



2005

ANNUAL FINANCIAL REPORT

CITY OF ST. ALBERT
ALBERTA, CANADA

For the Year Ended December 31, 2005

THE CITY OF
St. Albert



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Prepared by:
Corporate Services Division



THE CITY OF
st. Albert

The City of St. Albert 2005 Annual Financial Report

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2005

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INTRODUCTORY SECTION



Message from the Mayor



On behalf of my colleagues on St. Albert City Council I am pleased to present the 2005 Annual Financial Report.

City Council has pledged to build on the sound fiscal reform policies that have been implemented by previous City Councils. In fact, the new Council has made minimizing taxes and debt elimination major priorities. By 2012 we will be debt free except for the Multipurpose Leisure Centre and the West Regional Road. The municipal property tax increase for St. Albert in 2006 will be 2.98%, the lowest of any city in the Capital Region.

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

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

St. Albert is in a unique position, in that it has undertaken a major infrastructure study, to identify and prioritize its projected infrastructure renewal needs for the next ten years. A ten year capital plan with identified revenue sources has been approved. We are prudently managing the capital infrastructure of your St. Albert.

The City of St. Albert has developed a sound business planning model which allows Administration to plan for the future and City Council will continue to work with Administration to find innovative ways to ensure we can continue to offer high quality services at a reasonable cost to the taxpayer. It is a top priority for Council to maintain transparency and accountability to the citizens of St. Albert. So on behalf of my colleagues on City Council, I am pleased to present the 2005 Corporate Annual Financial Report for the City of St. Albert.

A handwritten signature in black ink, appearing to read 'Paul Chalifoux'. The signature is stylized and fluid, written over a white background.

Paul Chalifoux
Mayor



Message from the City Manager



In 2005, the City of St. Albert commenced several major capital projects marking a \$100 million investment in infrastructure to meet current and emerging community needs. These projects include: the West Regional Road, the Multipurpose Leisure Centre, the expanded water reservoir and the new trunk sewer line.

While we are undertaking these major capital projects, we are also planning for the future through annexation with Sturgeon County and the recently completed infrastructure study. This study allowed us to take inventory of the condition of all our assets and create a plan to effectively manage, maintain and upgrade our infrastructure.

The City has incorporated the findings of the infrastructure study into a 10-year capital plan. The fees, taxes, developer funds and grants we receive from the federal and provincial governments have been allotted to appropriately address the gaps highlighted in this study.

Few cities of our size have embarked on such a detailed study, but St. Albert felt it was important in order to initiate a long-term financial plan to being to address our community needs.

2005 was a challenging and exciting year for City staff and as City Manager, I am proud of the progress we have made on these major projects and the visioning for the future of St. Albert as the Community of Choice in the Capital Region.

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

Bill Holtby
City Manager



City Council and Administration

City Council

Mayor Paul Chalifoux

Councillor Len Bracko

Councillor Christine Brown

Councillor James Burrows

Councillor Nolan Crouse

Councillor Lorie Garrity

Councillor Neil Korotash

Civic Administration

Bill Holtby
City Manager

Guy Boston
General Manager, Planning and Engineering

Del Dyck
General Manager, Corporate Services

Gail Barrington-Moss
General Manager, Community and Protective Services

City Auditor

Grant Thornton, LLP

City Banker

Royal Bank of Canada



City of St. Albert
Alberta, Canada



City Profile

The City of St. Albert is a vibrant community of 56,000 people, and Alberta's fifth largest city. St. Albert is located north of Edmonton on the banks of the Sturgeon River. The city serves as a gateway to the north, drawing residents from the surrounding communities to use services and to shop.

St. Albert celebrates a rich history that dates back almost 150 years and has often been called "Alberta's Finest City." Founded in 1861 by Father Albert Lacombe, St. Albert is the oldest, non-fortified community in Alberta and was the largest agricultural settlement west of Winnipeg.

Father Lacombe, one of the earliest missionaries in the west, proclaimed Mission Hill home of the St. Albert mission settlement. He built a log chapel for ministering to the Cree and Métis. Father Lacombe Chapel, the oldest building in Alberta, is now a provincial heritage site and has been restored to its original appearance. It is located on the north hill of the river and is open to tours from June to September.

In 1900, St. Albert was incorporated as a village followed by town status in 1904. St. Albert officially became a city in 1977.

Today, St. Albert is a bustling city with more than 40 kilometres of trails, 1,100 acres of parks and greenspace, the renowned Arden Theatre, the visual arts studios, the Musée Héritage Museum and numerous special events - it's easy to see why St. Albert is renowned for its rich heritage, artistic community and natural environment.

Government Structure

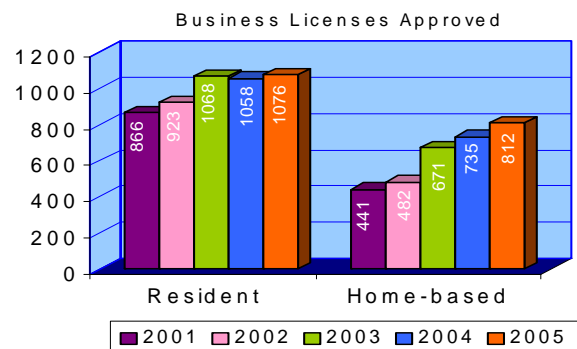
The City of St. Albert operates under the council/manager form of government. Residents elect the mayor and six councilors for a three-year term on a non-partisan basis. Council governs in accordance with the powers granted under various provincial statutes. City council is responsible for setting corporate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

Local Economic Condition and Outlook

The City has a highly educated workforce, with more than 60 per cent of its residents having some form of post-secondary education or trades training. Correspondingly, the average annual household income in St. Albert is among the highest in western Canada – 39 per cent higher than the Alberta median and 56 per cent higher than the Canadian median. The City enjoys consistent growth in its population, averaging 1.6 per cent growth per year.

The area's economic condition and forecast indicates a positive upward trend. In 2005, residential construction growth was at it's highest in recent history at \$115.9 million, which exceeded the annual target of \$100 million.

Growth has been consistent for the past five years in all business licensing categories. There has also been an increase of 34.5% since 2001 in the business licenses sold to operators from outside St. Albert but operating within our community.



The Year in Review

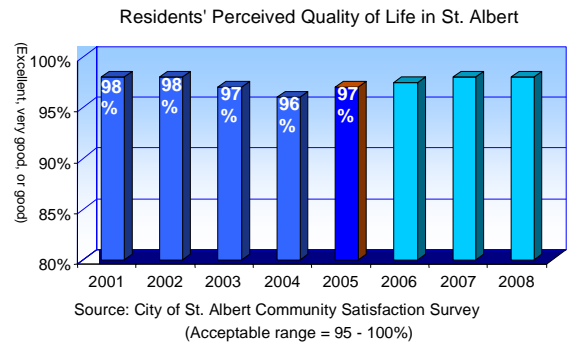
Residential and business stakeholders have made it clear that they expect a high standard of living and level of service in the community. At the same time various operational challenges and economic, social, demographic, environmental and inflationary factors are impacting the organization. To address these pressures the City of St. Albert employs leading business planning practices to ensure effective allocation of financial and human resources to competing community priorities. In keeping with this, Council has developed the following outcome goals as directional priorities for the next 3-5 years. These goals identified below have been adopted as policy and used to drive a disciplined Business Planning process to help establish operational strategies, define priorities and set a course that balances the needs and wants of the community with affordability.

Service and Operational Excellence

Quality of Life

City Council continues to gain customer input through an annual community satisfaction survey. Continuous improvement coupled with consistent and reliable delivery of service makes St. Albert a community of choice.

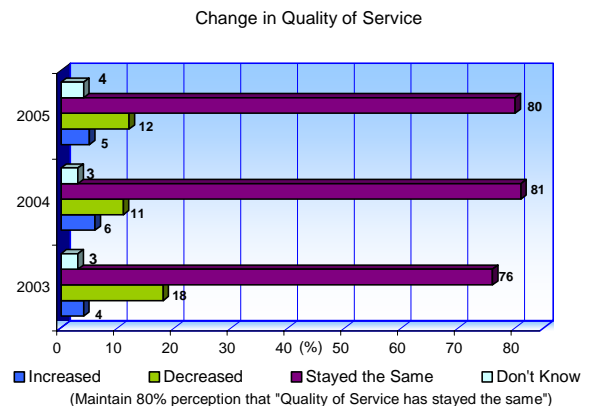
St. Albert residents consistently rate their quality of life as exceptional. According to the City's 2005 Community Satisfaction Survey, 97% of residents were satisfied with their quality of life.



Delivering Quality Services

The City of St. Albert is proud to deliver a high standard of service and operational excellence to residents and businesses. The City has undertaken to improve quality while exploring innovative service delivery methods to improve efficiency and effectiveness.

This high standard of service delivery and operational excellence are what make St. Albert the community of choice in the Capital Region. St. Albert residents consistently rate their quality of life as exceptional. In 2005, the City of St. Albert continued to find innovative ways to deliver its excellent services and maintain service quality.



A Business Friendly City

On October 3, 2005, the City completed the Business Friendly Review and tabled the report with Council. The review was conducted to determine what works and what doesn't work for stakeholders who deal with the City on land sales and development activity.

More than 40 people representing a broad spectrum of the business, development and building community were consulted. This consultation resulted in a list of recommendations on what the City could do to improve its working relationships with the business community.



Managed Urban Growth and Form

Developing an Affordable Housing Strategy

St. Albert prides itself on being an inclusive community welcoming all newcomers to share in the quality of life that is our community trademark. The new Land Use Bylaw allowing for an increase in smaller lots and greater density is an important step toward making St. Albert a more affordable and accessible community.

In 2005, Council reviewed the Affordable Housing Advisory Board (AHAB) findings and approved dedicated staffing to ensure this important work continues and results in an affordable housing project.

Building the Multipurpose Leisure Centre (MPLC)

The Multipurpose Leisure Centre will open in September 2006. The new construction will adjoin the existing twin rinks in the Campbell Arena, creating the largest leisure facility of its kind in Western Canada, encompassing over 320,000 square feet. Campbell Arena was built in 1992 and is scheduled for a minor modernization so that it will blend seamlessly with the new construction. The City was awarded a \$1.5 million CFEP grant, \$700,000 of which was approved to fund the modernization of Campbell Arena.



Momentum continues to build on the fundraising campaign, "Where Do You Fit In?" With the support of the Leadership Cabinet, 23 proposals are circulating asking for naming right sponsorship and donations. To date, \$4 million dollars has been raised. The Campaign Planning Committee will host a special event themed "Raising the Roof" on April 22, 2006 in celebration of the benefits the Multipurpose Leisure Centre will bring to the community.

Constructing the West Regional Road

The West Regional Road will provide access for local businesses and residents to a bypass connecting Highway 16 via Anthony Henday Drive to Highway 2 south. This access will ease traffic congestion in St. Albert and increase the connection to a major thoroughfare.

In 2006, the focus will expand to include securing provincial funding for the West Road and achieving the status of a provincial roadway.



The first phase of the road will cost \$28.4 million. Discussions continue with the Government of Alberta on cost sharing or grants to cover a large percentage of the road costs, and to eventually designate the road as Highway 2.



Annexation

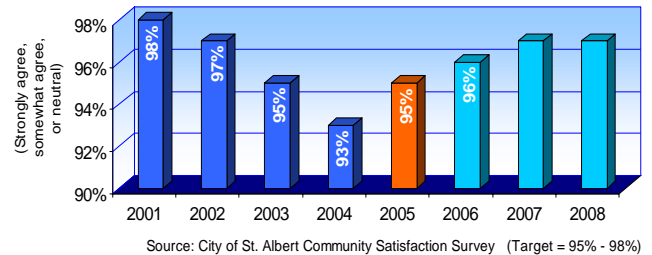
The Municipal Government Board (MGB) hearings dealing with St. Albert's annexation application started on November 23, 2005. When the hearing adjourned on December 8, the Board set three days for the continuation of the hearings in January. There is no disagreement between the County and the City regarding the annexation except for the magnitude of the tax sharing. The fact that the hearing has been continued into January along with a leadership race in progress for Alberta's Progressive Conservative Party makes it even more likely that no decision will be issued prior to late 2006.

Safety and Security

The City continues to be a safe place to live.

The population and geographic growth of St. Albert means that we require a third fire station. A third fire station will ensure that we can maintain the nine-ninety target in 2008 and beyond. The design and development of Station #3 continues to be a primary focus. The project management group has chosen an architect who has been approved by senior City administration.

St. Albert is a Safe Place to Live



Effective Infrastructure Management

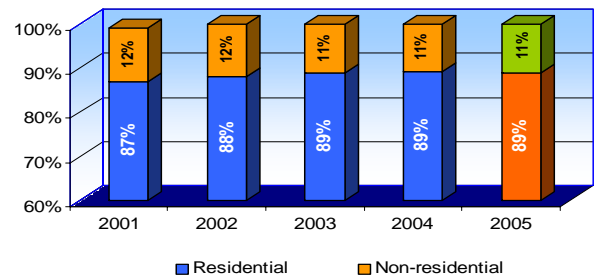
The City of St. Albert, like all municipalities in Canada, is facing a growing infrastructure challenge. In 2005, Council focused its attention on the age, condition, and risk associated with existing civic assets. Both the federal and provincial governments announced infrastructure-funding programs

It is vitally important that the City deals with this challenge effectively and not leave the problem to future generations.

Expand, Enhance and Diversify the Economy

In terms of sources of tax revenues, the relative proportion coming from business has remained stable, but low in comparison to other Alberta cities at 11% of assessed value from non-residential sources.

Proportion of Residential and Non-residential Assessment



Residential construction growth

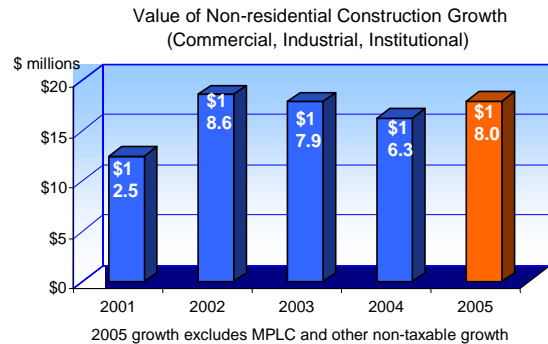
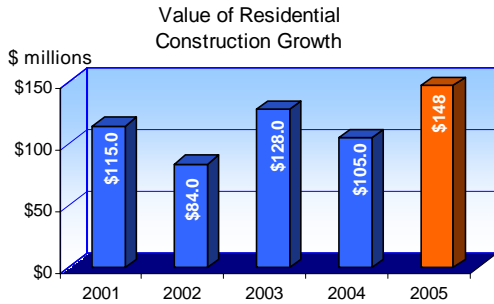
Residential construction growth in 2005 was at its highest in recent history at \$115.9 million, which exceeded the annual target of \$100 million.



Non-residential construction growth

Non-residential building permit values for 2005 reached \$78.7 million as compared to \$29.4 million in 2004. In 2005, \$58.3 million (74%) of the non-residential building permit values were from institutional projects including:

- MPLC (\$32 million)
- Youville Home (\$17.3 million)
- Lorne Akins School (\$3.4 million)
- Sturgeon Health facility (\$1.4 million)
- Grosvenor Pool, (\$1.2 million)
- Lacombe Park Reservoir (\$1 million)

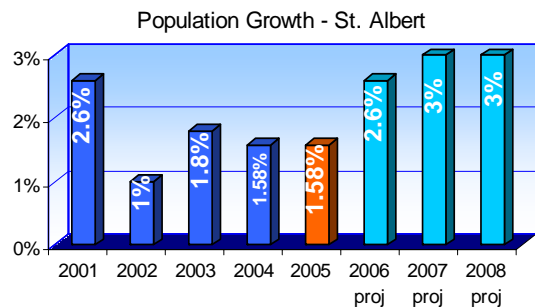


Planning our Economic Development and Growth

St. Albert's population has grown 3.15% since the previous census in 2003, for an average growth of 1.6% per year over the past two years. This growth is just slightly less than the average growth of 2.3% per year over the past 15 years.

Promoting tourism

A volunteer committee has been formed under the direction of the St. Albert Economic Development Advisory Committee (SAEDAC) to work on refining an approach for tourism in St. Albert. The committee will report to City Council through SAEDAC. Volunteers will assist Economic Development & Tourism staff to further refine the Community Tourism Strategy. Implementing a community strategy requires an inclusive long-term process.



* The total population growth between 2003 and 2005 was 3.15%.
Source: City of St. Albert 2005 Census.

Highlights in 2005

The Arden Theatre

The Arden Theatre has a strong reputation for diversity, progressive programming and outstanding outreach activities. The 2004-2005 season was very successful for the Arden Theatre. For the fourth year, the Arden Theatre received funding from the Department of Canadian Heritage Arts Presenting Grant. For the 2005-2006 season, staff obtained a grant for \$85,000.

Arden Theatre Professional Series ticket sales exceeded \$250,000 and two new local high schools have started producing full theatre productions at the theatre.



Dedicated Senior Municipal Team Award

The Alberta Urban Municipalities Association in partnership with the Society of Local Government Managers sponsors this award to recognize an outstanding Senior Municipal Team. This annual joint award recognizes long-term excellence and dedication to municipal government management as a team. In order to receive this award a municipal administration team must be recognized as having made an outstanding contribution through a combination of a) advancement of the municipality, b) substantial number of years working together and c) exemplary qualities in leadership, policy development, council relations, human resource management, financial management, long term strategic planning, community relations, professional development and be a respected team seen to have a high level of integrity within the administration of the municipality. Team St. Albert was chosen out of all of the participating municipalities in Alberta.

The Senior Leadership Team (L-R) is Del Dyck, General Manager Corporate Services, Bill Holtby, City Manager, Bob Hawksworth, AUMA President, Gail Barrington-Moss, General Manager Community & Protective Services, and Guy Boston, General Manager Planning & Engineering Services.



2005 Organizational Chart



Report from the Chief Financial Officer

The City of St. Albert is pleased to present the 2005 Annual Financial Report containing the audited 2005 consolidated financial statements. The City's auditor, Grant Thornton 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 Library, and the Arts and Heritage Foundation of St. Albert.

This report provides the reader with a clear insight of the financial results for the fiscal year ended December 31, 2005. 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 2005 Annual Financial Report is divided into three sections:

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

The City of St. Albert received the Canadian Award for Financial Reporting for the 2004 Annual Financial Report. We believe the 2005 report also conforms to the program requirements for the Canadian Award for Financial Reporting. For the sixth consecutive year, we will be submitting this report to the Government Finance Officers Association. In order to qualify, the municipality must publish an easily readable and efficiently organized Annual Financial Report that conforms to program standards beyond the minimum requirements of applicable Canadian generally accepted accounting principles. Such a report should clearly communicate the municipality's financial position, enhance an understanding of financial reporting, and address user needs.

Financial Management and Control

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

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



Financial Position

A key financial indicator for municipalities is net financial assets (net debt). This indicator along with the municipal equity provides a measure of the overall financial health of a municipality. The financial health of the City of St. Albert has been steadily improving. Prior to 2003 the City was in a net debt position, indicating that, overall, the City had acquired assets using future revenues (debt financing). In 2003 and 2004 as debt matured and reserve funds built up, the net debt indicator moved to a net financial asset position of \$6.8 million indicating that existing revenues were available to assist in funding future expenditures.

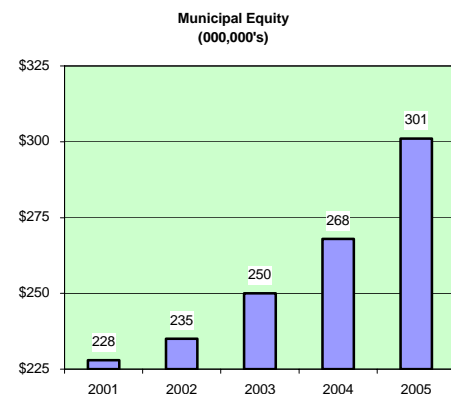
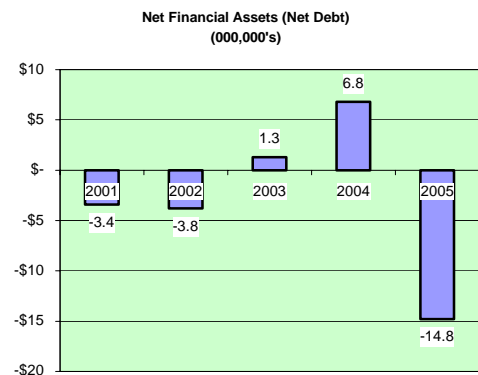
With the approval of the Multipurpose Leisure Centre (MPLC) and the West Regional Road, the City has increased its debt financing as planned, resulting in a reversal of this trend back to a net debt position of \$14.8 million. As the City nears completion of these two projects and completes the debt financing needs, the net debt position will continue to decrease, as future tax dollars will be required to pay down this new debt over the next 20 years.

The offset to this decrease in net financial assets is the addition of new non-financial assets namely the Multipurpose Leisure Centre and the West Regional Road. These assets have increased the City's municipal equity.

Following are the significant changes from the previous year as shown on the Consolidated Statement of Financial Position. At year end, the City held cash and temporary investments of \$37 million, which are comprised of \$6 million for deferred revenue, \$29 million for reserves, and \$2 million for operations.

Trade and Other Receivables are \$2.5 million higher than the previous year due to a GST claim not received until 2006 and utility billings. Long Term Investments decreased by \$500,000, as one of the City's bond investments matured in 2005. Capital assets increased by \$55 million including \$12.4 million for the West Regional Road and \$21.1 million for the MPLC.

The balance of accounts payable increased \$5 million from the previous year due to the accrual of some large amounts for the MPLC, Sanitary Trunk Main and Lacombe Park Reservoir. Long Term Debt increased by \$6 million due to the addition of \$10 million borrowed for the MPLC and offset by annual scheduled payments of \$4 million. The Capital Fund Deficiency of \$18.8 million represents capital costs to be financed in 2006 - the largest amounts are for the MPLC and the West Regional Road construction costs, which will be financed by external borrowings on September 2006. Reserves increased by \$800,000. This is a net amount comprised of an increase to the operating carry forward reserve from the MPLC tax levy offset by a decrease in the utility reserves for funding the Lacombe Park Reservoir and Sanitary Trunk Main.



Financial Activities

The Statement of Financial Activities and Change in Fund Balances shows revenues of \$101 million, expenditures of \$123 million, and debt payments of \$3.8 million.

Revenue increased by \$16 million from 2004 in large part due to taxes - \$7 million and provincial capital grants - \$7.3 million. The provincial capital grants were used to fund several road construction projects including the West Regional Road.

The expenditure increase from 2004 (\$47 million) is made up of a \$6 million increase in operations and \$41 million in capital. The increase in the cost of operations is due to various cost pressures such as salaries, contracts, utilities, and insurance. Additional capital spending was on the West Regional Road, other road projects and the MPLC.

Municipal Operating Budget

Following are the significant variances from budget before transfers.

SIGNIFICANT FAVOURABLE VARIANCES

1.	Capital Financing	\$	652,100
2.	Snow and Ice Program		575,000
3.	Permit Revenues		539,200
4.	Gas Franchise Fees		336,500
5.	Interest Income		324,000
6.	Property Taxes (growth in assessment)		313,700
7.	Provincial Grant		197,000
8.	RCMP Contract		181,500
9.	Ticket Sales		165,600
10.	Insurance Premiums		<u>165,100</u>
	Subtotal		<u>3,449,700</u>

SIGNIFICANT UNFAVOURABLE VARIANCES

1.	Fines – RCMP & Bylaw		366,000
2.	Contracted Services – Repairs & Maintenance		304,600
3.	Equipment Recovery (snow and ice)		270,000
4.	Tax Rebates & Cancellations		236,900
5.	Fuel		226,200
6.	Equipment & Vehicle Parts		169,400
7.	C.U.P.E. Redeployment from Snow and Ice Program		163,000
8.	Arena Revenue		142,000
9.	Net Unfavourable Operating Results – Other		<u>5,800</u>
	Subtotal		<u>1,883,900</u>

YEAR END POSITION BEFORE YEAR END TRANSFERS \$ 1,565,800



The 2005 municipal operating surplus was \$1,565,800. The surplus was transferred as follows:

- ❑ \$115,000 to fund the balance of annexation hearings and related work
- ❑ \$300,000 to fund the purchase of land for the Northern Alberta Business Incubator
- ❑ \$175,000 to fund the Arden Theatre Refurbishment Reserve to self sufficiency
- ❑ \$155,600 to provide funding for capital project shortfalls
- ❑ \$820,200 to Stabilization Reserve as per Council policy

Utility Operating Budget

The City operates four utilities: water, wastewater, storm sewer and solid waste. As a utility there is no subsidy from the Municipal Fund to the utilities. City policy has also restricted the municipality from receipt of any return on investment, dividends or other contributions from the utilities.

The 2005 net utility operations were \$119,100 under budget. This amount was transferred to the Utility Reserves. Following are the significant variances from budget.

SIGNIFICANT FAVOURABLE VARIANCES

1.	Salaries, Wages & benefits	\$ 265,700
2.	Wastewater Treatment Charges	161,300
3.	Contracted services – Repairs & Maintenance	114,400
4.	Contracted services – Miscellaneous	101,100
5.	Purchase of Water	74,600
6.	Revenue – Flat Rate Charges	<u>72,600</u>

Subtotal	<u>789,700</u>
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SIGNIFICANT UNFAVOURABLE VARIANCES

1.	Wastewater Revenue	265,800
2.	Sale of Water	231,500
3.	Transfer to Reserves-Carryforwards	<u>173,300</u>

Subtotal	<u>670,600</u>
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YEAR END POSITION BEFORE YEAR END TRANSFERS	<u>\$ 119,100</u>
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Capital Budget

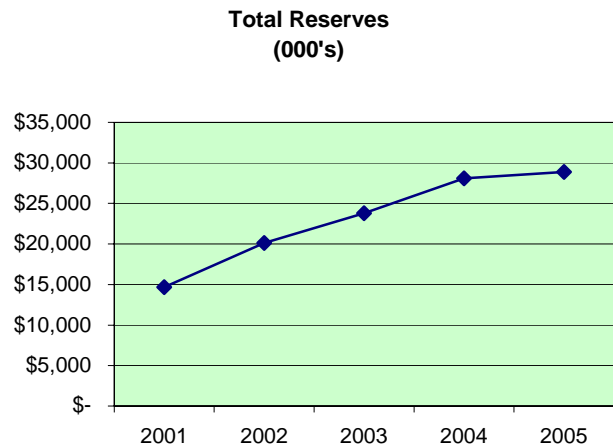
\$55 million was expended in 2005 on capital projects primarily related to the City's new Multipurpose Leisure Centre and the West Regional Road (Schedule 2). Funding for capital projects was mainly from grants, developer levies, reserves and debt. While full funding for all capital expenditures is in place, Schedule 2 reports a closing unfunded balance of \$18.8 million; up from \$2.9 million in 2004. The nature of this unfunded capital relates to approved debenture funding not yet drawn. In its place internal interim financing has been utilized to minimize borrowing costs. As these two projects near completion in the fall of 2006, administration will draw down on the approved borrowings thereby eliminating this liability.

As indicated in Note 12 to the consolidated financial statements, the City's capital budget is project specific. Actual revenues and expenditures are recorded in the year the project was started and subsequent years if the project extends into more than one year. This can result in large variances due to the budget representing only 2005 projects, while the actual costs for capital are for projects originally budgeted in 2005, 2004, and earlier years.

Reserves

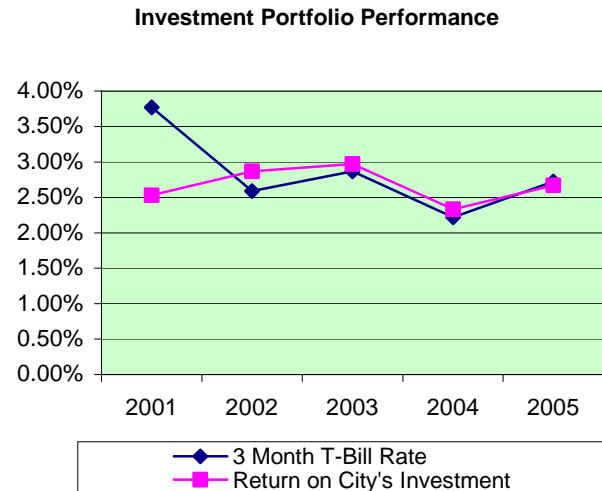
Reserves are a key tool used by local governments to set aside funds to replace existing capital, provide for emergent needs, stabilize tax rates, and fund future capital projects to reduce reliance on debt financing. When reviewing a local government's financial position, the level of reserves is often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

The City of St. Albert's reserve balances of \$20 million in 1994 declined to \$10 million in 1997. Through sound financial management, and as a result of Council's renewed focus on fiscal policy, funding for reserves has been a priority and in 2005 balances have increased to \$28.8 million. While a number of the reserves are non-discretionary and governed by legislative or contractual obligations, the majority are discretionary reserves, whereby the 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 with internal control procedures designed to ensure that the daily handling of cash is managed in a secure manner. 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 of the investment portfolio for the City 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 2.76% to 3.55%. Long-term investments have a yield of 9.25% and mature in 2007.



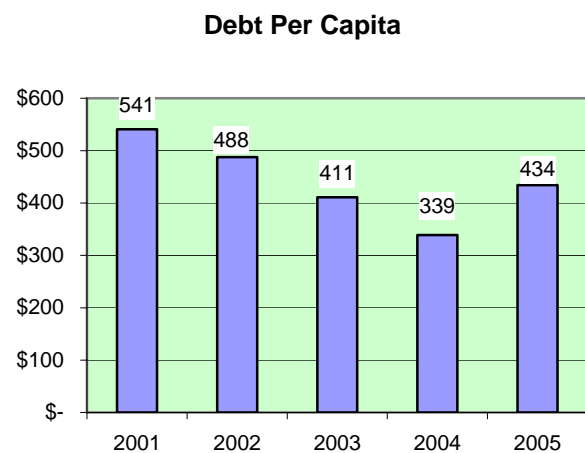
Debt

The City's debt management policy recognizes that excessive debt reduces the organization's flexibility and its ability to handle unforeseen challenges. While being debt averse, the policy focuses debt financing towards major capital projects.

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

Debt per capita declined between 1998 and 2004 due to a move towards Pay-As-You-Go financing.

In 2004, the approved capital budget included two major projects, the West Regional Road and the Multipurpose Leisure Centre. These two projects alone, due to their significance, resulted in the approval of two 20-year external borrowings, which will increase the City's debt by \$22 million and \$38 million respectively. As of December 31, 2005 \$10 million had been financed towards the Multipurpose Leisure Centre. The remainder of the financing for these projects will be drawn as required over the term of the project. A combination of the addition of this new debt along with debt maturities has increased the City's debt per capita from \$339 to \$434. Expected interest rates for 20-year borrowings are under 5%. While the two major projects approved in 2004 are significant, the City will remain within the debt limits established



through City policy and as set out by the Province. All borrowing completed by the City has been in the form of debentures through the Alberta Capital Finance Authority (ACFA). These borrowings utilize the strong debt rating of the Province of Alberta along with 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.

Funding Infrastructure Needs

Every municipality strives for sustainability, and a major consideration in this fiscal responsibility and governance issue is related to the successful management of the infrastructure. With the capital-funding gap that the City is currently facing, a study was undertaken to determine the City's infrastructure requirements over the next 25 years. The purpose of this study was to position the City to create strategies to meet this funding shortfall. Virtually every municipality in Canada is experiencing a capital financial resource gap that exceeds most municipalities' capability to undertake the required life-cycle needs of their infrastructure. Although St. Albert is a community with a relatively young infrastructure, without long-term strategies to address this problem, it could find itself with an unmanageable financial gap that may be impossible to bridge.

The issue of a potential funding gap is not specifically identified in the Audited Consolidated Financial Statements, however the City of St. Albert has taken a major step in beginning to quantify the specific issues surrounding this management responsibility; and, undoubtedly, the information from this study will be the basis of long-term financial plans, three-year business plans and annual budgets.

The Future

As part of Council's ongoing long term planning process, many of the building blocks have been laid to provide a sound base from which to move toward a multi year budget process. Administration is working towards a two-year budget for 2007 and 2008 followed by an ongoing three-year budget process. It is believed that this process will further strengthen the City's long term strategic planning and ensure ongoing stability in programs and services.

With the expected approval of Public Sector Accounting Board proposed accounting recommendation related to section #3150 Tangible Capital Assets, the City along with all municipalities across Canada will be required to implement amortization of all capital assets. This is a process which is common practice in the private sector but foreign to local governments. The implementation of this section will require additional resources to inventory, classify, value and establish amortization methods prior to reporting for 2009. The implementation of this section will also require the City to address the funding of future amortization costs.

As a result of a number of large corporate failures in recent years, Enterprise Risk Management has become an essential area in which to emphasize continuous improvement. Using the Committee of Sponsoring Organizations (COSO) framework, administration will begin to take a more proactive approach to ensure that internal controls are up to date, documented, understood and processes are in place to minimize financial risk to the City of St. Albert and its public.

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



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



Del Dyck, CMA
General Manager, Corporate Services, CFO
April 5, 2006



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, 2004. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high-quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

In order to be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments, and address user needs.

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



Canadian Award for Financial Reporting

Presented to

The City of St. Albert,
Alberta

For its Annual
Financial Report
for the Year Ended
December 31, 2004

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



Carl E. Prange
President

Jeffrey L. Essler
Executive Director





2005

ANNUAL FINANCIAL REPORT

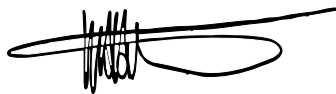
FINANCIAL SECTION

Management's Report

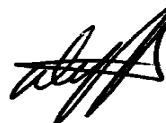
The management of the City of St. Albert is responsible for the integrity of the accompanying consolidated financial statements and all other information within this Annual Report. The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting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

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

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



Bill Holtby
City Manager



Del Dyck, CMA
General Manager, Corporate Services

Auditors' Report

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

We have audited the Consolidated Statement of Financial Position of the City of St. Albert as at December 31, 2005, and the Consolidated Statement of Financial Activities and Change in Fund Balances and the Consolidated Statement of Changes in Financial Position for the year then ended. These consolidated financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the City of St. Albert as at December 31, 2005, and the results of its operations and changes in financial position for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

Edmonton, Canada
March 31, 2006



**THE CITY OF ST. ALBERT
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2005
(000'S)**

ASSETS

	2005	2004
Financial Assets		
Cash and Temporary Investments (Note 2)	\$ 37,102	\$ 43,395
Taxes Receivable	1,172	1,030
Trade and Other Receivables	7,605	5,132
Land Held for Resale	1,422	1,426
Investments (Note 3)	1,000	1,500
Prepaid Expenses	191	142
	48,492	52,625
Physical Assets		
Inventories of Materials and Supplies	934	768
Capital Assets (Note 4)	314,878	260,022
	315,812	260,790
Total Assets	\$ 364,304	\$ 313,415

LIABILITIES AND MUNICIPAL EQUITY

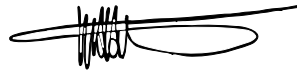
Liabilities		
Accounts Payable and Accrued Liabilities	\$ 19,270	\$ 14,006
Deferred Revenue (Note 5)	19,356	13,161
Long Term Debt (Note 6)	24,462	18,495
	63,088	45,662
Municipal Equity		
Fund Balances		
Operating Fund (Schedule 1)	82	63
Capital Fund (Note 7) (Schedule 2)	(18,823)	(2,874)
Reserve Fund (Schedule 3)	28,892	28,104
Total Fund Balances	10,151	25,293
Equity in Capital Assets (Schedule 4)	291,065	242,460
	301,216	267,753
Total Liabilities and Municipal Equity	\$ 364,304	\$ 313,415
Contingencies (Note 8)		

Approved By: _____

Mayor



City Manager



See accompanying notes to the Consolidated Financial Statements.



**THE CITY OF ST. ALBERT
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
AND CHANGE IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2005
(000'S)**

	2005	Budget 2005 (Note 12)	2004
Revenue			
Taxes Available for Municipal Purposes (Schedule 5)	\$ 48,621	\$ 48,363	\$ 41,638
Sales and User Fees (Schedule 7)	25,226	23,951	22,061
Government Grants (Schedule 8)	15,562	6,272	8,229
Developer Contributions and Levies	3,120	-	1,449
Fines and Penalties	2,915	3,250	3,182
Licenses and Permits	1,885	1,302	1,334
Return on Investments	1,828	445	1,034
Franchise Fees	1,391	1,055	1,133
Other Revenue	950	709	1,014
Total Revenue	101,498	85,347	81,074
Expenditures (Schedule 6)			
Recreation and Parks	32,962	8,982	9,848
Utility Services	25,830	21,567	14,224
Transportation and Roadway Services	23,554	23,180	15,062
Protective Services	15,066	15,403	13,715
General Government Services	8,278	9,584	7,620
Cultural Services	7,375	5,938	6,467
Transit Services	6,284	6,644	4,898
Family and Social Services	1,863	1,802	1,560
Planning and Development Services	1,679	1,672	2,157
Total Expenditures	122,891	94,772	75,551
(Deficiency) Excess of Revenue Over Expenditures	(21,393)	(9,425)	5,523
Add: Long Term Debt Issued	10,086	217	111
Deduct: Repayment of Long Term Debt	(3,835)	(4,058)	(3,794)
Change in Fund Balances	\$ (15,142)	\$ (13,266)	\$ 1,840
Change in Fund Balances Represented By:			
Operating Fund (Schedule 1)	\$ 19	\$ -	\$ (7)
Capital Fund (Schedule 2)	(15,949)	-	(2,458)
Reserve Fund (Schedule 3)	788	(13,266)	4,305
	\$ (15,142)	\$ (13,266)	\$ 1,840

See accompanying notes to the Consolidated Financial Statements.



**THE CITY OF ST. ALBERT
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2005
(000'S)**

	<u>2005</u>	<u>2004</u>
Cash Provided by:		
Operating Activities		
(Deficiency) Excess of Revenue Over Expenditures	\$ (21,393)	\$ 5,523
Net Changes in Non-Cash Items:		
Taxes Receivable	(142)	(103)
Trade and Other Receivables	(2,473)	(728)
Land Held for Resale	4	325
Prepaid Expenses	(49)	9
Inventories of Materials and Supplies	(166)	(13)
Accounts Payable and Accrued Liabilities	5,264	5,150
Deferred Revenue	<u>6,195</u>	<u>(504)</u>
Net Cash (Used in) Provided by Operating Activities	<u>(12,760)</u>	<u>9,659</u>
Investing		
Investments	<u>500</u>	<u>500</u>
Financing		
Long Term Debt Issued	10,086	111
Repayment of Long Term Debt	<u>(4,119)</u>	<u>(4,053)</u>
Net Cash Provided by (Used in) Financing Activities	<u>5,967</u>	<u>(3,942)</u>
CHANGE IN CASH AND TEMPORARY INVESTMENTS DURING YEAR	(6,293)	6,217
Cash and Temporary Investments at Beginning of Year	<u>43,395</u>	<u>37,178</u>
CASH AND TEMPORARY INVESTMENTS AT END OF YEAR	\$ <u>37,102</u>	\$ <u>43,395</u>

See accompanying notes to the Consolidated Financial Statements.



**THE CITY OF ST. ALBERT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(000'S)**

1. SIGNIFICANT ACCOUNTING POLICIES

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

a) *Reporting Entity*

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

b) *Use of Estimates*

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

c) *Basis of Accounting*

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

i) Revenue

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

ii) Expenditures

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

d) *Fund Accounting*

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

i) Operating Fund

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



THE CITY OF ST. ALBERT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(000'S)

- ii) Capital Fund

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

Reserve fund represents the amounts set aside to finance future operating and capital expenditures. Reserves are established at the discretion of Council. Transfers to and from the reserve fund are reflected as an adjustment to the respective fund.
- iv) Equity in Capital Assets

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

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

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

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

Over and under levies arise from the difference between the actual levy made to cover each requisition and the actual amount requisitioned. If the actual levy exceeds the requisition, the over levy is accrued as a liability. In situations where the actual levy is less than the requisition amount, the under levy is accrued as a receivable.
- i) ***Inventories of Materials and Supplies***

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

Investments are stated at the lower of cost and net realizable value. Management estimates that fair value approximates cost.



**THE CITY OF ST. ALBERT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(000'S)**

k) Capital Assets

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

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

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

2. CASH AND TEMPORARY INVESTMENTS

	2005	2004
(Bank Indebtedness) Cash	\$(894)	\$ 2,478
Temporary Investments	37,996	40,917
	\$ 37,102	\$ 43,395

Temporary Investments are comprised of Short Term Deposits, Banker's Acceptances, Commercial Papers and Guaranteed Notes having yields ranging from 2.76% to 3.55% (2004 – 2.50% to 2.85%).

3. INVESTMENTS

Investments consist of a City of Edmonton bond having a yield of 9.25% (2004 – ranging from 9.25% to 11.25%) and maturing in 2007 (2004 – 2005 to 2007).

4. CAPITAL ASSETS

	2005	2004
Land for Own Use	\$ 10,913	\$ 7,911
Buildings	89,408	66,045
Engineering Structures	178,541	151,654
Machinery and Equipment	16,088	15,649
Vehicles	19,928	18,763
	\$ 314,878	\$ 260,022



**THE CITY OF ST. ALBERT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(000'S)**

5. DEFERRED REVENUE

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

	2005	2004
Alberta Municipal Infrastructure Program	\$ 10,615	\$ -
Basic Capital Grant	7,340	10,098
Infrastructure Canada – Alberta Program (ICAP)	250	1,594
Other	1,151	1,469
	\$ 19,356	\$ 13,161

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

Unexpended funds for capital transportation projects are supported by short term investments of \$18,493 (2004 - \$12,182) held exclusively for funding these projects.

6. LONG TERM DEBT

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

	2005	2004
Debenture Debt	\$ 24,366	\$ 18,272
Obligations under Capital Lease	96	223
	\$ 24,462	\$ 18,495

a) Debenture Debt

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

	2005	2004
Municipal Tax Supported Debentures	\$ 24,003	\$ 17,676
Local Improvement Supported Debentures	205	366
Utility Rate Supported Debentures	158	230
	\$ 24,366	\$ 18,272

Debentures are held by the Alberta Capital Finance Authority. The debentures are payable in annual amounts and mature in periods ranging from 2006 to 2015.



**THE CITY OF ST. ALBERT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(000'S)**

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 3,564	\$ 1,620	\$ 5,184
2007	3,429	1,296	4,725
2008	2,339	995	3,334
2009	2,114	821	2,935
2010	1,819	681	2,500

Debenture interest is payable, before Provincial subsidy, at rates ranging from 4.36% to 12.00% per annum. Total interest paid during the year amounted to \$1,744 (2004 - \$1,877).

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

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

b) *Obligations Under Capital Lease*

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

	<u>2005</u>	<u>2004</u>
Total Long Term Capital Leases	\$ 96	\$ 223
Less: Principal Portion Due Within One Year	<u>(68)</u>	<u>(188)</u>
Long Term Portion	\$ <u>28</u>	\$ <u>35</u>

Capital leases have been issued on the credit and security of the City of St. Albert at large. The capital leases bear interest between 0.2% and 1.3% (2004 – 0.2%) and mature in 2006 and 2007 (2004 – 2005 and 2006).

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

Lease principal and interest payments are due as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 68	\$ -	\$ 68
2007	28	-	28



**THE CITY OF ST. ALBERT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(000'S)**

c) Debt Limits

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

	2005	2004
Maximum Allowable Debt	\$ 135,045	\$ 114,006
Total Debt and Loans	\$ 24,365	\$ 18,272
Percentage Used (%)	18	16
Maximum Allowable Debt Service	\$ 22,508	\$ 19,001
Annual Payments on Existing Debt	\$ 5,184	\$ 5,273
Percentage Used (%)	23	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 municipality. Rather, the financial statements must be interpreted as a whole.

7. CAPITAL FUND

The Capital Fund balance is comprised of the following:

	2005	2004
Financing Available		
Library Renovations	\$ 112	\$ -
Fountain Park Recreation Centre Air Handling System	-	163
Grosvenor Pool and Grandin Clubhouse Upgrade	-	122
Information Technology Strategic Plan	284	-
Campbell Arena Modernization	502	-
Corporate Telephone Upgrades	114	-
Fire Station #3	498	-
Other Capital Projects	<u>466</u>	<u>249</u>
	<u>1,976</u>	<u>534</u>
Amounts to be Financed		
Multipurpose Leisure Centre	(13,267)	(2,289)
West Regional Road	(7,409)	(381)
Bridge Rehabilitation – Boudreau Road	-	(198)
Sturgeon Road – Boudreau Road – Burnham East Rehabilitation	-	(176)
Leddy Avenue – Larose to Dawson Reconstruction	-	(63)
Other Capital Projects	<u>(123)</u>	<u>(301)</u>
	<u>(20,799)</u>	<u>(3,408)</u>
	\$ (<u>18,823</u>)	\$ (<u>2,874</u>)



**THE CITY OF ST. ALBERT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(000'S)**

8. CONTINGENCIES

a) *Insurance Agreement*

The City of St. Albert is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the City could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

b) *Legal Claims*

As at December 31, 2005, the City was involved in various legal disputes. While it is not possible to estimate the outcome of these disputes, it is believed that there will be no adverse effect on the financial position of the City of St. Albert.

c) *Landfill Closure and Post-Closure Liability*

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

Currently, the City is continuing with its 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. The 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 next step will be to expand on the objectives of the action plan to develop a detailed Riel Park Redevelopment Plan that will include input from stakeholders already on the site and the public. Compliance with environmental laws and regulations could require significant expenditures, which cannot be reasonably estimated at this time. However, once costs have been determined, any liability will be accounted for prospectively in the City's financial statements.

9. PENSION PLANS

a) *Local Authorities Pension Plan*

Approximately 428 (2004 - 423) employees of the City of St. Albert participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The plan is financed by employer and employee contributions and investment earnings of the LAPP Fund.

The City of St. Albert is required to make current service contributions to the Plan of 7.40% (2004 - 6.602%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 10.14% (2004 - 8.477%) on pensionable earnings above this amount. Employees of the City of St. Albert are required to make current service contributions of 6.40% (2004 - 5.602%) of pensionable salary up to the year's maximum pensionable salary and 9.14% (2004 - 7.477%) on pensionable salary above this amount.

Total contributions by the City of St. Albert to the Local Authorities Pension Plan in 2005 was \$1,823 (2004 - \$1,421). Total contributions by the employees of the City of St. Albert to the Local Authorities Pension Plan in 2005 was \$1,608 (2004 - \$1,224).



**THE CITY OF ST. ALBERT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(000'S)**

At December 31, 2005, the plan reported the value of its' net assets at \$12.6 billion (2004 - \$10.8 billion) and disclosed an actuarial deficiency of \$0.9 billion (2004 – deficiency of \$1.3 billion). Effective January 1, 2006, members' and employers' contribution rates will increase by approximately 5% (2004 – 13%) in order to partially offset this deficiency.

b) APEX*

The APEX supplementary pension plan, an Alberta Urban Municipality Association (AUMA) sponsored defined benefit pension plan covered under the provisions of the Alberta Employment Pension Plans Act, commenced on January 1, 2004, and provides supplementary pension benefits to a prescribed class of employees (approximately 19 (2004 – 18) 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 \$100 (2004 - \$92).

Total current service contributions by the City to APEX in 2005 were \$53 (2004 – \$46). Total current service contributions by the employees of the City were \$44 (2004 – \$38).

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

c) APEX PLUS*

APEX PLUS supplementary pension plan, an Alberta Urban Municipality Association (AUMA) sponsored defined benefit pension plan, commenced on January 1, 2003, and provides supplementary pension benefits to a prescribed class of employees (approximately 19 (2004 – 18) beneficiaries). APEX PLUS supplements APEX and LAPP and is a voluntary, non-contributory defined benefit pension plan.

The City is required to designate assets to APEX PLUS of 2% of pensionable earnings in excess of the maximum allowed by Canada Revenue Agency (2005 – \$100, 2004 – \$92).

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

*As at December 31, 2005, both the APEX and APEX PLUS pension plans have vested with many employees, as they bought back service to January 2003. The City has disclosed contributions to the APEX plan and designated assets towards the APEX PLUS plan in anticipation of the plans' vesting with all employees beginning on January 1, 2006. At January 1, 2006, an actuarial valuation will be completed along with corresponding disclosure of designated assets.



THE CITY OF ST. ALBERT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(000'S)

10. SALARY AND BENEFITS DISCLOSURE

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

	<u>Salaries (1)</u>	<u>Benefits & Allowances (2)</u>	<u>Total 2005</u>	<u>Total 2004</u>
Mayor P. Chalifoux	\$ 70,669	\$ 5,871	\$ 76,540	\$ 12,195
Mayor R. Plain (3)	1,957	-	1,957	57,307
Councillor L. Bracko	22,603	833	23,436	21,059
Councillor C. Brown	21,916	1,936	23,852	3,770
Councillor J. Burrows	22,553	3,476	26,029	22,334
Councillor N. Crouse	22,916	2,058	24,974	4,074
Councillor L. Garritty	21,366	2,743	24,109	3,705
Councillor N. Korotash	21,203	3,218	24,421	20,539
Councillor L. Moffat (3)	587	19	606	17,097
Councillor D. Ritzen (3)	587	19	606	16,581
Councillor C. Stewart (3)	587	19	606	16,581
Chief Administrative Officer	157,459	38,149	195,608	178,642
Designated Officer	95,696	23,006	118,702	108,283

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

(2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including retirement pension, Canada Pension Plan, 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.

(3) Mayor and Councillors not re-elected were paid retro-pay in 2005 relating to their 2004 term in office.

11. CAPITAL BUDGET

City Council has approved the 2006 Capital Budget totalling \$27,975 (2005 - \$11,184), of which \$500 (2005 - \$217) will be financed through debenture.

12. BUDGET FIGURES

The 2005 budget figures, which appear in these financial statements, have not been audited. Budgets established for the Capital Fund and related financing are calculated on a project-oriented basis. As these transactions may be carried out over one or more years, they are not directly comparable with current year actual amounts.

13. FINANCIAL INSTRUMENTS

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

a) Market Risk

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



**THE CITY OF ST. ALBERT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(000'S)**

b) Credit Risk

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

c) Fair Value

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

14. COMPARATIVE FIGURES

Certain of the 2004 Consolidated Financial Statement figures, presented for comparative purposes, have been reclassified to conform to the current year Consolidated Financial Statement presentation.

15. COMMITMENTS

The City has entered into an agreement with PCL Construction Management Inc. in the amount of \$37,320 for the construction of the Multipurpose Leisure Centre. The total cost of the project is \$42,096 and the Centre is scheduled to open to the public in the Fall of 2006.



SCHEDULES



**THE CITY OF ST. ALBERT
SCHEDULE OF OPERATING FUND FINANCIAL ACTIVITIES
AND CHANGE IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2005
(000'S)**

	2005	Budget 2005 (Note 12)	2004
Revenue			
Taxes Available for Municipal Purposes (Schedule 5)	\$ 48,621	\$ 48,363	\$ 41,638
Sales and User Fees (Schedule 7)	25,226	23,951	22,061
Government Grants (Schedule 8)	4,094	3,848	3,159
Fines and Penalties	2,915	3,250	3,182
Licenses and Permits	1,885	1,302	1,334
Franchise Fees	1,391	1,055	1,133
Other Revenue	690	436	840
Return on Investments	346	445	226
Total Revenue	85,168	82,650	73,573
Expenditures			
Protective Services	14,875	14,804	13,612
Utility Services (Schedule 9)	13,877	14,530	12,003
Recreation and Parks	9,061	8,664	7,714
General Government Services	7,856	8,889	7,283
Transportation and Roadway Services	6,618	6,841	7,593
Cultural Services	6,466	5,887	6,146
Transit Services	5,533	5,423	4,671
Family and Social Services	1,835	1,777	1,560
Planning and Development Services	1,679	1,672	1,694
Total Expenditures	67,800	68,487	62,276
Excess of Revenue Over Expenditures	17,368	14,163	11,297
Net Interfund Transfers			
Transfer to Capital Fund	(9,726)	(7,980)	(8,022)
Transfer (to) from Reserve Fund	(3,788)	(2,125)	512
Repayment of Long Term Debt	(3,835)	(4,058)	(3,794)
Change in Fund Balance	19	-	(7)
Opening Balance	63	-	70
Closing Balance	\$ 82	\$ -	\$ 63
Closing Balance Represented By:			
Municipal Operations	\$ -	\$ -	\$ -
Utility Operations	-	-	-
Library	(1)	-	-
Arts & Heritage Foundation	83	-	63
	\$ 82	\$ -	\$ 63



**THE CITY OF ST. ALBERT
SCHEDULE OF CAPITAL FUND FINANCIAL ACTIVITIES
AND CHANGE IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2005
(000'S)**

	<u>2005</u>	<u>2004</u>
Revenue		
Government Grants (Schedule 8)	\$ 11,468	\$ 5,070
Developer Contributions and Levies	3,120	1,449
Return on Investments	1,482	808
Other Capital Revenue	<u>260</u>	<u>174</u>
Total Revenue	<u>16,330</u>	<u>7,501</u>
Expenditures		
Recreation and Parks	23,901	2,134
Transportation and Roadway Services	16,936	7,469
Utility Services	11,953	2,221
Cultural Services	909	321
Transit Services	751	227
General Government Services	422	337
Protective Services	191	103
Family and Community Support Services	28	-
Planning and Development Services	<u>-</u>	<u>463</u>
Total Expenditures	<u>55,091</u>	<u>13,275</u>
Deficiency of Revenue Over Expenditures	(38,761)	(5,774)
Net Interfund Transfers		
Transfer from Operating Fund	9,726	8,022
Transfer from (to) Reserve Fund	3,000	(4,817)
Long Term Debt Issued	<u>10,086</u>	<u>111</u>
Change in Fund Balance	(15,949)	(2,458)
Opening Balance	<u>(2,874)</u>	<u>(416)</u>
Closing Balance (Note 7)	\$ <u>(18,823)</u>	\$ <u>(2,874)</u>



THE CITY OF ST. ALBERT
SCHEDULE OF RESERVE FUND
FOR THE YEAR ENDED DECEMBER 31, 2005
(000'S)

	<u>Balance Beginning of Year</u>	<u>Contributions</u>	<u>Reductions</u>	<u>Balance End of Year</u>
Operating Reserves				
General Government	\$ 2,035	\$ 4,647	\$ (869)	\$ 5,813
Museum	74	9	-	83
Library	85	15	(10)	90
Arts & Heritage Foundation	<u>78</u>	<u>1</u>	<u>(5)</u>	<u>74</u>
	<u>2,272</u>	<u>4,672</u>	<u>(884)</u>	<u>6,060</u>
Capital Reserves				
General Government	15,605	7,634	(5,000)	18,239
Utilities	10,227	3,776	(9,435)	4,568
Library	<u>-</u>	<u>50</u>	<u>(25)</u>	<u>25</u>
	<u>25,832</u>	<u>11,460</u>	<u>(14,460)</u>	<u>22,832</u>
Reserve Fund Total	\$ <u><u>28,104</u></u>	\$ <u><u>16,132</u></u>	\$ <u><u>(15,344)</u></u>	\$ <u><u>28,892</u></u>



THE CITY OF ST. ALBERT
SCHEDULE OF EQUITY IN CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2005
(000'S)

	<u>2005</u>	<u>Budget 2005 (Note 12)</u>	<u>2004</u>
Acquisition of Capital Assets			
Recreation and Parks	\$ 23,901	\$ 318	\$ 2,134
Transportation and Roadway Services	16,936	3,968	7,469
Utility Services	11,953	4,276	2,221
Cultural Services	909	50	321
Transit Services	751	1,221	227
General Government Services	422	727	337
Protective Services	191	599	103
Family and Community Support Services	28	25	-
Planning and Development Services	<u>-</u>	<u>-</u>	<u>463</u>
	55,091	11,184	13,275
Disposal of Capital Assets (Cost)			
Transportation and Roadway Services	(235)	-	(512)
Transit Services	<u>-</u>	<u>-</u>	<u>(147)</u>
Net Change in Capital Assets	54,856	11,184	12,616
Long Term Debt Issued	(10,086)	(217)	(111)
Repayment of Long Term Debt	<u>3,835</u>	<u>4,058</u>	<u>3,794</u>
Change in Equity Balance	48,605	15,025	16,299
Opening Balance	<u>242,460</u>	<u>252,898</u>	<u>226,161</u>
Closing Balance	\$ <u>291,065</u>	\$ <u>267,923</u>	\$ <u>242,460</u>



Schedule 5

**THE CITY OF ST. ALBERT
SCHEDULE OF PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2005
(000'S)**

	<u>2005</u>	<u>Budget 2005 (Note 12)</u>	<u>2004</u>
Taxation			
Real Property Taxes	\$ 67,027	\$ 66,672	\$ 59,066
Linear Property Taxes	1,279	1,279	1,062
Government Grants in Place of Property Taxes	777	818	762
Special Assessments and Local Improvement Taxes	<u>205</u>	<u>196</u>	<u>275</u>
	<u>69,288</u>	<u>68,965</u>	<u>61,165</u>
Requisitions			
Alberta School Foundation Fund	13,125	13,134	12,304
St. Albert Protestant Separate School District #6	6,965	6,970	6,649
Sturgeon Foundation Requisition	418	416	402
Other	<u>159</u>	<u>82</u>	<u>172</u>
	<u>20,667</u>	<u>20,602</u>	<u>19,527</u>
Taxes Available for Municipal Purposes	\$ <u><u>48,621</u></u>	\$ <u><u>48,363</u></u>	\$ <u><u>41,638</u></u>

Schedule 6

**THE CITY OF ST. ALBERT
SCHEDULE OF CONSOLIDATED EXPENDITURES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2005
(000'S)**

	<u>2005</u>	<u>Budget 2005 (Note 12)</u>	<u>2004</u>
Expenditures			
Capital Assets Acquired	\$ 55,091	\$ 26,284	\$ 13,275
Salaries, Wages, and Benefits	32,964	31,821	30,558
Contracted and General Services	12,901	13,983	11,937
Purchases from Other Governments	10,596	11,135	9,601
Materials, Goods, and Utilities	8,159	7,457	7,402
Interest on Long Term Debt	1,586	1,581	1,704
Transfers to Individuals and Organizations	1,034	1,898	831
Other Expenditures	<u>560</u>	<u>613</u>	<u>243</u>
Total Expenditures	\$ <u><u>122,891</u></u>	\$ <u><u>94,772</u></u>	\$ <u><u>75,551</u></u>



THE CITY OF ST. ALBERT
SCHEDULE OF CONSOLIDATED SALES AND USER FEES
FOR THE YEAR ENDED DECEMBER 31, 2005
(000'S)

	<u>2005</u>	<u>2004</u>
Sales and User Fees		
Wastewater Charges	\$ 6,423	\$ 5,055
Water Charges	6,070	5,716
Solid Waste Charges	2,276	2,220
Transit Fares	2,205	2,131
Storm Sewer Charges	1,300	1,092
Sale of Land	1,199	614
Admission Fees	1,131	1,088
Rentals	800	827
Lesson Fees	770	738
Recovered Costs	630	335
Planning Fees	606	541
Ambulance Fees	546	503
Other	448	374
Sale of Goods	278	304
Library Fees	253	244
Tax Certificates and Inquiries	165	159
Emergency Response Fees	<u>126</u>	<u>120</u>
Total Sales and User Fees	\$ <u>25,226</u>	\$ <u>22,061</u>

THE CITY OF ST. ALBERT
SCHEDULE OF GOVERNMENT GRANTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(000'S)

	<u>2005</u>	<u>2004</u>
Operating Fund		
Federal Grants	\$ 85	\$ 106
Provincial Grants	<u>4,009</u>	<u>3,053</u>
	<u>4,094</u>	<u>3,159</u>
Capital Fund		
Federal Grants	1,428	301
Provincial Grants	<u>10,040</u>	<u>4,769</u>
	<u>11,468</u>	<u>5,070</u>
Total Government Grants	\$ <u>15,562</u>	\$ <u>8,229</u>



**THE CITY OF ST. ALBERT
SCHEDULE OF UTILITY OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2005
(000'S)**

	<u>Water</u>	<u>Wastewater</u>	<u>Solid Waste</u>	<u>Storm Sewer</u>	<u>2005 Total</u>	<u>2004 Total</u>
Revenue						
Sales and User Fees	\$ 6,070	\$ 6,423	\$ 2,276	\$ 1,300	\$ 16,069	\$ 14,081
Other Revenue	55	33	-	92	180	240
Fines and Penalties	25	25	9	5	64	57
Government Grants	<u>1</u>	<u>1</u>	<u>-</u>	<u>2</u>	<u>4</u>	<u>13</u>
Total Revenue	<u>6,151</u>	<u>6,482</u>	<u>2,285</u>	<u>1,399</u>	<u>16,317</u>	<u>14,391</u>
Expenditures						
Purchases from Other Governments	2,892	3,334	-	-	6,226	5,599
Salaries, Wages, and Benefits	1,044	708	466	89	2,307	2,022
Contracted and General Services	866	1,159	1,440	436	3,901	3,194
Materials, Goods, and Utilities	570	151	8	64	793	596
Other Expenditures	184	163	222	23	592	478
Interest on Long Term Debt	<u>25</u>	<u>12</u>	<u>-</u>	<u>21</u>	<u>58</u>	<u>114</u>
Total Expenditures	<u>5,581</u>	<u>5,527</u>	<u>2,136</u>	<u>633</u>	<u>13,877</u>	<u>12,003</u>
Excess of Revenue Over Expenditures	570	955	149	766	2,440	2,388
Net Interfund Transfers						
Transfer from Operations	73	-	-	-	73	72
Transfer to Capital	(553)	(912)	(116)	(576)	(2,157)	(1,965)
Transfer (to) from Reserve Fund	(22)	8	(33)	(97)	(144)	-
Repayment of Long Term Debt	<u>(68)</u>	<u>(51)</u>	<u>-</u>	<u>(93)</u>	<u>(212)</u>	<u>(495)</u>
Change in Fund Balance	-	-	-	-	-	-
Opening Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Closing Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



THE CITY OF ST. ALBERT
ST. ALBERT PUBLIC LIBRARY
SCHEDULE OF FINANCIAL ACTIVITIES AND
CHANGE IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2005
(000'S)

	<u>2005</u>	<u>2004</u>
Revenue		
Contributed from the City of St. Albert	\$ 1,836	\$ 1,687
Government Grants	386	253
Sales and User Fees	309	299
Donations	29	76
Other Revenue	<u>25</u>	<u>32</u>
Total Revenue	<u>2,585</u>	<u>2,347</u>
Expenditures		
Salaries, Wages, and Benefits	1,687	1,531
Materials, Goods, and Utilities	633	569
Contracted and General Services	84	122
Capital Assets Acquired	<u>32</u>	<u>140</u>
Total Expenditures	<u>2,436</u>	<u>2,362</u>
Change in Fund Balances	\$ <u><u>149</u></u>	\$ (<u>15</u>)
Represented By:		
Operating Fund	\$ (2)	\$ (7)
Capital Fund	121	(9)
Reserve Fund	<u>30</u>	<u>1</u>
	\$ <u><u>149</u></u>	\$ (<u>15</u>)



**THE CITY OF ST. ALBERT
ARTS & HERITAGE FOUNDATION OF ST. ALBERT
SCHEDULE OF FINANCIAL ACTIVITIES AND
CHANGE IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2005
(000'S)**

	<u>2005</u>	<u>2004</u>
Revenue		
Contributed from the City of St. Albert	\$ 840	\$ 752
Other Revenue	708	249
Sales and User Fees	219	207
Donations	<u>140</u>	<u>30</u>
Total Revenue	<u>1,907</u>	<u>1,238</u>
Expenditures		
Salaries, Wages, and Benefits	904	812
Capital Assets Acquired	711	44
Materials, Goods, and Utilities	136	187
Contracted and General Services	114	137
Other Expenditures	<u>26</u>	<u>46</u>
Total Expenditures	<u>1,891</u>	<u>1,226</u>
Change in Fund Balances	<u>\$ 16</u>	<u>\$ 12</u>
Represented By:		
Operating Fund	\$ 20	\$ -
Capital Fund	-	-
Reserve Fund	<u>(4)</u>	<u>12</u>
	<u>\$ 16</u>	<u>\$ 12</u>



2005

ANNUAL FINANCIAL REPORT

STATISTICAL SECTION

**THE CITY OF ST. ALBERT
STATISTICAL SUMMARY
2001 – 2005**

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Population	56,310*	54,588*	54,588*	53,081**	53,081**
Area (In Hectares)	3,606	3,606	3,606	3,606	3,600
Building Permits					
Value (\$ in 000's)					
Residential	\$ 115,928	\$ 92,707	\$ 83,347	\$ 110,267	\$ 68,705
Commercial	17,510	4,093	20,822	8,958	13,256
Industrial	2,840	1,886	5,565	2,030	3,945
Institutional	58,347	23,395	3,795	3,686	9,363
	<u>\$ 194,625</u>	<u>\$ 122,081</u>	<u>\$ 113,529</u>	<u>\$ 124,941</u>	<u>\$ 95,269</u>
Number of Building Permits Issued					
Residential	892	797	773	1,000	831
Commercial	70	77	76	71	71
Industrial	36	24	20	20	15
Institutional	27	10	10	13	17
	<u>1,025</u>	<u>908</u>	<u>879</u>	<u>1,104</u>	<u>934</u>
Parks (In Hectares)					
Red Willow Park	160	160	160	160	160
Neighbourhood Parks	239	239	227	227	224
Tax Collections					
Percentage of Current Taxes Collected					
Residential & Non-Residential Property	98.9	98.9	98.7	98.8	98.6
Long Term Debt					
Total Long Term Debt (\$ in 000's)	\$ 24,462	\$ 18,495	\$ 22,437	\$ 25,876	\$ 28,711
Debt Per Capita	\$ 434	\$ 339	\$ 411	\$ 488	\$ 541
Percentage of Total Debt to be Retired					
Within 5 Years	54.6	75.8	72.3	68.3	60.7
Within 10 Years	76.2	100.0	100.0	97.9	94.7
Budget					
Approved Tax Increase (Decrease)	13.38	4.98	5.08	5.81	(3.00)
Capital Expenditures					
Total (\$ in 000's)	\$ 55,091	\$ 13,275	\$ 9,282	\$ 7,973	\$ 12,074
Expressed as a Percentage of Total					
Engineering Structures	48.8	65.8	58.2	52.9	22.9
Buildings	42.4	14.5	15.9	20.1	39.1
Land for Own Use	5.4	5.6	0.0	0.3	0.1
Vehicles	2.2	5.3	11.6	8.1	27.3
Machinery and Equipment	1.2	8.8	14.3	18.6	10.6

*Population Based on Municipal Census

**Population Based on Statistics Canada Census



THE CITY OF ST. ALBERT
STATISTICAL SUMMARY
2001 – 2005
- continued -

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Annual Increase in CPI—Statistics Canada					
Alberta	2.1%	1.4%	4.4%	3.4%	2.3%
Canada	2.2%	1.9%	2.8%	2.2%	2.6%
Unemployment Rate-Statistics Canada					
Alberta	3.9%	4.6%	5.1%	5.3%	4.6%
Canada	6.8%	7.2%	7.6%	7.7%	7.2%



THE CITY OF ST. ALBERT
CONSOLIDATED FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2001 – 2005
(000'S)

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002*</u>	<u>2001*</u>
Revenue					
Taxes Available for Municipal Purposes	\$ 48,621	\$ 41,638	\$ 38,041	\$ 34,839	\$ 31,921
Sales and User Fees	25,226	22,061	21,073	18,832	17,044
Government Grants	15,562	8,229	4,190	4,741	7,433
Developer Contributions and Levies	3,120	1,449	1,882	2,099	2,097
Fines and Penalties	2,915	3,182	2,757	2,668	1,891
Licenses and Permits	1,885	1,334	1,265	1,311	954
Return on Investments	1,828	1,034	1,123	871	1,258
Franchise Fees	1,391	1,133	1,169	720	1,269
Other Revenue	950	1,014	761	1,251	1,157
Local Government Transfers	-	-	-	-	23
Total Revenue	<u>101,498</u>	<u>81,074</u>	<u>72,261</u>	<u>67,332</u>	<u>65,047</u>
Expenditures					
Recreation and Parks	32,962	9,848	9,258	8,028	6,264
Utility Services	25,830	14,224	11,295	10,986	9,533
Transportation and Roadway Services	23,554	15,062	10,316	9,533	7,024
Protective Services	15,066	13,715	12,999	13,149	14,278
General Government Services	8,278	7,620	8,960	8,161	7,299
Cultural Services	7,375	6,467	6,163	5,828	5,290
Transit Services	6,284	4,898	4,980	4,189	9,369
Family and Social Services	1,863	1,560	1,582	1,677	1,511
Planning and Development Services	1,679	2,157	1,651	1,362	1,365
Other Expenditures	-	-	-	-	42
Total Expenditures	<u>122,891</u>	<u>75,551</u>	<u>67,204</u>	<u>62,913</u>	<u>61,975</u>
(Deficiency) Excess of Revenue Over Expenditures	(21,393)	5,523	5,057	4,419	3,072
Add: Long Term Debt Issued	10,086	111	1,054	498	4,698
Deduct: Repayment of Long Term Debt	<u>(3,835)</u>	<u>(3,794)</u>	<u>(4,256)</u>	<u>(3,116)</u>	<u>(3,129)</u>
Change in Fund Balances	\$ <u>(15,142)</u>	\$ <u>1,840</u>	\$ <u>1,855</u>	\$ <u>1,801</u>	\$ <u>4,641</u>
Represented by:					
Operating Fund	\$ 19	\$ (7)	\$ (2,066)	\$ (347)	\$ 536
Capital Fund	(15,949)	(2,458)	241	(2,082)	1,608
Reserve Fund	<u>788</u>	<u>4,305</u>	<u>3,680</u>	<u>4,230</u>	<u>2,497</u>
	\$ <u>(15,142)</u>	\$ <u>1,840</u>	\$ <u>1,855</u>	\$ <u>1,801</u>	\$ <u>4,641</u>

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



**THE CITY OF ST. ALBERT
OPERATING FUND FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2001 - 2005
(000'S)**

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002*</u>	<u>2001*</u>
Revenue					
Taxes Available for Municipal Purposes	\$ 48,621	\$ 41,638	\$ 38,041	\$ 34,839	\$ 31,921
Sales and User Fees	25,226	22,061	21,073	18,832	17,044
Government Grants	4,094	3,159	2,554	2,451	2,251
Fines and Penalties	2,915	3,182	2,757	2,668	1,891
Licenses and Permits	1,885	1,334	1,265	1,311	954
Franchise Fees	1,391	1,133	1,169	720	1,269
Other Revenue	690	840	593	933	382
Return on Investments	<u>346</u>	<u>226</u>	<u>122</u>	<u>225</u>	<u>506</u>
Total Revenue	<u>85,168</u>	<u>73,573</u>	<u>67,574</u>	<u>61,979</u>	<u>56,218</u>
Expenditures					
Protective Services	14,875	13,612	12,841	12,076	11,413
Utility Services	13,877	12,003	10,652	10,295	9,135
Recreation and Parks	9,061	7,714	7,475	7,242	6,116
General Government Services	7,856	7,283	7,809	6,813	6,452
Transportation and Roadway Services	6,618	7,593	5,677	5,992	5,088
Cultural Services	6,466	6,146	6,043	5,592	5,084
Transit Services	5,533	4,671	4,192	3,891	3,696
Family and Social Services	1,835	1,560	1,582	1,677	1,511
Planning and Development Services	1,679	1,694	1,651	1,362	1,365
Other Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34</u>
Total Expenditures	<u>67,800</u>	<u>62,276</u>	<u>57,922</u>	<u>54,940</u>	<u>49,894</u>
Excess of Revenue Over Expenditures	17,368	11,297	9,652	7,039	6,324
Net Interfund Transfers					
Transfer to Capital Fund	(9,726)	(8,022)	(7,087)	(3,803)	(1,893)
Transfers (to) from Reserve Fund	(3,788)	512	(375)	(467)	(766)
Repayment of Long Term Debt	<u>(3,835)</u>	<u>(3,794)</u>	<u>(4,256)</u>	<u>(3,116)</u>	<u>(3,129)</u>
Change in Fund Balance	19	(7)	(2,066)	(347)	536
Opening Balance	<u>63</u>	<u>70</u>	<u>2,136</u>	<u>2,410</u>	<u>1,874</u>
Closing Balance	\$ <u>82</u>	\$ <u>63</u>	\$ <u>70</u>	\$ <u>2,063</u>	\$ <u>2,410</u>
Closing Balance Represented by:					
Municipal Operations	\$ -	\$ -	\$ -	\$ -	\$ -
Utility Operations	-	-	-	2,059	2,411
Library	(1)	-	7	4	(1)
Arts & Heritage Foundation	<u>83</u>	<u>63</u>	<u>63</u>	<u>-</u>	<u>-</u>
	\$ <u>82</u>	\$ <u>63</u>	\$ <u>70</u>	\$ <u>2,063</u>	\$ <u>2,410</u>

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



THE CITY OF ST. ALBERT
CAPITAL FUND FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2001- 2005
(000'S)

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002*</u>	<u>2001*</u>
Revenue					
Government Grants	\$ 11,468	\$ 5,070	\$ 1,636	\$ 2,290	\$ 5,182
Developer Contributions and Levies	3,120	1,449	1,882	2,099	2,097
Return on Investments	1,482	808	1,001	646	752
Other Capital Revenue	260	174	168	318	775
Local Government Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23</u>
Total Revenue	<u>16,330</u>	<u>7,501</u>	<u>4,687</u>	<u>5,353</u>	<u>8,829</u>
Expenditures					
Recreation and Parks	23,901	2,134	1,783	786	148
Transportation and Roadway Services	16,936	7,469	4,639	3,541	1,936
Utility Services	11,953	2,221	643	691	398
Cultural Services	909	321	120	236	206
Transit Services	751	227	788	298	5,673
General Government Services	422	337	1,151	1,348	847
Protective Services	191	103	158	1,073	2,865
Family and Social Services	28	-	-	-	-
Planning and Development Services	-	463	-	-	-
Other Capital Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8</u>
Total Expenditures	<u>55,091</u>	<u>13,275</u>	<u>9,282</u>	<u>7,973</u>	<u>12,081</u>
Deficiency of Revenue Over Expenditures	(38,761)	(5,774)	(4,595)	(2,620)	(3,252)
Net Interfund Transfers					
Transfer from Operating Fund	9,726	8,022	7,087	3,803	1,893
Transfer from (to) Reserve Fund	3,000	(4,817)	(3,305)	(3,763)	(1,731)
Long Term Debt Issued	<u>10,086</u>	<u>111</u>	<u>1,054</u>	<u>498</u>	<u>4,698</u>
Change in Fund Balance	(15,949)	(2,458)	241	(2,082)	1,608
Opening Balance	<u>(2,874)</u>	<u>(416)</u>	<u>(657)</u>	<u>1,425</u>	<u>(183)</u>
Closing Balance	\$ (18,823)	\$ (2,874)	\$ (416)	\$ (657)	\$ 1,425

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



THE CITY OF ST. ALBERT
CONSOLIDATED REVENUE BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2001 - 2005
(000'S)

Function	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002*</u>	<u>2001*</u>
General Revenue	\$ 49,878	\$ 43,826	\$ 39,529	\$ 36,672	\$ 34,376
Utility Services	20,508	15,848	14,296	14,048	12,505
Transportation and Roadway Services	9,289	5,347	2,090	2,506	2,195
Protective Services	6,833	4,641	4,132	4,030	2,972
Recreation and Parks	3,823	2,596	3,162	3,093	2,484
Cultural Services	3,312	2,455	2,163	1,546	1,567
Transit Services	2,413	2,336	2,218	2,136	6,211
General Government Services	2,338	1,677	1,845	1,256	1,204
Planning and Development Services	1,833	1,281	1,737	967	570
Family and Social Services	1,271	1,067	1,089	1,078	963
Total Revenue	\$ 101,498	\$ 81,074	\$ 72,261	\$ 67,332	\$ 65,047

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

THE CITY OF ST. ALBERT
CONSOLIDATED EXPENDITURES BY OBJECT
FOR THE YEARS ENDED DECEMBER 31, 2001 - 2005
(000'S)

Expenditures	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002*</u>	<u>2001*</u>
Capital Assets Acquired	\$ 55,091	\$ 13,275	\$ 9,282	\$ 7,973	\$ 12,074
Salaries, Wages, and Benefits	32,964	30,558	27,739	24,837	23,196
Contracted and General Services	12,901	11,937	10,010	9,173	7,992
Purchases from Other Governments	10,596	9,601	9,207	8,848	8,497
Materials, Goods, and Utilities	8,159	7,402	7,787	7,134	6,176
Interest on Long Term Debt	1,586	1,704	2,055	3,566	2,693
Transfers to Individuals and Organizations	1,034	831	753	1,272	1,047
Other Expenditures	560	243	371	110	298
Land Acquisitions	-	-	-	-	2
Total Expenditures	\$ 122,891	\$ 75,551	\$ 67,204	\$ 62,913	\$ 61,975

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



**THE CITY OF ST. ALBERT
TAXATION / ASSESSMENT
FOR THE YEARS ENDED DECEMBER 31, 2001 – 2005**

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Taxation (Mills)					
Municipal – Residential	10.307	9.354	9.615	10.252	10.402
Municipal – Non-Residential	15.002	14.095	13.839	13.605	13.129
Public School (Catholic)					
Residential	4.227	4.202	4.400	4.770	5.119
Non-Residential	6.338	6.855	6.968	6.977	7.339
Separate School (Protestant)					
Residential	4.227	4.202	4.400	4.770	5.119
Non-Residential	6.338	6.855	6.968	6.977	7.339
Assessment					
Residential – Market Value	3.24%	7.90%	12.04%	7.36%	2.06%
Residential – Growth	2.78%	4.64%	4.50%	3.30%	4.79%
Non-Residential – Market Value	3.41%	3.08%	3.30%	2.76%	5.00%
Non-Residential – Growth	3.58%	5.53%	4.63%	5.20%	3.82%



THE CITY OF ST. ALBERT
TAXABLE ASSESSMENT AND GOVERNMENT GRANTS IN PLACE OF PROPERTY TAXES
FOR THE YEARS ENDED DECEMBER 31, 2001 - 2005
(000'S)

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Taxable Assessment					
Residential	\$ 3,999,998	\$ 3,769,534	\$ 3,338,265	\$ 2,850,756	\$ 2,570,357
Commercial	314,065	291,776	259,536	243,066	219,958
Industrial	87,018	77,021	66,893	59,551	55,046
Special and Other	<u>61,520</u>	<u>51,857</u>	<u>57,293</u>	<u>50,042</u>	<u>48,432</u>
Taxable Assessment	4,462,601	4,190,188	3,721,987	3,203,415	2,893,793
Government Grants in Place of Property Taxes	<u>38,404</u>	<u>38,389</u>	<u>38,478</u>	<u>38,131</u>	<u>38,229</u>
Total Taxable Assessment and Government Grants in Place of Property Taxes	\$ <u>4,501,005</u>	\$ <u>4,228,577</u>	\$ <u>3,760,465</u>	\$ <u>3,241,546</u>	\$ <u>2,932,022</u>

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

Represented by:

Residential	88.9%	89.1%	88.8%	87.9%	87.7%
Commercial	6.9%	6.9%	6.9%	7.5%	7.5%
Industrial	1.9%	1.8%	1.8%	1.9%	1.9%
Special and Other	1.4%	1.2%	1.5%	1.5%	1.6%
Grants in Place	.9%	1.0%	1.0%	1.2%	1.3%

Residential/Non-Residential Assessment Split *

Residential	89.0%	89.2%	88.9%	88.0%	87.8%
Non-Residential	11.0%	10.8%	11.1%	12.0%	12.2%

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



**THE CITY OF ST. ALBERT
PROPERTY TAXES LEVIED
FOR THE YEARS ENDED DECEMBER 31, 2001 - 2005
(000'S)**

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Taxation					
Real Property Taxes	\$ 67,027	\$ 59,066	\$ 53,954	\$ 49,355	\$ 45,679
Linear Property Taxes	1,279	1,062	1,054	994	964
Government Grants in Place of Property Taxes	777	762	760	749	748
Special Assignments and Local Improvement Taxes	<u>205</u>	<u>275</u>	<u>338</u>	<u>369</u>	<u>548</u>
	<u>69,288</u>	<u>61,165</u>	<u>56,106</u>	<u>51,467</u>	<u>47,939</u>
Requisitions					
Alberta School Foundation Fund	13,125	12,304	11,356	10,440	9,999
St. Albert Protestant Separate School District #6	6,965	6,649	6,248	5,860	5,759
Sturgeon Foundation Requisition	418	402	377	328	260
Other	<u>159</u>	<u>172</u>	<u>84</u>	<u>-</u>	<u>-</u>
	<u>20,667</u>	<u>19,527</u>	<u>18,065</u>	<u>16,628</u>	<u>16,018</u>
Taxes Available for Municipal Purposes	<u>\$ 48,621</u>	<u>\$ 41,638</u>	<u>\$ 38,041</u>	<u>\$ 34,839</u>	<u>\$ 31,921</u>

**THE CITY OF ST. ALBERT
TAX COLLECTION
FOR THE YEARS ENDED DECEMBER 31, 2001 - 2005
(000'S)**

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Current Levy	\$ <u>69,288</u>	\$ <u>61,165</u>	\$ <u>56,106</u>	\$ <u>51,467</u>	\$ <u>47,939</u>
Taxes Receivable					
Current	\$ 875	\$ 788	\$ 728	\$ 690	\$ 742
In Arrears for More than One Year	<u>297</u>	<u>242</u>	<u>201</u>	<u>212</u>	<u>475</u>
	1,172	1,030	929	902	1,217
Allowance	<u>-</u>	<u>-</u>	<u>(2)</u>	<u>(2)</u>	<u>(3)</u>
Net Taxes Receivable	<u>\$ 1,172</u>	<u>\$ 1,030</u>	<u>\$ 927</u>	<u>\$ 900</u>	<u>\$ 1,214</u>
Taxes Outstanding as a Percentage of the Current Levy (Before Allowance)					
Current	1.3%	1.3%	1.3%	1.3%	1.6%
In Arrears for More than One Year	0.4%	0.4%	0.4%	0.4%	1.0%

Ten principle taxpayers make up 5% of the 2005 tax levy; therefore, no undue reliance is placed upon any one taxpayer.



THE CITY OF ST. ALBERT
LONG TERM DEBT
FOR THE YEARS ENDED DECEMBER 31, 2001 - 2005
(000'S)

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Long Term Debt					
Tax Supported	\$ 24,099	\$ 17,899	\$ 21,325	\$ 24,369	\$ 26,710
User Supported	205	366	582	865	1,150
Utility Rates Supported	<u>158</u>	<u>230</u>	<u>530</u>	<u>642</u>	<u>851</u>
Total Long Term Debt	\$ <u>24,462</u>	\$ <u>18,495</u>	\$ <u>22,437</u>	\$ <u>25,876</u>	\$ <u>28,711</u>

THE CITY OF ST. ALBERT
DEBT LIMIT AND DEBT PAYMENT
FOR THE YEARS ENDED DECEMBER 31, 2001 - 2005
(000'S)

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Debt Limits					
Maximum Allowable Debt	\$ 135,045	\$ 114,006	\$ 105,938	\$ 97,563	\$ 89,797
Total Debt and Loans	24,365	18,272	22,135	25,876	28,711
Percentage Used (%)	18	16	21	27	32
Maximum Allowable Annual Debt Payments					
Maximum Allowable Annual Debt Payments	\$ 22,508	\$ 19,001	\$ 17,656	\$ 16,260	\$ 14,966
Annual Payments on Existing Debt	5,184	5,273	5,740	5,962	5,844
Percentage Used (%)	23	28	33	37	39
Percentage of Expenditures (%)	4	7	9	9	9



**THE CITY OF ST. ALBERT
RESERVE FUND BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2001 - 2005
(000'S)**

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002*</u>	<u>2001*</u>
Operating Reserves					
General Government	\$ 5,813	\$ 2,035	\$ 2,648	\$ 2,571	\$ 2,484
Museum	83	74	65	57	54
Library	90	85	5	5	5
Arts & Heritage Foundation	<u>74</u>	<u>78</u>	<u>66</u>	<u>-</u>	<u>-</u>
	<u>6,060</u>	<u>2,272</u>	<u>2,784</u>	<u>2,633</u>	<u>2,543</u>
Capital Reserves					
General Government	18,239	15,605	11,764	12,157	10,795
Utilities	4,568	10,227	9,172	5,293	2,538
Library	<u>25</u>	<u>-</u>	<u>79</u>	<u>22</u>	<u>-</u>
	<u>22,832</u>	<u>25,832</u>	<u>21,015</u>	<u>17,472</u>	<u>13,333</u>
Reserve Fund Sub-total	<u>28,892</u>	<u>28,104</u>	<u>23,799</u>	<u>20,105</u>	<u>15,876</u>
Accrued Liabilities					
Accrued Interest on Long Term Debt	-	-	-	-	(1,208)
Accrued Vacation Pay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,208)</u>
Reserve Fund Total	<u>\$ 28,892</u>	<u>\$ 28,104</u>	<u>\$ 23,799</u>	<u>\$ 20,105</u>	<u>\$ 14,668</u>

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





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