

Annual Financial Report 2009



City of St. Albert, Alberta, Canada

For the Year Ended December 31, 2009



City of
St. Albert
Cultivate Life

www.stalbert.ca



2009 Annual Financial Report

City of St. Albert, Alberta, Canada

For the Year Ended December 31, 2009

Prepared by: Corporate Services Division



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Annual Financial Report 2009

Introductory Section





Message from the Mayor

On behalf of City Council, I am pleased to share with you the 2009 Annual Financial Report.

In setting out Council's priorities for 2009, we knew an ambitious agenda was ahead. Council and Administration focused efforts on providing a high quality of life for our residents and on continuing to offer programs and services that are above average satisfaction levels, compared to the rest of the Capital Region.

Despite the challenging economic conditions, I'm pleased to note that we were able to achieve our goals and make progress in areas that are making a difference for residents and our city as a whole. These include: economic development plans focused on attracting and retaining businesses; social and community development initiatives to create strong, vibrant neighbourhoods; outstanding environmental stewardship; financial sustainability policies that will ensure our finances are strong for many years to come; a vision and goals for a vibrant downtown; infrastructure plans to fund and develop major roads and ensure current and future infrastructure needs are being considered; and much more.

The year 2009 saw a rise in housing starts for St. Albert, an ongoing increase in number of businesses in the city and an increase in our reserve balances – all indications of a healthier economy and a financially-healthy municipality.

In looking ahead, I know the commitment will remain strong to serve our residents and to effectively manage finances for our growing city. We can all look forward to the many opportunities before us in the year to come.

A handwritten signature in black ink, appearing to read 'Nolan Crouse', with a long, sweeping horizontal line extending to the left.

Nolan Crouse
Mayor



Message from the City Manager

Commitment, perseverance and results – these are the words that best reflect what 2009 was about for the City of St. Albert.

The year began with economic challenges being felt in both the public and private sectors across North America. The City was extremely committed in tracking economic conditions and effectively reacting to changes. This ensured that our finances were in the best shape possible and allowed us to continue delivering a high level of services to residents.

I'm very pleased to say that we persevered through the challenging times and the results of our annual community survey are one of the clear indications. We saw an increase in overall satisfaction with City services, with 87% of respondents providing positive responses. In addition, in the midst of the recession, there was an 8% increase in residents stating that they are pleased with the value they receive for their tax dollar, with the combined number for fair, good and excellent value resting at 86%. Considering the environment many organizations were working in during 2009, these indicators are a testament to the dedication we have to keeping the City – as a corporation and a community – strong and vibrant.

In 2009, we were also able to deliver results on many projects and initiatives related to Council priorities. These include: the completion of LeClair Way, connecting Ray Gibbon Drive to Riel Business Park; the implementation of the Parks and Open Spaces Management Plan; updates to the 10-Year Capital Plan to address heritage sites needs; the launch of curb side recycling services; the opening of phase one of the Riel Recreation Park redevelopment; the completion of the Public Works Long-term Department Plan; and much more.

As we continue planning and management activities for 2010, the dedication and efforts of City staff will remain high, knowing that every success we experience is the result of proudly serving residents and making a difference for our community.

A handwritten signature in black ink, appearing to read 'Bill Holtby', with a long horizontal line extending to the right.

Bill Holtby
City Manager

City Council and Administration

City Council

- Mayor Nolan Crouse
- Councillor Len Bracko
- Councillor James Burrows
- Councillor Lorie Garritty
- Councillor Gareth Jones
- Councillor Roger Lemieux
- Councillor Carol Watamaniuk

City Administration

- Bill Holtby
 - > City Manager
- Neil Jamieson
 - > General Manager, Planning and Engineering
- Dean Screpnek
 - > General Manager, Corporate Services
- Chris Jardine
 - > General Manager, Community and Protective Services
- Bob Treidler
 - > General Manager, Business and Strategic Services

City Auditor

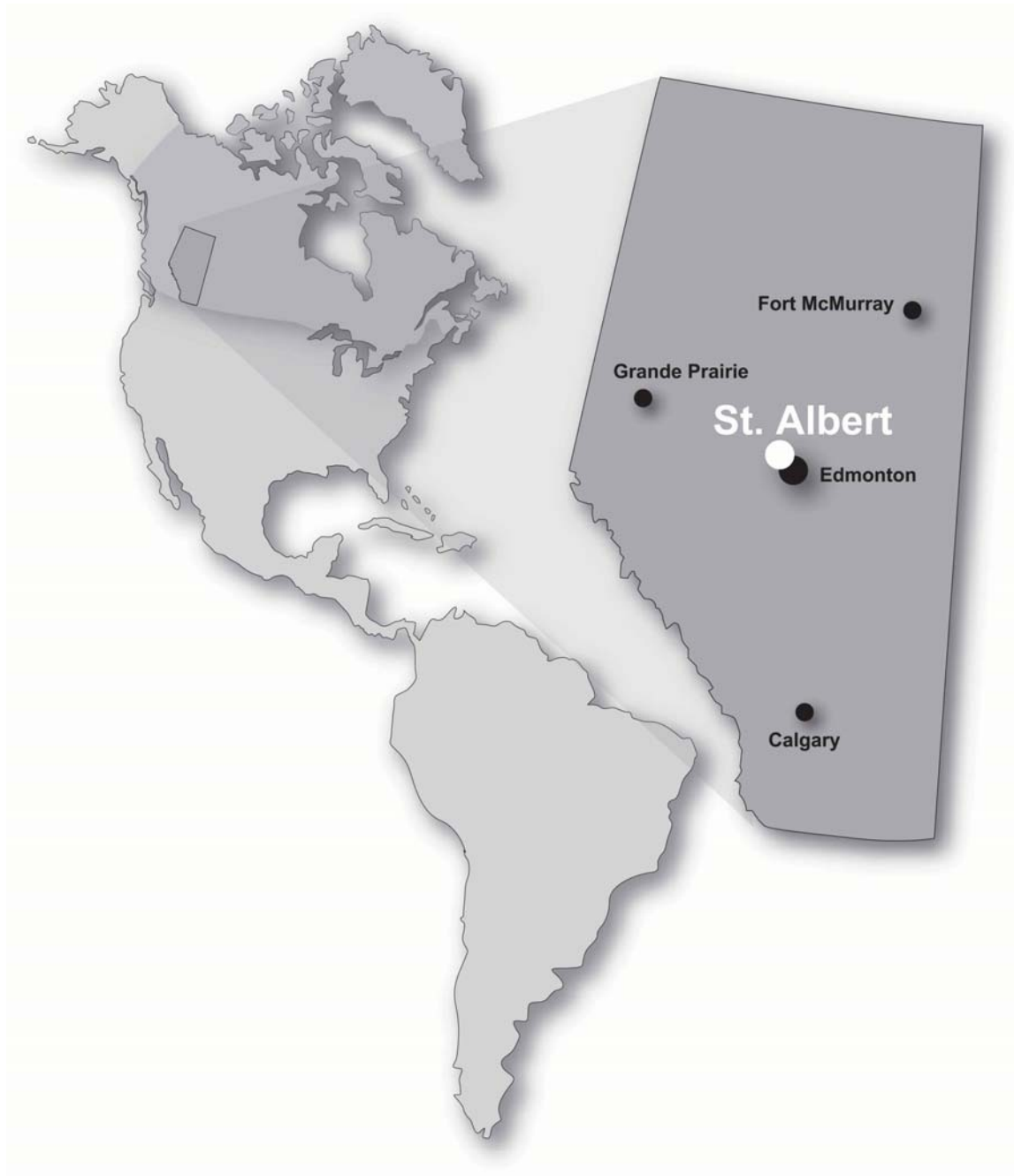
- KPMG LLP

City Banker

- TD Bank of Canada



City of St. Albert | Alberta, Canada



City Profile

St. Albert continues to be a dynamic and growing city, known for its picturesque landscape, celebrated parks and trails system, state-of-the-art facilities, inviting neighbourhoods with tree-lined streets, lively arts and culture community and outstanding attractions and events.

St. Albert also boasts a number of strategic advantages, including a population of approximately 60,000, a regional trading area exceeding 1 million people, well developed transportation routes, an abundance of developable land, and a reputation for leading edge innovation. St. Albert is committed to manage growth while achieving its vision of sustainability.

Government Structure

The City of St. Albert is mandated to provide various social and recreational programs, protective services, transportation systems, public utilities, and other local services to the community. The municipality is comprised of two branches – a legislative branch (comprised of City Council), and an administrative branch (led by a City Manager).

City Council consists of a Mayor and six Councillors. Council is elected at large by residents to serve a three-year term, and governs in accordance with powers granted under the Municipal Government Act.

City Administration consists of an appointed City Manager, an organizational structure divided into four divisions (Corporate Services, Community and Protective Services, Business and Strategic Services, and Planning and Engineering Services) and 19 separate departments. The City Manager and four General Managers comprise the City's Senior Leadership Team, and serve as the organization's executive administration. A broader Leadership Team, consisting of departmental Directors from across the organization, also provides essential support and direction to the Administration. Each day, over 700 employees collaborate to serve residents and maintain the City's programs and services.



Economic Outlook

Current local, provincial and national economic conditions continue to impact St. Albert's ability to deliver improved services and capital investments. St. Albert, like other mid-sized cities, felt the impact of an overheated economy in past years through upward pressure on operating costs, recruitment and retention challenges, and high inflation relative to the cost of capital construction. While the recent economic downturn has provided some respite from these pressures, the recession has negatively impacted the City's various revenue streams such as investment income, franchise fees and federal / provincial grant allocations.

St. Albert derives approximately 11% of its property tax assessment from commercial and industrial properties, compared to a provincial city average of approximately 28%. This unbalanced assessment mix, combined with high demand for a quality services has resulted in St. Albert's residential property tax being higher than other municipalities around Edmonton's Capital Region. While this disparity moderates when the average cost of City utilities and low level of franchise fees are considered, the situation still results in an ongoing challenge for St. Albert to remain competitive relative to residential property taxation in the region.

Many municipalities also face pressures relative to the replacement of aging infrastructure and increasing environmental standards, particularly in their utility systems. This circumstance places additional importance on utility rates as a means to fund systems sustainably. The City is on the leading edge by undertaking comprehensive engineering assessments of its infrastructure. The condition of existing infrastructure and cost projections for future infrastructure is now calculated and incorporated into the City's planning models. By ensuring the information on infrastructure is reliable, and by maximizing government funding, the City will continue to ensure appropriate utility rate increases.

The City remains committed to effectively managing the effects of the current economic climate, while continuing to encourage sustainable growth and high-quality programs and services.

The Year in Review

The City's 2009 highlights and accomplishments demonstrate its commitment to long-term planning and effective service delivery. The year's challenges were related to the state of the economy and required City Council and Administration to carefully consider all spending while ensuring service levels were maintained. Highlights and new accomplishments relating to each of City Council's ten Outcome Goals are provided below.

Economic Development / Non-Residential Tax Base

Building Permit Volume and Revenue

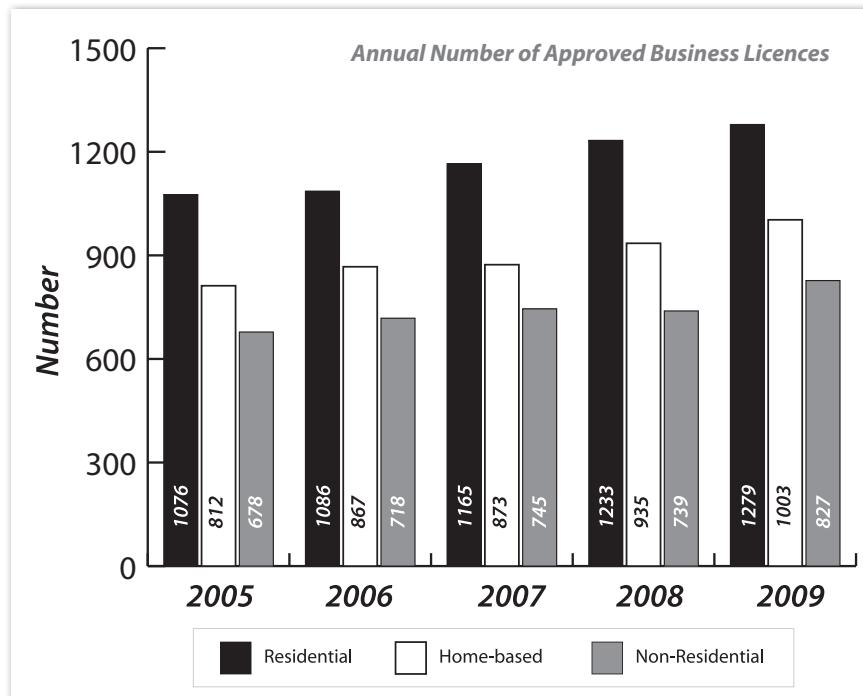
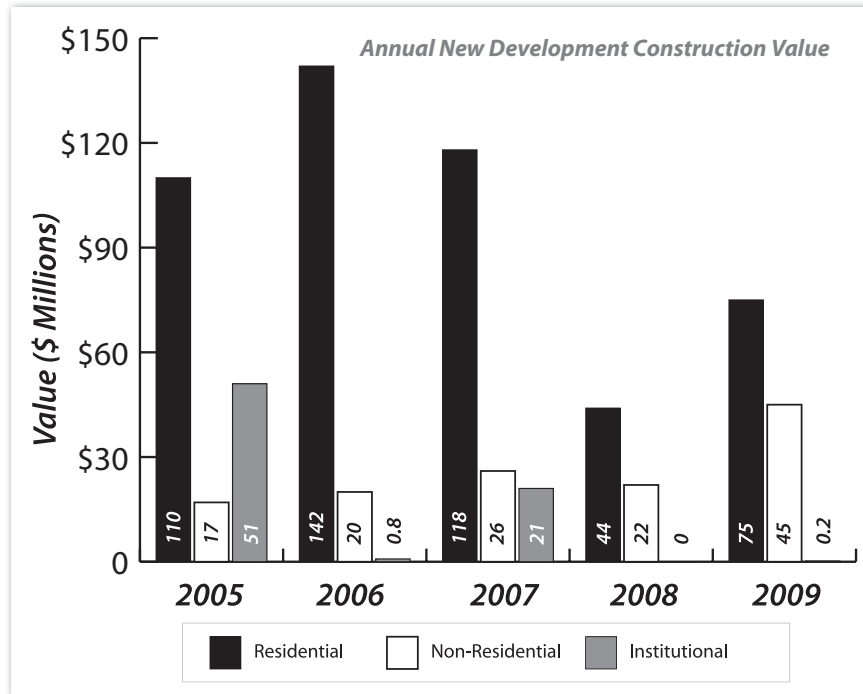
The value of new residential construction permits increased over last year, but was lower than the previous three years. The value of non-residential building permits was the highest in five years.

Business Licences

Compared to 2008, the number of business licences in 2009 increased by 46 resident businesses, 68 home-based businesses and 88 non-residential businesses. This signals an increase in job opportunities in the city and a healthy degree of confidence in the St. Albert market.

Business Attraction Strategy

In September, Business and Tourism Development launched the City of St. Albert's business attraction campaign, "Join Us." The campaign was focused on encouraging residents who operate businesses outside of the city to move their businesses home to St. Albert. The campaign included participation by eight local business owners. Through personal business testimonials, they shared their perspectives on the benefits of living and operating a business in St. Albert.



Community Safety

Crime Reduction

St. Albert's RCMP Drug Unit, General Investigation Unit and Traffic Unit coordinated efforts for the enforcement of drug-related activities. To supplement regular coverage, bike and electric vehicle patrols were scheduled in areas of concern.

Creating Vibrant and Stronger Neighbourhoods

The Province awarded \$450,000 over three years to the City through the Safe Communities Innovation Fund. Two new positions, a Crime Analyst/Social Planner and a Neighbourhood Development Coordinator, were created and filled to join the Neighbourhood Development Project.

Traffic Safety

The St. Albert RCMP Detachment counts traffic safety among its top priorities. This is in support of Road Safety Vision 2010, a national initiative that aims to have the safest roads in the world by the year 2010. The use of existing intersection safety devices to monitor and enforce speed laws at intersections resulted in over 700 violations being detected during the first week of August. In September, a total of 1,072 tickets were issued, followed by 1,200 in October and approximately 1,400 in November.



Social and Community Development

Asset Development

St. Albert's Asset Development survey results were presented to Council and school officials in April. St. Albert youth were excellent ambassadors as they presented the results to the community at a special event at the Arden Theatre on April 30. Renowned asset development supporters Keith Pattinson and James Vollbracht were on hand to present the philosophy and what role the community plays in asset building.

In the third quarter, a marketing campaign was launched and included logos washed onto sidewalks, weekly "Assets at Work" stories and a four-page pullout in the Gazette. Posters were distributed to schools and placed throughout the community.

Riel Park Redevelopment

The City's Riel Park Master Plan incorporates a comprehensive Landfill Environmental Management Plan and the overall site redevelopment in four distinct phases. In May, the City held a grand opening celebration for Phase 1 of the new Riel Recreation Park. The event included participation by provincial and federal representatives, various local sports partners, the Edmonton Eskimos Football Club, and environmental stakeholders.

FCSS Program Review

The City completed a program review of its Family and Community Support Services (FCSS) department. A plan to implement the recommendations was developed, including a comprehensive community needs assessment tool. Community consultation with key stakeholders was undertaken, including an online survey.





Financial Sustainability

Land Acquisitions

As part of the City's Land Strategy, an inventory of City-owned land and land-related assets, as well as a preliminary Land Needs Assessment, was completed. Administration is proceeding with Council's direction related to the disposal of land owned outside St. Albert and are targeting a potential acquisition of land for civic purposes within St. Albert. Council will be presented with alternatives in 2010.

Capital Budget Amendment

Alternate sources of funding were identified to mitigate the effects of a decrease in capital funding announced by the provincial government. Surplus funds from prior periods, along with a combination of project deferral and reserve funding, were approved to offset the decrease.

Tangible Capital Assets Audit

As part of the City's efforts to implement the Public Sector Accounting Board's requirement to depreciate tangible capital assets, an audit of existing assets was completed in November. After responding to Auditor requests for additional information and engineering estimates, the review was completed with no major issues identified.

Environmental Sustainability

Environmental Management System

In 2005, St. Albert Transit became ISO 14001 certified. To build on that foundation, an external audit of the Transit department's four environmental programs was completed. Audit results were positive with no non-conformances, and new programs were introduced.

Curbside Recycling Program

In July, the City launched a new curbside recycling program and implemented changes to the pay-as-you-throw system. Now residents can throw their recyclables in a blue bag and place them at the curbside on the same day as garbage pick up. The program is expected to result in a significant amount of waste being diverted from the landfill.

John E. Poole Wetland and Lois Hole Park Development

The City participated in a planning meeting with representatives from Ducks Unlimited and the provincial government to discuss the actions required to support the John E. Poole Wetland Interpretive Site project, a development within the Lois Hole Provincial Park. When completed, the project will constitute an important component of the broader Park's impact.

Parks and Open Spaces Management Plan

Significant progress has been made with the Parks and Open Spaces Management Plan. Tree inventory staff completed the street tree and park inventory in the fall. In total, staff inventoried 51,000 City trees, 464 street shrubs and 13,357 park trees.



Affordable Housing

Affordable Housing Strategy

St. Albert's Affordable Housing Strategy describes the City's plans to increase the stock of affordable housing in the community. In the fourth quarter, two workshops were held to identify opportunities and challenges, and to develop recommendations relative to the strategy. These recommendations will contribute to the development and implementation of the strategy over the short and long term. The City also partnered with Habitat for Humanity to construct two duplexes (four units) in North Ridge. The project included support from many volunteers in the community.

Rental Assistance Program

The City's Rental Assistance Program supports temporary residential services in the community. As of December 31, 2009, the St. Albert Temporary Residential Services Committee reported that 54 households were being supported through the program.

North Ridge Place

The Province of Alberta provided approximately \$8 million in grant funding to the Sturgeon Foundation to develop 48 affordable housing units for seniors. The units will be connected to the existing North Ridge Lodge and will be open in early 2010.

Senior Homeowners Property Tax Assistance Grant Program

To assist senior homeowners with the rising cost of residential property taxation, the City announced that a grant of \$100 per dwelling would be provided to eligible homeowners. Administering the program through the Province of Alberta ensured that the City's costs were minimized and eligible residents received their grants in a timely and targeted manner.

150th Year Celebration

150th Celebration

In 2011, the City of St. Albert will celebrate its 150th Anniversary. A number of exciting events are planned, including: a kickoff gala, a wrap up gala, an RCMP Ball, a volunteer/sponsor recognition gala, a homecoming, a heritage camp and the River Valley Picnic. The year-long celebration will also incorporate the 2011 Esso Cup National Female Midget Hockey Championship and the Continental Cup for Curling, as well as feature a children's book being written by a local author.

Founders' Walk

The Province of Alberta announced support totalling \$380,133, through the Major Community Facilities Program, to assist with the development of Founders' Walk. These funds will assist in completing Phase 1 of the project, which is scheduled to be unveiled and showcased to the community in the spring of 2011.

Downtown

Mayor's Downtown Taskforce

Pursuant to a recommendation made through the Mayor's Taskforce on the Downtown, a vision statement and objectives for the downtown were identified. These objectives will be included in the Downtown Area Redevelopment Plan.

Downtown Area Redevelopment Plan

To enhance St. Albert's city centre by improving its vibrancy, functionality and attractiveness, the City worked to update the Downtown Area Redevelopment Plan. Urban Strategies Inc. was selected to work with the City and community stakeholders on updating the plan and identifying next steps in the process.

Downtown Beautification Program

The City's Downtown Beautification Program was designed to cost share storefront beautification/ signage efforts to a maximum of \$2,500 per business. In 2009, five applications to the program were received and accepted.



Culture, Arts and Heritage

Alberta Arts Days

In September, City staff collaborated with members of the Alberta Arts Days Committee to present a full day of artistic activities to the community, including interactive literary, visual and performing arts workshops. The Mayor also hosted a gala where seven artists with strong ties to the community were recognized.

Lois Hole Recognition

A commemorative sculpture honouring Lois Hole was unveiled on May 14 in the presence of school groups, representatives from all orders of government, and many members of the community. The sculpture will be relocated to the entrance of the proposed Lois Hole Provincial Park upon its dedication.

St. Albert Place 25th Anniversary

In commemoration of the 25th Anniversary of St. Albert Place, renowned architect Douglas Cardinal visited on June 12 to participate in a ceremony designating the building as a Municipal Historic Resource.

Protecting Heritage Buildings

A number of City-owned heritage buildings across the community were officially designated as municipal historic resources. These include: Banque d'Hochelaga, Juneau House, Little White School, Alberta Grain Company Elevator, Alberta Wheat Pool Grain Elevator, Cunningham House, Hogan House and surrounding land (River Lot 24).

Infrastructure Planning

Ray Gibbon Drive

Plans for Ray Gibbon Drive will see it upgraded from an arterial standard to a freeway standard, once funding from the Province of Alberta has been provided. While the Province currently has no plans to approve a conditional funding agreement, the commitment to funding remains in the longer term.

LeClair Way

LeClair Way opened in November, providing a connection between Ray Gibbon Drive and Riel Drive. The roadway provides an important link to St. Albert's Riel Business Park, allowing access for business owners and those visiting locations in the park.

Light Rail Transit (LRT) to St. Albert

The City contributed \$50,000 towards the Edmonton Northwest LRT Study. Pending the results of this study, the City anticipates future plans to extend the Edmonton's LRT system to St. Albert, providing convenient and much-needed service to thousands of commuters.

Public Works Long-Term Department Plan

To ensure that current service levels are maintained, and enhanced where necessary, the City developed a Public Works Long-Term Department Plan. The plan recommends service levels for seven key Public Works services, along with the resources required to meet those service levels today and for the next 10 years.



Services, Programs and Standards are best in the Region

International Children's Festival

The International Children's Festival is one of St. Albert's most high-profile events. In 2009, the festival included 85 main stage performances, 20 low-cost site activities and a temporary bridge across the Sturgeon River provided by CFB Edmonton. A total of 59,378 participants attended the 2009 Festival.

Community Satisfaction

Over 800 St. Albert residents participated in the 2009 Community Satisfaction Survey, measuring residents' satisfaction with City programs, services and amenities. The results of the survey showed an overall high level of satisfaction and great results for amenities.

Government Financial Officers Association (GFOA) Conference

Financial Services hosted the 2009 GFOA Alberta Conference. Delegates at the three-day conference included 250 municipal finance professionals from across the province.

Attracting and Retaining High Quality Employees

Fire Services Wellness Program

A new Fire Services Wellness Program was implemented in partnership with the City of Edmonton and the Life-Mark company. In 2009, 63% of eligible fire services employees completed medical exams under the program.

Employee Group Benefits

The City initiated a detailed review of its Employee Group Benefits. The City considered current employee satisfaction levels, benefits offered by comparator organizations, the strategic benefit landscape and a financial analysis of current premium rates. The consultant's report suggested that, overall: City employees were satisfied with the benefit program, the program is at the midpoint compared to other public sector organizations, and that renewed negotiations on premium rates could be considered in certain areas.

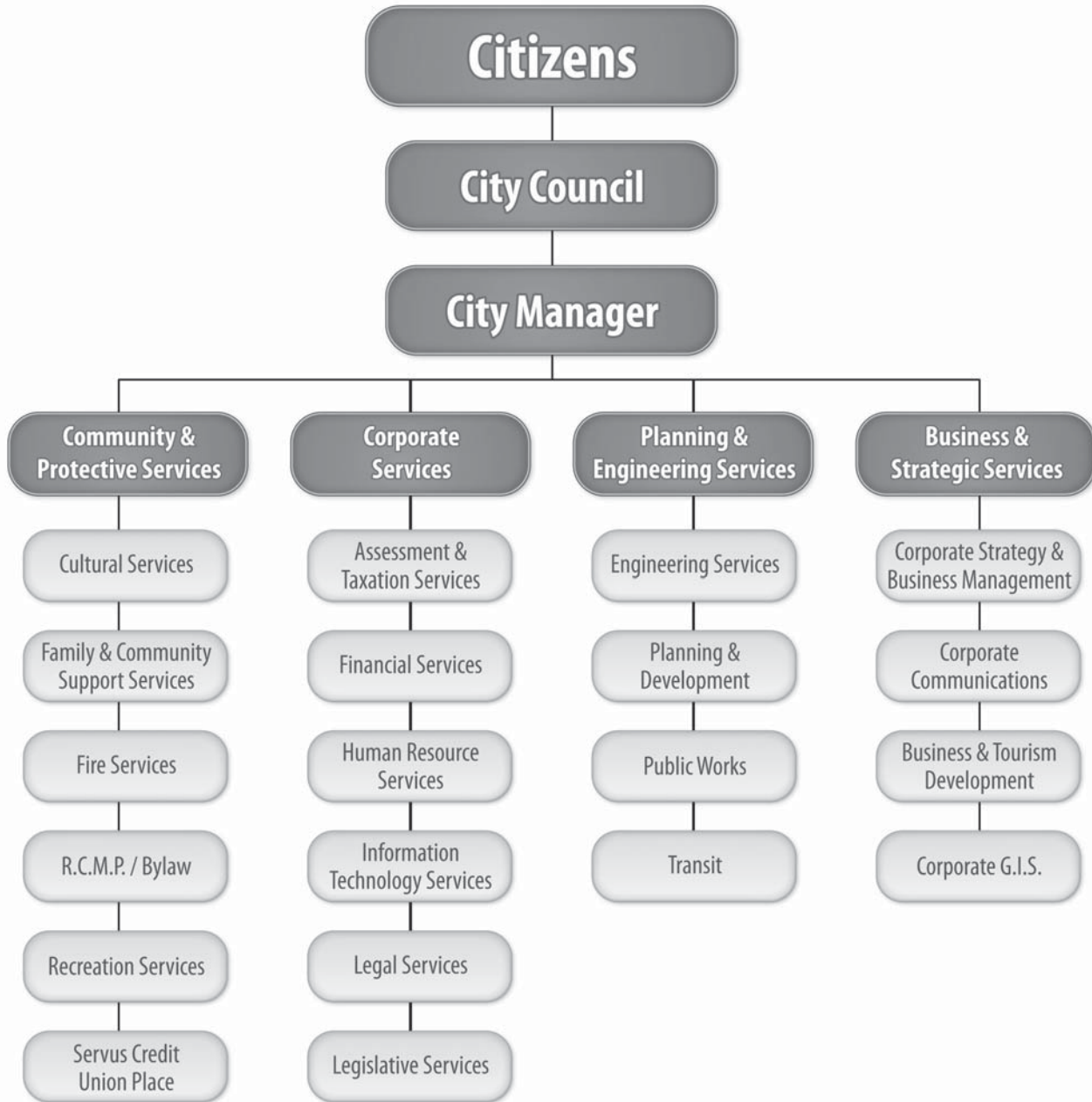
Staffing Attraction and Retention

The City's employee attrition rate has decreased from 12.95% in 2008 to 8.05% in 2009. This decrease could be attributed to the impact of economic conditions and the City's attraction and retention strategy.

A total of 159 competitions were held in 2009, compared to 214 competitions in 2008.



2009 Organizational Chart



Report from the Chief Financial Officer

The City of St. Albert is pleased to present its 2009 Annual Financial Report containing audited 2009 consolidated financial statements. The City's auditor, KPMG LLP has audited these statements and has provided an unqualified opinion. 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 St. Albert Public Library, Servus Credit Union Place and the Arts and Heritage Foundation of St. Albert.

This report provides the reader with a clear representation of the City's financial results for the fiscal year ended December 31, 2009. 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 well managed.

This 2009 Annual Financial Report is divided into three sections:

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

The City of St. Albert received a Canadian Award for Financial Reporting for its 2008 Annual Financial Report. We believe the 2009 report also conforms to the program requirements for the Canadian Award for Financial Reporting; thus for the tenth consecutive year, we will be submitting this report to the Government Finance Officers Association for award consideration. In order to qualify, a 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 consolidated financial statements and related information in the Annual Financial Report. The accounting firm of KPMG 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 management 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 judgments that have been based on careful assessments 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 financial assets (net debt). This indicator, along with accumulated surplus, provides a measure of the overall financial health of a municipality.

With the approval in prior years of Servus Credit Union Place and Ray Gibbon Drive, the City has increased its debt financing as planned, resulting in a net debt position of \$45.9 million in 2008 and \$41.6 million in 2009. The City's net debt position will continue to decrease, as this debt is retired over the next 20 years.

Following are the significant changes from the previous year as shown on the Consolidated Statement of Financial Position.

Capital assets purchased for the year were \$47.2 million. Of this amount, \$7.0 million is from developer contributed assets. This increase included \$22.7 million for Transportation and Roadway Services (\$3.0 million developer contributed assets, Le Clair Way, and Ray Gibbon Drive Stages 1 & 2), \$9.1 million for Transit Services (Transit Replacement, Expansion, and UPASS Growth Buses), \$6.0 million for Recreation and Parks (\$0.3 million developer contributed assets, Riel Park Development), \$5.6 million for Utility Services (\$3.7 million developer contributed assets), \$2.8 million for Protective Services (Aerial and Pumper Fire Trucks), and \$1.0 for Cultural Services and General Administration. This increase in capital assets is offset by \$3.0 million in disposals of Vehicles, Machinery & Equipment, Land, and Library Book Collections.

Long Term Debt decreased by \$0.8 million due to \$3.8 million financed primarily for Ray Gibbon Drive, offset with \$4.6 million in regular debt payments.

The Capital Project Deficiency of \$2.4 million represents capital costs to be financed in 2010 for the Transit Replacement Plan (\$1.3 million), Ray Gibbon Drive – Stage 1 (\$0.7 million), and NE Sector Arterial Functional Plan (\$0.4 million). These amounts will be financed from Basic Capital and AMIP grants, and internal financing.

Reserves experienced a net increase of \$3.4 million in 2009. This net amount is comprised of draw-downs of \$0.6 million from operating reserves; these draw-downs are offset by net increases of \$3.7 million to utility capital reserves and \$0.3 million to general government capital reserves.



Financial Operations

The Consolidated Statement of Operations shows total revenues of \$125.1 million, total expenses of \$121.3 million, revenue from contributed assets of \$7 million, and government transfers related to capital of \$23 million for an annual surplus of \$33.8 million.

Overall revenue increased \$7.9 million, primarily due to increases in sales and user fees, development permits issued, developer contributions, government transfers for affordable housing and FCSS grants, and revenue from ambulance dispatch. These increases were offset by decreases to investment income, natural gas franchise fees, and fine revenue.

Overall expenses increased by \$7.1 million, primarily due to increases in amortization expense, salaries and wages as vacant positions were filled, and government contracted services.

Contributed assets decreased by \$8.1 million as there were fewer developer contributed assets that the City became responsible for in 2009. Government transfers related to capital increased \$10 million as the City received funding for various capital projects.

Municipal Operating Budget

Following are the significant variances from budget before transfers.

SIGNIFICANT FAVOURABLE VARIANCES	
1. Debt Expense	\$ 907,900
2. Permit Revenue	\$ 769,400
3. Operating Grants	\$ 666,800
4. Consulting Services	\$ 470,700
5. Natural Gas	\$ 330,700
6. Other (net of all accounts)	\$ 366,200
Subtotal	\$ 3,511,700
SIGNIFICANT UNFAVOURABLE VARIANCES	
1. Interest Income	\$ 765,500
2. Natural Gas Franchise Fee	\$ 613,000
3. RCMP Fine Revenue	\$ 575,600
4. Municipal Enforcement Fine Revenue	\$ 241,600
5. Other (net of all accounts)	\$ 173,200
Subtotal	\$ 2,368,900
YEAR END POSITION BEFORE YEAR END TRANSFERS <i>(excluding Utilities, Library and Arts & Heritage Foundation)</i>	\$ 1,142,800

The 2009 municipal operating surplus was \$1,142,800. The surplus was transferred as follows:

- \$878,500 to the Internal Financing Reserve for payment of outstanding principal for internal borrowings related to Servus Place.
- \$260,000 to the Capital Funding Reserve for the Transit Facility Expansion project.
- \$4,300 remains as surplus in the Municipal Operating Fund.

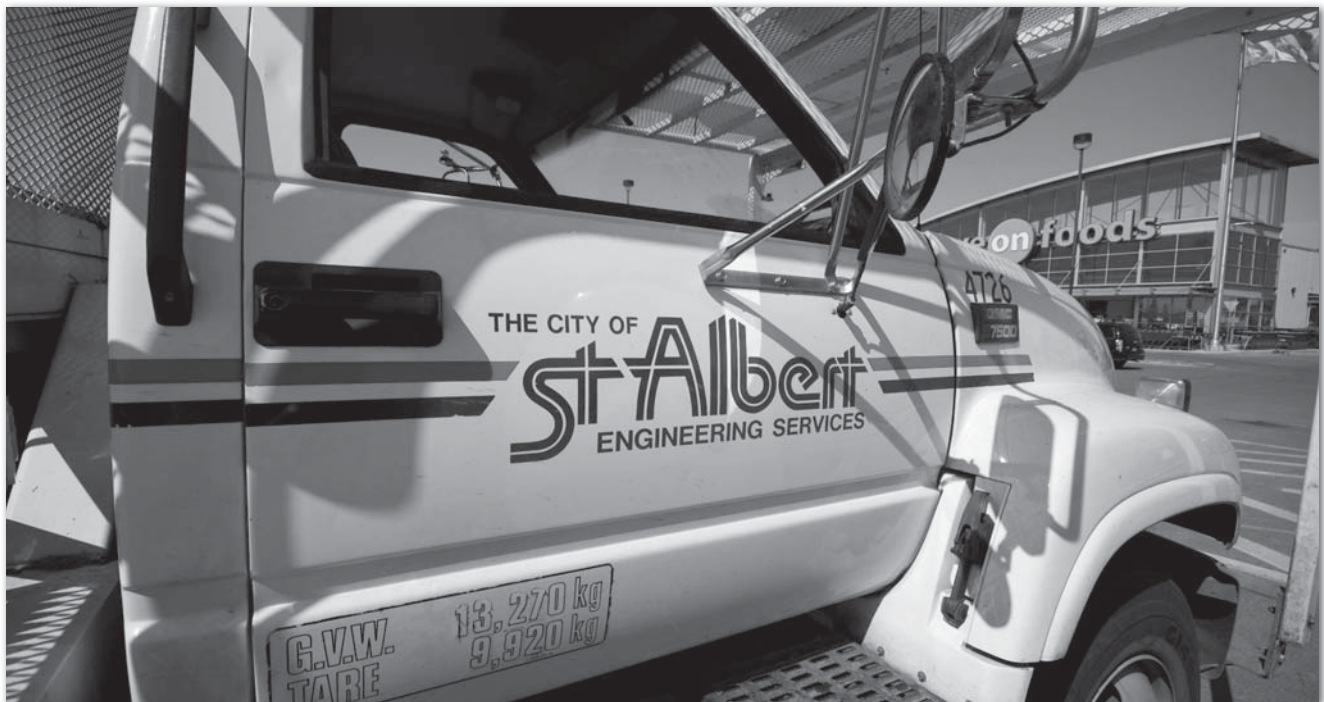


Utility Operating Budget

The City operates four utilities: water, wastewater, storm sewer, and solid waste. The City does not subsidize utilities from the Municipal Fund. City policy has also restricted the municipality from receiving of any return on investment, dividends or other contributions from the utilities.

The utility operations achieved a surplus of \$4.4 million in 2009. This surplus was a favorable variance over the budgeted surplus of \$4.2 million. This surplus was transferred to the utility reserve in accordance with City policy. Following are the significant variances from budget.

SIGNIFICANT FAVOURABLE VARIANCES	
1. Solid Waste Revenue	\$ 430,400
2. Water Purchases	\$ 388,100
3. Wastewater Treatment Charges	\$ 231,600
4. Storm Sewer Revenue	\$ 190,600
Subtotal	\$ 1,240,700
SIGNIFICANT UNFAVOURABLE VARIANCES	
1. Contracted Services	\$ 366,600
2. Equipment Charges	\$ 192,100
3. Land Fill Accretion Charges	\$ 158,600
4. Water Revenue	\$ 156,700
5. Wastewater Revenue	\$ 140,500
6. Other	\$ 52,700
Subtotal	\$ 1,067,200
NET UTILITY FAVOURABLE VARIANCE FROM OPERATIONS	\$ 173,500



Capital Budget

As indicated in Note 11 of the Consolidated Financial Statements, the 2009 capital budget figures are calculated on a project-oriented basis; since these projects may be carried out over one or more years, they are not directly comparable with current year actual amounts.

Reserves

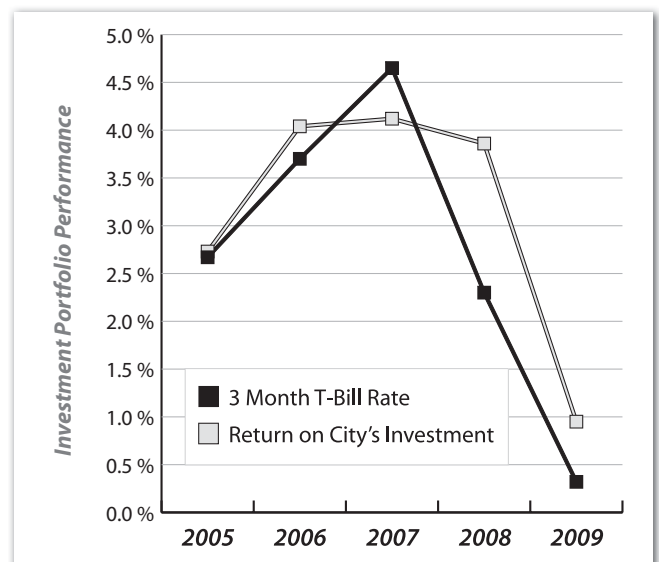
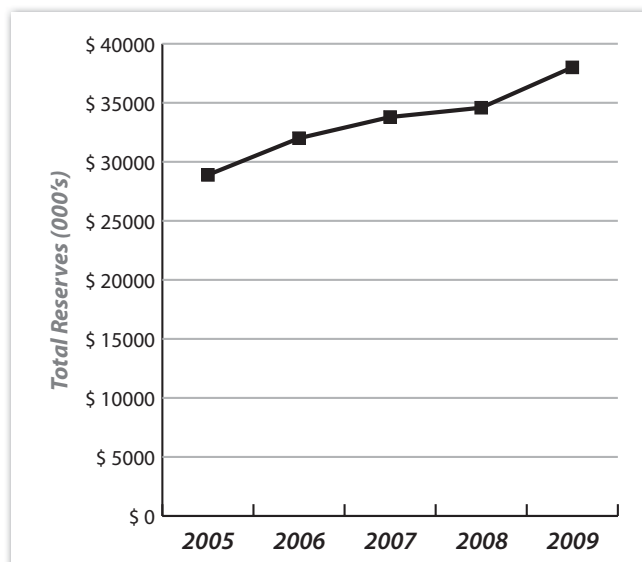
Reserves are a key tool used by local governments to set aside funds to replace existing capital assets, respond to emergent needs, stabilize tax rates, and fund future capital projects. When reviewing a local government's financial position, the level of reserves is often confused with the financial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

In 2009, reserve balances increased by \$3.4 million. While a number of the reserves are non-discretionary and governed by legislative or contractual obligations, the majority are discretionary reserves whereby their use is at the discretion of Council. In order to improve the accountability, planning and management of these reserves, each reserve is supported by Council policy and a 10-year plan for its use. 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

City funds are invested according to the City's investment policy. The purpose of the investment policy is to ensure investments conform to all provincial statutes and regulations while optimizing investment returns, providing maximum security of principal and meeting the City's daily cash flow requirements. Investments are limited to instruments in which the principal is unconditionally guaranteed. Investment performance is benchmarked against the Three Month Federal Treasury Bill rate. A report on the City's investment portfolio is presented to Council on a quarterly basis to ensure accountability for the nature and diversification of the portfolio to the investment policy. The City's short-term investments earned an average of 0.95% in 2009 (high of 2.95%, low of 0.34%), the average Three Month Federal Treasury Bill rate was 0.32%.



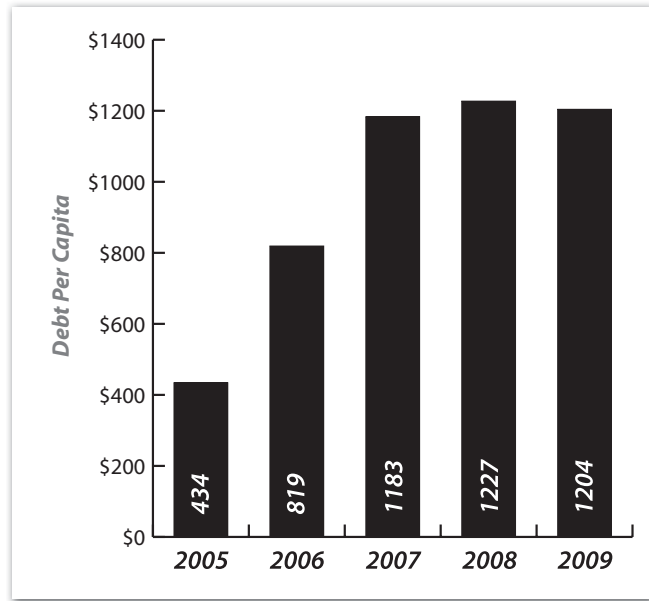
Debt

In 2004, the City's approved Capital Budget included two major projects, Ray Gibbon Drive and Servus Credit Union Place. These two projects alone, due to their significance, resulted in two 20-year external borrowings, which increased the City's debt by \$22 million and \$38 million respectively. Interest rates for both 20-year borrowings are under 5%. While the debt requirements for the two major projects are significant, the City will remain within debt limits established through City policy and as set out by the Province. All borrowing completed by the City has been in the form of debentures through the Alberta Capital Finance Authority (ACFA). These borrowings leverage the Province of Alberta's strong debt rating and the combined borrowings of other municipalities and education authorities in Alberta. Interest rates are established at the time of borrowing and remain constant throughout the term of the debenture, eliminating the risk associated with fluctuating interest rates. Payments are made annually or semi-annually.

In 2009, the city's debt per capita decreased to \$1,204 from \$1,227 in 2008.

In 2008, Council adopted the City's *Fiscal Sustainability Framework*. This Framework provided a far-reaching vision for the municipality's financial sustainability, and recommended various strategies to improve the City's financial position while

protecting ratepayers and ensuring continued high levels of municipal service. Specific to debt management, the Fiscal Sustainability Framework made a few key recommendations which were adopted by Council and are expected to enhance the City's fiscal position. These recommendations were adapted and included on the City's new debt management policy/philosophy.



Tangible Capital Assets / Financial Reporting

Change in Accounting Policies and Financial Statement Presentation

The City has implemented Public Sector Accounting Board ("PSAB") sections 1200 Financial Statement Presentation and 3150 Tangible Capital Assets. Section 1200 establishes general reporting principles and standards for the disclosure of information in government financial statements. Section 3150 requires governments to record and amortize their tangible capital assets in their financial statements. In prior years, tangible capital asset additions were expensed in the year of acquisition and construction.

These changes have had significant impact on the information and values recorded in the Financial Statements.

Those areas impacted include:

Statement of Operations

- Contributed assets are now recorded as revenue, \$7 million in 2009 (2008 - \$15.1 million) and was not recorded in prior years.
- Amortization expense of tangible capital assets, \$17.3 million in 2009 (2008 - \$16.3 million); was not recorded in prior years.
- Tangible capital asset additions capitalized and no longer expensed, \$40.3 million in 2009 (2008 - \$30.4 million).
- Government Transfers related to capital projects including tangible capital assets are recorded as revenue in the statement of operations, \$23 million in 2009 (2008 - \$13 million). The offsetting costs relating to these projects are recorded as tangible capital assets to the statement of financial position and no longer included in the statement of operations.

Statement of Financial Position

For the past few years the City has been building a complete inventory and valuation of its tangible capital assets. The City completed this work in the fall of 2009. This work included researching archive documents, insurance records and information from various corporate data bases. When the information was available the City used historical cost to value the assets. Where the historical cost was not available the City used a discounted replacement value based on various construction and cost of living indices.

As a result of this work, the total cost of the City's assets recorded for 2008 increased to \$938 million. This increase was offset by accumulated amortization of \$258 million. This increased the net book value of the City's tangible capital assets to \$680 million.

Fund Accounting

PSAB Section 1200 Financial Statement Presentation changes the way governments report on accumulated surplus. The terminology and presentation of fund accounting is no longer applicable to the City's financial statements. The accumulated surplus is now reported as a single amount, and is made up of three components; unrestricted surplus or deficit, restricted surplus (money set aside for reserves) and the City's equity in tangible capital assets.



Budgeting and Financial Reporting

The City prepares its annual operating budget on the modified cash flow basis. Based on this method the City uses tax revenues, reserve transfers and government transfers for operations to achieve a balanced budget. The City operating budget does not include revenue from contributed assets, revenue from government transfers for capital, or amortization expense. The Statement of Operations is based on full accrual accounting and includes amortization expense, revenue from government transfers for capital and revenue from contributed assets. The following table reconciles the surplus in the Statement of Operations to the City's balanced budget.

	Actual	Budget
Total Revenue Reported Before Other	\$ 125,151	\$ 121,080
Other Revenue Reported		
<i>Contributed Assets</i>	\$ 6,976	
<i>Government Transfers for Capital</i>	\$ 22,979	\$ 73,916
Subtotal	\$ 155,106	\$ 194,996
Less:		
<i>Government Transfers for Capital</i>	\$ (22,979)	\$ (73,916)
<i>Contributed Assets</i>	\$ (6,976)	-
<i>Developer Contributions & Levies</i>	\$ (4,392)	\$ (2,150)
<i>Gain on Sale of Tangible Capital Assets</i>	\$ (161)	-
<i>Other Revenue Earned on Capital Funds</i>	\$ (393)	-
<i>AHF Consolidated Revenue</i>	\$ (526)	-
Total Revenue Earned Towards the Operating Budget	\$ 119,679	\$ 118,930
Total Expenses Reported	\$ 121,351	\$ 103,274
Less:		
<i>AHF Consolidated Expenses</i>	\$ (561)	-
<i>Amortization</i>	\$ (17,336)	-
Total Expenses Toward the Operating Budget	\$ 103,454	\$ 103,274
Operating Budget Available	\$ 16,225	\$ 15,656
<i>Less: Operating Transfers to Capital Projects</i>	\$ (13,357)	\$ (11,396)
<i>Less: Repayment of Long Term Debt</i>	\$ (4,649)	\$ (5,082)
<i>Add: Reserve Transfers Recorded Prior to Year End Position</i>	\$ 2,924	\$ 822
Surplus Position Reported at Year End	\$ 1,143	-
<i>Less: Reserve Transfers Used to Allocate Year End Surplus</i>	\$ (1,139)	-
Operating Budget Balance at the End of the Year	\$ 4	\$ -

The Future

St. Albert, with its large residential tax base, continues to face challenges relative to its ability to generate additional revenues with limited capacity and available funding sources. 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 City's continued success in meeting the challenges of a growing community are made possible through the continuing efforts of all City staff. My appreciation is extended to all departments for their ongoing cooperation and assistance.



Dean Screpnik, CMA, CLGM
General Manager – Corporate Services, CFO

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, 2008.

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 receive 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 condition, 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. The City of St. Albert believes our current report continues to conform to the Canadian Award for Financial Reporting program requirements, and will be submitting it to the GFOA for award consideration.

Canadian Award for Financial Reporting

Presented to

The City of St. Albert
Alberta

For its Annual
Financial Report
for the Year Ended

December 31, 2008

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




President


Executive Director

Annual Financial Report **2009**

Financial Section

(Consolidated Financial Statements)



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 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 management's best estimates.

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 and 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 KPMG LLP. 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
March 16, 2010



Dean Screpnec, CMA, CLGM
General Manager, Corporate Services
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 ("the City") as at December 31, 2009 and the consolidated statements of operations and accumulated surplus, change in net debt, and cash flows for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the City's 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 as at December 31, 2009 and the results of its operations and changes in net debt and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Edmonton, Canada | March 16, 2010

Chartered Accountants

CONSOLIDATED STATEMENT OF FINANCIAL POSITION


December 31, 2009 with comparative figures for 2008 (In thousands of dollars)

	<u>2009</u>	<u>2008</u> (Restated – Note 2)
Financial Assets		
Cash and Cash Equivalents (Note 3)	\$ 50,272	\$ 69,479
Accounts Receivable	10,051	8,525
Taxes Receivable	1,835	1,324
Inventories Held for Resale	18	24
Land Held for Resale	60	60
Investments (Note 3)	<u>19,063</u>	<u>166</u>
	<u>81,299</u>	<u>79,578</u>
Financial Liabilities		
Accounts Payable and Accrued Liabilities	16,416	16,843
Deferred Revenue (Note 4)	30,366	31,730
Long-Term Debt (Note 5)	70,964	71,809
Landfill Liability (Note 6)	<u>5,158</u>	<u>5,116</u>
	<u>122,904</u>	<u>125,498</u>
Net Debt	<u>(41,605)</u>	<u>(45,920)</u>
Non-Financial Assets		
Tangible Capital Assets (Note 7)	708,901	679,516
Inventories of Material and Supplies	1,052	1,083
Prepaid Expenses	<u>221</u>	<u>135</u>
	<u>710,174</u>	<u>680,734</u>
Accumulated Surplus (Note 8)	\$ <u><u>668,569</u></u>	\$ <u><u>634,814</u></u>
Commitments and Contingencies – See Note 13		

Approved By:



Mayor



City Manager

See accompanying notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

Year ended December 31, 2009 with comparative figures for 2008 (In thousands of dollars)

	<u>2009</u>	<u>Budget 2009 (Note 12)</u>	<u>2008 (Restated – Note 2)</u>
Revenue			
Property Taxes (Note 14)	\$ 66,739	\$ 66,998	\$ 62,621
Sales and User Fees	37,201	36,750	33,419
Government Transfers for Operations (Note 15)	6,066	4,700	6,087
Developer Contributions and Levies	4,392	2,150	2,637
Other Revenue	3,536	2,695	1,426
Fines and Penalties	3,509	4,196	3,519
Licenses and Permits	1,870	1,003	1,529
Franchise Fees	1,132	1,745	1,495
Investment Income	545	843	2,234
Gain (Loss) on Sale of Tangible Capital Assets	161	-	(235)
Gain on Sale of Land Held for Resale	-	-	2,543
Total Revenue	<u>125,151</u>	<u>121,080</u>	<u>117,275</u>
Expenses			
Protective Services	22,568	20,743	18,092
Recreation and Parks	22,341	18,796	19,456
Utility Services	21,558	19,069	23,102
Transportation and Roadway Services	18,392	11,600	16,955
General Government Services	10,974	10,830	12,792
Transit Services	9,908	8,447	9,329
Cultural Services	9,426	8,102	7,652
Planning and Development Services	3,398	3,422	4,530
Family and Social Services	2,786	2,265	2,316
Total Expenses	<u>121,351</u>	<u>103,274</u>	<u>114,224</u>
Excess of Revenue Over Expenses Before Other	3,800	17,806	3,051
Other			
Contributed Assets	6,976	-	15,109
Government Transfers for Capital (Note 15)	22,979	73,916	12,982
Annual Surplus	33,755	91,722	31,142
Accumulated Surplus Beginning of Year	<u>634,814</u>	<u>634,814</u>	<u>603,672</u>
Accumulated Surplus End of Year	<u>\$ 668,569</u>	<u>\$ 726,536</u>	<u>\$ 634,814</u>

See accompanying notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

Year ended December 31, 2009 with comparative figures for 2008 (In thousands of dollars)

	<u>2009</u>	<u>Budget 2009 (Note 12)</u>	<u>2008 (Restated – Note 2)</u>
Annual Surplus	\$ 33,755	\$ 91,722	\$ 31,142
Acquisition of Tangible Capital Assets	(47,279)	(89,324)	(45,489)
Proceeds on disposal of Tangible Capital Assets	719	-	55
Amortization of Tangible Capital Assets	17,336	-	16,340
Loss (gain) on sale of Tangible Capital Assets	(161)	-	235
	<u>4,370</u>	<u>2,398</u>	<u>2,283</u>
Acquisition of inventories of materials and supplies	(1,052)	-	(1,083)
Acquisition of prepaid expenses	(221)	-	(135)
Consumption of inventories of materials and supplies	1,083	-	1,080
Use of prepaid expenses	135	-	234
	<u>(55)</u>	<u>-</u>	<u>96</u>
Decrease in Net Debt	4,315	2,398	2,379
Net Debt at Beginning of Year	(45,920)	(45,984)	(48,299)
Net Debt at End of Year	\$ (41,605)	\$ (43,586)	\$ (45,920)

See accompanying notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2009 with comparative figures for 2008 (In thousands of dollars)

	<u>2009</u>	<u>2008</u> (Restated – Note 2)
Cash Provided By (Used In)		
Operating Activities		
Annual Surplus	\$ 33,755	\$ 31,142
Items not involving cash:		
Amortization	17,336	16,340
Tangible Capital Assets Received as Contributions	(6,976)	(15,109)
Loss (gain) on Disposal of Tangible Capital Assets	<u>(161)</u>	<u>235</u>
	43,954	32,608
Change in non-cash assets and liabilities:		
Accounts Receivable	(1,526)	1,430
Taxes Receivable	(511)	(269)
Inventories Held for Resale	6	3
Land Held for Resale	-	601
Accounts Payable and Accrued Liabilities	(427)	(4,496)
Deferred Revenue	(1,364)	7,117
Landfill Liability	42	159
Inventories of Materials and Supplies	31	(3)
Prepaid Expenses	<u>(86)</u>	<u>98</u>
	<u>40,119</u>	<u>37,248</u>
Capital Activities		
Acquisition of Tangible Capital Assets	(40,303)	(30,380)
Proceeds on Disposal of Tangible Capital Assets	<u>719</u>	<u>55</u>
	<u>(39,584)</u>	<u>(30,325)</u>
Investing Activities		
Purchase of Investments, net	<u>(18,897)</u>	<u>(32)</u>
Financing Activities		
Issue of Long-Term Debt	3,804	8,122
Repayment of Long-Term Debt	<u>(4,649)</u>	<u>(4,611)</u>
	<u>(845)</u>	<u>3,511</u>
Net Change in Cash and Cash Equivalents During Year	(19,207)	10,402
Cash and Cash Equivalents at Beginning of Year	<u>69,479</u>	<u>59,077</u>
Cash and Cash Equivalents at End of Year	\$ <u>50,272</u>	\$ <u>69,479</u>
Cash Paid for Interest	\$ 3,468	\$ 3,377
Cash Received for Interest	<u>732</u>	<u>2,077</u>

See accompanying notes to the Consolidated Financial Statements.

NOTES TO CONSOLIDATED STATEMENTS

Year ended December 31, 2009 with comparative figures for 2008 (In thousands of dollars)

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the City of St. Albert (the "City") are the representations of management and have been prepared in accordance with Canadian generally accepted accounting principles for governments, as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. Significant accounting policies adopted by the City are as follows:

a) *Basis of Consolidation*

Consolidated Entities:

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The entity is comprised of all organizations, committees and local boards that are owned or controlled by the City 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. Inter-departmental and inter-organizational transactions and balances between these organizations have been eliminated.

Accounting for School Board Entities:

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the School Boards are not reflected in these consolidated financial statements.

b) *Use of Estimates*

The preparation of financial statement requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for accrued liabilities, landfill liability and in performing actuarial valuations of employee future benefits.

In addition, the City's implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of historical cost and useful lives of tangible capital assets.

Actual results could differ from these estimates.

c) *Basis of Accounting*

The City follows the accrual 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 it is earned and measurable. 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) Expenses

Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(In thousands of dollars)**

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

d) 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.

e) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

f) Inventories Held for Resale

Inventories held for resale consist mainly of concession inventory and are valued at lower of cost and net realizable value.

g) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for the use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations.

i) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value of the tangible capital asset, excluding land, is amortized on a straight-line basis over the estimated useful life as follows:

Building and Building Improvements	25 to 50 years
Library Collections	5 years
Library Leasehold Improvements	5 years
Land Improvements	15 to 25 years
Engineered Structures	
Roadway System	15 to 60 years
Water System	35 to 75 years
Wastewater System	35 to 75 years
Storm System	35 to 75 years
Machinery and Equipment	10 to 25 years
Vehicles	10 to 25 years

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

Cultural and Historical Assets such as works of art, historical and heritage sites are not recorded as Tangible capital assets in these financial statements.

The City does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

THE CITY OF ST. ALBERT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(In thousands of dollars)

1. **SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

ii) **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 replacement cost.

h) **Government Transfers**

Government transfers are the transfer of assets from senior level of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

i) **Pension Expenses**

Contributions for current and past service pension benefits are recorded as expenses in the year in which they become due.

j) **Landfill Liability**

The liability for closure of operational sites and post-closure care has been recognized based on estimated future expenses.

2. **CHANGE IN ACCOUNTING POLICIES**

The City has implemented PSAB sections 1200 Financial Statement Presentation and 3150 Tangible Capital Assets. Section 1200 establishes general reporting principles and standards for the disclosure of information in government financial statements. Section 3150 requires governments to record and amortize their tangible capital assets in their financial statements. In prior years, tangible capital asset additions were expensed in the year of acquisition or construction.

Methods used for determining the cost of each major category of tangible capital assets

The financial information recorded includes the actual or estimated historical cost of the tangible capital assets. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization of the assets. The City applied a consistent method of estimating the replacement or reproduction cost of the tangible capital assets for which it did not have historical cost records, except in circumstances where it could be demonstrated that a different method would provide a more accurate estimate of the cost, the Alberta Consumer Price Index was used as a resource for determining the price of Land, the Edmonton Non-Residential Building Construction Price Index was used as a resource for determining the price of Land Improvements, Engineered Structures and Buildings. These price indexes were used to deflate the replacement cost to an estimated historical cost at the year of acquisition.

**THE CITY OF ST. ALBERT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(In thousands of dollars)**

2. CHANGE IN ACCOUNTING POLICIES (cont'd)

This change has been applied retroactively and prior periods have been restated. This change in accounting policy has changed amounts reported in the prior period as follows:

Accumulated Surplus at January 1, 2008	
Operating Fund Balance	\$ (4,880)
Capital Fund Balance	(7,605)
Reserves	33,794
Equity in Tangible Capital Assets	<u>360,257</u>
Accumulated Surplus, as previously reported	381,566
Increase in Net Book Value of Tangible Capital Assets recorded	<u>222,106</u>
Accumulated Surplus as re-stated	\$ <u>603,672</u>
Annual Surplus for 2008	
Net Revenues, as previously reported	\$ 2,283
Developer Contributions of Tangible Capital Assets	15,109
Assets Capitalized but Previously Expensed	30,380
Amortization Expense not Previously Recorded	(16,340)
Loss on Disposal of Tangible Capital Assets	(235)
Proceeds on Disposal Previously Reported as Revenue	<u>(55)</u>
Annual Surplus as Restated	\$ <u>31,142</u>

3. CASH AND INVESTMENTS

	<u>2009</u>	<u>2008</u>
a) Cash and Cash Equivalents		
Cash	\$ 17,040	\$ 1,383
Cash Equivalents	<u>33,232</u>	<u>68,096</u>
	\$ <u>50,272</u>	\$ <u>69,479</u>

Cash includes cash on hand and balances with banks, net of bank overdrafts.

Cash Equivalents are comprised of Short Term Deposits, Banker's Acceptances, Commercial Papers and Guaranteed Notes having yields ranging from 0.37% to 0.51% (2008 – 1.65% to 3.30%) maturing within 3 months.

	<u>2009</u>	<u>2008</u>
b) Investments		
Short- term notes & deposits	\$ 18,889	\$ -
Credit Union Shares	<u>174</u>	<u>166</u>
	\$ <u>19,063</u>	\$ <u>166</u>

Short-term notes and deposits have effective rates of 1.10% to 1.35%, with maturity dates ranging between 3 months and one year and are for fixed terms.

THE CITY OF ST. ALBERT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(In thousands of dollars)

4. DEFERRED REVENUE

Pursuant to funding agreements with the Provincial and/or Federal Government, the use of these funds together with any earnings thereon is restricted to eligible expenditures on capital or operating projects as approved by the governments. These funds are recognized as revenue in the period they are used for the purpose specified:

	<u>Balance Dec. 31/08</u>	<u>Contributions</u>	<u>Interest Earned</u>	<u>Applied</u>	<u>Balance Dec. 31/09</u>
<u>Operating</u>					
MSI - Affordable Housing	\$ 1,465	\$ 2,353	\$ 21	\$ (617)	\$ 3,222
Other – Operating					
Library	275	197	-	(330)	142
Utilities	141	-	-	(5)	136
Servus Place	798	127	-	(101)	824
Performing Arts	201	164	-	(201)	164
Licensing	179	19	-	-	198
Ambulance	249	-	-	(249)	-
Other Miscellaneous	359	133	-	(120)	372
Community	-	151	-	(43)	108
Art's & Heritage Foundation	181	8	-	-	189
	<u>3,848</u>	<u>3,152</u>	<u>21</u>	<u>(1,666)</u>	<u>5,355</u>
<u>Capital</u>					
Alberta Municipal Infrastructure Program	7,838	9,684	74	(6,468)	11,128
Basic Capital Grant	4,188	3,510	34	(4,044)	3,688
Municipal Sustainability Initiative	8,090	-	52	(4,677)	3,465
New Deal for Cities & Communities	3,042	3,178	31	(1,392)	4,859
New Deal for Cities & Communities - Public Transit	831	-	5	(467)	369
Developer Contributions	3,351	1,152	21	(3,456)	1,068
Other	542	4,930	3	(5,041)	434
	<u>27,882</u>	<u>22,454</u>	<u>220</u>	<u>(25,545)</u>	<u>25,011</u>
	\$ <u>31,730</u>	\$ <u>25,606</u>	\$ <u>241</u>	\$ <u>(27,211)</u>	\$ <u>30,366</u>

THE CITY OF ST. ALBERT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(In thousands of dollars)

5. LONG-TERM DEBT

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

	<u>2009</u>	<u>2008</u>
Municipal Tax Supported Debentures	\$ 70,862	\$ 71,589
Utility Tax Supported Debentures	<u>-</u>	<u>32</u>
	70,862	71,621
Capital Leases	<u>102</u>	<u>188</u>
	<u>\$ 70,964</u>	<u>\$ 71,809</u>

Debenture debt has been issued on the credit and security of the City. Debentures are held by the Alberta Capital Finance Authority. Debenture interest is payable, before Provincial subsidy, at rates ranging from 3.344% to 9.75% per annum. The debentures are payable in annual or semi-annual amounts and mature in periods ranging from 2010 to 2028.

Capital leases have been issued on the credit and security of the City at large. The capital leases bear interest between 0% and 20.1% (2008 – 0% and 20.1%) and mature in 2010.

The City has an operating line of credit with its bank of \$5,000 (2008 - \$5,000). This credit facility bears interest at prime minus .25% and was not drawn on at December 31, 2009.

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:

Maximum Interest Rate Payable Period of Debenture Issue	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%

Interest on long-term debt of \$3,703 (2008 - \$3,362) is recorded in the Statement of Operations.

Long-term debt principal and interest amounts due in each of the next five years and thereafter are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 4,812	\$ 3,330	\$ 8,142
2011	4,962	3,084	8,046
2012	4,368	2,830	7,198
2013	3,963	2,601	6,564
2014	3,588	2,412	6,000
Thereafter	<u>49,271</u>	<u>14,261</u>	<u>63,532</u>
	<u>\$ 70,964</u>	<u>\$ 28,518</u>	<u>\$ 99,482</u>

**THE CITY OF ST. ALBERT
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5. LONG-TERM DEBT (cont'd)

b) 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>2009</u>	<u>2008</u>
Maximum Allowable Debt	\$ 188,201	\$ 176,301
Total Debt and Capital Leases	\$ 70,964	\$ 71,810
Percentage Used (%)	38	41
Maximum Allowable Debt Service	\$ 31,367	\$ 29,383
Annual Payments on Existing Debt	\$ 8,142	\$ 8,167
Percentage Used (%)	26	28

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 City, rather, the financial statements must be interpreted as a whole.

6. LANDFILL LIABILITY

Alberta environmental law requires closure and post-closure care of landfill sites, which includes final covering and landscaping, plumbing of groundwater and leachates from the sites, and ongoing environmental monitoring, site inspections and maintenance. The City received an Environment Canada order to undertake additional capping and grading measures in 2005 to prevent leaching into the Sturgeon River from its landfill. The City is continuing with its ongoing monitoring program of the former landfill and sewage lagoons in Riel Park including the submission of reports to Environment Canada. The groundwater monitoring of the site has been ongoing since 1999 and the program was expanded in June 2004 in consultation with the regulators. A Site Management Alternative report was completed in December 2005 and the City met with the regulators to discuss the alternatives and the recommended action plan. The action plan includes objectives that will maintain the integrity of the containment berms, minimize the generation of leachate and continued monitoring of the groundwater.

The City's estimated total liability is based on the sum of discounted future cash flows for post-closure activities from 2009 to 2013 using a discount rate of 3.636% based on the Alberta Finance Authority 10 year rate stated at January 1, 2010.

	<u>2009</u>	<u>2008</u>
Estimated closure costs	\$ 5,001	\$ 4,851
Estimated post-closure costs	<u>157</u>	<u>265</u>
Estimated total liability	\$ <u>5,158</u>	\$ <u>5,116</u>

During the year, the City paid \$117 (2008 - \$39) of costs related to the landfill closure and post closure liability. Accretion expense recorded in 2009 was \$159 (2008 - \$199).

THE CITY OF ST. ALBERT
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7. TANGIBLE CAPITAL ASSETS

2009

	Building Improvements	Library Collections	Leasehold Improvements	Land Improvements	Engineered Structures	Buildings	Machinery & Equipment	Land	Vehicles	Assets Under Construction	Total
COST:											
Balance Beginning of Year	\$ -	\$ 1,665	\$ 258	\$ 32,681	\$ 414,053	\$ 123,250	\$ 18,601	\$ 311,821	\$ 27,952	\$ 7,300	\$ 937,581
Acquisitions	420	426	48	3,605	24,421	213	2,407	7,962	10,085	(2,307)	47,280
Disposals	-	(270)	-	-	-	-	(469)	(205)	(2,090)	-	(3,034)
Balance End of Year	420	1,821	306	36,286	438,474	123,463	20,539	319,578	35,947	4,993	981,827
ACCUMULATED AMORTIZATION:											
Balance Beginning of Year	-	(773)	(172)	(11,910)	(182,321)	(41,408)	(11,601)	-	(9,880)	-	(258,065)
Amortization Expense	(6)	(349)	(38)	(1,539)	(9,317)	(2,767)	(1,518)	-	(1,802)	-	(17,336)
Disposals	-	270	-	-	-	-	398	-	1,807	-	2,475
Balance End of Year	(6)	(852)	(210)	(13,449)	(191,638)	(44,175)	(12,721)	-	(9,875)	-	(272,926)
Net Book Value End of Year	\$ 414	\$ 969	\$ 96	\$ 22,837	\$ 246,836	\$ 79,288	\$ 7,818	\$ 319,578	\$ 26,072	\$ 4,993	\$ 708,901

THE CITY OF ST. ALBERT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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7. TANGIBLE CAPITAL ASSETS

2008 (Restated Note 2)

COST:

	Building Improvements	Library Collections	Leasehold Improvements	Land Improvements	Engineered Structures	Buildings	Machinery & Equipment	Land	Vehicles	Assets Under Construction	Total
Balance Beginning of Year	\$ -	\$ 1,535	\$ 248	\$ 20,893	\$ 400,843	\$ 111,206	\$ 17,491	\$ 308,245	\$ 27,486	\$ 5,392	\$ 893,339
Acquisitions	-	389	10	11,788	13,210	12,044	1,180	3,576	1,384	1,908	45,489
Disposals	-	(259)	-	-	-	-	(70)	-	(918)	-	(1,247)
Balance End of Year	-	1,665	258	32,681	414,053	123,250	18,601	311,821	27,952	7,300	937,581

ACCUMULATED AMORTIZATION:

Balance Beginning of Year	-	(712)	(139)	(10,776)	(173,290)	(38,570)	(10,224)	-	(8,972)	-	(242,683)
Amortization Expense	-	(320)	(33)	(1,134)	(9,031)	(2,838)	(1,447)	-	(1,537)	-	(16,340)
Disposals	-	259	-	-	-	-	70	-	629	-	958
Balance End of Year	-	(773)	(172)	(11,910)	(182,321)	(41,408)	(11,601)	-	(9,880)	-	(258,065)
Net Book Value End of Year	\$ -	\$ 892	\$ 86	\$ 20,771	\$ 231,732	\$ 81,842	\$ 7,000	\$ 311,821	\$ 18,072	\$ 7,300	\$ 679,516

THE CITY OF ST. ALBERT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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7. TANGIBLE CAPITAL ASSETS (cont'd)

a) *Assets Under Construction*

Assets under construction having a value of \$4,993 (2008 - \$7,300) have not been amortized. Amortization of these assets will commence when the asset is put into service.

b) *Contributed Tangible Capital Assets*

Contributed capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$6,976 (2008 - \$15,109) comprised of roads infrastructure in the amount of \$3,018 (2008 - \$6,880), water and wastewater infrastructure in the amount of \$3,714 (2008 - \$4,840), machinery and equipment in the amount of \$244 (2008 - 0) and annexed lands of \$0 (2008 - \$3,389).

c) *Works of Art and Historical Treasures*

The City manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings and sculptures located at City sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

d) *Write-down of Tangible Capital Assets*

The write-down of tangible capital assets during the year was \$0 (2008 - \$0).

8. ACCUMULATED SURPLUS

Accumulated surplus consists of unrestricted and restricted amounts and equity in tangible capital assets as follows:

	<u>2009</u>	<u>2008</u>
Unrestricted Surplus (Deficit)		
Arts & Heritage Foundation	\$ 99	\$ 121
City of St. Albert Accumulated Surplus	37	121
St. Albert Public Library	8	10
Capital Projects – Timing	(2,432)	(2,622)
Utility Accumulated Deficit - Landfill	<u>(5,106)</u>	<u>(5,106)</u>
	(7,394)	(7,476)
Restricted Surplus – Reserves (Schedule 1)	38,026	34,583
Equity in Tangible Capital Assets	<u>637,937</u>	<u>607,707</u>
Total Accumulated Surplus	\$ <u>668,569</u>	\$ <u>634,814</u>

THE CITY OF ST. ALBERT
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9. PENSION PLANS

a) *Local Authorities Pension Plan*

Approximately 562 (2008 – 510) employees of the City 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 is required to make current service contributions to the Plan of 8.46% (2008 – 7.75%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 11.66% (2008 – 10.64%) on pensionable earnings above this amount. Employees of the City are required to make current service contributions of 7.46% (2008 – 6.75%) of pensionable salary up to the year's maximum pensionable salary and 10.66% (2008 – 9.64%) on pensionable salary above this amount.

Total contributions by the City to the Local Authorities Pension Plan in 2009 were \$3,219 (2008 - \$2,564). Total contributions by the employees of the City of St. Albert to the Local Authorities Pension Plan in 2009 were \$2,892 (2008 - \$2,269).

At December 31, 2008, the plan reported the value of its assets at \$13.5 billion (2007 - \$15.6 billion) and disclosed an actuarial deficiency of \$ 4.4 billion (2007 – \$1.2 billion). Plan asset and actuarial deficiency data as at December 31, 2009 were not yet available.

b) *APEX*

The APEX supplementary pension plan, an Alberta Urban Municipalities Association (AUMA) sponsored defined benefit pension plan covered under the provisions of the "Alberta Employment Pension Plans Act", commenced on January 1, 2004, and provides supplementary pension benefits to a prescribed class of employees (23 (2008 - 22) 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 \$122 (2008 - \$117).

Total current service contributions by the City to APEX in 2009 were \$87 (2008 – \$68). Total current service contributions by the employees of the City were \$72 (2008 – \$57).

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.

As at December 31, 2009 the APEX supplementary pension plan has vested with approximately two-thirds eligible employees. The City has disclosed contributions to the APEX plan.

c) *MuniSERP*

MuniSERP supplementary overcap retirement plan, to extend LAPP and APEX pension benefit levels beyond the Canada Revenue Agency maximum, commenced on January 1, 2003, and provides supplementary benefits to a prescribed class of employees (23 (2008 – 22) beneficiaries). MuniSERP supplements APEX and LAPP and is a voluntary, non-contributory, non-registered supplementary employee retirement plan (SERP).

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. At January 1, 2010, an actuarial valuation has been completed along with corresponding disclosure of designated assets.

THE CITY OF ST. ALBERT
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9. PENSION PLANS (cont'd)

The following presents the MuniSERP obligation as at December 31, 2009:

	<u>2009</u>	<u>2008</u>
Accrued Benefit Obligation		
Balance, beginning of year	\$ 186	\$ 101
Current service cost and interest cost	<u>30</u>	<u>85</u>
Balance, end of year	\$ <u>216</u>	\$ <u>186</u>

There are no defined benefit plan assets.

The significant actuarial assumptions adopted in measuring the City's accrued benefit obligations are as follows:

	<u>2009</u>	<u>2008</u>
Discount Rate	6.5%	6.5%
Rate of compensation increase	4.5%	4.5%

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 2009</u>	<u>Total 2008</u>
Mayor N. Crouse	\$ 89,142	\$ 6,117	\$ 95,259	\$ 83,708
Councillor L. Bracko	31,610	1,200	32,810	26,014
Councillor J. Burrows	31,010	4,351	35,361	28,989
Councillor L. Garritty	29,560	2,542	32,102	27,369
Councillor G. Jones	30,210	3,635	33,845	28,327
Councillor R. Lemieux	30,060	1,327	31,387	25,095
Councillor C. Watamaniuk	29,560	3,280	32,840	26,960
Chief Administrative Officer	199,500	42,536	242,036	221,814
Designated Officer (Jan.-Sept.)	92,358	17,682	110,040	142,601
Designated Officer (Oct.-Dec.)	30,786	6,118	36,904	-

- a) Salaries include regular base pay and per diems.
- b) Employer's share of all employee benefits and contributions or payments made on behalf of employees including retirement pension, Canada Pension Plan, Employment 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 2010 Capital Budget totalling \$88,915 (2009 - \$86,852), of which no amounts are anticipated to be financed through debenture.

THE CITY OF ST. ALBERT
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12. BUDGET FIGURES

The 2009 budget figures which appear in these financial statements have not been audited. Budgets established for capital acquisitions 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.

The unaudited budget data presented in these consolidated financial statements is based upon the 2009 operating and capital budgets approved by Council. Amortization was not contemplated on development of the budget and, as such, has not been included.

13. COMMITMENTS AND CONTINGENCIES

a) *Annexation*

On February 14, 2007 the Lieutenant Governor in Council approved the request of the City of St. Albert to annex land from Sturgeon County (County). Effective January 1, 2007 the City's boundaries were extended to include all of the land that St. Albert had requested.

The City is obligated to pay the County \$800 at a rate of \$80 per year starting in 2009 and ending 2018. In addition, the City will pay tax sharing amounts to the County until 2011.

The City paid \$132 in 2009 (\$71 in 2008) to Sturgeon County under this tax sharing agreement. For the years 2010 to 2018, the total estimated costs under the tax sharing arrangements are \$767. These amounts will vary as they are dependent upon the pace of development within the annexed lands.

As of April 1, 2007 the City is responsible for the roads within the annexed area. Prior to that date the County was responsible for roadway maintenance and municipal services.

The annexation brings within the boundaries of St. Albert the proposed alignment of the Ray Gibbon Drive.

b) *Insurance Agreement*

The City of St. Albert was a member of the Alberta Municipal Insurance Exchange (MUNIX) in 2007. 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.

In 2008 the City of St. Albert entered into a private insurance arrangement and is no longer part of the MUNIX program.

c) *Legal Claims*

As at December 31, 2009, 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.

d) *Outstanding Letters of Credit*

As at December 31, 2009, there were outstanding letters of credit issued in favour of the City totalling \$608 (2008 - \$698) related to development agreements and representing approximately \$486 (2008 - \$359) worth of potential development.

THE CITY OF ST. ALBERT
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14. PROPERTY TAXES

Taxation revenue, reported on the consolidated statement of operations, is made up of the following:

	<u>2009</u>	<u>Budget 2009 (Note 12)</u>	<u>2008</u>
Taxation			
Real Property Taxes	\$ 89,376	\$ 90,518	\$ 83,380
Linear Property Taxes	1,134	966	1,140
Government Grants in Place of Property Taxes	<u>827</u>	<u>-</u>	<u>756</u>
	<u>91,337</u>	<u>91,484</u>	<u>85,276</u>
Requisitions			
Alberta School Foundation Fund	16,211	16,211	14,790
St. Albert Protestant Separate School District #6	7,397	7,397	7,043
Sturgeon Foundation Requisition	506	507	465
Other	<u>484</u>	<u>371</u>	<u>357</u>
	<u>24,598</u>	<u>24,486</u>	<u>22,655</u>
Taxes Available for Municipal Purposes	<u>\$ 66,739</u>	<u>\$ 66,998</u>	<u>\$ 62,621</u>

15. GOVERNMENT TRANSFERS

The City recognizes the transfer of government funding after the transfer has been authorized, and the expenses or revenues in the period that the events giving rise to the transfer occurred. The Government transfers reported on the Statement of Operations are:

	<u>2009</u>	<u>Budget 2009 (Note 12)</u>	<u>2008</u>
Government Transfers for Operations			
Provincial Grants	\$ 5,948	\$ 4,700	\$ 5,990
Federal Grants	<u>118</u>	<u>-</u>	<u>97</u>
	<u>6,066</u>	<u>4,700</u>	<u>6,087</u>
Government Transfers for Capital Fund			
Provincial Grants	19,974	73,916	12,982
Federal Grants	<u>3,005</u>	<u>-</u>	<u>-</u>
	<u>22,979</u>	<u>73,916</u>	<u>12,982</u>
Total Government Grants	<u>\$ 29,045</u>	<u>\$ 78,616</u>	<u>\$ 19,069</u>

THE CITY OF ST. ALBERT
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16. **COMPARITIVE FIGURES**

Certain elements of the 2008 Financial Statements have been reclassified to reflect the changes in presentation for 2009.

17. **SEGMENTED INFORMATION**

Segmented information has been identified based upon lines of service provided by the City. City services are provided by departments and their activities are reported by functional area in the body of the financial statements. Certain lines of service that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

a) ***Public Works – Utilities (Schedule 4)***

The City is responsible for environmental programs such as the engineering and operation of Water and Wastewater systems and Waste Management, the latter of which encompasses Solid Waste Collection Disposal and Recycling.

b) ***St. Albert Public Library***

The St. Albert Public Library was established in 1961 by the Town Council of St. Albert under the provisions of the Provincial Libraries Act and is governed by a separate Board. It is located in St. Albert Place and provides services and programs to the residents of St. Albert and surrounding areas.

c) ***Arts & Heritage Foundation***

The Arts & Heritage Foundation of St. Albert (AHF) manages Profiles Public Art Gallery, Musée Héritage Museum, and the St. Albert Heritage Sites. It offers programs and parallel exhibitions, while ensuring the preservation of historic buildings and significant artifacts.

d) ***Municipal***

The City provides services that include recreation, protection services, transit services, planning and development, cultural services and social services the costs of providing these services are reported on the statement of operations.

The following tables report the financial operations for each of the above mentioned segments.

THE CITY OF ST. ALBERT
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17. SEGMENTED INFORMATION (cont'd)

	2009				
	<u>Utilities</u>	<u>St. Albert Public Library</u>	<u>Arts & Heritage Foundation</u>	<u>Municipal</u>	<u>Total</u>
Revenue					
Property Taxes	\$ -	\$ -	\$ -	\$ 66,739	\$ 66,739
Sales and User Fees	22,526	299	258	14,118	37,201
Government Transfers for Operations	-	423	161	5,482	6,066
Developer Contributions and Levies	571	-	-	3,821	4,392
Other Revenue	-	103	107	3,326	3,536
Fines & Penalties	90	-	-	3,419	3,509
Licenses and Permits	-	-	-	1,870	1,870
Franchise Fees	-	-	-	1,132	1,132
Investment Income	50	2	-	493	545
Gain on Sale of Tangible Capital Assets	-	-	-	161	161
	<u>23,237</u>	<u>827</u>	<u>526</u>	<u>100,561</u>	<u>125,151</u>
Expenses					
Salaries, Wages and Benefits	3,356	2,409	1,040	45,083	51,888
Contracted and General Services	5,641	432	215	14,136	20,424
Amortization	3,348	200	26	13,762	17,336
Purchases from Other Governments	7,361	-	-	5,486	12,847
Materials, Goods and Utilities	935	352	277	9,961	11,525
Interest on Long-Term Debt	1	-	-	3,702	3,703
Transfers to Individuals and Organizations	-	-	-	3,163	3,163
Other Expenses	982	-	57	(574)	465
	<u>21,624</u>	<u>3,393</u>	<u>1,615</u>	<u>94,719</u>	<u>121,351</u>
Excess (Deficiency) of Revenue Over Expenses – Before Other	1,613	(2,566)	(1,089)	5,842	3,800
Other					
Contributed Assets	3,714	-	-	3,262	6,976
Government Transfers for Capital	<u>390</u>	<u>-</u>	<u>-</u>	<u>22,589</u>	<u>22,979</u>
Annual Surplus (Deficit)	\$ <u>5,717</u>	\$ <u>(2,566)</u>	\$ <u>(1,089)</u>	\$ <u>31,693</u>	\$ <u>33,755</u>

THE CITY OF ST. ALBERT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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17. SEGMENTED INFORMATION (cont'd)

	2008 (Restated – Note 2)				
	Utilities	St. Albert Public Library	Arts & Heritage Foundation	Municipal	Total
Revenue					
Property Taxes	\$ -	\$ -	\$ -	\$ 62,621	\$ 62,621
Sales and User Fees	19,569	295	261	13,294	33,419
Government Transfers for Operations	120	325	178	5,464	6,087
Developer Contributions and Levies	316	-	-	2,321	2,637
Other Revenue	-	57	97	1,272	1,426
Fines & Penalties	83	-	-	3,436	3,519
Licenses and Permits	-	-	-	1,529	1,529
Franchise Fees	-	-	-	1,495	1,495
Investment Income	290	8	-	1,936	2,234
Gain on Sale of Land Held for Resale	-	-	-	2,543	2,543
Gain (Loss) on Sale of Tangible Capital Assets	-	-	-	(235)	(235)
	<u>20,378</u>	<u>685</u>	<u>536</u>	<u>95,676</u>	<u>117,275</u>
Expenses					
Salaries, Wages and Benefits	3,171	2,182	953	39,564	45,870
Contracted and General Services	7,822	403	217	13,353	21,795
Amortization	3,209	131	23	12,977	16,340
Purchases from Other Governments	7,086	-	-	4,409	11,495
Materials, Goods and Utilities	1,158	325	248	9,824	11,555
Interest on Long-Term Debt	5	-	-	3,357	3,362
Transfers to Individuals and Organizations	-	-	-	3,326	3,326
Other Expenses	978	-	61	(558)	481
	<u>23,429</u>	<u>3,041</u>	<u>1,502</u>	<u>86,252</u>	<u>114,224</u>
Excess (Deficiency) of Revenue Over Expenses – Before Other	(3,051)	(2,356)	(966)	9,424	3,051
Other					
Contributed Assets	4,840	-	-	10,269	15,109
Government Transfers for Capital	<u>2,905</u>	<u>-</u>	<u>-</u>	<u>10,077</u>	<u>12,982</u>
Annual Surplus (Deficit)	\$ <u>4,694</u>	\$ <u>(2,356)</u>	\$ <u>(966)</u>	\$ <u>29,770</u>	\$ <u>31,142</u>

SCHEDULE 1 – Schedule of Restricted Surplus Reserves

Year ended December 31, 2009 with comparative figures for 2008 (In thousands of dollars)

Schedule 1

	<u>Balance Beginning of Year</u>	<u>Contributions</u>	<u>Reductions</u>	<u>Balance End of Year</u>
Operating Reserves				
General Government	\$ 5,977	\$ 1,406	\$ (1,805)	\$ 5,578
Arts and Heritage Foundation	264	-	(65)	199
Children's Festival	199	3	-	202
Museum	95	9	(27)	77
Utilities	72	-	(72)	-
Library	67	-	-	67
	<u>6,674</u>	<u>1,418</u>	<u>(1,969)</u>	<u>6,123</u>
Capital Reserves				
General Government	22,414	19,877	(19,597)	22,694
Utilities	5,337	5,330	(1,653)	9,014
Library	158	73	(36)	195
	<u>27,909</u>	<u>25,280</u>	<u>(21,286)</u>	<u>31,903</u>
Total Restricted Surplus - Reserves	\$ <u>34,583</u>	\$ <u>26,698</u>	\$ <u>(23,255)</u>	\$ <u>38,026</u>

SCHEDULE 2 – Schedule of Consolidated Expenses by Object

Year ended December 31, 2009 with comparative figures for 2008 (In thousands of dollars)

Schedule 2

	<u>2009</u>	<u>Budget 2009 (Note 12)</u>	<u>2008 (Restated – Note 2)</u>
Expenses			
Salaries, Wages, and Benefits	\$ 51,888	\$ 50,076	\$ 45,870
Contracted and General Services	20,424	20,329	21,795
Amortization	17,336	-	16,340
Purchases from Other Governments	12,847	13,370	11,495
Materials, Goods and Utilities	11,525	11,870	11,555
Interest on Long-Term Debt	3,703	4,009	3,362
Transfers to Individuals & Organizations	3,163	2,311	3,326
Other Expenses	465	1,309	481
	<u></u>	<u></u>	<u></u>
Total Expenses	\$ <u>121,351</u>	\$ <u>103,274</u>	\$ <u>114,224</u>

SCHEDULE 3 – Schedule of Consolidated Sales and User Fees

Year ended December 31, 2009 with comparative figures for 2008 (In thousands of dollars)

Schedule 3

	<u>2009</u>	<u>Budget 2009 (Note 12)</u>	<u>2008</u>
Sales and User Fees			
Wastewater Charges	\$ 8,523	\$ 8,663	\$ 7,676
Water Charges	7,993	8,150	7,268
Admission Fees	4,935	4,498	4,432
Solid Waste Charges	3,366	3,883	2,759
Transit Fares	2,882	2,859	2,804
Storm Sewer Charges	2,644	2,454	1,895
Rentals	2,087	2,114	1,932
Lesson Fees	1,463	1,337	1,282
Ambulance Fees	720	622	648
Recovered Costs	685	302	825
Sale of Goods	518	518	497
Planning Fees	428	400	482
Other	390	325	465
Library Fees	312	315	205
Tax Certificates and Inquiries	157	203	147
Emergency Response Fees	<u>98</u>	<u>107</u>	<u>102</u>
Total Sales and User Fees	\$ <u><u>37,201</u></u>	\$ <u><u>36,750</u></u>	\$ <u><u>33,419</u></u>

SCHEDULE 4 – Schedule of Utility Operations

Year ended December 31, 2009 with comparative figures for 2008 (In thousands of dollars)

					Schedule 4	
	<u>Water</u>	<u>Wastewater</u>	<u>Storm</u>	<u>Waste</u>	<u>2009 Total</u>	<u>2008 Total</u> (Restated – Note 2)
Revenue						
Sales and User Fees	\$ 7,993	\$ 8,523	\$ 2,644	\$ 3,366	\$ 22,526	\$ 19,569
Government Transfers for Operations	-	-	-	-	-	120
Fines and Penalties	34	35	9	12	90	83
Developer Agreements & Levies	127	444	-	-	571	316
Interest Income	1	27	22	-	50	290
Other Revenue	-	-	-	-	-	-
Total Revenue	<u>8,155</u>	<u>9,029</u>	<u>2,675</u>	<u>3,378</u>	<u>23,237</u>	<u>20,378</u>
Expenses						
Purchases from Other Governments	3,251	4,110	-	-	7,361	7,086
Contracted and General Services	1,078	1,543	542	2,478	5,641	7,822
Salaries, Wages, and Benefits	1,258	1,197	218	683	3,356	3,171
Materials, Goods, and Utilities	687	193	40	15	935	1,158
Amortization	1,542	774	1,024	8	3,348	3,209
Other Expenses	234	253	45	450	982	978
Interest on Long Term Debt	1	-	-	-	1	5
Total Expenses	<u>8,051</u>	<u>8,070</u>	<u>1,869</u>	<u>3,634</u>	<u>21,624</u>	<u>23,429</u>
Excess (Deficiency) of Revenue Over Expenses – Before Other	104	959	806	(256)	1,613	(3,051)
Other						
Contributed Assets	1,794	687	1,233	-	3,714	4,840
Government Transfers for Capital	39	319	32	-	390	2,905
Annual Surplus (Deficit)	<u>\$ 1,937</u>	<u>\$ 1,965</u>	<u>\$ 2,071</u>	<u>\$ (256)</u>	<u>\$ 5,717</u>	<u>\$ 4,694</u>

Annual Financial Report **2009**

Statistical Section



Statistical Summary 2005 - 2009

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Population	58,940***	58,501*	58,600***	57,150**	56,310*
Area (In Hectares)	4,966	4,966	4,966	3,606	3,606
Building Permits					
Value (\$ in 000's)					
Residential	\$ 80,763	\$ 52,272	\$ 125,260	\$ 151,558	\$ 115,928
Commercial	10,173	24,732	32,672	26,619	17,510
Industrial	41,548	8,869	7,904	13,480	2,840
Institutional	12,605	18,270	29,825	3,902	58,347
	<u>\$ 145,089</u>	<u>\$ 104,143</u>	<u>\$ 195,661</u>	<u>\$ 195,559</u>	<u>\$ 194,625</u>
Number of Building Permits Issued					
Residential	625	536	811	891	892
Commercial	54	66	71	85	70
Industrial	33	40	44	34	36
Institutional	19	24	11	10	27
	<u>731</u>	<u>666</u>	<u>937</u>	<u>1,020</u>	<u>1,025</u>
Parks (In Hectares)					
Red Willow Park	160	160	160	160	160
Neighbourhood Parks	249	239	239	239	239
Tax Collections					
Percentage of Current Taxes Collected					
Residential & Non-Residential Property	98.5	98.9	99.1	99.1	98.9
Long Term Debt					
Total Long Term Debt (\$ in 000's)	\$ 70,964	\$ 71,809	\$ 68,299	\$ 46,547	\$ 24,462
Debt Per Capita	\$ 1,204	\$ 1,227	\$ 1,165	\$ 814	\$ 434
Percentage of Total Debt to be Retired					
Within 5 Years	31.0	30.0	31.0	36.5	54.6
Thereafter	69.0	70.0	54.1	58.0	76.2
Budget					
Approved Residential Tax Increase	4.55	5.90	6.40	2.98	13.38
Annual Increase in CPI—Statistics Canada					
Alberta	1.7%	1.2%	5.0%	3.9%	2.1%
Canada	1.9%	1.1%	2.2%	2.0%	2.2%
Unemployment Rate—Statistics Canada					
Alberta	6.6%	4.4%	3.5%	3.4%	3.9%
Canada	8.3%	7.2%	6.0%	6.3%	6.8%

*Population Based on Municipal Census

**Population Based on Statistics Canada Census

***Population Based on Corporate Assumptions

Consolidated Revenue by Function

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2009
(000'S)

	<u>2009</u>	<u>2008</u> (Restated)	<u>2007</u>	<u>2006</u>	<u>2005</u>
Function					
General Revenue	\$ 66,739	\$ 62,621	\$ 58,956	\$ 52,075	\$ 49,878
Utility Services	27,334	28,122	23,880	25,060	20,508
Transportation and Roadway Services	16,139	11,419	12,153	12,884	9,289
Recreation and Parks	16,137	7,909	9,495	7,632	3,823
Transit Services	9,014	5,317	4,887	5,269	2,413
Protective Services	8,636	12,230	12,407	7,097	6,833
General Government Services	4,249	4,878	2,881	3,385	2,338
Cultural Services	3,253	3,014	2,776	2,674	3,312
Planning and Development Services	1,818	8,200	3,285	2,215	1,833
Family and Social Services	1,787	1,656	1,281	1,247	1,271
Total Revenue	\$ 155,106	\$ 145,366	\$ 132,001	\$ 119,538	\$ 101,498

Taxation / Assessment

FOR THE YEARS ENDED DECEMBER 31, 2005 – 2009

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Taxation (Mills)					
Municipal – Residential	6.788	5.840	8.592	9.777	10.307
Municipal – Non-Residential	10.960	10.740	13.405	14.529	15.002
Public School (Catholic)					
Residential	2.443	2.017	3.242	3.857	4.227
Non-Residential	3.210	3.645	4.894	5.810	6.338
Separate School (Protestant)					
Residential	2.443	2.017	3.242	3.857	4.227
Non-Residential	3.210	3.645	4.894	5.810	6.338
Assessment					
Residential – Market Value	-10.47%	58.74%	19.82%	4.82%	3.24%
Residential – Growth	1.13%	3.23%	3.85%	3.70%	2.78%
Non-Residential – Market Value	9.65%	21.44%	14.18%	1.96%	3.41%
Non-Residential – Growth	5.09%	10.31%	5.65%	4.39%	3.58%

Taxable Assessment and Government Grants in Place of Property Taxes

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2009
(000'S)

	2009	2008	2007	2006	2005
Taxable Assessment					
Residential	\$ 8,313,413	\$ 9,181,595	\$ 5,606,431	\$ 4,501,491	\$ 3,999,998
Commercial	631,404	564,851	415,433	349,444	314,065
Industrial	248,782	193,571	134,085	98,832	87,018
Special and Other	91,403	82,938	74,128	69,400	61,520
Taxable Assessment	9,285,002	10,022,955	6,230,077	5,019,167	4,462,601
Government Grants in Place of Property Taxes	60,809	55,539	42,093	38,079	38,404
Total Taxable Assessment and Government Grants in Place of Property Taxes	\$ 9,345,811	\$ 10,078,494	\$ 6,272,170	\$ 5,057,246	\$ 4,501,005

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

Represented by:

Residential	89.0%	91.1%	89.4%	89.0%	88.9%
Commercial	6.8%	5.6%	6.6%	6.9%	6.9%
Industrial	2.6%	1.9%	2.1%	1.9%	1.9%
Special and Other	1.0%	.9%	1.2%	1.4%	1.4%
Grants in Place	0.6%	.6%	.7%	.8%	.9%

Residential/Non-Residential Assessment Split *

Residential	89.0%	91.2%	89.4%	89.0%	89.0%
Non-Residential	11.0%	8.9%	10.6%	11.0%	11.0%

* With grant in place allocated between residential and non-residential.

Property Taxes Levied

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2009
(000'S)

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Taxation					
Real Property Taxes	\$ 89,376	\$ 83,380	\$ 76,709	\$ 70,730	\$ 67,027
Linear Property Taxes	1,134	1,140	1,323	1,300	1,279
Government Grants in Place of Property Taxes	827	756	809	812	777
Special Assignments and Local Improvement Taxes	-	-	25	205	205
	<u>91,337</u>	<u>85,276</u>	<u>78,866</u>	<u>73,047</u>	<u>69,288</u>
Requisitions					
Alberta School Foundation Fund	16,211	14,790	14,413	13,550	13,125
St. Albert Protestant Separate School District #6	7,397	7,043	7,025	6,950	6,965
Sturgeon Foundation Requisition	484	465	428	410	418
Other	506	357	326	216	159
	<u>24,598</u>	<u>22,655</u>	<u>22,192</u>	<u>21,126</u>	<u>20,667</u>
Taxes Available for Municipal Purposes	<u>\$ 66,739</u>	<u>\$ 62,621</u>	<u>\$ 56,674</u>	<u>\$ 51,921</u>	<u>\$ 48,621</u>

Tax Collection

FOR THE YEARS ENDED DECEMBER 31, 2005 – 2009
(000'S)

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Current Levy	\$ <u>91,337</u>	\$ <u>85,276</u>	\$ <u>78,866</u>	\$ <u>73,047</u>	\$ <u>69,288</u>
Taxes Receivable					
Current	\$ 1,407	\$ 1,044	\$ 806	\$ 739	\$ 875
In Arrears for More than One Year	<u>428</u>	<u>278</u>	<u>249</u>	<u>262</u>	<u>297</u>
	1,835	1,324	1,055	1,001	1,172
Allowance	-	-	-	-	-
Net Taxes Receivable	<u>\$ 1,835</u>	<u>\$ 1,324</u>	<u>\$ 1,055</u>	<u>\$ 1,001</u>	<u>\$ 1,172</u>
Taxes Outstanding as a Percentage of the Current Levy (Before Allowance)					
Current	1.5%	1.2%	1.0%	1.0%	1.3%
In Arrears for More than One Year	.5%	.3%	0.3%	0.4%	0.4%

Thirteen principle taxpayers make up 5% of the 2009 tax levy; therefore, no undue reliance is placed upon any one taxpayer.

Long Term Debt

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2009
(000'S)

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Long Term Debt					
Tax Supported	\$ 70,964	\$ 71,777	\$ 68,239	\$ 46,436	\$ 24,099
User Supported	-	-	-	25	205
Utility Rates Supported	-	32	60	86	158
Total Long Term Debt	\$ 70,964	\$ 71,809	\$ 68,299	\$ 46,547	\$ 24,462

Debt Limit and Debt Payment

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2009
(000'S)

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Debt Limits					
Maximum Allowable Debt	\$ 182,201	\$ 176,301	\$ 167,896	\$ 146,420	\$ 135,045
Total Debt and Loans	70,964	71,809	68,299	46,547	24,365
Percentage Used (%)	38	41	41	32	18
Maximum Allowable Annual Debt Payments					
Maximum Allowable Annual Debt Payment	\$ 31,367	\$ 29,383	\$ 27,983	\$ 24,403	\$ 22,508
Annual Payments on Existing Debt	8,142	8,167	7,976	6,352	5,184
Percentage Used (%)	26	28	29	26	23

Reserve Fund Balances

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2009
(000'S)

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Operating Reserves					
General Government	\$ 5,578	\$ 5,977	\$ 5,340	\$ 3,180	\$ 5,813
Arts & Heritage Foundation	199	264	235	226	74
Children's Festival	202	199	-	-	-
Museum	77	95	88	78	83
Utilities	-	72	235	230	-
Library	67	67	66	56	90
Servus Place	-	-	-	179	-
	<u>6,123</u>	<u>6,674</u>	<u>5,964</u>	<u>3,949</u>	<u>6,060</u>
Capital Reserves					
General Government	22,694	22,414	22,997	17,270	18,239
Utilities	9,014	5,337	4,619	5,463	4,568
Library	195	158	152	107	25
Servus Place	-	-	-	1,634	-
	<u>31,903</u>	<u>27,909</u>	<u>27,768</u>	<u>24,474</u>	<u>22,832</u>
Enterprise Reserves					
Servus Place	-	-	62	-	-
Reserve Fund Total	<u>\$ 38,026</u>	<u>\$ 34,583</u>	<u>\$ 33,794</u>	<u>\$ 28,423</u>	<u>\$ 28,892</u>



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