

CITY OF ST. ALBERT
ANNUAL REPORT
PROVINCE OF ALBERTA

For the Year Ended December 31, 2018

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City of St. Albert, Alberta, Canada
2018 Annual Report, for the year ended December 31, 2018
Prepared by: Strategic Services and Information Technology and Financial Services

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MESSAGE FROM THE MAYOR



On behalf of City Council, it is my pleasure to present the City of St. Albert's 2018 Annual Report.

2018 marked our Council's first full year in office. It was a foundational year in which we set the tone and the direction for the future of St. Albert. It was also the year of determining the "What" for Council's term. We needed to identify the priorities that would allow us to function strategically. Yet, we also had to be visionary and determine the desired outcomes that would stay true to the Community Vision created by our residents.

Early in 2018, Council's Strategic Plan was developed with a focus on six overarching priorities:

- Growth
- Economic Development
- Building a Transportation Network
- Infrastructure Investment
- Housing
- Environmental Stewardship

The results, which we will achieve by working in concert with one another, will help us ensure a sustainable city for years to come built on balanced growth, transformative investment, essential infrastructure, social profit, and the protection of our natural environment that is so near and dear to the hearts of our residents.

The 2018 Annual Report outlines the first year in a multi-year journey towards our eventual desired outcomes. But we can't do it alone. It will be through Administration's strong resolve and dedication to determine the actions, the "how," to bring these results to fruition.

I invite you to read the rest of this report to learn more about the key corporate activities and accomplishments Administration has achieved to support Council's Strategic Plan throughout 2018. In 2019 and beyond, Council will continue to work diligently towards our vision for the future. We will continue to create meaningful differences in our community, so that St. Albert will long remain one of the finest cities in which to live, work and play.

C. Heron

Cathy Heron
Mayor, City of St. Albert
The Botanical Arts City

MESSAGE FROM THE CHIEF ADMINISTRATIVE OFFICER



On behalf of Administration, I am pleased to introduce the City of St. Albert's 2018 Annual Report.

2018 was a very busy and successful year and included a series of new beginnings. It marked the first full year of a new Council with a new approach to governance for St. Albert. For Administration, it meant identifying and implementing the specific actions needed to turn Council's desired outcomes into reality. We looked at new ways of moving forward, finding synergies and partnerships and taking purposeful strides to reach our goals. The following are a few highlights of our progress towards Council's Strategic Priorities that you will find detailed in the report.

Growth – Future growth must happen in a planned, focused way. Several major initiatives that will provide direction on how we grow and develop are in progress, including the Municipal Development Plan and potential Annexations involving Sturgeon County and Edmonton.

Economic Development – This remains a high priority for St. Albert with activities focused on enabling growth, investment and commerce. Initiatives underway include Green Tape 2.0 and developing catalyst strategies for new business opportunities.

Building a Transportation Network – A top priority for residents, significant gains were made on key initiatives in 2018. Projects completed include the Intelligent Transportation System strategy, arterial network evaluation (including Ray Gibbon Drive and St. Albert Trail), the Transportation Safety Plan and integration of active transportation into the Transportation Master Plan.

Infrastructure Investment – Prioritization and fiscal responsibility are vital in today's economic climate. Administration is exploring non-traditional funding methods and innovative partnerships to identify and build needed capital assets. In 2018, opportunities were identified for shared recreation, social and culture activities and facilities.

Housing – Major amendments were made to the Land Use Bylaw in 2018 to improve housing diversity and expand "missing middle" housing choices. Changes included providing a mixture of housing choices within the same district, allowing lanes in limited areas, and providing broader options for townhouse and apartment building forms through increased building heights, increased densities, and changes to building setbacks. Secondary suite options were also expanded to encourage the use of garden suites, garage suites and secondary suites.

Environmental Stewardship – It's more important than ever to find innovative conservation practices that reduce our environmental footprint and focus on sustainable growth and development. In 2018, we explored the potential for net zero residential development and green utilities.

2018's ambitious plan has positioned us well for the future. Administration will continue to find innovative approaches to doing business that are in alignment with Council's vision for the community.



Kevin Scoble
Chief Administrative Officer



Introduction

The City of St. Albert is pleased to present its 2018 Annual Report, which provides an overview of the City's various corporate and financial accomplishments throughout the year. These accomplishments are based on the City of St. Albert Council Strategic Plan outlined in the report and the City's audited financial statements.

The Annual Report is divided into three sections:

Introductory Section – provides messages from the Mayor and Chief Administrative Officer, an overview of the City of St. Albert, including its municipal profile and government structure, and a Year in Review, which provides an overview of key corporate activities and accomplishments based on the City of St. Albert Strategic Plan. A discussion and analysis of the financial statements is also included to enhance the reader's understanding of the City's fiscal results and overall condition.

Financial Section – provides the Management and Auditor Reports and presents the audited financial statements including related notes and schedules.

Statistical Section – provides a summary of various financial and general statistics.



CITY PROFILE

One of the most beautiful cities in Alberta, St. Albert has long been recognized as a community of choice with its picturesque landscape, celebrated parks and trail system, state-of-the-art amenities, inviting neighbourhoods with tree-lined streets, lively arts and culture, and outstanding attractions and events. Today, St. Albert is a vibrant city with a population of 66,082 (2018 Census report).

With direct access to resource development in northern Alberta and markets in the Edmonton Metropolitan Region, excellent transportation networks, and a highly-educated workforce, St. Albert is positioned to attract business and industry to support our local community, its growth, and the surrounding region.

GOVERNMENT STRUCTURE

The City of St. Albert's mandate is to provide social and recreational programs, protective services, transportation systems, public utilities, and other local services to the community. The municipality consists of two branches – a legislative branch (comprising City Council), and an administrative branch (led by the Chief Administrative Officer).

City Council consists of a Mayor and six Councillors. Council is elected at large by residents to serve a four-year term and governs in accordance with powers granted under the *Municipal Government Act*. City Council provides strategic direction to Administration through plans, bylaws, policies and other governance processes.

The last municipal election took place in October 2017.

CITY COUNCIL

City Council 2017–2021


Mayor
Cathy Heron


Councillor
Wes Brodhead


Councillor
Jacquie Hansen


Councillor
Sheena Hughes


Councillor
Natalie Joly


Councillor
Ken MacKay


Councillor
Ray Watkins

CITY COUNCIL VISION, MISSION AND VALUES

City Council's Vision, Mission, and Values provide Administration the foundation to make recommendations to Council and to guide Administration's decisions. The Vision describes the type of city that Council wants St. Albert to become; the Mission describes the Council's purpose; the Values define how Council will carry out decisions and actions.

COMMUNITY VISION

A vibrant, innovative and thriving city that we all call home, that sustains and cherishes its unique identity and small town values. We are the Botanical Arts City.

PILLARS OF SUSTAINABILITY

Social – We are a friendly and inclusive community of passionate equals, where everyone feels a sense of belonging. We believe that community starts with the person next door.

Economic – We prosper and excel through a strong and diverse economy that is supported by forward-thinking commerce, outstanding local businesses and a dynamic downtown core.

Built Environment – We build our community towards the future to sustain balanced development, with a reverent eye to the past, honouring our unique settlement history and distinct identity.

Natural Environment – We protect, embrace and treasure our deeply-rooted connections with the natural environment through championing environmental action.

Culture – We are proud of our storied history that has fed and nurtured our festive and culturally-rich community.

MISSION

Represent the residents of St. Albert, make decisions in the best interests of the entire community and ensure the corporation delivers results that will help sustain a high quality of life for St. Albertans.

VALUES

Community
Consider the best interests of the community.

Engagement
Engage residents and stakeholders in City Council and community matters.

Integrity
Behave consistently with our values.

Respect
Respect and consideration for all people and their perspectives.

Stewardship
Stewardship of community resources.

Trust
Earn and retain trust.

Understanding
Understand the issues – be inquisitive, informed and prepared.

Acceptance
Accept the diversity of opinions and skill sets of Council members.

Forward Thinking
Employ a forward-thinking mindset when faced with decisions that impact the long-term sustainability of the community.

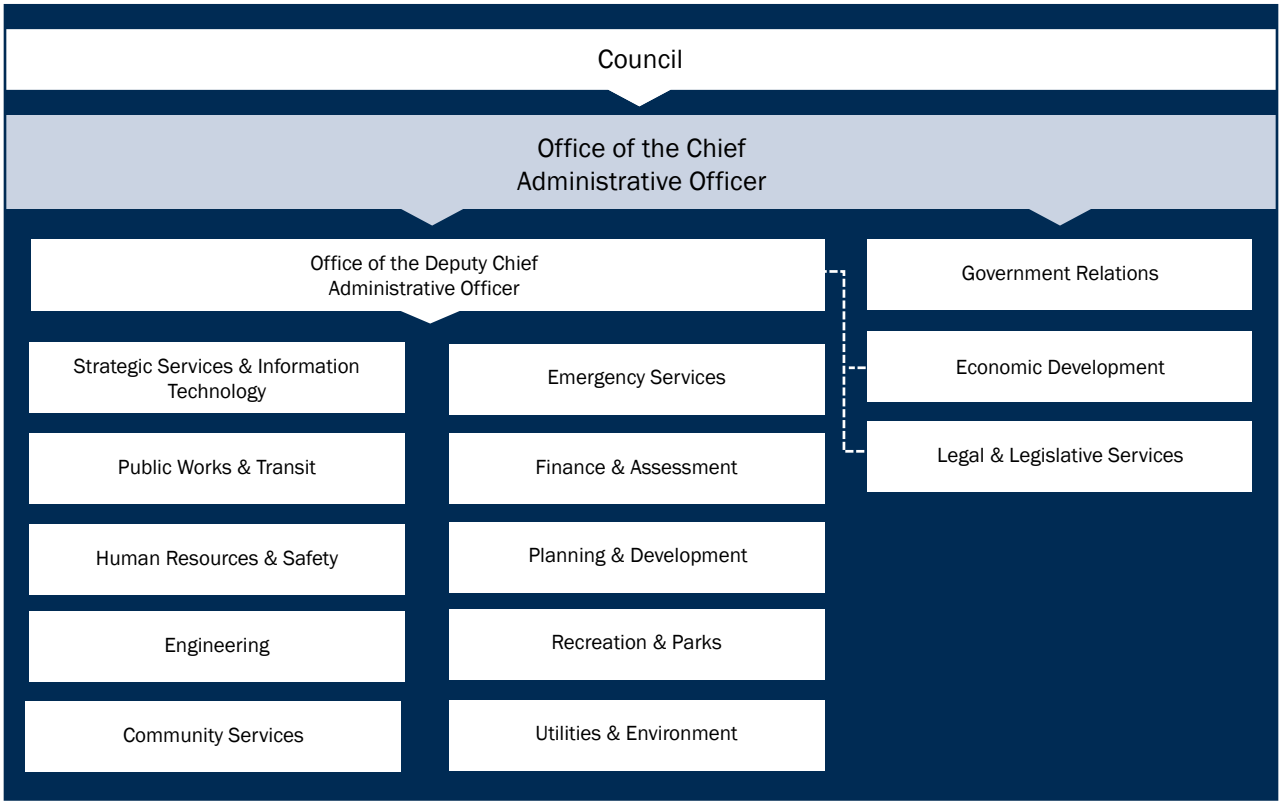


ADMINISTRATION

City Administration is led by an appointed Chief Administrative Officer (CAO).

The Executive Leadership Team serves as the organization's executive administration and provides strategic direction. The Executive Leadership Team includes the CAO and the Deputy Chief Administrative Officer (DCAO)

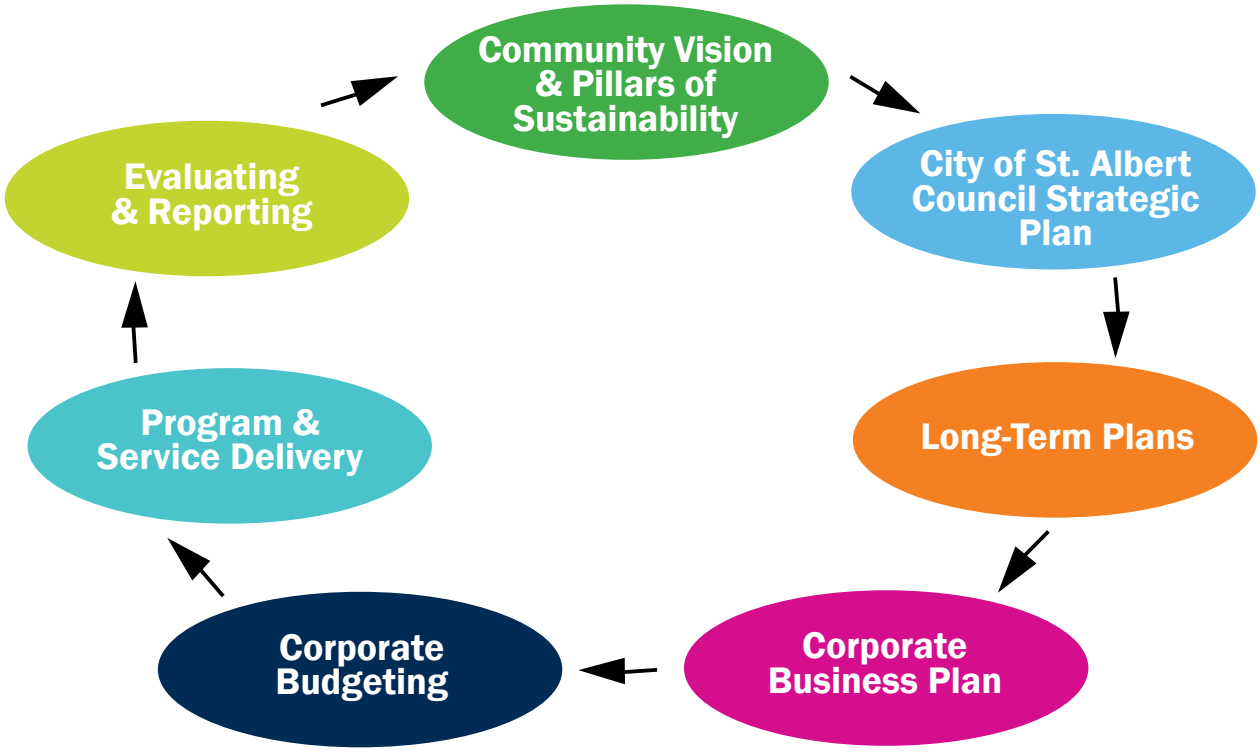
A broader Leadership Team provides essential support and operational direction. It is made up of department directors.



CITY OF ST. ALBERT STRATEGIC FRAMEWORK

Our strategic framework consists of the City listening, responding, delivering services and reporting to residents. Ongoing public consultation also takes place throughout each phase to hear from residents and help guide decisions.

This structured framework provides clarity and directs the City's future, as well as provides a balanced approach to achieve long-term plans and focus on short-term action.



COMMUNITY VISION AND VALUES

The Community Vision and Pillars of Sustainability provide Administration with a single, shared community vision and set of sustainability pillars to govern, align and conform all strategic planning and decision-making efforts across the City.

CITY OF ST. ALBERT COUNCIL STRATEGIC PLAN

Council's strategic directions shall be identified through the development of a four-year City of St. Albert Council Strategic Plan. The strategic plan identifies Council's priorities for their term, based on its interpretation of the Community Vision and Pillars of Sustainability, long-term plans and other input from the community.

LONG-TERM PLANS

Long-term plans align with the strategic framework and act as the primary long-term plans to achieve the Community Vision and Pillars of Sustainability. These plans include the Municipal Development Plan (MDP), Master Plans, Long-Term Department Plans and other directional plans as deemed appropriate.

CORPORATE BUSINESS PLAN

Administration shall develop a Corporate Business Plan to support the implementation of the City of St. Albert Council Strategic Plan. The Corporate Business Plan shall provide an overview of the strategic initiatives undertaken in support of the Council Strategic Plan and as well as key Administrative Priorities that will be addressed within the next four years. This plan guides Administration in the delivery of Council's strategic vision. Once developed, the Corporate Business Plan provides direction for the development of Department Business Plans.

CORPORATE BUDGETING

The corporate budget is the financial representation of the City of St. Albert Council Strategic Plan. All strategic and operational efforts that result from the Council Strategic Plan and Corporate Business Plans are aligned to the City's budget cycle. Each year, Administration prepares a Corporate Business Plan that provides a summary of key strategic priorities, major projects and supporting budget requirements to residents during the annual budget process.

PROGRAM & SERVICE DELIVERY

City Administration delivers programs and services to meet the needs and enhance quality of life of residents, businesses and stakeholders. The services delivered to the community are documented in the Services and Service Levels Inventory, which serves as a foundation for the Service Delivery Component of the Strategic Framework. Annually, City Council approves services and associated levels of service before Administration develops a budget that ensures delivery of services is maintained.

EVALUATION & REPORTING

The City communicates its progress towards achieving the Community Vision through reporting. This includes both quantitative and qualitative statistics based on measurable indicators. Reporting typically occurs on a quarterly and annual basis.



Year in Review

CITY SERVICES

The City provides a wide-range of services related to:

- community events,
- community safety,
- community social support and development,
- culture and heritage programming,
- economic development,
- environmental sustainability,
- recreation and sports programming,
- transit, and
- transportation and infrastructure.

Everyday, residents encounter services that are offered through the City and make positive impacts on the community. This section includes an overview of city services along with key statistics to help illustrate the context in which these services are delivered.

CUSTOMER ACCESS SERVICE

FRONT COUNTER SERVICE

City staff provide front counter services to address needs and inquiries including:

- tax and assessment inquiries;
- revenue collection and payment;
- utility account management;
- business licences and permits/licences issuance;
- planning and development inquiries;
- engineering inquiries;
- construction information desk;
- police and bylaw inquiries;
- cemetery management;
- Freedom of Information and Protection of Privacy (FOIP) requests; and,
- cultural and recreational program information and registration.

PROVISION OF FOOD AND BEVERAGES

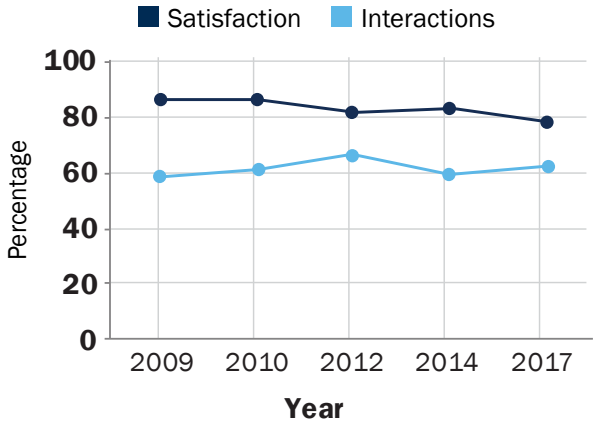
The City provides food and beverage service at six of its recreation facilities through lease agreements, including Woodlands Water Play Park, Grosvenor Outdoor Pool, Akinsdale/Kinex Arena, Fountain Park Recreation Centre, Riel Field, and Servus Place. Additionally, the City operates the Starbucks within Servus Place.

COMMUNITY DEVELOPMENT

COMMUNITY AND NEIGHBOURHOOD CAPACITY BUILDING

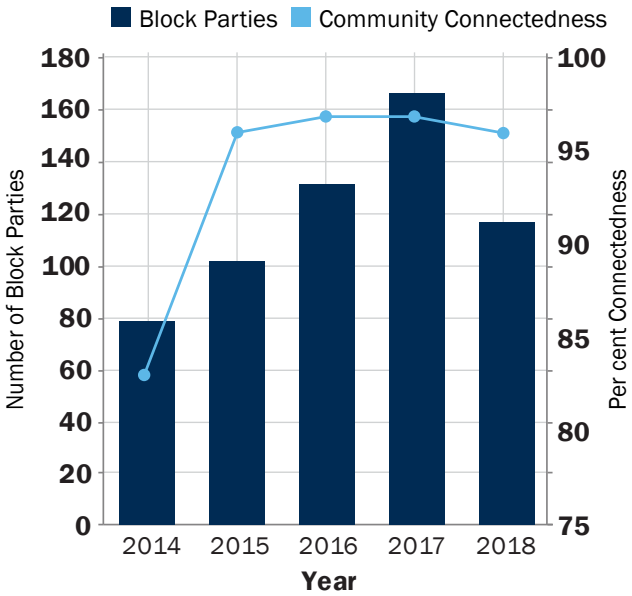
The City seeks out and creates opportunities to educate and promote awareness of social issues that may affect individuals or groups. Services are proactive to reach out to community members that may not have the capacity to advocate for themselves and to bring community members together to address issues and solve problems.

Resident Satisfaction with City Services & Percentages of Residents Who Interacted with the City





Number of Block Parties & Feeling of Connectedness



The feeling of connectedness has risen as more neighbourhood-level events take place throughout the city.

COMMUNITY GROUPS SUPPORT AND CAPACITY BUILDING

St. Albert highly values the work of groups and individuals who are active in promoting the community's well-being and development in areas including arts and culture, recreation, and environmental protection. The City maintains contact with active community groups, creates opportunities for residents to volunteer on community issues and service delivery, and works with groups to facilitate and support their activities.

COMMUNITY GRANTING AND SUPPORT FOR DELIVERY OF SERVICES

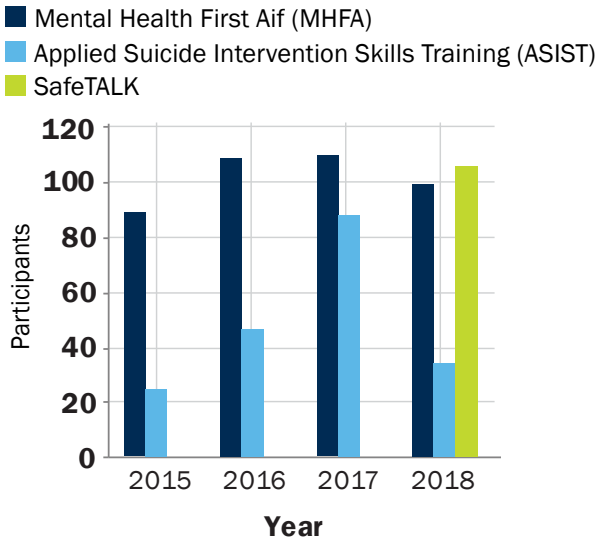
St. Albert provides various grants to not-for-profit organizations and residents in the areas of special events, sport and culture development, operational funding, capital renovations and development, and environmental initiatives. Additional grants are provided for the delivery of preventative social services, heritage programming and services, and library services. Partnerships are also funded with community groups for the delivery of sport and recreation programs.

COMMUNITY EVENTS

The City hosts arts, cultural, recreational and environmental events and festivals throughout the year including the Amplify Youth Festival, Northern Alberta International Children's Festival, Servus Place Halloween Haunt, Canada Day, Clean and Green RiverFest and Earth Hour, among others.



Mental Health Education & Training in the Community



More participants are utilising City-run training to help educate on topics relating to mental health.



ENVIRONMENTAL PROTECTION AND STEWARDSHIP

ENVIRONMENTAL STRATEGY, RISK AND COMPLIANCE

These services are aimed at measuring and monitoring the quality of St. Albert's air, water, and other natural resources, ensuring that environmental protection and compliance is incorporated into City activities, and responding to toxic spills and environmental liability issues.

To do this, the City monitors: air quality, greenhouse gas emissions, energy management, water quality of the Sturgeon River, solid waste generation, and water consumption. Spills and releases are also monitored, reported and recorded in a central database.

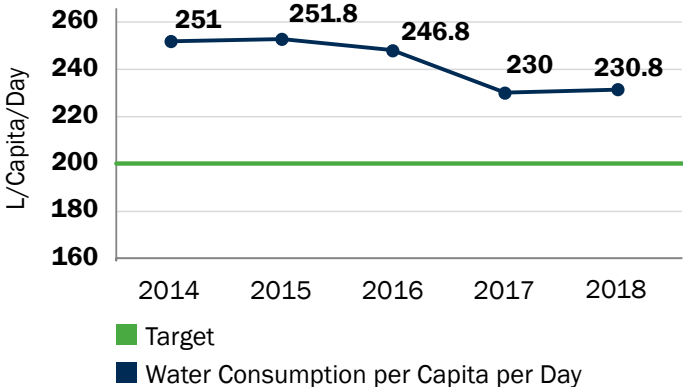
WASTE MANAGEMENT

Waste collection and disposal services ensure that possible waste is recycled into resources such as compost and that hazardous wastes are properly disposed. St. Albert offers a complement of waste management services to the community including:

- collection, processing and disposal of landfill, organic waste and recyclable material for residents, City facilities and community schools; and,
- a centralized site where residents can bring yard waste, recycling, hazardous waste and electronics for proper disposal.

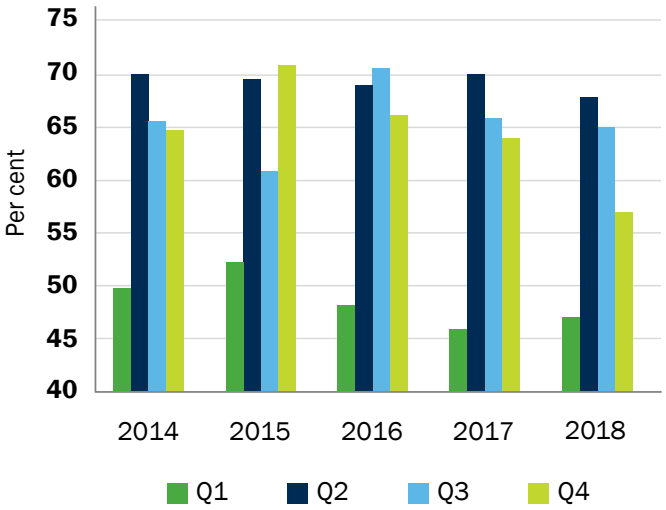


Water Consumption Per Capita Per Day



In the past five years, residents are using less water per capita per day and on average are nearing the City's target of 200 L/capita/day.

Landfill Diversion Rate



Quarter One remains the quarter with the most diversion challenges, with other quarters remaining within the 55-70 per cent diversion rate. Recent global changes to recycling have impacted residents' ability to divert waste.

URBAN FORESTRY AND TURF MAINTENANCE

A beautiful and functioning natural environment is a keystone of quality of life in St. Albert. Trees and greenspaces in the City's urban, park and natural area settings are monitored and maintained to optimize their aesthetic, recreational and environmental values. The City provides services such as:

- grass cutting, fertilizing, aerating, sweeping,
- litter collection of sports fields, parks and natural areas,
- maintenance of the urban tree canopy, including:
    - tree planting, maintenance and inspections, and
- maintenance of healthy turf and urban forests in public areas.



WATER, STORMWATER AND WASTE WATER MANAGEMENT

The municipal water supply system is municipally-operated to provide safe drinking water to all residents. The City manages neighbourhood drainage problems and the stormwater runoff that ultimately flows into the Sturgeon River and collects and treats waste water.





LAND AND ECONOMIC DEVELOPMENT

LAND USE PLANNING

Administration assesses needs and plans for future community and City buildings, capital improvement projects, schools and affordable housing. The City is also responsible for processing and coordinating statutory plans, amendments and subdivision and condominium applications.

DEVELOPMENT

Administration reviews and processes applications for approval and enforcement of the Land Use Bylaw. The service includes review of:

- new development and infill-related infrastructure required to service lands,
- traffic-related data to growth impacts, and
- proposed development (non-traffic control related) signage.

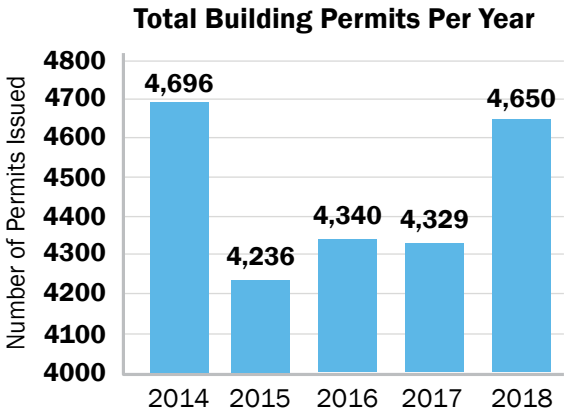
This work also includes:

- calculating levies,
- requesting to off-set approved projects, and
- ensuring that any work approved is consistent with best practices.

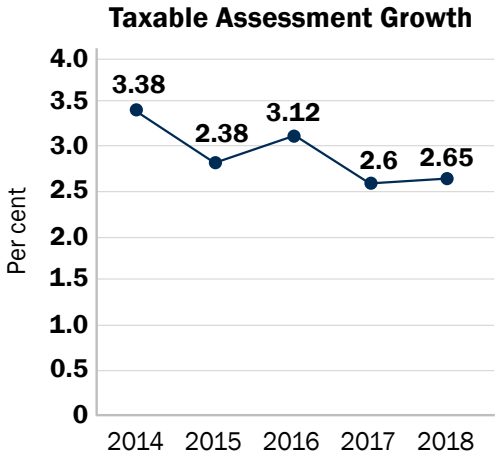
Once approved, the City issues servicing permits required to connect new development into any City utilities.

The City oversees land development for private and public purposes for the community. Key services include:

- working with developers to process construction applications and permits to ensure compliance with planning goals and regulations, and
- administering the Off-Site Levy Program to provide for infrastructure to serve and mitigate the impacts of new development.



Total number of building permits in 2018 are nearly back to pre-recession levels, falling just short of the number of permits issues in 2014.



Assessment Growth for 2018 was 2.65%. This level of growth is considered stable.

CONSTRUCTION MANAGEMENT

The City plans, budgets, and manages capital projects from the initial concept phase, through design, construction and project closeout. This includes “repair, maintain and replace” (RMR) projects and new community infrastructure. Additionally, On-Street Construction Permit Applications and associated traffic accommodation plans are reviewed and issued upon compliance.



BUSINESS ATTRACTION, RETENTION AND EXPANSION

The health of local business is vital to making sure St. Albert remains a vibrant community. The City provides support and business development services to entrepreneurs, existing businesses, new businesses, tourism operators, and investors through targeted capacity building and grant programs. Additionally, developers are provided project review and ongoing management support of land and real estate developments, from initial contact to project completion.

Sponsorship and advertising opportunities are provided to the business community at various City facilities and physical spaces, such as recreation facilities.





MOVEMENT OF PEOPLE AND GOODS

TRANSPORTATION MANAGEMENT

The City provides transportation management services by way of traffic signals and systems, traffic signs and markings to support safe and efficient movement of goods and people. The City is responsible for planning, installing, replacing, inspecting and maintaining these assets and systems.

Additionally, the City collects transportation network data as related to network safety and operations. The information is used for network growth analysis and warrant studies (traffic control and pedestrian crossings).

The City also reviews and approves routing for the transfer of large loads and dangerous goods through the city.

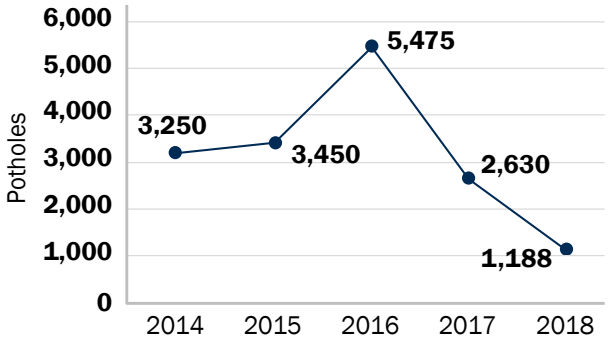
ROADWAY REPAIR AND MAINTENANCE

These services focus on ensuring that roadway infrastructure provides effective movement of people and goods. Key programs the City also provides are roadway surface repair and maintenance, and street cleaning.

TRANSIT PROGRAM

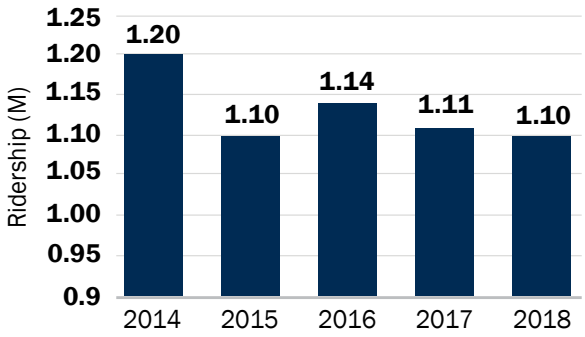
The City offers local and commuter conventional transit, specialized transit (Handibus) for residents with reduced mobility, and charter bus services. For St. Albert residents, public transit services provide safe, reliable, equitable, convenient and cost-effective travel within the city and to and from Edmonton.

Total Potholes Repaired Per Year



The graph above shows traditional pothole repairs. In recent years the City has been more proactive in its repairs and have also incorporated new techniques that would not be captured in these numbers.

St. Albert Transit Annual Ridership



Transit overall ridership appears to be exhibiting a trend of stabilization, which is positive in a challenging environment that has seen slightly declining transit ridership across Canada and the United States due to economic conditions, aging demographics and the growth of alternative transportation options such as shared-ride services.



PUBLIC SAFETY

FIRE PREVENTION, RESPONSE AND ENFORCEMENT

The City of St. Albert is responsible for fire prevention, response and enforcement. This includes response to emergency and fire calls from 911 operators, evaluation and other forms of notification, and dispatching the appropriate response units. Fire services responds to all types of emergency events including fire, rescue, service calls, dangerous goods releases, motor vehicle accidents and ice/water rescue.

Additionally, services are provided through the operation of an after-hours emergency call centre for City of St. Albert and emergency call-in functions.

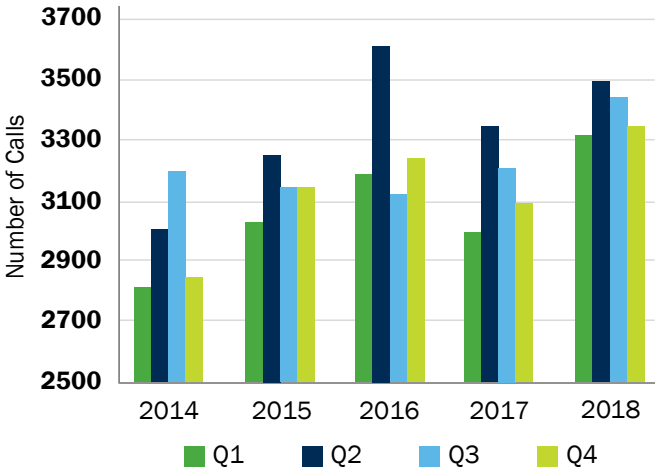
Enforcement of the Alberta Fire Code and other relevant laws pertaining to safety and prevention, including information and inspections, form a key part of the fire prevention services in addition to the design, delivery and evaluation of public education programs to promote fire and home safety and preparedness.

MEDICAL EMERGENCY

The City offers dispatch services for fire and medical response teams for St. Albert as well as regional municipalities to ensure sufficient coverage in case of emergency. Additionally, the Medical First Response (MFR) service is provided for very serious medical emergencies or when there is a known delay in response for an ambulance.

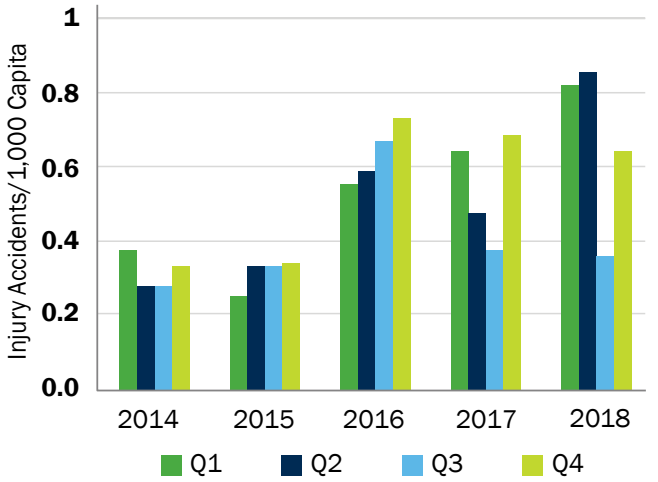


Total Number of 911 Calls Received per Qtr.



Generally, the City is seeing an overall increase in the total number of 911 calls year over year, which is to be expected with year over year population growth.

Vehicle Injury Accidents per 1,000 residents per Qtr.



2018 experienced more vehicle injury accidents than previous years, in most quarters because of poor weather and road conditions.

BYLAW AND PROVINCIAL ACT ENFORCEMENT

St. Albert's bylaw services respond to public complaints and enforce municipal bylaws and provincial statutes. This includes, but is not limited to community standards enforcement, animal control, parking enforcement, as well as the Alberta Traffic Safety Act and portions of the Alberta Gaming and Liquor Act.

POLICING SERVICES

Policing Services in the City of St. Albert are under contract with Public Safety Canada and the RCMP is designated as the Municipal Police Service. As per the agreement, the RCMP provides services necessary to preserve the peace, protect life and property, prevent crime and offences against the laws of Canada and Alberta. This includes:

- apprehending criminals, offenders and others who may be lawfully taken into custody,
- executing all warrants, and
- providing services necessary to prevent bylaw offences after giving due consideration to policing demands.

The RCMP determines appropriate policing responses in accordance with the Municipal Police Services Agreement. Calls received from within the St. Albert jurisdiction are transferred to the appropriate service provider (fire/ambulance) or recorded and disseminated to RCMP and Municipal Enforcement employees.





RECREATION, PARKS AND CULTURE

PUBLIC ART

St. Albert recognizes public art as a defining characteristic of our community identity. As such, the City is responsible for the maintenance of the City's public art inventory, through the maintenance, addition and removal of pieces from the inventory.

ARTS AND CULTURE PROGRAMMING

The City greatly values the role and contribution of artists living and working in St. Albert. To create opportunities for people to participate, the City offers classes in performing arts such as drama, musical theatre and dance and visual arts including painting, sculpture and photography.

St. Albert operates cultural venues, including The Arden Theatre and St. Albert Place Visual Arts Studios.

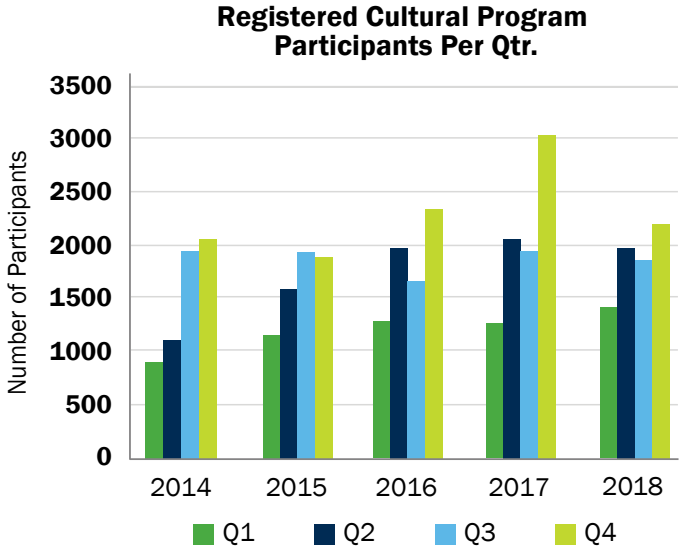
RECREATIONAL PROGRAMMING

The City coordinates recreation programming opportunities for registered and drop-in participants at community facilities, parks and open spaces. These services include:

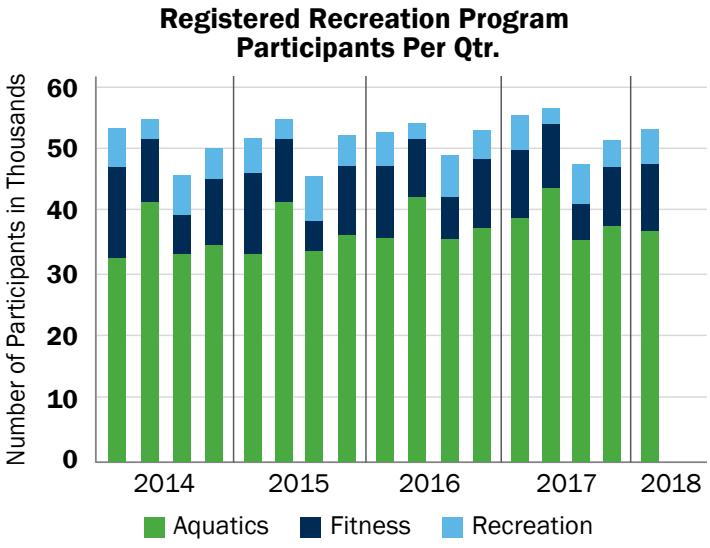
- aquatics,
- recreation,
- fitness,
- childminding services, and
- parks.

CULTURAL FACILITY ACCESS

The City coordinates booking opportunities and access to cultural facilities operated by the City.
This includes bookings at St. Albert Place Visual Arts Studios, The Arden Theatre, and St. Albert Place lobby and plaza.



Participation in cultural activities are remaining consistent year-over-year.



Participation in recreation activities are remaining consistent year-over-year.

RECREATIONAL AND SPORT FACILITY ACCESS

The City offers access to:

- aquatic facilities,
- dry floor, artificial turf, natural turf,
- ball diamonds,
- open level areas,
- fitness equipment (indoor and outdoor),
- gymnasiums,
- track facilities,
- ice arenas,
- indoor gymnasium space, and
- recreational play structures for a full spectrum of recreational activities

Facilities are offered for both scheduled and spontaneous use.

The City also provides access to purpose-built recreational environments dedicated to specialty recreation and sports activities, such as the skateboard park and the BMX track. In addition, running/walking tracks and amenities are available. The City also maintains ice dedicated for recreational and sporting uses.

The City, in conjunction with community groups, provides programming at indoor and outdoor aquatic facilities including Grosvenor Outdoor Pool, Fountain Park Recreation Centre, and Woodlands Water Play Park.

Some recreation and sport facilities also provide a space for events such as social gatherings, business conferences and meetings. St. Albert provides facility services assistance at recreation facilities to support users and meet their needs in safe and clean facilities.







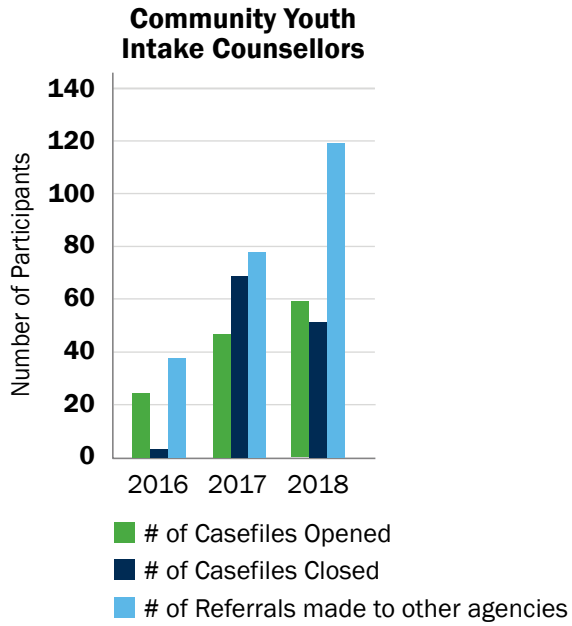
PARKS AND OPEN SPACES

St. Albert operates and maintains neighbourhood and community parks to give residents varied opportunities to spend time outdoors passively and actively. Many parks and open spaces are served by trail connections for pedestrians and cyclists to enjoy landscapes like the Sturgeon River shoreline and Big Lake. There are also dog parks so residents can enjoy outdoor activities with their dogs.

SOCIAL SUPPORT

COUNSELLING AND OUTREACH SERVICES

This program includes free, confidential counselling to school-aged children, youth, young adults, adults and families. The City provides counselling and outreach services primarily focused on school-aged children and their families. Opportunities are also provided for youth to build interpersonal and leadership skills. Local venues are available for connecting with other youth and with mentors.



Enhanced networking with community partners has facilitated referrals both to the Collective and referrals out to other community resources. The top three referral sources: schools, probation and self-referral

GOVERNANCE AND PUBLIC COMMUNICATION AND PARTICIPATION

GOVERNANCE

Administration provides technical advice and expertise regarding compliance with governing legislation and coordination of the development of agendas, reports, materials and minutes/records for Council and committee meetings. Additionally, the City coordinates key legislative processes such as municipal elections and municipal censes.

PUBLIC COMMUNICATION AND PARTICIPATION

The City also places a high priority on including public input into plans and actions that shape the City's future. Residents' opinions and satisfaction are included in decision-making processes in order to continuously improve service delivery to the community.

Staff advise on, plan and execute strategies to inform residents and communicate the value of the City's programs, services and initiatives, and Council's goals and priorities. The City's social media, web presence, communications, media relations, and publicity for City activities and events are managed in-house.



CITY OF ST. ALBERT STRATEGIC PLAN 2018 PROGRESS UPDATE

Ranked as one of the best places to live in Canada, St. Albert is a unique and vibrant community. Low crime rates, increasing business and development opportunities, quick access to health care, recreation, and cultural amenities as well as being on the doorstep of a beautiful river valley, parks and trails make St. Albert the ideal place to live and work.

Working from this foundation, the Strategic Plan is about being open and transparent and providing clear direction to maintain and improve these conditions which has made St. Albert one of the most successful and dynamic places in Canada.

The Strategic Plan is St. Albert City Council's vision for its four-year term spanning 2018 to 2021. It describes the areas in which Council will focus and provides the specific direction in which the Administration intends to support Council. It is visionary and ambitious, but it will succeed with hard work and broad support from the community.

St. Albert City Council has identified six areas which will receive focus during their term. Listed in no particular order of importance or priority, these strategic areas were selected based on community feedback, current service information from Administration, and a thorough understanding of the challenges that lie ahead.

For each strategic priority, Council outlined the outcome it desires to achieve in the next four years.

Council's goal is to ensure that the strategies identified in the Strategic Plan will keep St. Albert on the right path and help guide it into the future. The goals identified in the Strategic Plan provide the foundation for the activities in the Corporate Business Plan and will ensure St. Albert continues its journey as one of the most desirable and best places to live.

The following section provides an overview of progress made in 2018 towards achieving the strategic priorities outlined in the City of St. Albert Council Strategic Plan. For more details on progress of individual initiatives, please see the Corporate Quarterly Reports on the City's website.

COUNCIL STRATEGIC PRIORITIES

STRATEGIC PRIORITY #1:
Growth Policy Framework: Develop a robust policy framework to guide growth.

DESIRED OUTCOME

Revise the Municipal Development Plan framework to provide direction to growth needs, annexation position, and our role in regional government.

PROGRESS TO DATE

The revision of the Municipal Development Plan is in progress. A consultant was hired, and the project has been branded as *Flourish*. The project was officially launched in October with questionnaires circulated to stakeholder groups. A City Summit was held in November that included workshops and keynote presentations. Phase 1 was completed with numerous opportunities for community input. The consulting team completed a background report and associated technical reviews. This information will be utilized to inform proposed scenarios in Phase 2.

ADMINISTRATIVE ACTIVITIES SUPPORTING THIS PRIORITY	
1.1	Complete revision of the Municipal Development Plan.
1.2	Complete negotiations for Sturgeon County annexation and provide recommendations on other boundary relationships.
1.3	Investigate and recommend alternative solutions to improve the competitiveness of development costs in St. Albert.

Two annexation discussions are currently in progress; one with Sturgeon County and another with the City of Edmonton. The goal for the discussions with Sturgeon County is to achieve an uncontested annexation application. As such, public engagement was conducted in November to engage affected landowners first and share information about the process with the community. Work continued to progress through both administrative meetings and meetings between elected officials. St. Albert has been working to complete the Financial Impact Assessment, the Growth Management studies, and accompanying technical studies that will further inform this project. The discussions with City of Edmonton continued throughout the year.



The City of St. Albert is undertaking a five-phased project to complete a competitive analysis of all the development standards and market costs of industrial and commercial development in the Edmonton Metropolitan Region to assess St. Albert's regional competitiveness. This project is being undertaken in conjunction with an initiative in Priority #2 that is reviewing St. Albert development application processes. A consultant will be hired to conduct a study of some of the factors identified. This work will continue in 2019.

COUNCIL STRATEGIC PRIORITIES

STRATEGIC PRIORITY #2:
Economic Development: Enhance business/commercial growth.

DESIRED OUTCOME

St. Albert will work towards an innovative, investment-positive environment that will support and encourage the development of new, existing, and emerging sectors.

PROGRESS TO DATE

Economic development has remained a chief priority for the City of St. Albert. Part of pursuing economic development includes ensuring proper statutory plans are in place, effective processes guide applications from start to finish, and the City is focused on industries and sectors that will bring the most value to the community.

The development of the Area Structure Plans (ASPs) for Lakeview Business District and the Badger Lands have been delayed to align with the development of the Municipal Development Plan. Technical studies were initiated in 2018 for these ASPs and more work will begin in 2019. Interim funding was provided within the 2019-2021 budget process to begin initial work.

The Green Tape 2.0 Initiative will map and improve the existing development process. This initiative aligns with Administrative Activities initiative 1.3 (Development Competitiveness). Some minor delays have been experienced but work is continuing with all groups to establish a baseline for the development process.

A procurement process was conducted to evaluate niche sectors. Work will begin with the consultant in early 2019 and is anticipated to be complete by the end of the first quarter (March). By evaluating and recommending priority sectors, it will help to focus efforts of the City and define non-residential land uses.

ADMINISTRATIVE ACTIVITIES SUPPORTING THIS PRIORITY	
2.1	Enable an approved Area Structure Plan (ASP) for the Lakeview and Badger Lands considering alternate servicing options and equitable return for the City of St. Albert.
2.2	Develop and recommend Green Tape 2.0 initiatives to enable increased growth, investment, and commerce in St. Albert, focusing on a strong collaborative model.
2.3	Evaluate niche sectors and recommend two or three priority sectors.



COUNCIL STRATEGIC PRIORITIES

STRATEGIC PRIORITY #3:
Building a Transportation Network: Integrated transportation systems.

DESIRED OUTCOME

Increase the efficient and effective movement of people and goods in St. Albert through integrated modal planning and regional cooperation.

PROGRESS TO DATE

The transportation network has been a top priority for the residents of St. Albert. Council heard directly from residents throughout the election about the importance of the City's transportation network.

Significant progress has been made in this priority in 2018, creating momentum and setting the City up for positive outcomes early in 2019.

Projects completed in 2018:

- The Intelligent Transportation System (ITS) strategy was developed. Preliminary implementation included St. Albert Trail optimization that focused on improving traffic flow, and reducing the number of vehicles waiting to proceed through intersections. Implementation also included data collection, signal timing, and the introduction of adaptive signal control. Council approved further implementation of this strategy.
- Evaluation of arterial networks work was undertaken to improve traffic flow. Scenarios were defined, and improvements were identified. The recommendations were approved in the Arterial Network Improvement Strategy that was presented to Council in September.
- The Transportation Safety Plan and Implementation Plan have been completed and were presented to Council in October. The Transportation Safety Plan includes an overall safety strategy, neighbourhood traffic calming, and the Safe Journeys to School program.
- The Complete Streets Guidelines are finished. Complete Streets is a design approach that balances the needs of all roadway users. Whether you drive, bike, walk or take the bus, Complete Streets are designed to provide safe, comfortable and convenient access for all users at all ages. Implementation of the Complete Streets Guidelines will impact all new planning and applicable network improvement strategies.

ADMINISTRATIVE ACTIVITIES SUPPORTING THIS PRIORITY		
	3.1	Recommend short-, medium-, and long-term options to improve the service level of Ray Gibbon Drive.
✓	3.2	Develop the ITS strategy and recommend phased implementation, inclusive of St. Albert Trail, according to our ability to implement quickly.
✓	3.3	Evaluate the arterials networks in St. Albert and recommend improvements.
	3.4	Continue to pursue an integrated Regional Transit Commission.
	3.5	Complete the Campbell Park and Ride facility and finish the Transit Local Route Restructuring Project.
✓	3.6	Develop the Transportation Safety Plan and recommend implementation of initiatives to minimize risk of injury or fatality on City roadways. (Updated Sept 10, 2018)
✓	3.7	Recommend the Complete Streets Cross sections.
	3.8	Integrate active transportation into the planning process for the Transportation Master Plan.

WORK THAT IS STILL UNDERWAY AND THAT WILL CONTINUE INTO 2019 INCLUDES:

- Service level of Ray Gibbon Drive – Numerous meetings were held throughout 2018 with members of the Provincial Government in order to discuss the future of this road. The City conducted work, through consultants, to better define the details of the design requirements. Council also voted to include further design work in the 10-year Capital Plan to prepare for construction in the future.
- Significant milestones were achieved on the Regional Transit Commission project in 2018 with a Memorandum of Understanding being signed by all 13 members of the Edmonton Metropolitan Region Board in October. The project also received a $3.7 million provincial grant.
- The construction of the Campbell Park and Ride Facility progressed with preliminary site work getting underway. Additionally, progress was made in the procurement process to contract the construction work. The construction tender is slated to be posted and awarded in early 2019. In conjunction with this work, St. Albert Transit began a local route restructure. This work is about 75 per cent complete as of the end of the year. It will be finalized pending the logistics of the opening of the Campbell Park and Ride Facility.
- Public feedback was sought in 2018 to integrate active transportation in to the Transportation Master Plan. An online survey was developed to engage stakeholders that identified areas for improvement, as well as gaps within the existing network. A draft strategy to address network gaps is being reviewed and will be finalized in the new year.





COUNCIL STRATEGIC PRIORITIES

STRATEGIC PRIORITY #4:
Infrastructure Investment: Identify and build needed capital assets.

DESIRED OUTCOME

Update and implement the Capital Plan based on an assessment of community needs and financial capacity, including a review of all funding options and shared use opportunities.

PROGRESS TO DATE

Council approved recommendations and next steps for six focus areas relating to opportunities for shared recreation, social and cultural activities. Additionally, work was undertaken to develop intermunicipal collaboration frameworks (ICFs) with neighbouring municipalities, Sturgeon County and City of Edmonton. A sub-committee to specifically discuss this topic was established between Sturgeon County and St. Albert. Furthermore, a procurement process was undertaken to hire a consultant to conduct environmental scanning to inform discussions regarding recreation gaps, opportunities, and partnerships. The procurement process will continue into 2019. The ICF work has also been aligned to Council's Advocacy Plan.

ADMINISTRATIVE ACTIVITIES SUPPORTING THIS PRIORITY		
✓	4.1	Identify opportunities for shared Recreation, Social and Culture activities and facilities.
✓	4.2	Update Capital Plan on project prioritization, criteria, and weightings.
	4.3	Explore non-traditional funding options including regional partnerships.
	4.4	Identify an inventory of existing facilities including an assessment of condition and usability and identify gaps in land and facility supply and demand.
	4.5	Adopt a total cost of ownership approach in assessing lifecycle of existing and new assets.

The new capital prioritization matrix was successfully utilized for the 2019 budget process to inform Administration's recommendations to Council for the funding of capital projects. The matrix's criteria and weighting will likely be updated annually as part of the budgeting process.

Administration has been working to inventory, assess and estimate the cost of existing assets for both facilities and equipment. The intention of this work is to understand the total cost of ownership and the have an accurate assessment of the City's current inventory. An Asset Management Committee has been established with members from across the organization.

COUNCIL STRATEGIC PRIORITIES

STRATEGIC PRIORITY #5:
Housing: Enhance housing options.

DESIRED OUTCOME

Facilitate an increase in the variety of housing types in St. Albert to respond to market demands and accommodate the diverse needs of residents.

PROGRESS TO DATE

Early in 2018, amendments were made to the Land Use Bylaw to encourage diversity in residential built forms. Changes included uses such as garden suites and secondary suites, and requirements such as lot widths and depths, among others. The amendments will continue to be monitored as they are implemented through development applications.

ADMINISTRATIVE ACTIVITIES SUPPORTING THIS PRIORITY		
✓	5.1	Modify Land Use Bylaw to encourage diversity in residential built forms.
	5.2	Develop revitalization strategies for mature neighbourhoods.
	5.3	Work with regional partners to explore the creation of additional housing options to address issues of affordability and accessibility.
	5.4	Explore interim housing options to support vulnerable populations.

Work will also be undertaken to define infill strategies. This revitalization work will complement the revision of the Municipal Development Plan (MDP). All public engagement opportunities will be aligned to get the most consistent feedback from residents and other stakeholders. Work will progress on this project in 2019.

Work around affordable housing also experienced progress in 2018. On the statutory side, research was conducted to identify practices in comparator communities. This work included an evaluation of municipal investment models, reviews of relevant legislation pertaining to municipal funding contributions, and a review of provincial and federal housing plans to align with City priorities. The update of the *Municipal Government Act* may also impact this work. On the social side, a master's level social work student has been hired to support research into housing for vulnerable populations. A report will be written that will summarize gaps, possible responses, partnership opportunities and way to maximize the benefits for those in need.

Additionally, the Mayor's Task Force to End Homelessness was established and hosted two meetings. The Task Force is also in the process of identifying how best to conduct a local estimation of homeless in St. Albert. This work will continue into 2020.

COUNCIL STRATEGIC PRIORITIES

STRATEGIC PRIORITY #6:

Environmental Stewardship: Explore innovative environmental and conservation opportunities.

DESIRED OUTCOME

Seek innovative practices to protect waterways and green spaces and reduce our environmental footprint, to ensure the vitality of our natural resources for future generations.

PROGRESS TO DATE

The City began to investigate net zero residential development by conducting benchmarking research and site visits to comparator communities with net zero residential neighbourhoods. Internal exercises were also undertaken to gauge the organization's readiness for net zero residential. A white paper will be written to summarize findings.

This work also contributed to the City's exploration of green utilities. Work was done to identify opportunities and challenges associated with green utility technologies.

ADMINISTRATIVE ACTIVITIES SUPPORTING THIS PRIORITY	
6.1	Explore integrated green utilities to reduce carbon footprint, reduce servicing costs and generate revenue.
6.2	Review and update existing environmental master plans (e.g. Red Willow Trail).
6.3	Investigate net zero residential development.

These philosophies will need to be incorporated into the City's planning documents once the projects have concluded. Other planning work such as reviewing and updating existing environmental master plans has been postponed, awaiting the completion of the revision of the Municipal Development Plan. This work will likely not commence until 2020.



FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

The 2018 Annual Report for the City of St. Albert provides its recent financial performance, including significant financial practices, strategies, and events.

Combined with the City's consolidated financial statements, the Financial Statement Discussion and Analysis (FSD&A) section of the Annual Report is prepared by management in accordance with the principles and standards established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada, as well as the *Municipal Government Act* and provincial and federal regulations.

The FSD&A aims to provide the past year's results, with a summary of the sources, allocation and use of the economic resources, while capturing significant differences between the reported year and previous year as well as budgeted and actual results. This reports on how the financial resources entrusted to the City are being managed to provide municipal infrastructure, programs, and services. It depicts how the activities of the period have affected the municipality's results. Moreover, the FSD&A also identifies trends, risks and anticipated events that could have financial implications on the operations of the City.

Management has made every effort to ensure the consolidated financial statements present a fair accounting of the City's consolidated operating and capital activities for the fiscal year ended December 31, 2018. The City's consolidated financial statements are prepared and reported in observation of the City's policies and bylaws, where City Council provides governance and guidance to policy and bylaw changes and approval. To ensure accountability, City Council conducts quarterly and year-end reviews of the financial results. The consolidated financial statements include the City government and its utilities, the St. Albert Public Library and the Arts and Heritage Foundation of St. Albert.



The City's auditor, KPMG LLP, has audited the consolidated financial statements and provided the accompanying Independent Auditors' Report. The consolidated financial statements and auditors' report satisfy a legislative reporting requirement as set out by the *Municipal Government Act*.

The FSD&A should be read in conjunction with the audited consolidated financial statements and accompanying notes. The responsibility for the preparation of both the consolidated financial statements and the FSD&A rests with the City's management. A multi-year statistical and financial section is provided for additional information.

The City's 2018 Consolidated Financial Statements include:

- **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
  It reports financial assets, liabilities, net assets (debt), non-financial assets and accumulated surplus at December 31 year-end. This statement is used to evaluate the City's ability to finance its activities and satisfy its obligations and commitments.
- **CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**
  It reports revenues earned, expenses incurred and results of the fiscal year as annual surplus or deficit and summarizes the change in accumulated surplus.
- **CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**
  It reports the changes in net financial assets (debt) at year-end. This statement provides information regarding the extent to which expenditures in the year were met by revenues recognized in the year. It is a key indicator of the City's overall financial health.
- **CONSOLIDATED STATEMENT OF CASH FLOWS**
  It reports the cash resources provided by operations and financing and how cash was used during the reporting period. It reflects the net change in cash and cash equivalents since the last reporting period.

FINANCIAL HIGHLIGHTS

The significant events that contributed to the positive result at December 31, 2018 include:

- In 2018, the City decreased cash and cash equivalents by $9.9M due largely to investing and financing activities.
- The City's net financial assets position decreased by $9.7M to $82.2M, due to the increase in liabilities being larger than the increase in assets primarily due to an increase in deferred revenue, long-term debt and accounts payable and accrued liabilities, and was partially offset by a decrease in off-site levy liabilities.
- On May 22, 2018, Council advanced priorities by approving an increase of non-residential taxes by an average of 2.3 per cent and residential taxes by an average of 1.4 per cent to generate municipal property taxes of $101.8M. The City's Property Taxes Bylaw 19/2018 authorizes the rates of property taxation that were levied in 2018. It excludes education and homeland housing requisitions.
- During 2018, the City's operating revenues increased by $6.2M to $185.1M primarily due to an increase in property taxes, sales and user fees, and investment income, offset by a decrease of licenses and permits and a decrease of fines and penalties revenues. The operating expenses increased by $4.7M to $184.7M primarily due to increases in general government services, recreation and parks, transportation and roadway services, and transit services, partly offset by a decrease of utility services.
- The City's operating results ended 2018 on a positive note as reflected by the annual surplus of $49.2M. This strengthened the City's financial position, resulting in an increase in the accumulated surplus. The surplus was generated through a decrease in net financial assets of $9.7M and the net additions of $58.8M in new tangible capital assets.

ECONOMY

The Canadian economy grew at a pace of 1.8 per cent in 2018, supported by rising oil prices for the first three quarters before declining in the fourth quarter, a weaker dollar and increased global demand that lifted business activity. However, the slowdown in the fourth quarter was broadly based as consumer spending and household market activity was soft. Continued rising interest rates and tighter federal mortgage regulations, which began in 2017 contributed to a soft economy that weighted on economic activity. Year-over-year, the Canadian dollar hovered at approximately $1.30 CAD per U.S. dollar. Alberta grew at a projected real gross domestic product (GDP) of 2.4 per cent in 2018, trending slightly higher than the national growth rate noted. Over the next two years, the Bank of Canada estimates the national growth to slow with 1.7 per cent this year and 2.0 per cent in 2020.

Despite the softness in the economy in the fourth quarter of 2018, employment is at 40-year low as reflected through strong growth in both the labour force and employment income, except for oil-producing provinces where overall wage growth has slowed in the past year. Nationally, employment in Canada was estimated to have risen on average of 1.3 per cent compared to 1.9 per cent in 2017. Alberta's projected annual growth rate of employment rose above the national average of 1.9 per cent versus 1.0 per cent in the prior year; these employment rates were based on data provided by Statistics Canada. The National Bank of Canada's February 2019 forecast cited that the national unemployment rate declined to a projected 5.8 per cent compared to 6.3 per cent the year before. Alberta's unemployment numbers have improved to 6.6 per cent in 2018, down from 7.8 per cent in 2017.

To keep the economy from overheating while tempering inflation, the Bank of Canada raised the key interest rates five times since July 2017, with a 25 basis points increase in October 2018 to bring the key interest rate to 1.75 per cent. The City may be impacted due to increased borrowing costs if it decides to obtain financing externally to fund capital projects.

FINANCIAL PLANNING

Financial Planning, which enables stewardship of assets and on-going continuity of the City, is a critical tool for management to achieve stated objectives, including fiscal responsibility and sustainability. To carry out its commitment to strong fiscal management, Administration prepares a 10-Year Capital Plan, which provides a future outlook of long range requirements, comprising of key strategic inputs over the planning horizon, and a framework for the three-year Operating Plan.

Consistent with the three-year Operating Plan, the annual operating budget includes the required revenues to fund the City's delivery of approved programs and services to the community and represents City Council's priorities as identified in the City of St. Albert's Council Strategic Plan, the Corporate Business Plan and other sources. As the operating budget is prepared on a modified cash flow basis, the City uses tax revenues, reserve transfers and government transfers to balance its operating budget. Further, the budget does not include non-cash items including revenue from contributed tangible capital assets or amortization expense.

To advance City Council's strategic priorities, Administration executes investments in infrastructure and capital assets to ensure it adheres to the annual Capital Budget and 10-Year Capital Plan. The purpose of the plan is to identify the capital projects and requirements to maintain the City's infrastructure, as well as to support the growth requirements and desires of the community. City Council approves each capital project budget on the basis of the project to accommodate the planning and scheduling requirements. A portion of the City's annual capital budget is often carried forward to future years for projects not completed in the year, and as a result, capital budgets are not directly comparable with current year actual results.

FINANCIAL ASSETS

From cash to receivables to investments, financial assets are resources that are considered as cash or could be turned into cash if required to fund day-to-day government services. In comparison to 2017, financial assets increased by $6.6M primarily as a result of an increase of investments and offset by a decrease of cash and cash equivalents. With financial assets trending higher, the City continues to be in a stable financial position. The Consolidated Statement of Financial Position summarizes the financial assets at year end.

CASH POSITION

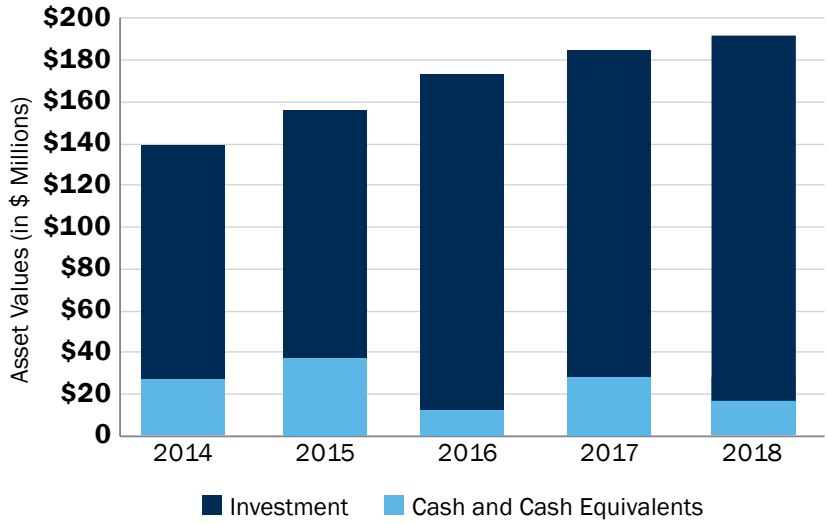
Cash and cash equivalents are financial resources that consist of short-term cash and temporary investments of three months or less that are held to pay for ongoing expenditures and obligations. Uses of cash are subject to the City's Cash Management Policy, which is in place to ensure the cash position is optimized in order to take advantage of investment opportunities.

During 2018, the City's changes in cash position were largely due to:

- $63.5M generated from City operations;
- $63.6M invested in capital assets and offset by $0.1M received proceeds from disposal of capital assets;
- $15.4M applied in the net acquisition of investments; and,
- $10.0M received from financing activities and $4.5M paid for loan principal.

At December 31, 2018, cash flows decreased by $9.9M, ending at $18.3M. The City's sources and uses of cash are summarized on the Consolidated Statement of Cash Flows.

Cash and Cash Equivalents vs. Investments



A decrease in cash position of $9.9M.

RECEIVABLES

Receivables are amounts owed by customers for general taxes, trade, sales and user fees, and other revenues. In the past year, receivables increased by $1.1M to $17.7M, indicating more funds were owed to the City. Collections of receivables are generally due to timing and do not present substantive risks to the City.

INVESTMENTS

Ranging from short-term investments to long-term bonds, the City invests funds to generate income, which provides another source of funding for City services. Short-term investments have maturity terms from three months to one year. Long-term investments are financial securities that have varying maturity terms that extend past one year.

Guided by the City's Investment Policy, investments are consistent with the objectives of preserving capital, maintaining liquidity and achieving an optimum rate of return. Investment performance is benchmarked against the three-month Federal Treasury Bill rate, and the three and seven-year Government of Canada benchmark bond yield rates. In 2018, the City's investments consisted of short-term notes and deposits and long-term corporate and government bonds. Overall, investment returns were favourable in the year compared to designated benchmarks. Investments are also maintained in compliance with regulations stipulated in the *Municipal Government Act*. These regulations are limited to instruments in which the principal is unconditionally guaranteed.

Investment Objectives:
1. **Preserve Capital**
2. **Maintain Liquidity**
3. **Optimize Rate of Return**

In comparison to 2017, the carrying value of investments ended higher by $15.4M, which represents a 9.8 per cent increase, mainly as a result of moving $15.0M from cash and cash equivalents and an additional $35.0M from short-term to long-term and timing of maturities. The investment income earned in the year was $4.1M, an increase of $1.3M from the year before due to a higher long-term bonds investment base that occurred during mid year. Details on investments are provided in Note 2 to the consolidated financial statements.

RATES OF RETURN COMPARISON

	Term	St. Albert Portfolio Rates of Return	Bank of Canada T-Bill and Bond Rates	Benchmark
Short-Term Investments	0–90 days	1.35–2.2%	1.40%	3 months
	91–180 days	N/A	1.57%	6 months
	181 days–1 yr	2.01–2.71%	1.82%	1 year
	1–3 yrs	1.94–9.98%	2.05%	3 years
Long-Term Investments	3–10 yrs	1.91–3.85%	2.05–2.26%	3 years – 10 years

LIABILITIES

Liabilities include accounts payable and accrued liabilities, deferred revenue, off-site levy liabilities, debt, and other liabilities. At year end, this account increased by $16.3M to close at $126.1M, as a result of increases in accounts payable and accrued liabilities, deferred revenue, and long-term debt, partly offset by a decrease in off-site levy liabilities. The Consolidated Statement of Financial Position summarizes the City's liabilities at December 31, 2018.

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are current short-term amounts owed to vendors for work completed or services rendered to the City. The payments to these vendors will be made within the next year. At December 31, 2018, this account increased by $3.2M to $22.6M broadly due to timing of payments to vendors.

DEFERRED REVENUE

Deferred revenue, representing mostly restricted capital funding, is held due to restrictions placed on funds by Provincial and/or Federal governments based on funding agreements. Amounts in deferred revenue are recognized as revenue in the period when the timing or conditions associated with the revenues have been satisfied. Generally, this means that revenues can be recognized as eligible expenditures are made on grant funded capital or operating projects.During the year, deferred revenue increased by $9.6M due to:

- $1.0M earnings on interest, with $0.6M mainly attributed to the Municipal Sustainability Initiative for capital projects;
- $37.1M net contributions received; and offset by
- $28.5M revenue recognized.

Deferred revenue ended the year at $46.4M, most of which was related to capital projects supported by government transfers of $42.8M and the remaining deferred revenue of $3.6M were mostly designated for operating purposes. Note 3 to the consolidated financial statements provides more detail information on deferred revenue.





OFF-SITE LEVY LIABILITIES

The City's key services include working with developers to oversee land development for private and public purposes in the community. This involves processing development applications and permits to ensure compliance with planning goals and regulations. One of the major components when developing a new area of land is ensuring that key connecting infrastructure such as roadways, water, sanitary and storm are in place to support the proposed development.

The City collects off-site levies from developers to fund the construction of these items. The funds are held by the City, restricted and reported as off-site liability until such time as the infrastructure is built.

Net liabilities decreased $1.9M due to a decrease of development from the prior year.

The balance of this fund fluctuates over time based on the pace of development. The Off-site Levy Program specifies that the burden of paying for the cost of the infrastructure rests with developers and supports a growth-pays-for-growth philosophy.

Off-site levy liabilities decreased by $1.9M to $11.0M in 2018, as a result of the issuance of new development agreements and corresponding payment of required levies. More detailed information is specified within the Off-site Levy Bylaw and Note 4 to the consolidated financial statements.

DEBT

City Council considers long-term debt when internal financing is unavailable to fund capital projects and when it is prudent to do so. Current long-term debt consists of fixed term financing agreements with the Alberta Capital Finance Authority. The interest rates were established at the time of borrowing and remain constant throughout the term. The City's current debt is both tax and reserve funded, with a requirement for semi-annual or payments of principal and interest. During the year, the City borrowed $10.0M, repaid a principal amount of $4.5M and accrued an interest expense of $1.8M, resulting in a year-end balance of $43.0M.

The City's existing tax supported long-term debt originated from two projects that were approved in 2004 – the first stages of Ray Gibbon Drive and Servus Credit Union Place. These two significant projects required 20-year external borrowings that increased the City's debt by about $16.9M and $16.3M, respectively.

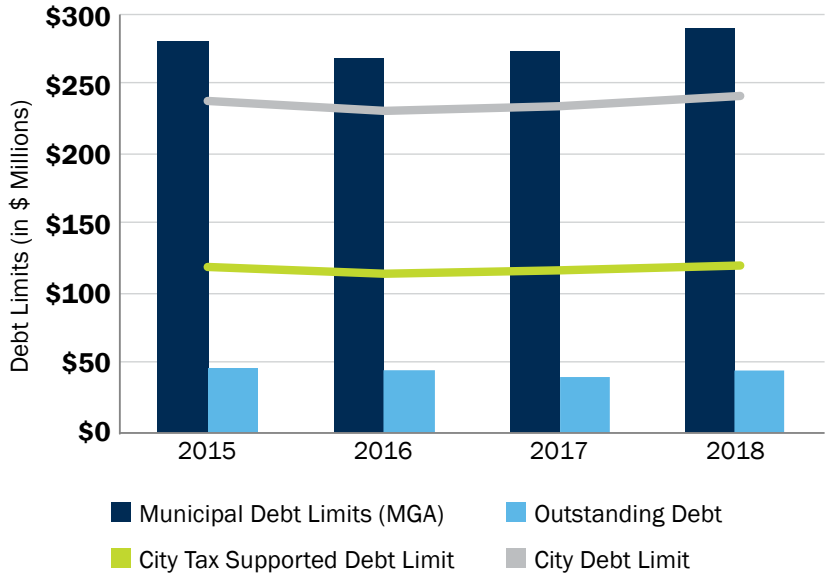
Also, in 2018, the City contributed $10.0M from internal reserves and borrowed $10.0M to fund the North Interceptor Trunk Line (Project 9), a sanitary sewer line, that has a maximum approved borrowing limit of $30M; the forecast spend is $34.2M with further debt financing anticipated to fund the remaining project cost of $14.3M. Principal and interest payments for this debt are approved to come from an established reserve thereby having no impact to future property taxes.

In late 2018, as part of the 2019 budget process, City Council directed Administration to consider debt financing for the North St. Albert Trail Corridor project with an estimated cost of $19.0M. The proposed debt payments will come from an existing reserve thus there will be no impact to future property taxes. The approval of debt financing for the project is subject to passing of a borrowing bylaw, which is expected in 2019.

In addition, in early 2019, City Council and the Province of Alberta entered into a 50/50 cost sharing agreement for a multi-year, four phase $54.2M capital project namely the Twinning of Ray Gibbon Drive. This project is a designated priority within the City of St. Albert Council Strategic Plan, which will facilitate growth of residential, commercial and industrial areas in St. Albert. Initial engineering and design costs of $0.8M has been approved by City Council in the prior year for work to commence in 2019, with construction planned to begin in 2020. It is the intent that the remainder of St. Albert's financial contribution to the project will be funded through debt financing over the next several years; therefore, the process for the approval of a borrowing bylaw will take place in 2019.

The ability to borrow is governed by the *Municipal Government Act*, which sets maximum limits to ensure a municipality does not take on too much debt or exceed their ability to service that debt. In a rising interest rate environment, the regulation safeguards the municipalities from over-extending their limits to ensure that they are able to meet the required payments. Debt, when used strategically, is an effective long-term financing strategy. St. Albert remains largely below prescribed debt limits set by the Province of Alberta and internal limits imposed by its Debt Management Policy.

Debt Limits vs. Outstanding Debt



City debt is low at 13 per cent of provincial limit.

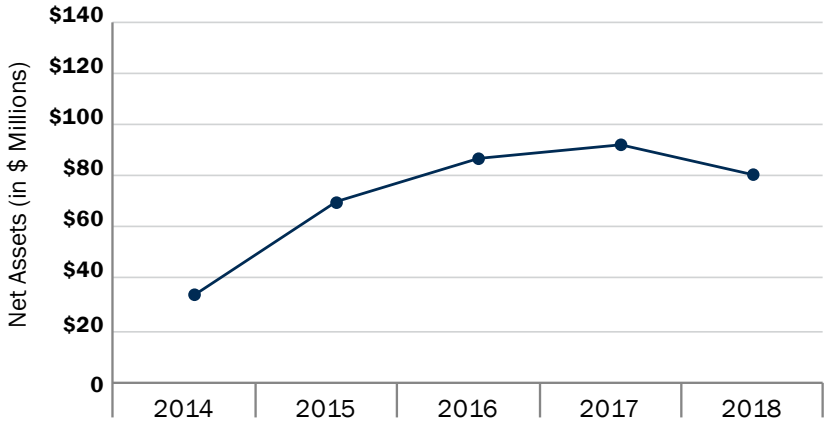
ENVIRONMENTAL LIABILITIES

The City has previously recognized the estimated costs on obligations which currently sits at $1.2M at December 31, 2018, pertaining to contaminated site, landfill closure and post closure liabilities. These obligations are based on estimates and assumptions, using the best information available to management. These costs are primarily related to ongoing environmental monitoring activities for 25 years. Future events such as changes to regulatory requirements, may result in changes to these estimated costs.

NET FINANCIAL ASSETS

A government's net financial assets (net debt) position is a function of its total liabilities and its total financial assets. This calculation is a key financial indicator related to the City's financial position as it reflects the relationship between annual surplus, tangible capital asset acquisitions/disposals/ amortization, and treatment of other inventories or prepaid expenses. The City's net financial assets position decreased by $9.7M to $82.2M, due to an increase in liabilities specifically related to a $10.0M, 20-year external fixed term loan for the North Interceptor Trunk Line project. The Consolidated Statement of Changes in Net Financial Assets provides more detailed information on the net assets at December 31, 2018

Net Financial Assets Position



Net financial assets decreased $9.7M in 2018.





NON-FINANCIAL ASSETS

Non-Financial Assets are comprised largely of tangible capital assets (TCA), but also include, inventories of materials and supplies and prepaid expenses. These assets are acquired and used in the production of goods and services primarily for the purpose of providing services to its citizens. Overall, non-financial assets increased by $58.9M which was attributed to increases in the tangible capital asset base in 2018. The Consolidated Statement of Financial Position outlines the non-financial assets balances for the year.

TANGIBLE CAPITAL ASSETS

Whether costs are incurred to construct, buy or maintain assets such as roads, buildings, or equipment, these costs are considered tangible capital assets. Any increase of tangible capital assets is therefore, a form of investment in the community for which citizens can expect to benefit in future years. In general, these assets have physical substance, and have a long-lived service life greater than one-year and in some cases decades. Examples of tangible capital assets would include such things as transit buses, recreation centres, parks and trails, cultural amenities, roadways and water reservoirs.

There are three streams of tangible capital assets – contributed assets and self-constructed/purchased/leased assets. In the normal course of operations, the City receives ownership of tangible capital assets from developers and records them as contributed tangible capital assets. Once contributed as tangible capital assets, the City takes on the future responsibility for repairs, maintenance and eventual replacement of those assets. Contributed tangible capital assets provide a future economic benefit to the City and include such things as roads, land, sidewalks and street lighting. These contributions are reported as revenue upon receipt from developers and at the time of project completion, which results in an increase in the accumulated surplus.

$58.8M of net tangible capital assets added in 2018.

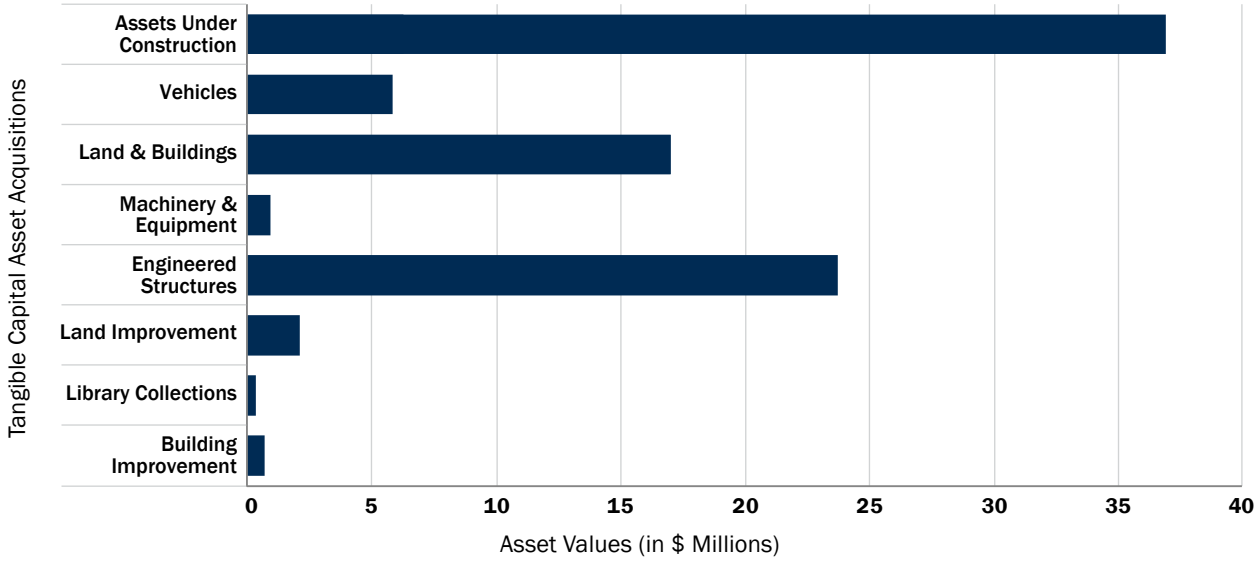
For the year, the changes in the value of the City's tangible capital assets are comprised of:

- $87.5M increase in tangible capital assets acquisitions and transfers (including $23.9M in contributed tangible capital assets and $6.2M in developer contributions and levies);
- $26.4M amortization expenses; and,
- $2.1M loss on disposals net of amortization and $0.1M proceeds on disposals.

Net tangible capital assets increased by $58.8M, ending the year at $1,018.6M.

Capital spending in the past year was mainly on assets under construction, land, buildings, vehicles, and engineered structures such as a roadway system, water system, and waste water system. Tangible capital assets amortization, also referred to as depreciation, is a drawdown of its value, representing the annual cost of using the asset due to wear and tear from use. Land is not a depreciable asset. Note 7 to the consolidated financial statements provides more information on the major components of tangible capital assets, along with its respective amortization amounts in 2018.

2018 Tangible Capital Asset Acquisitions



Note: During the year, there was a large amount of projects completed and moved into service, as a result, the Assets under Construction drawing from Opening Balance was $66.3M. More details are provided in Note 7 to the consolidated financial statements.



ACCUMULATED SURPLUS

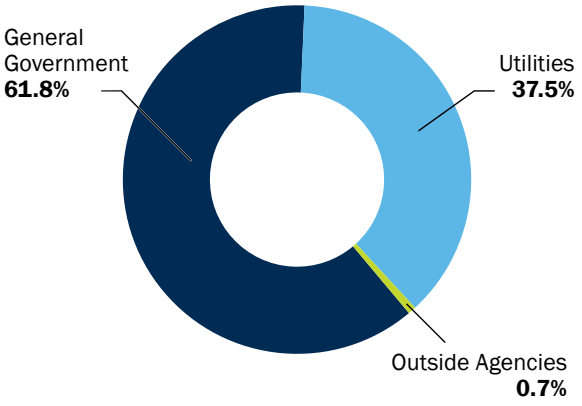
Accumulated surplus, also known as municipal equity, is a balance representing the value of the City and consists of both restricted and unrestricted reserves and equity invested in tangible capital assets. It is driven by the City's investments and ownership of capital assets over time. The accumulated surplus balance is attributed to all assets exceeding all liabilities over time. A positive balance indicates that the government has sufficient net resources to enable the City to provide services in the future. At December 31, 2018, the City's accumulated surplus increased by $49.2M, primarily due to an increase in capital revenues. The accumulated surplus ended the year at $1,102.8M compared to $1,053.6M in 2017. The Consolidated Statement of Operations and Accumulated Surplus summarizes the accumulated surplus, with additional information in Note 9 to the consolidated financial statements.

RESERVES

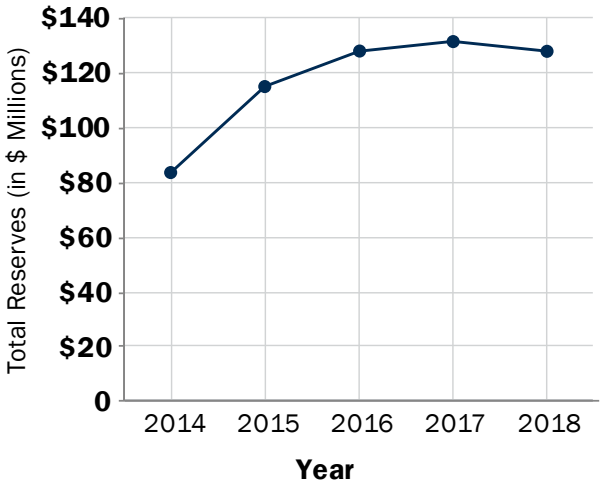
Reserves are funds set aside to provide for capital investments, budget shortfalls or unexpected economic events through general fund contributions and investment income, in an effort to stabilize future tax. The City's reserves are designated for operating and capital purposes; however, the majority of reserves are for capital projects as part of the plan for future expenditures. A growing reserve balance represents good financial management - indicative of healthy fundamental practices and is consistent with the City's conservative approach.

The City's restricted reserves have decreased by $3.0M in 2018 to $129.7M.

2018 Operating and Capital Reserves By Type



Reserve Balance Trend



FINANCIAL OPERATIONS

The Consolidated Statement of Operations and Accumulated Surplus summarizes the City's operating results in 2018. While contributing positively to the City's strong financial position, this year's annual surplus of $49.2M is primarily attributed to revenues recognized for capital projects completed. The segmented information on the lines of service provided by the City is detailed in Note 16 to the consolidated financial statements and with the corresponding revenues and expenses presented by object in each functional category.

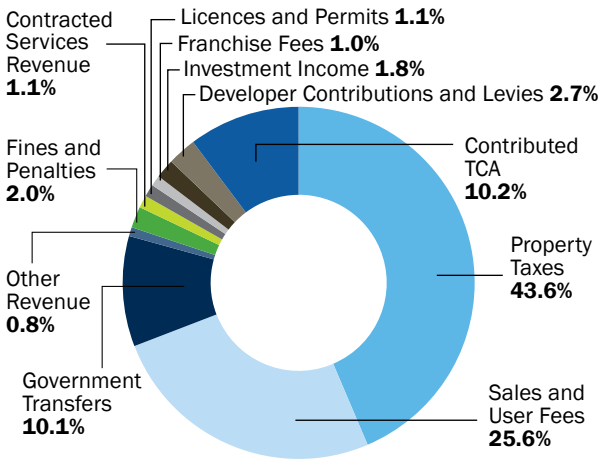
OPERATING REVENUES (2018 ACTUAL VS. BUDGET)

Property tax is the City's primary source of revenue; however, sales and user fees and government transfers also provide a steady stream of revenues. In general, some of the City's revenues fluctuated with economic conditions, while other revenue sources performed largely as budgeted.

In 2018, the City's consolidated operating revenues were in-line with the budget, ending at $185.1M. The variances of actual revenues from budgeted amounts are as follows:

- $1.1M higher in Other Revenue as a result of unbudgeted revenue related to the Smart Fare Project.
- $0.9M higher in Government Transfers for operating projects.
- $1.2M lower in Fines and Penalties mainly due to a decrease in automated enforcement tickets issued.
- $0.5M lower in Licenses and Permits due primarily to a decrease in development permits issued and other land fees as a result of a decrease of development.
- $0.4M lower in Sales and User Fees as a result of a decrease in water purchase and water treatment due to conservation efforts and moderate precipitation, which led to less water requirements from residents, resulting in lower revenues of water and waste water.

2018 Operating & Capital Revenues by Object







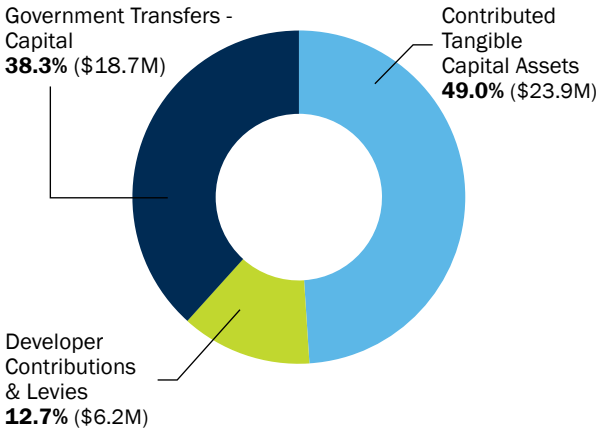
2018 OPERATING REVENUES BY OBJECT ($ Million)							
Account	2018 Budget	2018 Actual	Variance $ vs. Budget	Variance % vs. Budget	2017 Actual	Variance $ vs. Prior Year	Variance % vs. Prior Year
Property Taxes	$102.1	$102.0	-$0.1	0%	$97.4	$4.6	5%
Sales and User Fees	$60.2	$59.8	-$0.4	-1%	$58.1	$1.7	3%
Government Transfers - Operating	$4.1	$5.0	$0.9	22%	$4.7	$0.3	6%
Fines and Penalties	$5.8	$4.6	-$1.2	-21%	$5.4	-$0.8	-15%
Licences and Permits	$3.2	$2.7	-$0.5	-16%	$3.7	-$1.0	-27%
Contracted Services Revenue	$2.8	$2.7	-$0.1	-4%	$2.7	$0.0	0%
Investment Income	$3.8	$4.1	$0.3	8%	$2.8	$1.3	46%
Franchise Fees	$2.6	$2.3	-$0.3	-12%	$2.7	-$0.4	-15%
Other Revenue	$0.8	$1.9	$1.1	138%	$1.4	$0.5	36%
Total Operating Revenues	$185.4	$185.1	-$0.3	0%	$178.9	$6.2	3%

CAPITAL REVENUES (2018 ACTUAL VS. BUDGET)

Funding for capital projects comes from a variety of mechanisms such as tax revenues, reserves, government transfers, third-party contributed assets, developer contributions and levies, and to a lesser extent investment income and other revenues. In 2018, 49.0 per cent were related to contributed tangible capital assets, 38.3 per cent of capital funds were received from government transfers and 12.7 per cent from developer contributions and levies.

In addition, capital revenues for capital activities can vary from year-to-year depending on the timing of capital project schedules, thus comparison of current year to prior year actuals provides nominal value. As project expenditures are incurred, related revenues are earned; thus, delays in capital projects result in delays in revenue recognition for projects. The 2018 capital revenues varied by $27.5M from budget, primarily due to unbudgeted contributed tangible capital assets and unbudgeted developer contributions and levies as well as timing of capital projects completion. A total of $48.8M capital revenues were recognized in the year.

2018 Capital Revenues



EXPENSES

In the delivery of municipal services, the City incurs expenditures for work performed by employees, vendors and contractors to provide for City services. This requires cash outflows to settle amounts owed by the City. In general, the City's expenditures are subject to inflationary pressures. As such, the effects of inflation on contracted services and materials, goods and supplies continue to put pressure on costs associated with delivering the City's programs and services.

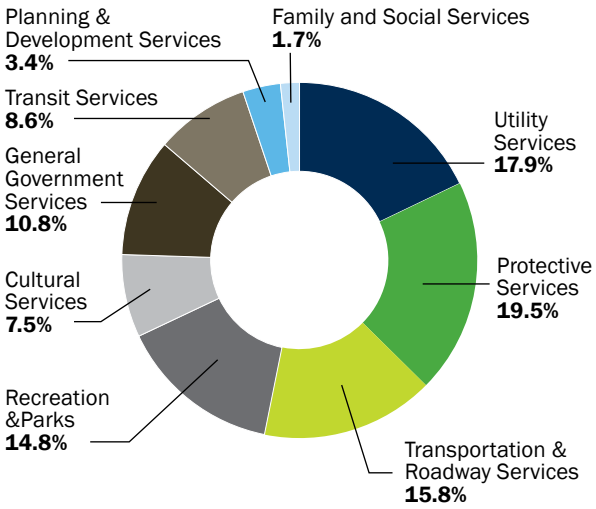
EXPENSES (2018 ACTUAL VS. BUDGET)

During 2018, consolidated City expenses were $15.8M higher than the budget, ending at $184.7M, primarily as a result of two City practices. First, the City does not budget for amortization costs of $26.4M. Amortization costs were particularly pronounced in the areas of transportation and roadway services, recreation and parks, and utility services. Second, the total interest portion of debt servicing costs of $1.9M is included in the above results for each functional category and was about the same as 2017. This indicates that interest payments are trending lower as fixed term borrowings are repaid.

Variances of actual expenses to budgeted amounts are as follows:

- $10.6M higher in Transportation and Roadway Services expenses due to unbudgeted amortization costs and unbudgeted financing interest expenses.
- $4.1M higher in Recreation and Parks expenses primarily due to unbudgeted amortization costs, unbudgeted financing interest expenses and a net loss on disposals of capital assets.
- $3.6M higher in Utility Services expenses, including water, waste water, stormwater, and solid waste mostly due to unbudgeted amortization costs, a net loss on disposals of capital assets and partially offset by a decrease of water and waste water charges as a result of lower water purchases.
- $2.4M higher in Transit Services expenses primarily due to unbudgeted amortization costs.
- $0.5M higher in Protective Services expenses

2018 Expenses by Function



mainly due to unbudgeted amortization costs and partially offset by a decrease in automated enforcement contract as a result of a reduction in tickets issued.

- $0.8M higher in Cultural (Community) Services expenses primarily due to unbudgeted amortization costs.
- $3.5M lower in General Government Services expenses due to budgeted financing interest revenue and expenses that are reported corporately with the actuals being allocated to each functional category and various capital projects expenditures that were carried forward into next year, as well as personnel cost savings due to staff vacancies.
- $2.4M lower in Planning and Development Services due to budgeted consulting fees and salaries and wages related to the Sturgeon County Annexation project, which is a multi-year project; as well as a net loss on disposal of capital assets and personnel cost savings due to staff vacancies.

2018 EXPENSES BY FUNCTION ($ Million)

Account	2018 Budget	2018 Actual	Variance $ vs. Budget	Variance % vs. Budget	2017 Actual	Variance $ vs. Prior Year	Variance % vs. Prior Year
Protective Services	$35.5	$36.0	-$0.5	-1%	$36.2	$0.2	1%
Utility Services	$29.5	$33.1	-$3.6	-12%	$34.5	$1.4	4%
Recreation and Parks	$23.3	$27.4	-$4.1	-18%	$26.1	-$1.3	-5%
Transportation and Roadway Services	$18.5	$29.1	-$10.6	-57%	$28.1	-$1.0	-4%
General Government Services	$23.4	$19.9	$3.5	15%	$17.8	-$2.1	-12%
Transit Services	$13.4	$15.8	-$2.4	-18%	$14.7	-$1.1	-7%
Cultural Services	$13.1	$13.9	-$0.8	-6%	$14.1	$0.2	1%
Planning and Development Services	$8.7	$6.3	$2.4	28%	$5.4	-$0.9	-17%
Family and Social Services	$3.5	$3.2	$0.3	9%	$3.1	-$0.1	-3%
Total Expenses	$168.9	$184.7	-$15.8	-9%	$180.0	-$4.7	-3%

ANNUAL SURPLUS

Annual surplus is the difference between the current year's excess of revenues over expenditures.

In 2018, the City realized an annual surplus of $49.2M, which strengthened the City's net assets position.

FINANCIAL CONTROL AND ACCOUNTABILITY

The City maintains a number of processes and financial controls to ensure that accountability is maintained and that management is able to proactively identify and address financial challenges.

FINANCIAL GOVERNANCE

Notwithstanding that the City's management is responsible for the preparation of the FSD&A and consolidated financial statements, the City's governance structure requires a review of various quarterly reporting, financial policies, audit findings, significant or unusual financial transactions, and accounting treatments or estimates. City Council has established a Governance, Priorities and Finance Committee to conduct these reviews, and also to assist Council by making recommendations on these matters. City Council is ultimately responsible for approving the City's budget, appointing the auditor, and providing general financial authority and oversight.

BUDGETING AND FINANCIAL REPORTING

Based on the input from citizens, businesses, and numerous other stakeholders, City Council establishes an annual operating budget each year. This operating budget includes the required revenues to fund the City's delivery of desired programs and services to the community and represents City Council's priorities as identified in the City of St. Albert's Council Strategic Plan and other sources. From year-to-year, services may be altered when City Council identifies a clear need. Note that the operating budget is also prepared on a modified cash flow basis. Based on this method the City uses tax revenues, reserve transfers and government transfers to balance its operating budget. The budget does not include revenue from contributed tangible capital assets, or amortization expense.

The City also prepares an annual capital budget based on the long-term projections of its 10-Year Capital Plan. Budget items for the current year are carefully reviewed on a project basis and funded through a variety of mechanisms such as tax revenues, reserve transfers or government transfers. As there is typically a portion of the capital budget carried forward for projects not completed within the fiscal year, budgets are not directly comparable with current year actual amounts.

The City is organized into various business areas, each responsible for managing the delivery of program services in accordance with the resources allocated to those programs. While all departments share a common accounting and reporting system, financial and accounting services are administered within the Financial and Assessment department and delivered to each business area based on its needs.

The City utilizes three fund categories to record and monitor its financial operations: operating fund, capital fund and reserves fund. In addition, these funds are utilized in the preparation of the City's budget and the distribution and use are applied in accordance within the respective fund policy.

INTERNAL CONTROLS

The City uses financial policies and procedures to ensure appropriate financial internal controls are in place. Policies and procedures are reviewed annually to comply with the *Municipal Government Act* and Canadian Public Sector Accounting Standards. A proactive approach is taken to identify and address financial challenges.

AUDITING PROCESS

The *Municipal Government Act* requires a municipal council to appoint an independent auditor. In 2017, a tender for audit services was completed and City Council appointed the chartered accounting firm of KPMG LLP as the external auditor for a five-year term, with an option to extend an additional four years, at City Council's discretion. Following a comprehensive audit process and after working closely with management, the auditor must report to City Council with the annual consolidated financial statements. City Council approved the 2018 Consolidated Financial Statements at its meeting on April 23, 2019.







RISKS AND UNCERTAINTIES

The City is committed to an integrated approach to risk management, where it is viewed as a key component of sound business practice and due diligence. Management promotes a proactive, corporate-wide and systematic approach to managing risks that could affect City objectives. The City is exposed to various risks that are mitigated through operational and financial controls.

NORMAL OPERATIONAL RISKS

Normal operational risks are related to delivery of the City's programs and services; as well as social, legal, regulatory, and economic events that could impact City operations, human resource availability and costs, and investment risks related to volatile financial markets. Along with the use of estimates and judgments, the City maintains a system of internal controls to provide reasonable assurance that attests to the fairness and reliability of information and data. To protect and safeguard City assets, control systems are regularly reviewed and enhanced as required.

REVENUE VOLATILITY

The City's revenue is exposed to economic or other external influences. To address the challenge connected with revenue volatility, the City adopts strategies and practices, which include conservative budgeting, quarterly forecasting, a long-term investment strategy, and environmental scanning techniques to identify market changes. When appropriate, the City lobbies senior government and other organizations for sufficient and reliable transfers; however, the current provincial government's deficit presents a risk related to future transfers.

INFRASTRUCTURE REPLACEMENT

Municipal infrastructure is required to support a community's economy and quality of life. To ensure that sufficient local infrastructure is available, the City applies long-term construction and maintenance plans or strategies. In many cases, the City's identified infrastructure requirements exceed its funding capacity; therefore, City Council engages in a ranking process and seeks other sources of funding, such as borrowing or government transfers. If not addressed, a municipality's infrastructure deficit could result in lost productivity, damage to property, and decreased quality of life.

INSURANCE LOSS

The City maintains an insurance program to cover losses related to its activities, operations, assets and infrastructure. This program has two components: an insurance program purchased through well capitalized external insurers and a self-funded insurance program for all losses falling below policy deductibles. The City's approach to risk management attempts to achieve a balance between risk and total cost.

A claims reserve was established in 2008 to fund the City's self-insured program. The reserve is funded to a confidence level at the 95th percentile of the City's projected losses, as recommended in the November 2011 loss projection analysis report provided by an external consultant. At December 31, 2018, the City's outstanding and fully reserved insurance claims related liabilities were $0.4M, and its claims self-insurance reserve fund was another $1.4M.

ENVIRONMENTAL RISK

The City employs environmental management professionals to assist departments in complying with environmental laws and regulations. The City has also adopted policies and procedures to govern the City's approaches, and it follows environmental systems that provide a sound model to effectively deal with environmental impacts associated with municipal activities. In addition, insurance policies are in place to handle potential unexpected environmental risks.



FUTURE OUTLOOK

The City of St. Albert, the Botanical Arts City, is known for its commitment to the natural environment and support for cultural engagement. We continue to be recognized as one of the best places to live and raise a family in Canada. While continued economic development tops our list of priorities, we also focus on enhancing the quality of life for our residents by providing an environment with high levels of service, in a fiscally responsible manner.

St. Albert continues to see ongoing growth as reflected in steady rates of construction in residential and non-residential developments. This can be found in the city's north along St. Albert Trail where developers in Jensen Lakes and Erin Ridge North continued adding new homes and retail spaces. Development is also occurring in the City's south along Ray Gibbon Drive, where developers in Ville Giroux, Riverside and South Riel added new single and multi-family homes, apartment buildings, and commercial and industrial spaces.

As a community that borders the northwest corner of Edmonton, St. Albert is impacted by neighbouring communities and economic events within Alberta. The softness of the economy is forecasted to continue through to 2019. Alberta's energy sector has weakened amid the decline of oil prices and pipeline constraints. These factors are weighing on business and consumer sentiment, which have dampened growth expectations for the year. Despite the slowing, but continued growth, the City is cautiously optimistic as it looks towards the future.

In light of the reduction of St. Albert's Municipal Sustainability Initiative allocation in the 2018-19 Provincial Budget, the City, along with other municipalities in Alberta, are likely to see additional reductions to funding in the next budget. The City heavily relies on provincial and federal transfers to support infrastructure needs and remains optimistic that the Alberta Urban Municipalities Association's advocacy efforts to legislate a long-term funding program for all Alberta municipalities will be successful.

In the fall of 2018, the Province announced the Municipal Cannabis Transition Program, to provide the City with up to $0.2M over a two-year period to offset a portion of "start-up" costs related to the federal legalization of cannabis. Unlike other provinces, who have agreed to provide municipalities a portion of the revenues generated by cannabis sales, the Alberta Government has not committed to any long-term funding, other than the two-year Transition Program.

In 2018, the City continued to deliver on its financial stewardship and fiscal responsibility objectives as reflected in healthy reserve balances at year-end. With well managed debt levels and strong financial policies and practices, the City is in a good financial position.



In the upcoming year, the City eagerly awaits the newly implemented electric franchise fee, which is estimated to bring in a net of $1.4M. The fee was introduced at 5.0 per cent in 2019, increasing by 2.5 per cent in years 2020 and 2021, to reach the final intended rate of 10.0 per cent. This new source of flexible revenue helps to further diversify the revenue base.

The past year's success is made possible through the efforts of the dedicated staff of the City of St. Albert. Their hard work and continuing service ensures the delivery of high-quality programs and services and effectively maintains and grows our civic infrastructure. Our appreciation is extended to all of those who make St. Albert a great place to live and work.

Kevin Scoble
Chief Administrative Officer

Diane McMordie
Director, Finance & Assessment/
Chief Financial Officer

April 23, 2019





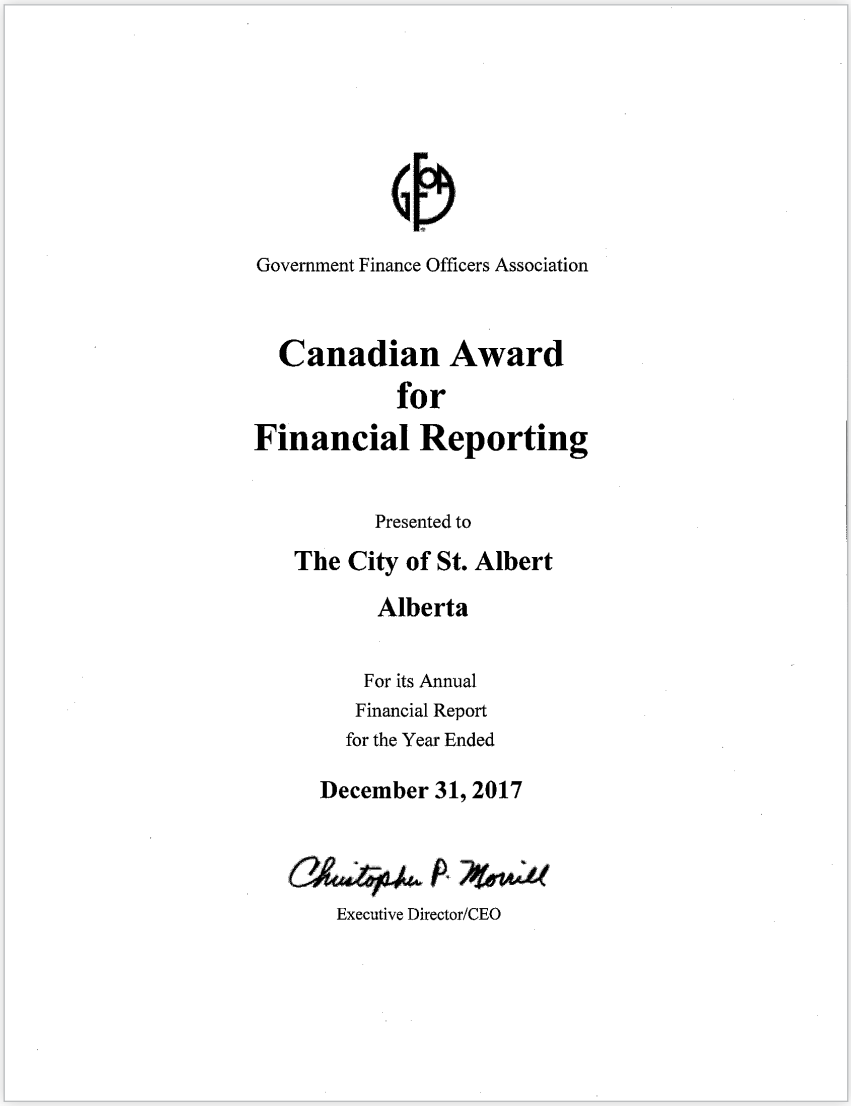


CANADIAN AWARD FOR FINANCIAL REPORTING

For the last 18 years, the City has received a Canadian Award for Financial Reporting for its Annual Financial Reports. This award, presented by the Government Finance Officers Association of the United States and Canada (GFOA), is presented to governments across Canada who publish high-quality financial reports.

In order to qualify, a government must publish an easily readable and efficiently organized annual financial report, the contents of which conform to program standards beyond the minimum requirements prescribed by Canada's Generally Accepted Accounting Principles. Such a report should clearly communicate the municipality's financial condition, enhance an understanding of financial reporting, and address user needs.

A Canadian Award for Financial Reporting is valid for a period of one-year only. The City of St. Albert believes its current Report continues to conform to the program award requirements and will therefore again forward it to the Government Finance Officers Association for award consideration.



Government Finance Officers Association

Canadian Award for Financial Reporting

Presented to

The City of St. Albert

Alberta

For its Annual
Financial Report
for the Year Ended

December 31, 2017

Christopher P. Morrill

Executive Director/CEO



Financial Section

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Management's Report

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

Management is responsible for the integrity, relevance and comparability of the data in the accompanying consolidated financial statements. The consolidated financial statements have been prepared by Management in accordance with Canadian Public Sector Accounting Standards. The preparation of the consolidated financial statements necessarily includes some amounts which are based on Management's best estimates.

It is City policy to practice the highest standard of ethics. The City also has policies and procedures for internal controls.

Management is committed to maintaining an extensive system of internal controls, providing reasonable assurance that:

* all transactions are appropriately authorized

* assets are properly accounted for and safeguarded

* all transactions are appropriately recorded, and financial records are reliable for the preparation of financial statements.

Oversight for Management's responsibilities for financial reporting is provided by City Council through the Standing Committee of the Whole. There are regular meetings between the Committee, Management and independent auditors to discuss auditing and reporting on financial matters, and to ensure that Management is carrying out its responsibilities with its preparation of the financial statements. The auditors have full and free access to the Committee and Management.

The consolidated financial statements have been audited by the independent firm of KPMG LLP.

Kevin Scoble,

Chief Administrative Officer

Diane McMordie, CPA,CMA

Director, Finance & Assessment/Chief Financial Officer

KPMG LLP
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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the consolidated financial statements of the City of St. Albert (the "Entity"), which comprise:

- the consolidated statement of financial position as at December 31, 2018
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2018, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises the information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled the "Annual Report".

Our opinion on the financial statements does not cover the other information and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

The information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "Annual Report" is expected to be made available to us after the date of this auditors' report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

Edmonton, Canada
April 23, 2019

CITY OF ST. ALBERT
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2018 (in thousands of dollars)

	2018	2017
Financial Assets		
Cash and Cash Equivalents	$ 18,347	$ 28,286
Accounts Receivable	14,930	13,686
Taxes Receivable	2,821	2,896
Inventories Held for Resale	27	26
Investments (Note 2)	172,218	156,794
Total Financial Assets	208,343	201,688
Liabilities		
Accounts Payable and Accrued Liabilities	22,568	19,437
Deferred Revenue (Note 3)	46,398	36,796
Offsite Levy Liabilities (Note 4)	10,972	12,900
Deposit Liabilities	1,931	1,759
Long-Term Debt (Note 5)	42,993	37,475
Environmental Liability (Note 6)	1,241	1,389
Total Liabilities	126,103	109,756
Net Financial Assets	82,240	91,932
Non-Financial Assets		
Tangible Capital Assets (Note 7)	1,018,639	959,796
Inventories of Materials and Supplies	1,028	1,080
Prepaid Expenses	940	786
Total Non-Financial Assets	1,020,607	961,662
Accumulated Surplus (Note 9)	$ 1,102,847	$ 1,053,594

Commitments and Contingencies (Note 10)

Approved by:

Mayor

Councillor

The accompanying notes are an integral part of these consolidated financial statements.

CITY OF ST. ALBERT
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

Year Ended December 31, 2018 (in thousands of dollars)

	2018 Budget (Note 15)	2018	2017
Operating Revenue			
Property Taxes (Note 11)	$ 102,102	**$ 101,983**	$ 97,419
Sales and User Fees	60,215	**59,800**	58,055
Government Transfers - Operating (Note 12)	4,117	**5,025**	4,740
Fines and Penalties	5,815	**4,568**	5,428
Licenses and Permits	3,227	**2,679**	3,731
Contracted Services Revenue	2,762	**2,684**	2,676
Investment Income	3,803	**4,106**	2,822
Franchise Fees	2,649	**2,316**	2,650
Other Revenue	792	**1,927**	1,373
Total Operating Revenue	185,482	**185,088**	178,894
Expenses			
Protective Services	35,505	**36,042**	36,171
Utility Services	29,456	**33,052**	34,445
Recreation and Parks	23,297	**27,373**	26,091
Transportation and Roadway Services	18,495	**29,071**	28,139
General Government Services	23,395	**19,892**	17,790
Transit Services	13,433	**15,821**	14,725
Cultural Services	13,128	**13,915**	14,126
Planning and Development Services	8,704	**6,348**	5,371
Family and Social Services	3,500	**3,178**	3,134
Total Expenses	168,913	**184,692**	179,992
Annual (Deficiency) Surplus Before Capital Revenue	16,569	**396**	(1,098)
Capital Revenue			
Contributed Tangible Capital Assets	-	**23,950**	13,273
Developer Contributions and Levies	-	**6,217**	3,860
Government Transfers - Capital (Note 12)	21,266	**18,690**	27,162
Total Capital Revenue	21,266	**48,857**	44,295
Annual Surplus	37,835	**49,253**	43,197
Accumulated Surplus, Beginning of Year	1,053,594	**1,053,594**	1,010,397
Accumulated Surplus, End of Year	$ 1,091,429	**$ 1,102,847**	$ 1,053,594

The accompanying notes are an integral part of these consolidated financial statements.

CITY OF ST. ALBERT
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

Year Ended December 31, 2018 (in thousands of dollars)

	2018 Budget (Note 15)	2018	2017
Annual Surplus	$ 41,311	**$ 49,253**	$ 43,197
Acquisition of Tangible Capital Assets	(177,722)	**(63,562)**	(52,396)
Contributed Tangible Capital Assets	-	**(23,950)**	(13,273)
Proceeds on Disposal of Tangible Capital Assets	-	**77**	335
Amortization of Tangible Capital Assets	-	**26,443**	24,334
Loss on Disposal of Tangible Capital Assets	-	**2,149**	3,101
	(177,722)	**(58,843)**	(37,899)
Acquisition of Inventories of Materials and Supplies	-	**(1,028)**	(1,080)
Acquisition of Prepaid Expenses	-	**(940)**	(786)
Consumption of Inventories of Materials and Supplies	-	**1,080**	1,199
Use of Prepaid Expenses	-	**786**	748
	-	**(102)**	81
Increase (Decrease) in Net Financial Assets	(136,411)	**(9,692)**	5,379
Net Financial Assets, Beginning of Year	91,932	**91,932**	86,553
Net Financial Assets, End of Year	$ (44,479)	**$ 82,240**	$ 91,932

The accompanying notes are an integral part of these consolidated financial statements.

CITY OF ST. ALBERT
CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31, 2018 (in thousands of dollars)

	2018	2017
Cash Provided by (Used in):		
Operating Activities		
Annual Surplus	**$ 49,253**	$ 43,197
Items Not Involving Cash:		
Amortization of Tangible Capital Assets	**26,443**	24,334
Contributed Tangible Capital Assets	**(23,950)**	(13,273)
Loss on Disposal of Tangible Capital Assets	**2,149**	3,101
	53,895	57,359
Change in Non-Cash Assets and Liabilities:		
Accounts Receivable	**(1,244)**	1,104
Taxes Receivable	**75**	47
Inventories Held for Resale	**(1)**	4
Land Held for Resale	**-**	614
Accounts Payable and Accrued Liabilities	**3,131**	2,071
Deferred Revenue	**9,602**	2,081
Offsite Levy Liabilities	**(1,928)**	3,570
Deposit Liabilities	**172**	207
Environmental Liability	**(148)**	1,064
Inventories of Materials and Supplies	**52**	119
Prepaid Expenses	**(154)**	(38)
Cash from Operating Activities	**63,452**	68,202
Capital Activities		
Acquisition of Tangible Capital Assets	**(63,562)**	(52,396)
Proceeds on Disposal of Tangible Capital Assets	**77**	335
Cash applied to Capital Activities	**(63,485)**	(52,061)
Investing Activities		
Purchase of Investments	**(140,625)**	(167,287)
Maturity of Investments	**125,201**	170,738
Cash (applied) from Investing Activities	**(15,424)**	3,451
Financing Activities		
Issue of Long-Term Debt	**10,000**	-
Repayment of Long-Term Debt	**(4,482)**	(4,111)
Cash from (applied) to Financing Activities	**5,518**	(4,111)
Increase (Decrease) in Cash and Cash Equivalents	**(9,939)**	15,481
Cash and Cash Equivalents, Beginning of Year	**28,286**	12,805
Cash and Cash Equivalents, End of Year	**$ 18,347**	$ 28,286

The accompanying notes are an integral part of these consolidated financial statements.

CITY OF ST. ALBERT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2018 (in thousands of dollars)

The City of St. Albert (the City) is a municipality in the Province of Alberta and operates under the provisions of the Municipal Government Act, R.S.A., 2000, c. M-26, as amended (MGA).

1. Significant Accounting Policies

The consolidated financial statements ("financial statements") of the City are the representations of management and have been prepared in accordance with Canadian public sector accounting standards.

Significant accounting policies adopted by the City are as follows:

a. Reporting Entity

The financial statements reflect the assets, liabilities, revenues, expenses and accumulated surplus of the reporting entity. The entity is comprised of all organizations, committees and local boards that are owned or controlled by the City and are, therefore, accountable to the Council for the administration of their financial affairs and resources. In addition to the City's municipal government operations, entities include the St. Albert Public Library and the Arts & Heritage Foundation of St. Albert. Inter-departmental and inter-organizational transactions and balances between these entities have been eliminated. The consolidated financial statements also include requisitions for educational and other organizations that are not part of the City.

b. Use of Estimates

The preparation of the consolidated financial statements of the City requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period.

Significant estimates include assumptions used in a number of areas including useful lives of tangible capital assets and the fair value of contributed tangible capital assets. Estimates are also used for various liabilities, including environmental liabilities, offsite levy liabilities and accrued liabilities. Other areas that estimates are used include, revenue recognized in the year, provision for tax exempt appeals, investment impairment, provisions for allowances in accounts receivable and in performing actuarial valuations of employee future benefits.

Actual results could differ from these estimates.

c. Basis of Accounting

The consolidated financial statements are prepared using the accrual basis of accounting.

i. Revenue

Revenue is accounted for in the period in which it is earned and measurable. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

c. Basis of Accounting

i. Revenue

Offsite levies are collected from a developer upon the execution of a Development Agreement as per the Offsite Levy Bylaw. These funds are restricted to fund the construction of specific infrastructure and are recognized as revenue once the said infrastructure has been built and the City has provided a construction completion certificate.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase or construction of tangible capital assets. These transfers are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return. These are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

ii. Expenses

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

d. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and temporary investments that are highly liquid and mature within 90 days of purchase. They are recorded at cost less any amouont for permanent impairment.

e. Land Held for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and levelling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as tangible capital assets under the respective function.

f. Investments

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

Investment income is reported as revenue in the period earned. When required by agreement or legislation, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

g. Inventories Held for Resale

Inventories held for resale are valued at lower of cost and net realizable value.

h. Non-Financial Assets

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

i. Tangible Capital Assets

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

Buildings and Building Improvement	10 to 50 years
Land Improvement	10 to 30 years
Library Collections	5 years
Engineered Structures	
Roadway System	15 to 50 years
Water System	20 to 75 years
Wastewater System	30 to 75 years
Storm System	30 to 75 years
Machinery and Equipment	5 to 20 years
Vehicles	10 to 20 years

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

Cultural and historical assets such as works of art, historical and heritage sites are not recorded as tangible capital assets in these consolidated financial statements but are disclosed.

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

Where an estimate of fair value could not be made, the tangible capital asset is recognized at a nominal value. The City has not assigned nominal values to any assets.

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

h. Non-Financial Assets

ii. Contributions of Tangible Capital Assets

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

iii. Inventories of Materials and Supplies

Inventories of materials and supplies consist mainly of parts and road maintenance materials and are valued at the lower of cost and replacement cost.

i. Post Employment Benefits

The City participates in multi-employer pension plans. As such, contributions for current and past service pension benefits are recorded as expenses in the year in which they become due.

j. Environmental Liability

The costs to close and maintain solid waste landfill sites are based on estimated future expenses, adjusted for Alberta Capital Finance Authority discount rate and City of St. Albert municipal index rate to current dollars. These costs are reported as a liability on the Consolidated Statement of Financial Position.

Pursuant to the Alberta Environmental Protection and Enhancement Act, the City is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The liability for closure and post-closure care has been recognized based on an estimate of future expenses.

Contaminated sites are defined as the result of contamination being introduced into air, soil, water, or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring. Sites that are currently in productive use are only considered contaminated sites if an unexpected event results in remediation. In cases where the City's responsibility is not determinable, a contingent liability may be disclosed.

k. Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

l. Future Accounting Standard Pronouncements

The following summarizes upcoming changes to public sector accounting standards issued by the Public Sector Accounting Standards Board. In 2019, the City will continue to assess the impact and prepare for the adoption of these standards. While the timing of standard adoption may vary, certain standards must be adopted concurrently. The requirements in Financial Statement Presentation (PS1201), Financial Instruments (PS3450), Foreign Currency Translations (PS2601) and Portfolio Investments (PS3041) must be implemented at the same time.

Public Sector Accounting Standard	Name	Effective Date
PS3430	Restructuring Transactions	April 1, 2018
PS1201	Financial Statement Presentation	April 1, 2021
PS 2601	Foreign Currency Translation	April 1, 2021
PS 3041	Portfolio Investments	April 1, 2021
PS 3450	Financial Instruments	April 1, 2021
PS 3280	Asset Retirement Obligations	April 1, 2021
PS 3400	Revenue	April 1, 2022

m. Changes in Accounting Policies

The City has adopted the following accounting standards effective January 1, 2018: PS2200 Related Party Disclosures, PS3420 Inter-Entity Transactions, PS3210 Assets, PS3320 Contingent Assets and PS3380 Contractual Rights. The adoption of these standards has resulted in certain changes to disclosures in the consolidated financial statements

2. INVESTMENTS

	2018		2017	
	Carrying Value	**Market Value**	Carrying Value	Market Value
Short Term Investment Portfolio	**$ 74,043**	**$ 74,011**	$ 104,261	$ 104,261
Long Term Investment Portfolio	**97,968**	**96,669**	52,333	52,597
Credit Union Shares	**207**	**207**	200	200
	$ 172,218	**$ 170,887**	$ 156,794	$ 157,058

The Short Term Investment Portfolio includes notes and deposits and have effective rates of 1.94% to 9.98% (2017 - 1.26% to 2.64%), are for fixed terms, and have maturity dates ranging between 3 months and one year. The City's Long Term Investment Portfolio includes corporate and government bonds and have effective rates of 1.91% to 3.85% (2017 - 2.18% to 3.84%), with maturity dates ranging between 2019 and 2028. The market value of certain investments is less than amortized cost at December 31, 2018. Management is of the opinion that the decrease in value is temporary. No adjustment was made to change the carrying value of the investments in the current year.

3. DEFERRED REVENUE

	2017	Net Contributions	Interest Earned	Revenue Recognized	2018
Deferred Revenue - Capital Government Transfers					
Municipal Sustainability Initiative	$ 23,281	$ 8,399	$ 611	$ (9,572)	**$ 22,719**
Other Capital	-	1,250	-	(1,250)	**-**
Federal Gas Tax Fund	5,445	3,618	157	(3,520)	**5,700**
Ray Gibbon Drive Provincial Grant Funding	128	-	-	-	**128**
Basic Capital Grant	4,100	1,908	109	(3,577)	**2,540**
Green Trip Grant	-	12,418	149	(810)	**11,757**
Total Deferred Revenue - Capital Government Transfers	32,954	27,593	1,026	(18,729)	**42,844**
Deferred Revenue - Operating Government Transfers					
Municipal Sustainability Initiative	-	441	-	(441)	**-**
Library	-	13	-	-	**13**
Family and Community Support Services	-	1,425	-	(1,425)	**-**
Community	-	32	-	(24)	**8**
Arts and Heritage Foundation	316	116	-	(316)	**116**
Other	50	144	-	(50)	**144**
Total Deferred Revenue - Operating Government Transfers	366	2,171	-	(2,256)	**281**
Deferred Revenue - Other					
Servus Place	1,095	5,368	-	(5,065)	**1,398**
Other Operating	1,154	927	-	(1,298)	**783**
Licensing	901	916	-	(901)	**916**
Community	30	7	-	(28)	**9**
Utilities	99	1	-	(54)	**46**
Performing Arts	152	102	-	(152)	**102**
Library	45	17	-	(43)	**19**
Total Deferred Revenue - Other	3,476	7,338	-	(7,541)	**3,273**
Total Deferred Revenue	$ 36,796	$ 37,102	$ 1,026	$ (28,526)	**$ 46,398**

4. OFFSITE LEVY LIABILITIES

	2017	Contributions	Interest Earned	Applied	2018
Offsite Levy Liabilities					
Transportation Offsite Levy	$ 3,367	$ 1,181	$ 33	$ (3,100)	**$ 1,481**
Water Offsite Levy	6,300	1,914	191	-	**8,405**
Sanitary Sewer Levy	3,116	934	33	(3,000)	**1,083**
Stormwater Levy	117	2	1	(117)	**3**
Total Offsite Levy Liabilities	$ 12,900	$ 4,031	$ 258	$ (6,217)	**$ 10,972**

5. LONG-TERM DEBT

a. Long-term debt consists of:

	2018	2017
Municipal Tax Supported Debenture	**$ 42,993**	$ 37,475

Debenture debt has been issued on the credit and general security of the City. Debentures are held by the Alberta Capital Finance Authority. Debenture interest is payable, before Provincial subsidy, at rates ranging from 3.34% to 5.00% per annum. The debentures are payable in annual or semi annual amounts and mature in periods ranging from 2019 to 2028.

The City has an operating line of credit with its bank of $5,000 (2017 - $5,000). This credit facility bears interest at the TD Composite Prime minus 0.50% and was not drawn on at December 31, 2018.

The City's total cash payments for interest in 2018 were $1,859 (2017 - $1,890)

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

	Principal	Interest	Total
2019	$ 4,871	$ 1,811	$ 6,682
2020	4,638	1,594	6,232
2021	4,854	1,378	6,232
2022	5,080	1,152	6,232
2023	5,317	915	6,232
Thereafter	18,233	2,982	21,215
	$ 42,993	$ 9,832	$ 52,825

5. LONG-TERM DEBT

c. Debt Limits

Section 276(2) of the Municipal Government Act requires that debt and debt limits, as defined by Alberta Regulation 255/2000 for the City be disclosed as follows:

		2018		2017
Total Debt Limit	$	**286,958**	$	274,131
Total Debt		**42,993**		37,475
Amount of Debt Limit Unused		**243,965**		236,656
Maximum Allowable Debt Servicing Limit		**47,826**		45,689
Annual Payments of Existing Debt		**6,341**		6,000
Amount of Debt Servicing Limit Unused	$	**41,485**	$	39,689

The debt limit is calculated at 1.5 times revenue of the City (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 guidelines used by Alberta Municipal Affairs to identify municipalities which could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the City, rather, the consolidated financial statements and other factors must be considered.

6. ENVIRONMENTAL LIABILITY

Under Provincial legislation, the City has a liability for closure and post closure care of landfill sites, which includes final covering and landscaping, plumbing of groundwater and leachates from the sites, and ongoing environmental monitoring, site inspections and maintenance. The action plan includes objectives that will maintain the integrity of the containment berms, minimize the generation of leachate and continued monitoring of the groundwater. In addition, under Provincial legislation, the City is required to remediate certain lands with salt contamination in excess of Provincial environmental standards related to a former salt storage shed.

The City's landfill post closure and contaminated sites monitoring costs are based on estimated future monitoring expenses for approximately 25 years, in current dollars by applying Alberta Capital Finance Authority discount rate of 3.339% and the St. Albert municipal price index rate of 2.53%. An amount of $805 (2017 - $828) has been set up for the landfill post closure monitoring expenses and an amount of $436 (2017 - $561) has been set up for contaminated sites monitoring costs. These environmental liabilities relate to salt impact, which are affecting the soil and groundwater from a former salt storage shed.

The reported liabilities are based on estimates and assumptions with respect to events using the best information available to management. Future events, such as changes to regulatory requirements, may result in significant changes to the estimated total expenses and will be recognized prospectively as a change in estimate when applicable.

		2018		2017
Estimated Post Closure Monitoring Costs	$	**805**	$	828
Estimated Contaminated Site Monitoring Costs		**436**		561
Estimated Monitoring Costs	$	**1,241**	$	1,389

7. TANGIBLE CAPITAL ASSETS

	2018									
	Building Improvement	Library Collections	Land Improvement	Engineered Structures	Buildings	Machinery and Equipment	Land	Vehicles	Assets Under Construction	Total
Cost										
Balance, Beginning of Year	$ 16,069	$ 2,133	$ 56,977	$ 609,310	$ 132,626	$ 26,810	$ 409,002	$ 44,932	$ 61,699	**$ 1,359,558**
Acquisitions and Contributions	666	354	2,144	23,713	7,660	980	9,261	5,754	36,980	**87,512**
Disposals and Transfers	-	(507)	-	(1,064)	-	(654)	(1,514)	(1,845)	(52)	**(5,636)**
Internal Transfers	359	-	7,116	53,568	4,274	965	-	-	(66,282)	**-**
Balance, End of Year	**17,094**	**1,980**	**66,237**	**685,527**	**144,560**	**28,101**	**416,749**	**48,841**	**32,345**	**1,441,434**
Accumulated Amortization										
Balance, Beginning of Year	1,634	1,128	28,966	269,813	64,825	13,418	-	19,978	-	**399,762**
Amortization	535	412	2,518	14,594	2,835	2,761	-	2,788	-	**26,443**
Disposals	-	(507)	-	(518)	-	(660)	-	(1,725)	-	**(3,410)**
Balance, End of Year	**2,169**	**1,033**	**31,484**	**283,889**	**67,660**	**15,519**	**-**	**21,041**	**-**	**422,795**
Net Book Value, End of Year	**$ 14,925**	**$ 947**	**$ 34,753**	**$ 401,638**	**$ 76,900**	**$ 12,582**	**$ 416,749**	**$ 27,800**	**$ 32,345**	**$ 1,018,639**

7. TANGIBLE CAPITAL ASSETS

2017

	Building Improvement	Library Collections	Land Improvement	Engineered Structures	Buildings	Machinery and Equipment	Land	Vehicles	Assets Under Construction	Total
Cost										
Balance, Beginning of Year	$ 8,457	$ 2,200	$ 49,844	$ 602,132	$ 129,883	$ 24,963	$ 397,392	$ 41,868	$ 57,745	**$ 1,314,484**
Acquisitions and Contributions	1,252	376	1,010	7,684	-	3,135	12,611	3,961	35,640	**65,669**
Disposals and Transfers	-	(443)	-	(15,952)	-	(2,302)	(1,001)	(897)	-	**(20,595)**
Internal Transfers	6,360	-	6,123	15,446	2,743	1,014	-	-	(31,686)	**-**
Balance, End of Year	**16,069**	**2,133**	**56,977**	**609,310**	**132,626**	**26,810**	**409,002**	**44,932**	**61,699**	**1,359,558**
Accumulated Amortization										
Balance, Beginning of Year	1,252	1,137	26,771	270,250	62,141	12,800	-	18,236	-	**392,587**
Amortization	382	434	2,195	13,312	2,684	2,768	-	2,559	-	**24,334**
Disposals	-	(443)	-	(13,749)	-	(2,150)	-	(817)	-	**(17,159)**
Balance, End of Year	**1,634**	**1,128**	**28,966**	**269,813**	**64,825**	**13,418**	**-**	**19,978**	**-**	**399,762**
Net Book Value, End of Year	**$ 14,435**	**$ 1,005**	**$ 28,011**	**$ 339,497**	**$ 67,801**	**$ 13,392**	**$ 409,002**	**$ 24,954**	**$ 61,699**	**$ 959,796**

7. TANGIBLE CAPITAL ASSETS

a. Assets Under Construction

Assets under construction have a cost of $32,345 (2017 - $61,699) and will be amortized when the assets are put into service.

b. Contributed Tangible Capital Assets

Contributed tangible capital assets have been recognized at fair value at the date of contribution. The fair value of contributed tangible assets received during the year is $23,950 (2017 - $13,273). This amount is comprised of roads infrastructure in the amount of $11,492 (2017 - $5,783), water, storm and wastewater infrastructure in the amount of $9,601 (2017 - $4,211), and land (contributed land per agreement's) in the amount of $2,857 (2017 - $3,279).

c. Disposals of Tangible Capital Assets

The City transfered title of two school sites (Alexandre Tache High School and Sister Alphonse Academy) to the School Board's with no remuneration.

d. Works of Art and Historical Treasures

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

8. EQUITY IN TANGIBLE CAPITAL ASSETS

		2018		2017
Tangible Capital Assets (Note 7)	**$**	**1,441,434**	$	1,359,558
Accumulated Amortization (Note 7)		**(422,795)**		(399,762)
Long-Term Debt (Note 5)		**(42,993)**		(37,475)
	$	**975,646**	$	922,321

9. ACCUMULATED SURPLUS

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

	2018	2017
Surplus		
Unrestricted Surplus (Deficit)	**$ (2,522)**	$ (1,421)
Equity in Tangible Capital Assets	**975,646**	922,321
	973,124	920,900
Reserves		
City of St.Albert - Operating	**12,672**	12,872
City of St.Albert - Capital	**67,530**	69,299
*Outside Agencies - Operating	**476**	463
*Outside Agencies - Capital	**482**	473
Utilities	**48,563**	49,587
Total Reserves	**129,723**	132,694
Total Accumulated Surplus	**$ 1,102,847**	$ 1,053,594

*Outside Agencies includes the St. Albert Public Library, the Arts & Heritage Foundation of St. Albert and other Community & Social Development Services.

10. COMMITMENTS AND CONTINGENCIES

a. Legal Claims

As at December 31, 2018, the City was involved in various legal disputes. While it is not possible to estimate the outcome of these disputes, management believes that there will be no adverse effect on the City's financial position.

b. Lease Commitments

The City has entered into several operating lease agreements for space rental. Lease commitments over the next five years and thereafter are as follows

2019	$ 1,065
2020	1,024
2021	697
2022	357
2023	197
Thereafter	1,083
	$ 4,423

11. PROPERTY TAXES

	2018 Budget (Note 15)	2018	2017
Taxation			
Real Property Taxes	$ 132,313	**$ 132,232**	$ 126,935
Linear Property Taxes	1,075	**1,095**	1,075
Government Grants in place of property tax	2,200	**2,222**	1,777
Total Taxation	135,588	**135,549**	129,787
Requisitions			
Alberta School Foundation Fund	24,854	**24,854**	23,953
Opted Out School Board	7,498	**7,498**	7,214
Homeland Housing	1,134	**1,134**	1,121
Other	-	**80**	80
Total Requisitions	33,486	**33,566**	32,368
Property Taxes Available for Municipal Purposes	$ 102,102	**$ 101,983**	$ 97,419

12. GOVERNMENT TRANSFERS

	2018 Budget (Note 15)	2018	2017
Government Transfers for Operations			
Provincial Transfers	$ 3,859	**$ 4,820**	$ 4,399
Federal Transfers	258	**205**	341
Total Operating Transfers	4,117	**5,025**	4,740
Government Transfers for Capital			
Provincial Transfers	16,931	**14,958**	23,189
Federal Transfers	4,335	**3,732**	3,973
Total Capital Transfers	21,266	**18,690**	27,162
Total Government Transfers	$ 25,383	**$ 23,715**	$ 31,902

13. SALARIES AND BENEFITS DISCLOSURE

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

	Salaries (a)	Benefits and Allowances (b)	2018	2017
Mayor Heron (i)	$ 115,169	$ 6,139	**$ 121,308**	$ 20,624
Councillor Hansen (i)	47,115	6,214	**53,329**	8,967
Councillor Joly (i)	47,115	6,255	**53,370**	8,973
Councillor K. MacKay (i)	47,115	5,896	**53,011**	8,283
Councillor Watkins (i)	47,115	4,028	**51,143**	8,849
Councillor Brodhead	47,115	6,371	**53,486**	47,447
Councillor Hughes	47,115	6,466	**53,581**	46,496
Mayor Crouse (ii)	-	-	**-**	121,668
Councillor Heron (ii)	-	-	**-**	36,395
Councillor C. MacKay (ii)	-	-	**-**	35,664
Councillor Osborne (ii)	-	-	**-**	37,649
Councillor Russell (ii)	-	-	**-**	31,490
Chief Administrative Officer	254,237	42,552	**-**	292,889
Designated Officer	146,656	39,571	**186,227**	183,800

(i) Council Term started October 2017.
(ii) Council Term completed October 2017.

a. Salaries

Salaries above includes amounts received from an independent organization by the Mayor and Councillors when acting in their capacity. These amounts were paid through the City and are included in the City's expenses, in the consolidated financial statements.

b. Benefits and Allowances

Benefits and allowances above, include any allowances, as well as the City's share of all employee benefits and contributions or payments made on behalf of employees including retirement pension, Canada Pension Plan, employment insurance, WCB, health care, dental coverage, vision coverage, group life insurance, accidental death and dismemberment insurance, long and short term disability plans, professional memberships, and car allowances.

c. Related Party Transactions

Related parties include key management personnel of the City. The City has defined key management personnel to include those individuals disclosed above and the Director of Finance. Transactions with key management personnel primarily consist of compensation related payments and are undertaken on similar terms and conditions to those that would be adopted if the parties were dealing at arm’s length.

14. PENSION PLANS

a. Local Authorities Pension Plan

Approximately 673 (2017 – 667) employees of the City participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The plan is financed by employer and employee contributions and investment earnings of the LAPP Fund. The City is required to make current service contributions to the LAPP of 10.39% (2017 - 11.39%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 14.84% (2017 - 15.84%) on pensionable earnings above this amount. Employees of the City are required to make current service contributions of 9.39% (2017 - 10.39%) of pensionable salary up to the year's maximum pensionable salary and 13.84% (2017 – 14.84%) on pensionable salary above this amount.

Total contributions by the City to the LAPP in 2018 were $6,385 (2017 - $6,693). Total contributions by the employees of the City of St. Albert to the Local Authorities Pension Plan in 2018 were $5,851 (2017 - $6,176). At December 31, 2017, the plan reported the value of its assets at $42.7 billion (2016 - $37.7 billion) and disclosed an actuarial surplus of $4.84 billion (2016 – $0.64 billion deficiency). Plan asset and actuarial surplus (deficiency) data as at December 31, 2018 were not yet available.

b. APEX

The APEX supplementary pension plan, an Alberta Urban Municipalities Association (AUMA) sponsored defined benefit pension plan covered under the provisions of the Alberta Employment Pension Plans Act, commenced on January 1, 2004. This plan provides supplementary pension benefits to a prescribed class of employees beneficiaries 11 (2017 - 16). The plan supplements the Local Authorities Pension Plan.

Contributions are made by the prescribed class of employees and the City. The employees and the City are required to make current service contributions to APEX of 2.84% and 3.78% (2017 - 2.84% and 3.78%) respectively, of pensionable earnings up to $147 (2017 - $146). Total current service contributions by the City to APEX in 2018 were $81 (2017 - $89). Total current service contributions by the employees of the City were $61 (2017 - $67).

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

As at December 31, 2018, the APEX supplementary pension plan has vested with approximately 73% of eligible employees. The City has disclosed contributions to the APEX plan.

c. MuniSERP

The MuniSERP supplementary overcap retirement plan extend LAPP and APEX pension benefit levels beyond the Canada Revenue Agency maximum. The plan commenced on January 1, 2003, and provides supplementary benefits to a prescribed class of employees 4 beneficiaries (2017 - 8). MuniSERP supplements APEX and LAPP and is a voluntary, non-contributory, non-registered supplementary employee retirement plan. The cost of post retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service, management's best estimate of salary and benefit escalation, and retirement ages of employees. As at December 31, 2018, an actuarial costing has been completed along with corresponding disclosure of designated assets.

14. PENSION PLANS

The following presents the MuniSERP obligation as at December 31, 2018:

	2018	2017
Accrued Benefit Obligation		
Balance, Beginning of Year	**$ 167**	$ 255
Current Service Cost and Interest Cost	**(86)**	(88)
Balance, End of Year	**$ 81**	$ 167

There are no defined benefit plan assets.

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

	2018	2017
Discount Rate	**4.75 %**	4.75 %
Rate of Compensation Increase	**3.50 %**	3.50 %

15. BUDGET INFORMATION

The budget data presented in these consolidated financial statements is based upon the 2018 operating and capital budgets approved by Council. Amortization, contributed tangible capital assets and loss on sale of tangible capital assets were not contemplated in development of the budget and, as such, have not been included. The 2018 operating budget, approved by Council December 18, 2017 (2017 - December 12, 2016), is reported on the accrual basis in accordance with Canadian Public Sector Accounting Standards, which excludes the repayment of long-term debt and reserve transactions. The capital budget reports the authorized activity for the year ended December 31, 2018, as follows:

	2018	2017
Capital Budget approved by Council	**$ 41,941**	$ 72,591
Approved Capital Budget Amendments	**12,945**	(10,497)
Unspent Prior Years Budgeted Capital Expenditures and Amendments	**127,369**	121,438
Amounts Deemed Not Capital in Nature	**(4,533)**	(2,320)
Capital Budget for Acquisition of Tangible Capital Assets	**$ 177,722**	$ 181,212

Budgets establised for capital acquisitions and related financing are calculated on a project oriented basis. As these transactions may be carried out over one or more years, they are not directly comparable with current year acutal amounts.

16. SEGMENTED INFORMATION

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

a. General Government Services

The City's general services include its corporate functions, such as finance, information technology, human resources, taxation and assessment, legislative operations, and common and fiscal services.

b. Protective Services

The City contracts with the Royal Canadian Mounted Police for police protection, and holds a contract through Alberta Health Services to provide emergency medical services within the community. The City also operates a municipal fire department and provides bylaw enforcement services.

c. Recreation and Parks

The City owns large park systems such as the Red Willow Park and numerous community and neighbourhood parks and playgrounds. The City also provides a variety of recreational programs and services to residents on a year round basis.

d. Utility Services

Four utilities – water, wastewater, storm, and solid waste/recycling – are administered directly by the City. While these utilities are funded independently from municipal operations as per the City's Utility Rate Model, financial results are included with the City.

e. Transportation and Roadway Services

The City provides a number of maintenance and related services for streets, sidewalks, lighting, and equipment pool. Costs related to summer and winter road maintenance are also captured here. Roadway services provides service to other segments of the organization on a cost recovery basis, which is reflected in other expense recoveries.

f. Transit Services

St. Albert Transit is a municipally owned and operated transit service offering local and commuter routes for riders. St. Albert Transit operates on a subsidized fee for service basis.

g. Cultural Services

St. Albert has cultural programs, services, and events. The St. Albert Public Library and Arts & Heritage Foundation of St. Albert are included in Cultural Services on the Consolidated Statement of Operations and Accumulated Surplus.

16. SEGMENTED INFORMATION

h. Planning and Development Services

To ensure that the community is well planned and attractive for investment, the City is active in the area of land use planning, engineering, and economic development.

i. Family and Social Services

Social services include those provided by the City's Family and Community Support Services department, in addition to costs related to the St. Albert Cemetery and other community supports.

16. SEGMENTED INFORMATION

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

December 31, 2018	General Government Services	Protective Services	Recreation and Parks	Utility Services	Transportation & Roadway Services	Transit Services	Cultural Services	Planning and Development Services	Family and Social Services	**Total 2018**	Budget 2018
Operating Revenue											
Property Taxes	$ 10,984	$ 19,902	$ 15,115	$ 18,251	$ 16,052	$ 8,736	$ 7,684	$ 3,505	$ 1,754	**$ 101,983**	$ 102,102
Sales and User Fees	662	1,353	10,706	38,508	503	4,500	2,598	833	137	**59,800**	60,215
Government Transfers - Operating	441	1,566	38	20	182	2	1,260	2	1,514	**5,025**	4,117
Fines and Penalties	914	3,513	-	141	-	-	-	-	-	**4,568**	5,815
Licenses and Permits	819	365	-	27	20	-	-	1,448	-	**2,679**	3,227
Contracted Services Revenue	-	2,684	-	-	-	-	-	-	-	**2,684**	2,762
Investment Income	2,246	30	122	1,277	248	125	42	16	-	**4,106**	3,803
Franchise Fees	2,316	-	-	-	-	-	-	-	-	**2,316**	2,649
Other Revenue	676	-	516	133	218	544	(171)	6	5	**1,927**	792
Total Operating Revenue	19,058	29,413	26,497	58,357	17,223	13,907	11,413	5,810	3,410	**185,088**	185,482
Expenses											
Salaries, Wages and Benefits	16,341	21,316	14,667	5,159	9,545	2,525	8,934	3,936	1,670	**84,093**	83,263
Contracted and General Services	839	1,939	2,852	8,775	5,083	8,715	2,151	891	163	**31,408**	39,704
Amortization	1,825	963	3,836	5,264	11,678	2,009	736	132	-	**26,443**	-
Purchases from Other Governments	-	9,898	-	11,153	-	-	-	-	-	**21,051**	22,197
Materials, Goods and Utilities	341	942	3,353	1,009	5,089	2,452	1,594	47	76	**14,903**	14,876
Transfers to Individuals & Organizations	313	-	10	35	25	-	(345)	139	1,252	**1,429**	3,983
Interest on Long-Term Debt	22	-	800	253	844	-	-	-	-	**1,919**	1,698
Other Expenses (Recovery)	215	992	1,410	889	(3,183)	17	845	95	17	**1,297**	3,192
Loss (Gain) on Disposal of Tangible Capital Assets	(4)	(8)	445	515	(10)	103	-	1,108	-	**2,149**	-
Total Expenses	19,892	36,042	27,373	33,052	29,071	15,821	13,915	6,348	3,178	**184,692**	168,913
Excess (Deficiency) of Revenue over Expenses before Capital Revenue	(834)	(6,629)	(876)	25,305	(11,848)	(1,914)	(2,502)	(538)	232	**396**	16,569
Capital Revenue											
Contributed Tangible Capital Assets	-	-	-	9,601	11,492	-	-	2,857	-	**23,950**	-
Developer Contributions and Levies	-	-	-	3,117	3,100	-	-	-	-	**6,217**	-
Government Transfers - Capital	45	15	1,805	2,084	10,643	2,709	1,389	-	-	**18,690**	21,266
Excess (Deficiency) of Revenue over Expenses	$ (789)	$ (6,614)	$ 929	$ 40,107	$ 13,387	$ 795	$ (1,113)	$ 2,319	$ 232	**$ 49,253**	$ 37,835

16. SEGMENTED INFORMATION

December 31, 2017	General Government Services	Protective Services	Recreation and Parks	Utility Services	Transportation and Roadway Services	Transit Services	Cultural Services	Planning and Development Services	Family and Social Services	**Total 2017**	Budget 2017
Operating Revenue											
Property Taxes	$ 13,982	$ 21,235	$ 13,451	$ 16,684	$ 9,610	$ 8,045	$ 7,752	$ 4,681	$ 1,979	**$ 97,419**	$ 97,693
Sales and User Fees	486	1,261	10,758	37,551	519	4,456	1,899	887	238	**58,055**	58,733
Government Transfers - Operating	472	1,543	36	5	130	2	965	104	1,483	**4,740**	4,056
Fines and Penalties	902	4,387	-	139	-	-	-	-	-	**5,428**	6,121
Licenses and Permits	841	367	-	-	20	-	-	2,503	-	**3,731**	3,003
Contracted Services Revenue	-	2,676	-	-	-	-	-	-	-	**2,676**	2,699
Investment Income	1,513	18	102	1,012	60	65	41	11	-	**2,822**	3,003
Franchise Fees	2,650	-	-	-	-	-	-	-	-	**2,650**	2,483
Other Revenue	112	4	554	156	60	-	475	3	9	**1,373**	1,012
Total Operating Revenue	20,958	31,491	24,901	55,547	10,399	12,568	11,132	8,189	3,709	**178,894**	178,803
Expenses											
Salaries, Wages and Benefits	14,456	20,595	14,280	5,445	9,379	2,407	8,605	3,610	1,659	**80,436**	80,375
Contracted and General Services	1,020	2,202	2,647	10,226	4,138	8,357	2,398	479	166	**31,633**	33,847
Amortization	1,563	953	3,621	4,737	10,861	1,836	716	47	-	**24,334**	-
Purchases from Other Governments	-	10,366	-	10,850	-	-	-	-	-	**21,216**	21,120
Materials, Goods and Utilities	334	1,014	3,281	1,221	4,800	2,035	1,653	71	103	**14,512**	14,592
Transfers to Individuals & Organizations	184	-	-	30	33	-	449	268	1,192	**2,156**	3,853
Interest on Long-Term Debt	-	-	967	-	891	-	-	-	-	**1,858**	1,889
Other Expenses (Recovery)	233	1,043	1,334	811	(3,109)	18	305	96	15	**746**	2,665
(Gain) Loss on Disposal of Tangible Capital Assets	-	(2)	(39)	1,125	1,146	72	-	799	-	**3,101**	-
Total Expenses	17,790	36,171	26,091	34,445	28,139	14,725	14,126	5,370	3,135	**179,992**	158,341
Excess (Deficiency) of Revenue over Expenses before Capital Revenue	3,168	(4,680)	(1,190)	21,102	(17,740)	(2,157)	(2,994)	2,819	574	**(1,098)**	20,462
Capital Revenue											
Contributed Tangible Capital Assets	-	-	-	4,211	5,783	-	-	3,279	-	**13,273**	-
Developer Contributions and Levies	-	-	-	18	3,842	-	-	-	-	**3,860**	-
Government Transfers - Capital	721	-	1,210	2,728	11,250	9,601	1,586	66	-	**27,162**	29,890
Excess (Deficiency) of Revenue over Expenses	$ 3,889	$ (4,680)	$ 20	$ 28,059	$ 3,135	$ 7,444	$ (1,408)	$ 6,164	$ 574	**$ 43,197**	$ 50,352

17. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

18. COMPARATIVE INFORMATION

Certain comparative information has been reclassified to conform with the current year presentation.



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GENERAL STATISTICAL INFORMATION

(Unaudited)

For the Years Ended December 31, 2014 - 2018 **(in thousands of dollars)**

	2018	2017	2016	2015	2014
POPULATION (2)	**66,082**	**65,589**	**64,645**	**63,255**	**63,255**
NUMBER OF DWELLING UNITS (4)	**26,847**	26,541	26,140	25,285	25,040
MUNICIPAL AREA (IN HECTARES)	**4,973**	4,973	4,973	4,973	4,973
BUILDING PERMITS VALUE (IN THOUSANDS)					
Residential	**111,301**	196,245	133,412	154,980	176,794
Commercial	**26,540**	62,619	40,071	21,920	19,363
Industrial	**12,236**	6,974	78,056	3,362	8,515
Institutional	**1,997**	21,254	14,870	39,554	633
	152,074	287,092	266,409	219,816	205,305
BUILDING PERMITS ISSUED					
Residential	**726**	675	690	718	759
Commercial	**79**	98	80	70	68
Industrial	**50**	42	35	41	60
Institutional	**22**	26	31	31	20
	877	841	836	860	907
PARK AREA (IN HECTARES) (3)	**542**	533	524	522	515
TAX COLLECTION RATE (PERCENTAGE)	**97.92**	97.77	97.56	97.56	97.44
LONG TERM DEBT					
Long term debt **(IN THOUSANDS)**	**42,993**	37,475	41,586	45,515	49,270
Retired Within 5 Years %	**57.6**	59.2	52.0	46.0	42.0
Retired Thereafter %	**42.4**	40.8	48.0	54.0	58.0
RESIDENTIAL TAX INCREASE % (6)	**1.6**	0.8	0.6	1.8	0.2
QUALITY OF LIFE SATISFACTION (7)	**-**	99	-	-	98
CONSUMER PRICE INDEX CHANGE (PERCENTAGE) (1)					
Alberta	**2.4**	1.6	1.1	1.1	2.6
Canada	**2.3**	1.6	1.4	1.1	2.0
UNEMPLOYMENT RATE(PERCENTAGE)(1)					
Alberta	**6.4**	6.9	8.5	6.0	4.7
Canada	**5.6**	5.7	6.9	6.9	6.9
CITY OF ST. ALBERT EMPLOYEES (5)	**661.78**	642.84	620.00	611.71	585.21
NET DEBT PER CAPITA	**651**	571	643	720	779

Notes

1. Consumer Price Index and Unemployment Rate data obtained from Statistics Canada
2. 2018 St. Albert Municipal Census Report is used for population
3. Provincial Parks and Urban Reserves are not included within Park Area Calculation
4. Number of Dwelling Units is based on Assessment Department data
5. Positions are stated in full time equivalents

TAXATION AND ASSESSMENT

For the Years Ended December 31, 2014 - 2018

	2018	2017	2016	2015	2014
TAX RATES					
Municipal - Residential	**7.898**	7.844	7.476	7.631	7.684
Municipal - Non-Residential	**11.008**	10.769	10.470	10.530	10.893
Public School					
Residential	**2.535**	2.494	2.436	2.381	2.502
Non-Residential	**3.368**	3.541	3.463	3.247	3.392
Separate School (CATHOLIC)					
Residential	**2.535**	2.494	2.436	2.381	2.502
Non-Residential	**3.368**	3.541	3.463	3.247	3.392
ASSESSMENT (percentage change)					
Residential - Market Value	**0.70**	(3.29)	1.55	3.52	1.51
Residential - Growth	**1.81**	2.98	2.59	3.11	2.62
Non-Residential Market Value	**0.06**	(0.51)	2.07	6.70	5.48
Non-Residential Growth	**7.23**	4.03	4.28	5.15	4.90

TAXATION AND REQUISITIONS

For the Years Ended December 31, 2014 - 2018 (in thousands of dollars)

	2018	2017	2016	2015	2014
TAXATION					
Real Property Taxes	**$ 132,229**	$ 126,935	$ 122,243	$ 117,596	$ 111,529
Linear Property Taxes	**1,098**	1,075	1,076	1,090	1,110
Government Grants in Place of Property Taxes	**2,222**	1,777	1,339	1,288	1,082
	135,549	129,787	124,658	119,974	113,721
REQUISITIONS					
Alberta School Foundation Fund	**24,853**	23,953	23,072	21,078	20,404
Opted Out School Board	**7,498**	7,214	7,279	7,074	7,069
Homeland Housing Requisition	**1,132**	1,121	1,104	1,051	1,007
Other	**83**	80	80	80	80
	33,566	32,368	31,535	29,283	28,560
TAXES AVAILABLE AND COLLECTED FOR MUNICIPAL PURPOSES	**$ 101,983**	$ 97,419	$ 93,123	$ 90,691	$ 85,161

TAXABLE ASSESSMENT AND GOVERNMENT GRANTS IN PLACE OF PROPERTY TAXES

For the Years Ended December 31, 2014 - 2018 (in thousands of dollars)

	2018	2017	2016	2015	2014
TAXABLE ASSESSMENT					
Residential	**$ 10,336,462**	$ 10,081,331	$ 10,122,507	$ 9,711,715	$ 9,097,802
Commercial	**1,132,033**	1,041,790	1,021,749	968,305	868,053
Industrial	**479,537**	472,470	460,412	417,954	369,993
Linear and M & E	**76,230**	74,847	76,841	78,738	77,811
	12,024,262	11,670,438	11,681,509	11,176,712	10,413,659
GOVERNMENT GRANTS IN PLACE OF PROPERTY TAXES	**153,266**	126,929	99,035	97,244	77,141
TOTAL TAXABLE ASSESSMENT AND GOVERNMENT GRANTS IN PLACE OF PROPERTY TAXES	**$ 12,177,528**	$ 11,797,367	$ 11,780,544	$ 11,273,956	$ 10,490,800
TOTAL TAXABLE ASSESSMENT AND GOVERNMENT GRANTS IN PLACE OF PROPERTY TAXES (PERCENTAGE)					
Residential	**84.9**	85.5	85.9	86.1	86.7
Commercial	**9.3**	8.8	8.7	8.6	8.3
Industrial	**3.9**	4.0	3.9	3.7	3.5
Linear and M & E	**0.6**	0.6	0.7	0.8	0.8
Grants in Place	**1.3**	1.1	0.8	0.9	0.7
RESIDENTIAL / NON-RESIDENTIAL SPLIT* (PERCENTAGE)					
Residential	**84.9**	85.5	85.9	86.2	86.8
Non-Residential	**15.1**	14.5	14.1	13.8	13.2

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

TAX COLLECTION

For the Years Ended December 31, 2014 - 2018 (in thousands of dollars)

	2018	2017	2016	2015	2014
CURRENT LEVY	**$ 135,626**	$ 130,055	$ 124,725	$ 120,089	$ 113,831
TAXES RECEIVABLE					
Current	**1,936**	2,036	2,086	1,750	1,869
In Arrears for More than One Year	**885**	861	953	1,180	1,042
	$ 2,821	$ 2,897	$ 3,039	$ 2,930	$ 2,911
TAXES OUTSTANDING, BEFORE ALLOWANCE					
Total %	**2.08 %**	2.23 %	2.44 %	2.44 %	2.56 %

Note that 14 principle taxpayers made up 5 per cent of the 2018 tax levy; therefore, no undue reliance is placed upon any one taxpayer.

TOTAL LONG-TERM DEBT AND LONG-TERM DEBT SERVICING LIMITS

For the Years Ended December 31, 2014 - 2018 (in thousands of dollars)

	2018	2017	2016	2015	2014
Long-Term Debt					
Tax Supported	**$ 42,993**	$ 37,475	$ 41,586	$ 45,515	$ 49,270
	42,993	37,475	41,586	45,515	49,270
TOTAL LONG-TERM DEBT					
Maximum Allowable Annual Debt Servicing	**$ 48,563**	$ 45,689	$ 44,533	$ 46,735	$ 40,333
Annual Servicing on Existing Debt	**6,000**	6,000	6,000	6,000	6,000
Amount of Limit Used (Percentage)	**12**	13	13	13	15

RESTRICTED SURPLUS RESERVE BALANCES

For the Years Ended December 31, 2014 - 2018 (in thousands of dollars)

	2018	2017	2016	2015	2014
City of St. Albert					
Operating	**$ 12,672**	$ 12,872	$ 13,322	$ 12,955	$ 10,189
Capital	**67,530**	69,299	69,751	65,150	48,648
	80,202	82,171	83,073	78,105	58,837
***Outside Agencies**					
Operating	**476**	463	414	380	314
Capital	**482**	473	498	393	377
	958	936	912	773	691
Utilities	**48,563**	49,587	45,689	37,367	24,459
TOTAL RESTRICTED SURPLUS RESERVES	**$ 129,723**	$ 132,694	$ 129,674	$ 116,245	$ 83,987

*Outside Agencies includes the St. Albert Public Library, the Arts & Heritage Foundation of St. Albert and other Community & Social Development Services.

KEY COMPONENTS OF FINANCIAL POSITION

For the Years Ended December 31, 2014 - 2018 (in thousands of dollars)

	2018	2017	2016	2015	2014
Total Financial Assets	**$ 208,343**	$ 201,688	$ 191,427	$ 171,141	$ 152,441
Total Liabilities	**126,103**	109,756	104,874	101,479	118,760
Net Financial Assets	**82,240**	91,932	86,553	69,662	33,681
Total Non-Financial Assets	**1,020,607**	961,662	923,844	877,432	855,620
Total	**1,102,847**	1,053,594	1,010,397	947,094	889,301
Key Components of Financial Assets Include:					
Cash and Cash Equivalents	**18,347**	28,286	12,805	37,403	27,680
Investments	**172,218**	156,794	160,245	118,057	111,248
Key Components of Financial Liabilities Include:					
Long-Term Debt	**42,993**	37,475	41,586	45,515	49,270
Key Components of Non-Financial Assets Include:					
Tangible Capital Assets	**1,018,639**	959,796	921,897	875,884	854,363
Key Components of Accumulated Surplus Include:					
Invested in Tangible Capital Assets	**975,646**	922,321	880,311	830,369	805,094
Restricted Surplus - Reserves	**$ 129,723**	$ 132,694	$ 129,674	$ 116,245	$ 83,987

	2018	2017	2016	2015	2014
ACQUISITIONS OF TANGIBLE CAPITAL ASSETS					
Building Improvements	**$ 1,025**	$ 7,612	$ 912	$ 151	$ 699
Library Collections	**354**	376	400	413	445
Land Improvement	**9,260**	7,133	787	1,095	1,297
Engineered Structures	**77,281**	23,130	40,410	26,347	24,034
Buildings	**11,934**	2,743	143	39	269
Machinery and Equipment	**1,945**	4,149	3,206	2,436	3,049
Land	**9,261**	12,611	12,718	-	11,882
Vehicles	**5,754**	3,961	2,612	3,051	2,160
Assets Under Construction	**(29,302)**	3,954	7,803	10,401	2,793
TOTAL TANGIBLE CAPITAL ASSET ACQUISITIONS	**$ 87,512**	$ 65,669	$ 68,991	$ 43,933	$ 46,628

REVENUE BY SOURCE, EXPENSE BY FUNCTION , AND ANNUAL SURPLUS

For the Years Ended December 31, 2014 - 2018 (in thousands of dollars)

	2018	2017	2016	2015	2014
REVENUE AND OTHER					
Property Taxes	**$ 101,983**	$ 97,419	$ 93,123	$ 90,691	$ 85,161
Sales and User Fees	**59,800**	58,055	60,524	59,640	52,691
Government Transfers - Operating	**5,025**	4,740	4,524	4,100	4,056
Fines and Penalties	**4,568**	5,428	6,394	6,578	4,310
Licenses and Permits	**2,679**	3,731	3,896	3,226	2,880
Contracted Services Revenue	**2,684**	2,676	2,679	2,593	2,933
Investment Income	**4,106**	2,822	2,559	2,350	2,153
Franchise Fees	**2,316**	2,650	2,209	2,015	1,943
Other Revenue	**1,927**	1,373	1,811	1,550	2,048
TOTAL REVENUE BY SOURCE	**185,088**	178,894	177,719	168,043	158,175
EXPENSE BY FUNCTION					
Protective Services	**36,042**	36,171	35,008	31,874	29,585
Utility Services	**33,052**	34,445	29,364	28,557	28,584
Recreation and Parks	**27,373**	26,091	25,182	24,610	23,687
Transportation and Roadway Services	**29,071**	28,139	24,778	24,404	24,841
General Government Services	**19,892**	17,790	17,541	16,167	13,921
Transit Services	**15,821**	14,725	13,796	13,942	13,350
Cultural Services	**13,915**	14,126	13,478	13,381	11,261
Planning and Development Services	**6,348**	5,371	4,704	4,318	4,311
Family and Social Services	**3,178**	3,134	3,070	2,620	2,577
TOTAL EXPENSE BY FUNCTION	**184,692**	179,992	166,921	159,873	152,117
ANNUAL (DEFICIENCY) SURPLUS BEFORE CAPITAL REVENUE	**396**	(1,098)	10,798	8,170	6,058
CAPITAL REVENUE					
Contributed Assets	**23,950**	13,273	28,959	13,025	12,017
Developer Contributions and Levies	**6,217**	3,860	930	17,413	3,092
Government Transfers - Capital	**18,690**	27,162	22,616	17,584	20,345
TOTAL CAPITAL REVENUE	**48,857**	44,295	52,505	48,022	35,454
ANNUAL SURPLUS	**49,253**	43,197	63,303	56,192	41,512
ACCUMULATED SURPLUS, BEGINNING OF YEAR	**1,051,993**	1,008,796	945,493	889,301	847,789
ACCUMULATED SURPLUS, END OF YEAR	**$ 1,101,246**	$ 1,051,993	$ 1,008,796	$ 945,493	$ 889,301

EXPENSES BY OBJECT

For the Years Ended December 31, 2014 - 2018 (in thousands of dollars)

	2018	2017	2016	2015	2014
Salaries, Wages and Benefits	**$ 84,093**	$ 80,436	$ 77,547	$ 73,264	$ 69,240
Contracted and General Services	**31,408**	31,633	30,157	28,480	26,389
Amortization	**26,443**	24,334	22,757	21,644	20,745
Purchases from Other Governments	**21,051**	21,216	18,739	18,194	17,103
Materials, Good and Utilities	**14,903**	14,512	13,245	13,384	13,963
Transfers to Indiviuals & Organizations	**1,429**	2,156	1,665	1,612	1,860
Interest on Long Term Debt	**1,919**	1,858	2,042	2,217	2,385
Other Expenses	**1,297**	746	635	920	533
(Gain)/Loss on Disposal of Tangible Capital Assets	**2,149**	3,101	134	158	(101)
TOTAL EXPENSES	**$ 184,692**	$ 179,992	$ 166,921	$ 159,873	$ 152,117

2018 Annual Report

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