City Council, stating the scope of their examination and opinion on the consolidated financial statements, follows.



Bill Holtby
City Manager



Glen Jarbeau, CA
Chief Financial Officer

Auditors' Report

To the Mayor and Members of Council of the City of St. Albert:

We have audited the Consolidated Statement of Financial Position of the City of St. Albert as at December 31, 2004, and 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 consolidated financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these consolidated 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 City of St. Albert as at December 31, 2004, and the results of its financial activities and changes in financial position for the year then ended in accordance with the disclosed basis of accounting as described in Note 1.

Edmonton, Canada
March 15, 2005



Chartered Accountants



**THE CITY OF ST. ALBERT
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2004
(000'S)**

ASSETS		
	<u>2004</u>	<u>2003</u> (Note 16)
Financial Assets		
Cash and Temporary Investments (Note 2)	\$ 43,395	\$ 37,178
Taxes Receivable	1,030	927
Trade and Other Receivables	5,132	4,404
Land Held for Resale	1,426	1,751
Investments (Note 3)	1,500	2,000
Prepaid Expenses	<u>142</u>	<u>1512</u>
	<u>52,625</u>	<u>46,411</u>
Physical Assets		
Inventories of Materials and Supplies	768	755
Capital Assets (Note 4)	<u>260,022</u>	<u>247,406</u>
	<u>260,790</u>	<u>248,161</u>
Total Assets	\$ <u>313,415</u>	\$ <u>294,572</u>
LIABILITIES AND MUNICIPAL EQUITY		
Liabilities		
Accounts Payable and Accrued Liabilities	\$ 14,006	\$ 8,856
Deferred Revenue (Note 5)	13,161	13,665
Long Term Debt (Note 6)	<u>18,495</u>	<u>22,437</u>
	<u>45,662</u>	<u>44,958</u>
Municipal Equity		
Fund Balances		
Operating Fund (Schedule 1)	63	70
Capital Fund (Schedule 2) (Note 7)	(2,874)	(416)
Reserve Fund (Schedule 3)	<u>28,104</u>	<u>23,799</u>
Total Fund Balances	25,293	23,453
Equity in Capital Assets (Schedule 4)	<u>242,460</u>	<u>226,161</u>
	<u>267,753</u>	<u>249,614</u>
Total Liabilities and Municipal Equity	\$ <u>313,415</u>	\$ <u>294,572</u>
Contingencies (Note 8)		

Approved By:

Mayor

City Manager



**THE CITY OF ST. ALBERT
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
AND CHANGE IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2004
(000'S)**

	<u>2004</u>	<u>Budget 2004 (Note 12)</u>	<u>2003 (Note 16)</u>
Revenue			
Taxes Available for Municipal Purposes (Schedule 5)	\$ 41,638	\$ 41,507	\$ 38,041
Sales and User Fees (Schedule 7)	22,061	22,218	21,073
Government Grants (Schedule 8)	8,229	12,016	4,190
Fines and Penalties	3,182	3,172	2,757
Developer Contributions and Levies	1,449	-	1,882
Licenses and Permits	1,334	1,290	1,265
Franchise Fees	1,133	1,015	1,169
Return on Investments	1,034	441	1,123
Other Revenue	<u>1,014</u>	<u>507</u>	<u>761</u>
Total Revenue	<u>81,074</u>	<u>82,166</u>	<u>72,261</u>
Expenditures (Schedule 6)			
Transportation and Roadway Services	14,818	21,823	10,316
Utility Services	14,224	21,592	11,295
Protective Services	13,715	14,052	12,999
Recreation and Parks	9,848	9,475	9,258
General Government Services	7,864	8,083	8,960
Cultural Services	6,467	6,172	6,163
Transit Services	4,898	5,564	4,980
Planning and Development Services	2,157	1,632	1,651
Family and Social Services	<u>1,560</u>	<u>1,610</u>	<u>1,582</u>
Total Expenditures	<u>75,551</u>	<u>90,003</u>	<u>67,204</u>
Excess (Deficiency) of Revenue Over Expenditures	5,523	(7,837)	5,057
Add: Long Term Debt Issued	111	4,687	1,054
Deduct: Repayment of Long Term Debt	<u>(3,794)</u>	<u>(4,147)</u>	<u>(4,256)</u>
Change in Fund Balances	\$ <u>1,840</u>	\$ (<u>7,297</u>)	\$ <u>1,855</u>
Change in Fund Balances Represented By:			
Operating Fund (Schedule 1)	\$ (7)	\$ -	\$ (2,066)
Capital Fund (Schedule 2)	(2,458)	-	241
Reserve Fund (Schedule 3)	<u>4,305</u>	<u>(7,297)</u>	<u>3,680</u>
	\$ <u>1,840</u>	\$ (<u>7,297</u>)	\$ <u>1,855</u>



**THE CITY OF ST. ALBERT
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2004
(000'S)**

	<u>2004</u>	<u>2003</u> (Note 16)
Cash Provided by:		
Operating Activities		
Excess of Revenue Over Expenditures	\$ 5,523	\$ 5,057
Net Changes in Non-Cash Items:		
Taxes Receivable	(103)	(27)
Trade and Other Receivables	(728)	15
Land Held for Resale	325	150
Prepaid Expenses	9	(23)
Inventories of Materials and Supplies	(13)	37
Accounts Payable and Accrued Liabilities	5,150	634
Deferred Revenue	(504)	3,697
Net Cash Provided by Operating Activities	<u>9,659</u>	<u>9,540</u>
Investing		
Investments	<u>500</u>	<u>1,035</u>
Financing		
Long Term Debt Issued	111	1,054
Repayment of Long Term Debt	(4,053)	(4,493)
Net Cash Used in Financing Activities	<u>(3,942)</u>	<u>(3,439)</u>
CHANGE IN CASH AND TEMPORARY INVESTMENTS DURING YEAR	6,217	7,136
Cash and Temporary Investments at Beginning of Year	<u>37,178</u>	<u>30,042</u>
CASH AND TEMPORARY INVESTMENTS AT END OF YEAR	\$ <u>43,395</u>	\$ <u>37,178</u>



**THE CITY OF ST. ALBERT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004
(000'S)**

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the City of St. Albert are the representations of management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The consolidated financial statements have, in management's opinion, been properly prepared within the framework of the accounting policies summarized below:

a) *Reporting Entity*

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances, and changes in financial position of the reporting entity. The entity is comprised of the organizations that are owned or controlled by the municipality and are, therefore, accountable to the Council for the administration of their financial affairs and resources. In addition to the City's municipal government operations, they include the City of St. Albert Public Library, the Arts & Heritage Foundation of St. Albert and utility operations. Interdepartmental and organizational transactions and balances are eliminated.

b) *Use of Estimates*

The precise determination of many assets and liabilities is dependent on future events. As a result, the preparation of consolidated financial statements for a period involves the use of estimates and approximations that have been made using careful judgement. Actual results could differ from those estimates and approximations.

c) *Basis of Accounting*

The City organizes and operates its accounting system to segregate programs which reflect the net costs of carrying on a specific activity. These programs are organized and operate as separate accountable entities of the City. Revenue, which is not directly related to any specific program, is reflected in General Municipal Revenue.

i) Revenue

Revenue is accounted for in the period in which the transactions or events occurred that gave rise to the revenue. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

ii) Expenditures

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

d) *Fund Accounting*

Municipal funds consist of the operating, capital, and reserve funds. Transfers between funds are recorded as adjustments to the appropriate equity account.

i) Operating Fund

Operating fund represents the amounts available to offset future operational revenue requirements.



**THE CITY OF ST. ALBERT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004
(000'S)**

- ii) Capital Fund

Capital fund represents the amounts available to finance (or the shortfall in financing available for) capital projects.
- iii) 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 from the reserve fund are reflected as an adjustment to the respective fund.
- iv) Equity in Capital Assets

Equity in capital assets represents the City's net investment in its capital assets after deducting the portion financed by third parties through debenture, long-term capital borrowings, capital leases, and other capital liabilities which will be repaid by the City.
- e) ***Government Grants***

Government grants are recognized in the financial statements in the period that the events giving rise to the grants occurred, providing the grants are authorized, the municipality has met any eligible criteria, and reasonable estimates of the amounts can be made.
- f) ***Land Held For Resale***

Land held for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for land acquisition and improvements to prepare the land for sale or servicing.
- g) ***Pension Expenditures***

Contributions for current and past service pension benefits are recorded as expenditures in the year in which they become due.
- h) ***Over and Under Levies***

Over and under levies arise from the difference between the actual 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. In situations where the actual levy is less than the requisition amount, the under levy is accrued as a receivable.
- i) ***Inventories of Materials and Supplies***

Inventories of materials and supplies consist mainly of parts and road maintenance materials and are valued at the lower of cost and net realizable value.
- j) ***Investments***

Investments are stated at the lower of cost and net realizable value. It is estimated that fair value approximates cost.



**THE CITY OF ST. ALBERT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004
(000'S)**

k) Capital Assets

Capital assets are reported as expenditures in the period they are acquired. Capital assets are capitalized in the capital fund at cost.

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

Funds for the acquisition of capital assets are provided primarily from current operations, reserves, government grants, and debentures. No depreciation is recorded on capital assets.

2. CASH AND TEMPORARY INVESTMENTS

	<u>2004</u>	<u>2003</u> (Note 16)
Cash	\$ 2,478	\$ 2,513
Temporary Investments	<u>40,917</u>	<u>34,665</u>
	<u>\$ 43,395</u>	<u>\$ 37,178</u>

Temporary Investments are comprised of Short Term Deposits, Banker's Acceptances, Commercial Papers and Guaranteed Notes having yields ranging from 2.5% to 2.85%.

3. INVESTMENTS

Investments consist of City of Edmonton bonds having yields ranging from 9.25% to 11.25% and maturing in periods ranging from 2005 to 2007.

4. CAPITAL ASSETS

	<u>2004</u>	<u>2003</u> (Note 16)
Land for Own Use	\$ 7,911	\$ 7,168
Buildings	66,045	64,126
Engineering Structures	151,654	142,915
Machinery and Equipment	15,649	14,808
Vehicles	<u>18,763</u>	<u>18,389</u>
	<u>\$ 260,022</u>	<u>\$ 247,406</u>



**THE CITY OF ST. ALBERT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004
(000'S)**

5. DEFERRED REVENUE

Included in deferred revenue are the below noted funds, the use of which, together with any earnings thereon, is restricted by agreement. These funds are recognized as revenue in the period they are used for the purpose specified:

	<u>2004</u>	<u>2003</u> (Note 16)
Basic Capital Grant	\$ 10,098	\$ 10,771
Infrastructure Canada – Alberta Program (ICAP)	1,594	1,796
Other	<u>1,469</u>	<u>1,098</u>
	<u>\$ 13,161</u>	<u>\$ 13,665</u>

Under the funding agreements with the Province and/or Federal Government, the use of these funds is restricted to eligible expenditures on capital projects as approved by the governments.

Unexpended funds for capital transportation projects are supported by short term investments of \$12,182 (2003 - \$11,016) held exclusively for funding these projects.

6. LONG TERM DEBT

Long term debt consists of debenture debt and obligations under capital lease comprised as follows:

	<u>2004</u>	<u>2003</u>
Debenture Debt	\$ 18,272	\$ 22,135
Obligations under Capital Lease	<u>223</u>	<u>302</u>
	<u>\$ 18,495</u>	<u>\$ 22,437</u>

a) Debenture Debt

Debenture debt interest payments are recorded as expenditures in the Consolidated Statement of Financial Activities and Change in Fund Balances. Principal repayments on debenture debt, pertaining to capital assets, are added to equity in capital assets in the year of repayment.

	<u>2004</u>	<u>2003</u>
Municipal Tax Supported Debentures	\$ 17,676	\$ 21,024
Local Improvement Supported Debentures	366	582
Utility Rate Supported Debentures	<u>230</u>	<u>529</u>
	<u>\$ 18,272</u>	<u>\$ 22,135</u>

Debentures are held by the Alberta Capital Finance Authority. The debentures are payable in annual amounts and mature in periods ranging from 2005 to 2013.



**THE CITY OF ST. ALBERT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004
(000'S)**

Debenture principal and interest amounts due in each of the next five years are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 3,747	\$ 1,526	\$ 5,273
2006	3,235	1,194	4,429
2007	3,086	884	3,970
2008	1,980	598	2,578
2009	1,740	441	2,181

Debenture interest is payable, before Provincial subsidy, at rates ranging from 4.00% to 12.00% per annum. Total interest paid during the year amounted to \$1,877 (2003 - \$2,219).

The Province of Alberta currently provides an interest subsidy in the form of an interest subsidization grant on debenture issues. Subsidies are expected to continue for the full duration of all debt issued prior to March 31, 1982, as follows:

Period of Debenture Issue	Maximum Interest Rate Payable After Provincial Subsidy
January 1, 1974 - March 31, 1980	9.6%
April 1, 1980 - March 26, 1981	10.4%
March 27, 1981 - March 31, 1982	11.6%

b) *Obligations Under Capital Lease*

Capital lease interest payments are recorded as expenditures in the Consolidated Statement of Financial Activities and Change in Fund Balances. Principal repayments on obligations under capital lease are recorded as a reduction in the obligation.

	<u>2004</u>	<u>2003</u>
Total Long Term Capital Leases	\$ 223	\$ 302
Less: Principal Portion Due Within One Year	(188)	(151)
Long Term Portion	\$ 35	\$ 151

Capital leases have been issued on the credit and security of the City of St. Albert at large. The capital leases bear interest at 0.2% and mature in 2005 and 2006.

The fair value of the long-term capital leases approximate the book value of the long-term capital leases.

Lease principal and interest payments are due as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 188	\$ 1	\$ 189
2006	35	-	35



**THE CITY OF ST. ALBERT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004
(000'S)**

c) Debt Limits

Provincial legislation requires that debt and debt limits as defined in Alberta Regulation 255/2000 for the City of St. Albert be disclosed as follows:

	<u>2004</u>	<u>2003</u>
Maximum Allowable Debt	\$ 114,006	\$ 105,938
Total Debt and Loans	\$ 18,272	\$ 22,135
Percentage Used (%)	16	21
Maximum Allowable Debt Service	\$ 19,001	\$ 17,656
Annual Payments on Existing Debt	\$ 5,273	\$ 5,740
Percentage Used	28	33

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/2000) 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 a conservative guideline 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.

7. CAPITAL FUND

The Capital Fund balance is comprised of the following:

	<u>2004</u>	<u>2003</u>
Financing Available		
Fountain Park Recreation Centre Air Handling System	\$ 163	\$ -
Grosvenor Pool and Grandin Clubhouse Upgrade	122	138
Information Technology Strategic Plan	-	306
Multipurpose Leisure Centre	-	106
West Boundary Arterial Preliminary Design	-	91
Hogan Road Reconstruction	-	61
Other Capital Projects	<u>249</u>	<u>308</u>
	<u>534</u>	<u>1,010</u>
Amounts to be Financed		
Multipurpose Leisure Centre	(2,289)	-
West Regional Road	(381)	-
Bridge Rehabilitation – Boudreau Road	(198)	-
Sturgeon Road – Boudreau Road – Burnham East Rehabilitation	(176)	-
Leddy Avenue – Larose to Dawson Reconstruction	(63)	-
Akinsdale – Kinex Arena Rehabilitation	-	(1,138)
Delaney Place Rehabilitation	-	(71)
Sidewalk Installations – Bellerose/Dawson/Inglewood	-	(67)
Other Capital Projects	<u>(301)</u>	<u>(150)</u>
	<u>(3,408)</u>	<u>(1,426)</u>
	\$ (<u>2,874</u>)	\$ (<u>416</u>)



**THE CITY OF ST. ALBERT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004
(000'S)**

8. CONTINGENCIES

a) *Insurance Agreement*

The City of St. Albert is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the City 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.

b) *Legal Claims*

As at December 31, 2004, the City was involved in various legal disputes. While it is not possible to estimate the outcome of these disputes, it is believed that there will be no adverse effect on the financial position of the City of St. Albert.

c) *Landfill Closure and Post-Closure Liability*

Alberta environmental law requires closure and post-closure care of landfill sites, which includes final covering and landscaping, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspections and maintenance.

Currently, the City is continuing with its leachate monitoring program in Riel Business Park including the submission of reports to Environment Canada. The groundwater component of this enhanced leachate monitoring commenced in June 2004. The next phase of the program will be to identify site management alternatives. Compliance with environmental laws and regulations could require significant expenditures which cannot be reasonably estimated at this time. However, once costs have been determined, any liability will be accounted for prospectively in the City's financial statements.

9. PENSION PLANS

a) *Local Authorities Pension Plan*

Approximately 423 (2003 - 393) employees of the City of St. Albert participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The plan is financed by employer and employee contributions and investment earnings of the LAPP Fund.

The City of St. Albert is required to make current service contributions to the Plan of 6.602% (2003 - 5.525%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 8.477% (2003 - 7.4%) on pensionable earnings above this amount. Employees of the City of St. Albert are required to make current service contributions of 5.602% (2003 - 4.525%) of pensionable salary up to the year's maximum pensionable salary and 7.477% (2003 - 6.4%) on pensionable salary above this amount.

Total contributions by the City of St. Albert to the Local Authorities Pension Plan in 2004 was \$1,421 (2003 - \$1,127). Total contributions by the employees of the City of St. Albert to the Local Authorities Pension Plan in 2004 was \$1,224 (2003 - \$938).

At December 31, 2004, the plan reported the value of its' net assets at \$10.8 billion (2003 - \$9.6 billion) and disclosed an actuarial deficiency of \$1.3 billion (2003 - deficiency of \$1.4 billion). Effective January 1, 2005, members' and employers' contribution rates will increase by approximately 13% (2003 - 22%) in order to partially offset this deficiency.



**THE CITY OF ST. ALBERT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004
(000'S)**

b) APEX*

The APEX supplementary pension plan, an Alberta Urban Municipality Association (AUMA) sponsored defined benefit pension plan covered under the provisions of the Alberta Employment Pension Plans Act, commenced on January 1, 2003, and provides supplementary pension benefits to a prescribed class of employees (approximately 18 (2003 – 14) beneficiaries). The plan supplements the Local Authorities Pension Plan.

Contributions are made by the prescribed class of employees and the City. Employees and the City are required to make current service contributions to APEX of 2.5% and 3% respectively of pensionable earnings up to \$92 (2003 - \$86).

Total current service contributions by the City to APEX in 2004 were \$46 (2003 – \$46). Total current service contributions by the employees of the City were \$38 (2003 – \$38).

The cost of post-retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of salary and benefit escalation and retirement ages of employees. The cost of post-retirement benefits are fully funded.

c) APEX PLUS*

APEX PLUS supplementary pension plan, an Alberta Urban Municipality Association (AUMA) sponsored defined benefit pension plan, commenced on January 1, 2003, and provides supplementary pension benefits to a prescribed class of employees (approximately 18 (2003 – 14) beneficiaries). APEX PLUS supplements APEX and LAPP and is a voluntary, non-contributory defined benefit pension plan.

The City is required to designate assets to APEX PLUS of 2% of pensionable earnings in excess of the maximum allowed by Canada Revenue Agency (2004 – \$92, 2003 – \$86).

The cost of post-retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of salary and benefit escalation and retirement ages of employees.

*As at December 31, 2004, neither the APEX nor APEX PLUS pension plans have vested with employees, as the plans require two years of service prior to vesting. The City has disclosed contributions to the APEX plan and designated assets towards the APEX PLUS plan in anticipation of the plans' vesting with employees beginning on January 1, 2005. At January 1, 2005, an actuarial valuation will be completed along with corresponding disclosure of designated assets.



THE CITY OF ST. ALBERT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004
(000'S)

10. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for the elected municipal officials, the chief administrative officer, and the designated officer as required by Alberta Regulation 313/2000 is as follows. This information is not presented in thousands of dollars.

	<u>Salaries (1)</u>	<u>Benefits & Allowances (2)</u>	<u>Total 2004</u>	<u>2003</u>
Mayor P. Chalifoux	\$ 11,298	\$ 897	\$ 12,195	\$ -
Mayor R. Plain	54,625	2,682	57,307	68,984
Councillor L. Bracko	20,529	530	21,059	21,027
Councillor C. Brown	3,486	284	3,770	-
Councillor J. Burrows	21,379	955	22,334	21,795
Councillor N. Crouse	3,786	288	4,074	-
Councillor L. Garritty	3,286	419	3,705	-
Councillor N. Korotash	19,879	660	20,539	20,445
Councillor L. Moffat	16,693	404	17,097	20,895
Councillor D. Ritzen	16,193	388	16,581	19,595
Councillor C. Stewart	16,193	388	16,581	20,395
Chief Administrative Officer	146,454	32,188	178,642	159,861
Designated Officer	87,954	20,329	108,283	98,168

(1) Salaries include regular base pay and per diems.

(2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including retirement pension, Canada Pension Plan, employee insurance, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships, and car allowances.

11. CAPITAL BUDGET

City Council has approved the 2005 Capital Budget totalling \$11,184 (2004 - \$27,369), of which \$217 (2004 - \$4,687) will be financed through debenture.

12. BUDGET FIGURES

The 2004 budget figures, which appear in these financial statements, have not been audited. Budgets established for the Capital Fund and related financing are calculated on a project oriented basis. As these transactions may be carried out over one or more years, they are not directly comparable with current year actual amounts.

13. FINANCIAL INSTRUMENTS

The City's financial instruments consist of cash and temporary investments, taxes receivable, trade and other receivables, investments, accounts payable and accrued liabilities, and long term debt. It is management's opinion that the City is not exposed to significant interest and currency risk arising from these financial instruments

a) Market Risk

The City is subject to market risk with its investments. The values of these financial instruments may fluctuate as a result of changes in market prices or factors affecting the net asset values of the underlying investments.



**THE CITY OF ST. ALBERT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004
(000'S)**

b) Credit Risk

The City is subject to credit risk with respect to taxes receivable and trade and other receivables. Credit risk arises from the possibility that the entities to which the City provides services may experience financial difficulty and be unable to fulfil their obligations. Before engaging in providing services to clients, the City performs a credit risk evaluation. The City's clients are numerous and diverse, which reduces the concentration of credit risk. However, the credit risk is increased due to the fact that all the City's clients are within a close geographical area. The City maintains provisions for potential credit losses, and any such losses to date have been within management's expectations.

c) Fair Value

Fair value of assets and liabilities approximate amounts at which these instruments could be exchanged in a transaction between knowledgeable and willing parties. The estimated fair values may differ in amount from that which could be realized in an immediate settlement of the instruments. It is management's opinion that the fair value of the financial instruments approximate their carrying value, unless otherwise noted. The fair value of the long term debt has not been calculated as the availability of this type of financing is limited to organizations who fall within Alberta Capital Finance Authority's guidelines.

14. COMPARATIVE FIGURES

Certain of the 2003 Financial Statement figures, presented for comparative purposes, have been reclassified to conform to current year Financial Statement presentation.

15. COMMITMENTS

The City has entered into an agreement with PCL Construction Management Inc. in the amount of \$38,177 for the construction of the Multipurpose Leisure Centre. The total cost of the project is \$42,755 and the Centre is scheduled to open to the public in the Fall of 2006.

16. PRIOR PERIOD ADJUSTMENTS

a) Permanent Area Charges

Commencing on January 1, 2004, the City began recording permanent area charges as an addition to the General Transportation Reserve. Prior to 2004, the permanent area charges were recorded as deposit liabilities.

This change has been recorded retroactively and the previously reported 2003 Reserves and Accounts Payable and Accrued Liabilities balances on the Consolidated Statement of Financial Position have increased and decreased respectively by \$1,827.

In addition, the 2003 Developer Contributions and Levies and Return on Investments have been increased respectively by \$308 and \$52 on the Consolidated Statement of Financial Activities and Change in Fund Balances. As a result, the Excess of Revenue Over Expenditures and the Change in Fund Balance represented by Reserve Funds both increased by \$360.



**THE CITY OF ST. ALBERT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004
(000'S)**

b) Sturgeon Hospital Requisition

The Sturgeon Hospital Requisition, previously accounted for in Other Financial Assets, has been restated as a reduction in the Revolving Land Fund Reserve to more appropriately reflect its accounting treatment.

These changes have been applied retroactively and the previously reported 2003 Other Financial Assets and Reserve Fund balance on the Consolidated Statement of Financial Position have decreased by \$1,193.

In addition, the 2003 Repayment of Debenture Debt has decreased by \$237 on the Consolidated Statement of Financial Activities and Change in Fund Balances. As a result, the Change in Fund Balance represented by Reserve Funds increased by \$237.

c) Arts & Heritage Foundation of St. Albert

In 2004, the City reviewed its relationship with the Arts & Heritage Foundation of St. Albert. The City funds the majority of operations of the Foundation and, through this funding, is able to exercise a substantial amount of control over its operations. As a result, the City has consolidated the operations of the Foundation within its accounts, as recommended by the Public Sector Accounting Board of the Institute of Chartered Accountants.

This change has been applied retroactively, and the Consolidated Statement of Financial Position has been restated to include the Foundation's financial position. The previously reported 2003 Operating Fund Balance on the Consolidated Statement of Financial Position has been increased by \$63 to reflect the operating fund surplus associated with the Foundation. In addition, on the Consolidated Statement of Financial Activities and Change in Fund Balances the previously reported 2003 Change in Fund Balance represented by Reserve Funds increased by \$5 and the Change in Fund Balance represented by Operating Funds decreased by \$10.

The financial activities of the Arts & Heritage Foundation for 2003 and 2004 are disclosed in Schedule 11 to these consolidated financial statements.



SCHEDULES



THE CITY OF ST. ALBERT
SCHEDULE OF OPERATING FUND FINANCIAL ACTIVITIES
AND CHANGE IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2004
(000'S)

	<u>2004</u>	<u>Budget 2004 (Note 12)</u>	<u>2003 (Note 16)</u>
Revenue			
Taxes Available for Municipal Purposes (Schedule 5)	\$ 41,638	\$ 41,507	\$ 38,041
Sales and User Fees (Schedule 7)	22,061	22,218	21,073
Fines and Penalties	3,182	3,172	2,757
Government Grants (Schedule 8)	3,159	2,403	2,554
Licenses and Permits	1,334	1,290	1,265
Franchise Fees	1,133	1,015	1,169
Other Revenue	840	434	593
Return on Investments	<u>226</u>	<u>441</u>	<u>122</u>
Total Revenue	<u>73,573</u>	<u>72,480</u>	<u>67,574</u>
Expenditures			
Protective Services	13,612	13,784	12,841
Utility Services (Schedule 9)	12,003	13,100	10,652
Recreation and Parks	7,714	8,156	7,475
General Government Services	7,527	7,976	7,809
Transportation and Roadway Services	7,349	5,724	5,677
Cultural Services	6,146	6,080	6,043
Transit Services	4,671	4,575	4,192
Planning and Development Services	1,694	1,632	1,651
Family and Social Services	<u>1,560</u>	<u>1,610</u>	<u>1,582</u>
Total Expenditures	<u>62,276</u>	<u>62,637</u>	<u>57,922</u>
Excess of Revenue Over Expenditures	11,297	9,843	9,652
Net Interfund Transfers			
Transfer to Capital Fund	(8,022)	(5,997)	(7,087)
Transfer from (to) Reserve Fund	512	301	(375)
Repayment of Long Term Debt	<u>(3,794)</u>	<u>(4,147)</u>	<u>(4,256)</u>
Change in Fund Balance	(7)	-	(2,066)
Opening Balance	<u>70</u>	<u>-</u>	<u>2,136</u>
Closing Balance	<u>\$ 63</u>	<u>\$ -</u>	<u>\$ 70</u>
Closing Balance Represented By:			
Municipal Operations	\$ -	\$ -	\$ -
Utility Operations	-	-	-
Library	-	-	7
Arts & Heritage Foundation	<u>63</u>	<u>-</u>	<u>63</u>
	<u>\$ 63</u>	<u>\$ -</u>	<u>\$ 70</u>



**THE CITY OF ST. ALBERT
SCHEDULE OF CAPITAL FUND FINANCIAL ACTIVITIES
AND CHANGE IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2004
(000'S)**

	<u>2004</u>	<u>2003</u> (Note 16)
Revenue		
Government Grants (Schedule 8)	\$ 5,070	\$ 1,636
Developer Contributions and Levies	1,449	1,882
Return on Investments	808	1,001
Other Capital Revenue	<u>174</u>	<u>168</u>
Total Revenue	<u>7,501</u>	<u>4,687</u>
Expenditures		
Transportation and Roadway Services	7,469	4,639
Utility Services	2,221	643
Recreation and Parks	2,134	1,783
Planning and Development Services	463	-
General Government Services	337	1,151
Cultural Services	321	120
Transit Services	227	788
Protective Services	<u>103</u>	<u>158</u>
Total Expenditures	<u>13,275</u>	<u>9,282</u>
Deficiency of Revenue Over Expenditures	(5,774)	(4,595)
Net Interfund Transfers		
Transfer from Operating Fund	8,022	7,087
Transfer to Reserve Fund	(4,817)	(3,305)
Long Term Debt Issued	<u>111</u>	<u>1,054</u>
Change in Fund Balance	(2,458)	241
Opening Balance	(416)	(657)
Closing Balance (Note 7)	\$ (2,874)	\$ (416)



THE CITY OF ST. ALBERT
SCHEDULE OF RESERVE FUND
FOR THE YEAR ENDED DECEMBER 31, 2004
(000'S)

	<u>Balance Beginning of Year (Note 16)</u>	<u>Contributions</u>	<u>Reductions</u>	<u>Balance End of Year</u>
Operating Reserves				
General Government	\$ 2,648	\$ 865	\$ 1,478	\$ 2,035
Museum	65	9	-	74
Library	5	80	-	85
Arts & Heritage Foundation	<u>66</u>	<u>30</u>	<u>18</u>	<u>78</u>
	<u>2,784</u>	<u>984</u>	<u>1,496</u>	<u>2,272</u>
Capital Reserves				
General Government	11,764	7,669	3,828	15,605
Utilities	9,172	2,927	1,872	10,227
Library	<u>79</u>	<u>52</u>	<u>131</u>	<u>-</u>
	<u>21,015</u>	<u>10,648</u>	<u>5,831</u>	<u>25,832</u>
Reserve Fund Total	\$ <u>23,799</u>	\$ <u>11,632</u>	\$ <u>7,327</u>	\$ <u>28,104</u>



THE CITY OF ST. ALBERT
SCHEDULE OF EQUITY IN CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2004
(000'S)

	<u>2004</u>	<u>Budget 2004</u>	<u>2003 (Note 16)</u>
Acquisition of Capital Assets			
Transportation and Roadway Services	\$ 7,469	\$ 16,099	\$ 4,639
Utility Services	2,221	8,492	643
Recreation and Parks	2,134	1,319	1,783
Planning and Development Services	463	-	-
General Government Services	337	107	1,151
Cultural Services	321	92	120
Transit Services	227	989	788
Protective Services	<u>103</u>	<u>268</u>	<u>158</u>
	13,275	27,366	9,282
Disposal of Capital Assets (Cost)			
Transportation and Roadway Services	(512)	-	(115)
Transit Services	(147)	-	-
Cultural Services	<u>-</u>	<u>-</u>	<u>(31)</u>
Net Change in Capital Assets	12,616	27,366	9,136
Long Term Debt Issued	(111)	(4,687)	(1,054)
Repayment of Long Term Debt	<u>3,794</u>	<u>4,147</u>	<u>4,256</u>
Change in Equity Balance	16,299	26,826	12,338
Opening Balance	<u>226,161</u>	<u>226,072</u>	<u>213,823</u>
Closing Balance	\$ <u>242,460</u>	\$ <u>252,898</u>	\$ <u>226,161</u>



Schedule 5

THE CITY OF ST. ALBERT
SCHEDULE OF PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2004
(000'S)

	<u>2004</u>	<u>Budget 2004 (Note 12)</u>	<u>2003</u>
Taxation			
Real Property Taxes	\$ 59,066	\$ 58,818	\$ 53,954
Linear Property Taxes	1,062	1,062	1,054
Government Grants in Place of Property Taxes	762	803	760
Special Assessments and Local Improvement Taxes	<u>275</u>	<u>274</u>	<u>338</u>
	<u>61,165</u>	<u>60,957</u>	<u>56,106</u>
Requisitions			
Alberta School Foundation Fund	12,304	12,304	11,356
St. Albert Protestant Separate School District #6	6,649	6,649	6,248
Sturgeon Foundation Requisition	402	415	377
Other	<u>172</u>	<u>82</u>	<u>84</u>
	<u>19,527</u>	<u>19,450</u>	<u>18,065</u>
Taxes Available for Municipal Purposes	\$ <u><u>41,638</u></u>	\$ <u><u>41,507</u></u>	\$ <u><u>38,041</u></u>

Schedule 6

THE CITY OF ST. ALBERT
SCHEDULE OF CONSOLIDATED EXPENDITURES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2004
(000'S)

	<u>2004</u>	<u>2003 (Note 16)</u>
Expenditures		
Salaries, Wages, and Benefits	\$ 30,558	\$ 27,739
Capital Assets Acquired	13,275	9,282
Contracted and General Services	11,937	10,010
Purchases from Other Governments	9,601	9,207
Materials, Goods, and Utilities	7,402	7,787
Interest on Long Term Debt	1,704	2,055
Transfers to Individuals and Organizations	831	753
Other Expenditures	<u>243</u>	<u>371</u>
Total Expenditures	\$ <u><u>75,551</u></u>	\$ <u><u>67,204</u></u>



Schedule 7

**THE CITY OF ST. ALBERT
SCHEDULE OF CONSOLIDATED SALES AND USER FEES
FOR THE YEAR ENDED DECEMBER 31, 2004
(000'S)**

	<u>2004</u>	<u>2003</u> (Note 16)
Sales and User Fees		
Water Charges	\$ 5,716	\$ 5,487
Wastewater Charges	5,055	4,791
Solid Waste Charges	2,220	2,038
Transit Fares	2,131	1,987
Storm Sewer Charges	1,092	496
Admission Fees	1,088	1,064
Rentals	827	852
Lesson Fees	738	773
Sale of Land	614	1,141
Planning Fees	541	481
Ambulance Fees	503	494
Other	374	302
Recovered Costs	335	352
Sale of Goods	304	329
Library Fees	244	244
Tax Certificates and Inquiries	159	119
Emergency Response Fees	<u>120</u>	<u>123</u>
Total Sales and User Fees	\$ <u>22,061</u>	\$ <u>21,073</u>

Schedule 8

**THE CITY OF ST. ALBERT
SCHEDULE OF GOVERNMENT GRANTS
FOR THE YEAR ENDED DECEMBER 31, 2004
(000'S)**

	<u>2004</u>	<u>2003</u>
Operating Fund		
Federal Grants	\$ 106	\$ 111
Provincial Grants	<u>3,053</u>	<u>2,443</u>
	<u>3,159</u>	<u>2,554</u>
Capital Fund		
Federal Grants	301	267
Provincial Grants	<u>4,769</u>	<u>1,369</u>
	<u>5,070</u>	<u>1,636</u>
Total Government Grants	\$ <u>8,229</u>	\$ <u>4,190</u>



Schedule 9

THE CITY OF ST. ALBERT
SCHEDULE OF UTILITY OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2004
(000'S)

	<u>Water</u>	<u>Wastewater</u>	<u>Solid Waste</u>	<u>Storm Sewer</u>	<u>2004 Total</u>	<u>2003 Total</u>
Revenue						
Sales and User Fees	\$ 5,716	\$ 5,054	\$ 2,219	\$ 1,092	\$ 14,081	\$ 12,812
Other Revenue	70	39	-	131	240	302
Fines and Penalties	24	21	8	4	57	49
Government Grants	<u>7</u>	<u>2</u>	<u>-</u>	<u>4</u>	<u>13</u>	<u>20</u>
Total Revenue	<u>5,817</u>	<u>5,116</u>	<u>2,227</u>	<u>1,231</u>	<u>14,391</u>	<u>13,183</u>
Expenditures						
Purchases from Other Governments	2,732	2,867	-	-	5,599	5,284
Salaries, Wages, and Benefits	786	718	424	94	2,022	1,986
Contracted and General Services	718	824	1,379	273	3,194	1,934
Materials, Goods, and Utilities	431	129	11	25	596	789
Other Expenditures	131	153	173	21	478	483
Interest on Long Term Debt	<u>61</u>	<u>18</u>	<u>-</u>	<u>35</u>	<u>114</u>	<u>176</u>
Total Expenditures	<u>4,859</u>	<u>4,709</u>	<u>1,987</u>	<u>448</u>	<u>12,003</u>	<u>10,652</u>
Excess of Revenue Over Expenditures	958	407	240	783	2,388	2,531
Net Interfund Transfers						
Transfer from (to) Operations	72	-	-	-	72	(429)
Transfer to Capital	(719)	(354)	(240)	(652)	(1,965)	(3,438)
Transfer from Reserve Fund	-	-	-	-	-	6
Repayment of Long Term Debt	<u>(311)</u>	<u>(53)</u>	<u>-</u>	<u>(131)</u>	<u>(495)</u>	<u>(729)</u>
Change in Fund Balance	-	-	-	-	-	(2,059)
Opening Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,059</u>
Closing Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**THE CITY OF ST. ALBERT
ST. ALBERT PUBLIC LIBRARY
SCHEDULE OF FINANCIAL ACTIVITIES AND
CHANGE IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2004
(000'S)**

	<u>2004</u>	<u>2003</u>
Revenue		
Contributed from the City of St. Albert	\$ 1,687	\$ 1,510
Sales and User Fees	299	268
Government Grants	253	270
Donations	76	17
Other Revenue	<u>32</u>	<u>-</u>
Total Revenue	<u>2,347</u>	<u>2,065</u>
Expenditures		
Salaries, Wages, and Benefits	1,531	1,382
Materials, Goods, and Utilities	569	527
Capital Assets Acquired	140	-
Contracted and General Services	116	93
Other Expenditures	<u>6</u>	<u>2</u>
Total Expenditures	<u>2,362</u>	<u>2,004</u>
Change in Fund Balances	\$ (<u>15</u>)	\$ <u>61</u>
Represented By:		
Operating Fund	\$ (7)	\$ 4
Capital Fund	(9)	-
Reserve Fund	<u>1</u>	<u>57</u>
	\$ (<u>15</u>)	\$ <u>61</u>



**THE CITY OF ST. ALBERT
ARTS & HERITAGE FOUNDATION OF ST. ALBERT
SCHEDULE OF FINANCIAL ACTIVITIES AND
CHANGE IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2004
(000'S)**

	<u>2004</u>	<u>2003</u>
Revenue		
Contributed from the City of St. Albert	\$ 752	\$ 638
Other Revenue	249	155
Sales and User Fees	207	192
Donations	<u>30</u>	<u>22</u>
Total Revenue	<u>1,238</u>	<u>1,007</u>
Expenditures		
Salaries, Wages, and Benefits	812	646
Materials, Goods, and Utilities	187	116
Contracted and General Services	137	143
Other Expenditures	46	34
Capital Assets Acquired	<u>44</u>	<u>26</u>
Total Expenditures	<u>1,226</u>	<u>965</u>
Change in Fund Balances	\$ <u><u>12</u></u>	\$ <u><u>42</u></u>
Represented By:		
Operating Fund	\$ -	\$ (10)
Capital Fund	-	-
Reserve Fund	<u>12</u>	<u>52</u>
	\$ <u><u>12</u></u>	\$ <u><u>42</u></u>



STATISTICAL SECTION 2004



THE CITY OF ST. ALBERT
STATISTICAL SUMMARY
2000 - 2004

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Population	54,588*	54,588*	53,081**	53,081**	51,716*
Area (In Hectares)	3,606	3,606	3,606	3,600	3,600
Building Permits					
Value (\$ in 000's)					
Residential	\$ 92,707	\$ 83,347	\$ 110,267	\$ 68,705	\$ 67,805
Commercial	4,093	20,822	8,958	13,256	12,681
Industrial	1,886	5,565	2,030	3,945	2,289
Institutional	<u>23,395</u>	<u>3,795</u>	<u>3,686</u>	<u>9,363</u>	<u>645</u>
	<u>\$ 122,081</u>	<u>\$ 113,529</u>	<u>\$ 124,941</u>	<u>\$ 95,269</u>	<u>\$ 83,420</u>
Number of Building Permits Issued					
Residential	797	773	1,000	831	810
Commercial	77	76	71	71	79
Industrial	24	20	20	15	21
Institutional	<u>10</u>	<u>10</u>	<u>13</u>	<u>17</u>	<u>15</u>
	<u>908</u>	<u>879</u>	<u>1,104</u>	<u>934</u>	<u>925</u>
Parks (In Hectares)					
Red Willow Park	160	160	160	160	160
Neighbourhood Parks	239	227	227	224	218
Tax Collections					
Percentage of Current Taxes Collected					
Residential & Non-Residential Property	98.9	98.7	98.8	98.6	98.6
Business	***	***	***	***	99.3
Long Term Debt					
Total Long Term Debt (\$ in 000's)	\$ 18,495	\$ 22,437	\$ 25,876	\$ 28,711	\$ 27,340
Debt Per Capita	\$ 339	\$ 411	\$ 488	\$ 541	\$ 529
Percentage of Total Debt to be Retired					
Within 5 Years	75.8	72.3	68.3	60.7	58.4
Within 10 Years	100.0	100.0	97.9	94.7	91.1
Capital Expenditures					
Total (\$ in 000's)	\$ 13,275	\$ 9,282	\$ 7,973	\$ 12,074	\$ 10,004
Expressed as a Percentage of Total					
Engineering Structures	65.8	58.2	52.9	22.9	47.1
Buildings	14.5	15.9	20.1	39.1	23.9
Machinery and Equipment	8.8	14.3	18.6	10.6	16.6
Land for Own Use	5.6	0.0	0.3	0.1	7.9
Vehicles	5.3	11.6	8.1	27.3	4.5
Annual Increase in CPI—Statistics Canada					
Alberta	1.4%	4.4%	3.4%	2.3%	3.5%
Canada	1.9%	2.8%	2.2%	2.6%	2.7%
Unemployment Rate-Statistics Canada					
Alberta	4.6%	5.1%	5.3%	4.6%	5.0%
Canada	7.2%	7.6%	7.7%	7.2%	6.8%

*Population Based on Municipal Census

**Population Based on Statistics Canada Census

***Business Taxes Eliminated in 2001



THE CITY OF ST. ALBERT
CONSOLIDATED FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2000 – 2004
(000'S)

	<u>2004</u>	<u>2003</u> (Note 16)	<u>2002*</u> (Note 16)	<u>2001*</u> (Note 16)	<u>2000*</u> (Note 16)
Revenue					
Taxes Available for Municipal Purposes	\$ 41,638	\$ 38,041	\$ 34,839	\$ 31,921	\$ 31,489
Sales and User Fees	22,061	21,073	18,832	17,044	14,891
Government Grants	8,229	4,190	4,741	7,433	4,940
Fines and Penalties	3,182	2,757	2,668	1,891	874
Developer Contributions and Levies	1,449	1,882	2,099	2,097	1,800
Licenses and Permits	1,334	1,265	1,311	954	960
Franchise Fees	1,133	1,169	720	1,269	731
Return on Investments	1,034	1,123	871	1,258	1,108
Other Revenue	1,014	761	1,251	1,157	1,443
Local Government Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>23</u>	<u>-</u>
Total Revenue	<u>81,074</u>	<u>72,261</u>	<u>67,332</u>	<u>65,047</u>	<u>58,236</u>
Expenditures					
Transportation and Roadway Services	14,818	10,316	9,533	7,024	8,131
Utility Services	14,224	11,295	10,986	9,533	8,885
Protective Services	13,715	12,999	13,149	14,278	10,366
Recreation and Parks	9,848	9,258	8,028	6,264	8,055
General Government Services	7,864	8,960	8,161	7,299	7,074
Cultural Services	6,467	6,163	5,828	5,290	5,505
Transit Services	4,898	4,980	4,189	9,369	4,402
Planning and Development Services	2,157	1,651	1,362	1,365	1,860
Family and Social Services	1,560	1,582	1,677	1,511	1,425
Other Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>42</u>	<u>25</u>
Total Expenditures	<u>75,551</u>	<u>67,204</u>	<u>62,913</u>	<u>61,975</u>	<u>55,728</u>
Excess of Revenue Over Expenditures	5,523	5,057	4,419	3,072	2,508
Add: Long Term Debt Issued	111	1,054	498	4,698	2,300
Deduct: Repayment of Long Term Debt	<u>(3,794)</u>	<u>(4,256)</u>	<u>(3,116)</u>	<u>(3,129)</u>	<u>(2,495)</u>
Change in Fund Balances	<u>\$ 1,840</u>	<u>\$ 1,855</u>	<u>\$ 1,801</u>	<u>\$ 4,641</u>	<u>\$ 2,313</u>
Represented by:					
Operating Fund	\$ (7)	\$ (2,066)	\$ (347)	\$ 536	\$ 1,138
Capital Fund	(2,458)	241	(2,082)	1,608	191
Reserve Fund	<u>4,305</u>	<u>3,680</u>	<u>4,230</u>	<u>2,497</u>	<u>984</u>
	<u>\$ 1,840</u>	<u>\$ 1,855</u>	<u>\$ 1,801</u>	<u>\$ 4,641</u>	<u>\$ 2,313</u>

*Does not include the Arts & Heritage Foundation of St. Albert.



THE CITY OF ST. ALBERT
OPERATING FUND FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2000 - 2004
(000'S)

	<u>2004</u>	<u>2003</u> (Note 16)	<u>2002*</u> (Note 16)	<u>2001*</u> (Note 16)	<u>2000*</u> (Note 16)
Revenue					
Taxes Available for Municipal Purposes	\$ 41,638	\$ 38,041	\$ 34,839	\$ 31,921	\$ 31,489
Sales and User Fees	22,061	21,073	18,832	17,044	14,891
Fines and Penalties	3,182	2,757	2,668	1,891	874
Government Grants	3,159	2,554	2,451	2,251	2,244
Licenses and Permits	1,334	1,265	1,311	954	960
Franchise Fees	1,133	1,169	720	1,269	731
Other Revenue	840	593	933	382	1,088
Return on Investments	<u>226</u>	<u>122</u>	<u>225</u>	<u>506</u>	<u>335</u>
Total Revenue	<u>73,573</u>	<u>67,574</u>	<u>61,979</u>	<u>56,218</u>	<u>52,612</u>
Expenditures					
Protective Services	13,612	12,841	12,076	11,413	9,549
Utility Services	12,003	10,652	10,295	9,135	8,454
Recreation and Parks	7,714	7,475	7,242	6,116	5,568
General Government Services	7,527	7,809	6,813	6,452	5,851
Transportation and Roadway Services	7,349	5,677	5,992	5,088	4,751
Cultural Services	6,146	6,043	5,592	5,084	4,853
Transit Services	4,671	4,192	3,891	3,696	3,402
Planning and Development Services	1,694	1,651	1,362	1,365	1,846
Family and Social Services	1,560	1,582	1,677	1,511	1,425
Other Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>34</u>	<u>-</u>
Total Expenditures	<u>62,276</u>	<u>57,922</u>	<u>54,940</u>	<u>49,894</u>	<u>45,699</u>
Excess of Revenue Over Expenditures	11,297	9,652	7,039	6,324	6,913
Net Interfund Transfers					
Transfer to Capital Fund	(8,022)	(7,087)	(3,803)	(1,893)	(2,433)
Transfers from (to) Reserve Fund	512	(375)	(467)	(766)	(847)
Repayment of Long Term Debt	<u>(3,794)</u>	<u>(4,256)</u>	<u>(3,116)</u>	<u>(3,129)</u>	<u>(2,495)</u>
Change in Fund Balance	(7)	(2,066)	(347)	536	1,138
Opening Balance	<u>70</u>	<u>2,136</u>	<u>2,410</u>	<u>1,874</u>	<u>736</u>
Closing Balance	<u>\$ 63</u>	<u>\$ 70</u>	<u>\$ 2,063</u>	<u>\$ 2,410</u>	<u>\$ 1,874</u>
Closing Balance Represented by:					
Municipal Operations	\$ -	\$ -	\$ -	\$ -	\$ 634
Utility Operations	-	-	2,059	2,411	1,202
Library	-	7	4	(1)	38
Arts & Heritage Foundation	<u>63</u>	<u>63</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 63</u>	<u>\$ 70</u>	<u>\$ 2,063</u>	<u>\$ 2,410</u>	<u>\$ 1,874</u>

*Does not include the Arts & Heritage Foundation of St. Albert.



THE CITY OF ST. ALBERT
CAPITAL FUND FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2000 - 2004
(000'S)

	<u>2004</u>	<u>2003</u> (Note 16)	<u>2002*</u> (Note 16)	<u>2001*</u> (Note 16)	<u>2000*</u> (Note 16)
Revenue					
Government Grants	\$ 5,070	\$ 1,636	\$ 2,290	\$ 5,182	\$ 2,696
Developer Contributions and Levies	1,449	1,882	2,099	2,097	1,800
Return on Investments	808	1,001	646	752	773
Other Capital Revenue	174	168	318	775	355
Local Government Transfers	-	-	-	23	-
Total Revenue	<u>7,501</u>	<u>4,687</u>	<u>5,353</u>	<u>8,829</u>	<u>5,624</u>
Expenditures					
Transportation and Roadway Services	7,469	4,639	3,541	1,936	3,380
Utility Services	2,221	643	691	398	431
Recreation and Parks	2,134	1,783	786	148	2,487
Planning and Development Services	463	-	-	-	14
General Government Services	337	1,151	1,348	847	1,223
Cultural Services	321	120	236	206	652
Transit Services	227	788	298	5,673	1,000
Protective Services	103	158	1,073	2,865	817
Other Capital Expenditures	-	-	-	8	25
Total Expenditures	<u>13,275</u>	<u>9,282</u>	<u>7,973</u>	<u>12,081</u>	<u>10,029</u>
Deficiency of Revenue Over Expenditures	(5,774)	(4,595)	(2,620)	(3,252)	(4,405)
Net Interfund Transfers					
Transfer from Operating Fund	8,022	7,087	3,803	1,893	2,433
Transfer to Reserve Fund	(4,817)	(3,305)	(3,763)	(1,731)	(137)
Long Term Debt Issued	<u>111</u>	<u>1,054</u>	<u>498</u>	<u>4,698</u>	<u>2,300</u>
Change in Fund Balance	(2,458)	241	(2,082)	1,608	191
Opening Balance	(416)	(657)	1,425	(183)	(4,472)
Prior Period Adjustment	-	-	-	-	<u>4,098</u>
Closing Balance	\$ (2,874)	\$ (416)	\$ (657)	\$ 1,425	\$ (183)

*Does not include the Arts & Heritage Foundation of St. Albert.



**THE CITY OF ST. ALBERT
CONSOLIDATED REVENUE BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2000 - 2004
(000'S)**

Function	<u>2004</u>	<u>2003</u> (Note 16)	<u>2002*</u> (Note 16)	<u>2001*</u> (Note 16)	<u>2000*</u> (Note 16)
General Revenue	\$ 43,826	\$ 39,529	\$ 36,672	\$ 34,376	\$ 33,115
Utility Services	15,848	14,296	14,048	12,505	10,043
Transportation and Roadway Services	5,347	2,090	2,506	2,195	3,550
Protective Services	4,641	4,132	4,030	2,972	1,922
Recreation and Parks	2,596	3,162	3,093	2,484	2,378
Transit Services	2,336	2,218	2,136	6,211	2,477
Cultural Services	2,455	2,163	1,546	1,567	1,445
General Government Services	1,677	1,845	1,256	1,204	1,509
Planning and Development Services	1,281	1,737	967	570	891
Family and Social Services	<u>1,067</u>	<u>1,089</u>	<u>1,078</u>	<u>963</u>	<u>906</u>
Total Revenue	\$ <u>81,074</u>	\$ <u>72,261</u>	\$ <u>67,332</u>	\$ <u>65,047</u>	\$ <u>58,236</u>

*Does not include the Arts & Heritage Foundation of St. Albert.

**THE CITY OF ST. ALBERT
CONSOLIDATED EXPENDITURES BY OBJECT
FOR THE YEARS ENDED DECEMBER 31, 2000 - 2004
(000'S)**

Expenditures	<u>2004</u>	<u>2003</u>	<u>2002*</u>	<u>2001*</u>	<u>2000*</u>
Salaries, Wages, and Benefits	\$ 30,558	\$ 27,739	\$ 24,837	\$ 23,196	\$ 21,300
Capital Assets Acquired	13,275	9,282	7,973	12,074	10,004
Contracted and General Services	11,937	10,010	9,173	7,992	6,774
Purchases from Other Governments	9,601	9,207	8,848	8,497	7,571
Materials, Goods, and Utilities	7,402	7,787	7,134	6,176	5,985
Interest on Long Term Debt	1,704	2,055	3,566	2,693	2,825
Transfers to Individuals and Organizations	831	753	1,272	1,047	643
Other Expenditures	243	371	110	298	513
Land Acquisitions	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>113</u>
Total Expenditures	\$ <u>75,551</u>	\$ <u>67,204</u>	\$ <u>62,913</u>	\$ <u>61,975</u>	\$ <u>55,728</u>

* Does not include the Arts & Heritage Foundation of St. Albert.



**THE CITY OF ST. ALBERT
TAX RATES
FOR THE YEARS ENDED DECEMBER 31, 2000 - 2004
(MILLS)**

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Taxation					
Municipal – Residential	9.354	9.615	10.252	10.402	10.972
Municipal – Non-Residential	14.095	13.839	13.605	13.129	10.972
Public School (Catholic)					
Residential	4.202	4.400	4.770	5.119	6.177
Non-Residential	6.855	6.968	6.977	7.339	9.249
Separate School (Protestant)					
Residential	4.202	4.400	4.770	5.119	6.174
Non-Residential	6.855	6.968	6.977	7.339	9.295

**THE CITY OF ST. ALBERT
TAXABLE ASSESSMENT AND GOVERNMENT GRANTS IN PLACE OF PROPERTY TAXES
FOR THE YEARS ENDED DECEMBER 31, 2000 - 2004
(000'S)**

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Taxable Assessment					
Residential	\$ 3,769,534	\$ 3,338,265	\$ 2,850,756	\$ 2,570,357	\$ 2,401,957
Commercial	291,776	259,536	243,066	219,958	194,517
Industrial	77,021	66,893	59,551	55,046	50,748
Special and Other	<u>51,857</u>	<u>57,293</u>	<u>50,042</u>	<u>48,432</u>	<u>49,108</u>
Taxable Assessment	4,190,188	3,721,987	3,203,415	2,893,793	2,696,330
Government Grants in Place of Property Taxes	<u>38,389</u>	<u>38,478</u>	<u>38,131</u>	<u>38,229</u>	<u>35,609</u>
Total Taxable Assessment and Government Grants in Place of Property Taxes	<u>\$ 4,228,577</u>	<u>\$ 3,760,465</u>	<u>\$ 3,241,546</u>	<u>\$ 2,932,022</u>	<u>\$ 2,731,939</u>

Percentage of Total Taxable Assessment and Government Grants in Place of Property Taxes

Represented by:

Residential	89.1%	88.8%	87.9%	87.7%	87.9%
Commercial	6.9%	6.9%	7.5%	7.5%	7.1%
Industrial	1.8%	1.8%	1.9%	1.9%	1.9%
Special and Other	1.2%	1.5%	1.5%	1.6%	1.8%
Grants in Place	1.0%	1.0%	1.2%	1.3%	1.3%

***Residential/Non-Residential Assessment Split**

Residential	89.2%	88.9%	88.0%	87.8%	87.8%
Non-Residential	10.8%	11.1%	12.0%	12.2%	12.2%

*With Grant in Place allocated between residential and non-residential.



**THE CITY OF ST. ALBERT
PROPERTY TAXES LEVIED
FOR THE YEARS ENDED DECEMBER 31, 2000 - 2004
(000'S)**

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Taxation					
Real Property Taxes	\$ 59,066	\$ 53,954	\$ 49,355	\$ 45,679	\$ 46,397
Linear Property Taxes	1,062	1,054	994	964	942
Government Grants in Place of Property Taxes	762	760	749	748	755
Special Assignments and Local Improvement Taxes	275	338	369	548	548
Business Taxes	-	-	-	-	963
	<u>61,165</u>	<u>56,106</u>	<u>51,467</u>	<u>47,939</u>	<u>49,605</u>
Requisitions					
Alberta School Foundation Fund	12,304	11,356	10,440	9,999	11,123
St. Albert Protestant Separate School District #6	6,649	6,248	5,860	5,759	6,743
Sturgeon Foundation Requisition	402	377	328	260	250
Other	172	84	-	-	-
	<u>19,527</u>	<u>18,065</u>	<u>16,628</u>	<u>16,018</u>	<u>18,116</u>
Taxes Available for Municipal Purposes	<u>\$ 41,638</u>	<u>\$ 38,041</u>	<u>\$ 34,839</u>	<u>\$ 31,921</u>	<u>\$ 31,489</u>

**THE CITY OF ST. ALBERT
TAX COLLECTION
FOR THE YEARS ENDED DECEMBER 31, 2000 – 2004
(000'S)**

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Current Levy	<u>\$ 61,165</u>	<u>\$ 56,106</u>	<u>\$ 51,467</u>	<u>\$ 47,939</u>	<u>\$ 49,605</u>
Taxes Receivable					
Current	\$ 788	\$ 728	\$ 690	\$ 742	\$ 708
In Arrears for More than One Year	<u>242</u>	<u>201</u>	<u>212</u>	<u>475</u>	<u>351</u>
	1,030	929	902	1,217	1,059
Allowance	-	(2)	(2)	(3)	(15)
Net Taxes Receivable	<u>\$ 1,030</u>	<u>\$ 927</u>	<u>\$ 900</u>	<u>\$ 1,214</u>	<u>\$ 1,044</u>
Taxes Outstanding as a Percentage of the Current Levy (Before Allowance)					
Current	1.3%	1.3%	1.3%	1.6%	1.4%
In Arrears for More than One Year	0.4%	0.4%	0.4%	1.0%	0.7%

Ten principle taxpayers make up 5% of the 2004 tax levy; therefore, no undue reliance is placed upon any one taxpayer.



**THE CITY OF ST. ALBERT
LONG TERM DEBT
FOR THE YEARS ENDED DECEMBER 31, 2000 - 2004
(000'S)**

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Long Term Debt					
Tax Supported	\$ 17,899	\$ 21,325	\$ 24,369	\$ 26,710	\$ 24,571
User Supported	366	582	865	1,150	1,565
Utility Rates Supported	<u>230</u>	<u>530</u>	<u>642</u>	<u>851</u>	<u>1,204</u>
Total Long Term Debt	\$ <u>18,495</u>	\$ <u>22,437</u>	\$ <u>25,876</u>	\$ <u>28,711</u>	\$ <u>27,340</u>

**THE CITY OF ST. ALBERT
DEBT LIMIT AND DEBT PAYMENT
FOR THE YEARS ENDED DECEMBER 31, 2000 - 2004
(000'S)**

	<u>2004</u>	<u>2003</u> (Note 16)	<u>2002</u> (Note 16)	<u>2001</u> (Note 16)	<u>2000</u> (Note 16)
Debt Limits					
Maximum Allowable Debt	\$ 114,006	\$ 105,938	\$ 97,563	\$ 89,797	\$ 83,310
Total Debt and Loans	18,272	22,135	25,876	28,711	27,387
Percentage Used (%)	16	21	27	32	33

**Maximum Allowable Annual Debt
Payments**

Maximum Allowable Annual Debt Payments	\$ 19,001	\$ 17,656	\$ 16,260	\$ 14,966	\$ 13,885
Annual Payments on Existing Debt	5,273	5,740	5,962	5,844	5,872
Percentage Used (%)	28	33	37	39	42
Percentage of Expenditures (%)	7	9	9	9	11



**THE CITY OF ST. ALBERT
RESERVE FUND BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2000 - 2004
(000'S)**

	<u>2004</u>	<u>2003</u> (Note 16)	<u>2002*</u> (Note 16)	<u>2001*</u> (Note 16)	<u>2000*</u> (Note 16)
Operating Reserves					
General Government	\$ 2,035	\$ 2,648	\$ 2,571	\$ 2,484	\$ 2,057
Museum	74	65	57	54	55
Library	85	5	5	5	5
Arts & Heritage Foundation	<u>78</u>	<u>66</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>2,272</u>	<u>2,784</u>	<u>2,633</u>	<u>2,543</u>	<u>2,117</u>
Capital Reserves					
General Government	15,605	11,764	12,157	10,795	9,932
Utilities	10,227	9,172	5,293	2,538	1,329
Library	<u>-</u>	<u>79</u>	<u>22</u>	<u>-</u>	<u>-</u>
	<u>25,832</u>	<u>21,015</u>	<u>17,472</u>	<u>13,333</u>	<u>11,261</u>
Reserve Fund Sub-total	<u>28,104</u>	<u>23,799</u>	<u>20,105</u>	<u>15,876</u>	<u>13,378</u>
Accrued Liabilities					
Accrued Interest on Long Term Debt	-	-	-	(1,208)	(1,343)
Accrued Vacation Pay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(432)</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,208)</u>	<u>(1,775)</u>
Reserve Fund Total	<u>\$ 28,104</u>	<u>\$ 23,799</u>	<u>\$ 20,105</u>	<u>\$ 14,668</u>	<u>\$ 11,603</u>

*Does not include Arts & Heritage Foundation.





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