



Condensed Unconsolidated Financial Statements of

**The City of Spruce Grove**

For the Nine Months Ended September 30, 2019



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## **MANAGEMENT'S REPORT**

The condensed unconsolidated financial statements of the City of Spruce Grove (the "City") are unaudited and are the responsibility of management. These financial statements follow the same accounting policies and methods of computation as the most recent annual consolidated financial statements. These financial statements include amounts that are based on the best estimates and judgments of management. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

Management maintains systems of accounting and administrative controls to provide reasonable assurance that the transactions are appropriately authorized, accurately recorded, that assets are properly accounted for and safeguarded and that the financial statements realistically report the City's operating and financial results.

Darlene Christie, CPA, CGA  
Interim Chief Financial Officer

**CITY OF SPRUCE GROVE**  
**CONDENSED UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at September 30, 2019  
(in thousands of dollars)

	September 2019 (Unaudited)	September 2018 (Unaudited)	December 2018 (Unaudited)
<b>Financial Assets</b>			
Cash and Cash Equivalents	26,068	5,715	3,223
Accounts Receivable	20,561	22,463	15,517
Investments (Note 2)	20,109	41,680	36,720
Land Held for Resale	1,746	1,746	1,746
	<u>68,484</u>	<u>71,604</u>	<u>57,206</u>
<b>Liabilities</b>			
Accounts Payable and Accrued Liabilities	18,270	16,132	16,738
Deferred Revenue (Note 3)	26,416	27,682	25,253
Liability for Contaminated Sites	4,147	4,116	4,180
Long-Term Debt	40,940	31,165	38,464
	<u>89,773</u>	<u>79,095</u>	<u>84,635</u>
<b>Net Debt</b>	(21,289)	(7,491)	(27,429)
<b>Non-Financial Assets</b>			
Inventory and Prepaid Expenses	1,702	610	1,040
Tangible Capital Assets (Note 4)	532,314	500,539	516,817
	<u>534,016</u>	<u>501,149</u>	<u>517,857</u>
<b>Accumulated Surplus</b>	<u>512,727</u>	<u>493,658</u>	<u>490,428</u>

**CITY OF SPRUCE GROVE**  
**CONDENSED UNCONSOLIDATED STATEMENT OF OPERATIONS AND**  
**ACCUMULATED SURPLUS**

For the Nine Months Ended September 30, 2019  
(in thousands of dollars)

	September 2019 Budget (Unaudited)	September 2019 Actual (Unaudited)	September 2018 Actual (Unaudited)
<b>Revenue</b>			
Property Taxes	40,261	40,329	37,928
Government Transfers - Operating	2,070	2,337	2,367
Sales and User Fees (Schedule 1)	30,482	28,957	28,725
Local Improvement Levies	-	-	6
Interest	161	402	241
	72,974	72,025	69,267
<b>Expenses (Schedule 2, 3)</b>			
Council	544	499	501
City Manager	448	478	428
Economic and Business Development	928	770	901
Corporate Communications	809	750	709
Community and Protective Services	21,557	19,641	19,880
Corporate Services	9,137	8,264	8,351
Planning and Infrastructure	24,655	22,849	21,123
Utilities	16,154	13,542	13,136
	74,232	66,793	65,029
<b>(Deficit)/Surplus before the Undernoted</b>	(1,258)	5,232	4,238
Gain on Disposal of Tangible Capital Assets	-	82	18
Government Transfers - Capital	17,215	15,636	3,221
Contributed Tangible Capital Assets	-	850	-
Developer Contributions and Levies	4,787	499	819
	22,002	17,067	4,058
<b>Period Surplus</b>	20,744	22,299	8,296
<b>Accumulated Surplus, Opening</b>	490,428	490,428	485,362
<b>Accumulated Surplus, Closing</b>	511,172	512,727	493,658

**CITY OF SPRUCE GROVE**  
**CONDENSED UNCONSOLIDATED STATEMENT OF CHANGES IN**  
**NET DEBT**

For the Nine Months Ended September 30, 2019  
(in thousands of dollars)

	September 2019 Budget (Unaudited)	September 2019 Actual (Unaudited)	September 2018 Actual (Unaudited)
<b>Period Surplus</b>	20,744	22,299	8,296
<b>Inventory and Prepaid Expenses</b>			
Acquisition	-	(1,702)	(610)
Consumption	-	1,040	744
	-	(662)	134
<b>Tangible Capital Assets</b>			
Contributed	-	(850)	-
Purchased	(35,503)	(26,034)	(18,014)
Proceeds on Disposal	-	267	193
Gain on Disposal	-	(82)	(18)
Amortization	11,946	11,202	10,829
	(23,557)	(15,497)	(7,010)
<b>Change in Net Debt</b>	(2,813)	6,140	1,420
<b>Net Debt, Opening</b>	(27,429)	(27,429)	(8,911)
<b>Net Debt, Closing</b>	(30,242)	(21,289)	(7,491)

**CITY OF SPRUCE GROVE**  
**CONDENSED UNCONSOLIDATED STATEMENT OF CASH FLOWS**  
For the Nine Months Ended September 30, 2019  
(in thousands of dollars)

	September 2019 (Unaudited)	September 2018 (Unaudited)
<b>Cash Provided by (Used For):</b>		
<b>Operating Activities</b>		
Period Surplus	22,299	8,296
Adjustments:		
Amortization	11,202	10,829
Gain on Disposal of Tangible Capital Assets	(82)	(18)
Contributed Tangible Capital Assets	(850)	-
Increase in Accounts Receivable	(5,044)	(3,502)
Increase in Accounts Payable and Accrued Liabilities	1,532	1,774
Increase in Deferred Revenue	1,163	4,931
Decrease in Liability for Contaminated Sites	(33)	(64)
(Increase) Decrease in Inventory and Prepaid Expenses	(662)	134
	<u>29,525</u>	<u>22,380</u>
<b>Capital Activities</b>		
Purchased Tangible Capital Assets	(26,034)	(18,014)
Proceeds on Disposal of Tangible Capital Assets	267	193
	<u>(25,767)</u>	<u>(17,821)</u>
<b>Investing Activities</b>		
Purchased Investments	(17,942)	(22,856)
Proceeds on Disposal of Investments	34,553	12,022
	<u>16,611</u>	<u>(10,834)</u>
<b>Financing Activities</b>		
Long-Term Debt Issued	3,400	7,250
Long-Term Debt Repaid	(924)	(618)
	<u>2,476</u>	<u>6,632</u>
<b>Increase in Cash and Cash Equivalents</b>	22,845	357
<b>Cash and Cash Equivalents, Opening</b>	<u>3,223</u>	<u>5,358</u>
<b>Cash and Cash Equivalents, Closing</b>	<u>26,068</u>	<u>5,715</u>



**CITY OF SPRUCE GROVE**  
**NOTES TO THE CONDENSED UNCONSOLIDATED FINANCIAL STATEMENTS**  
For the Nine Months Ended September 30, 2019  
(in thousands of dollars)

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**1. Significant Accounting Policies**

The condensed unconsolidated financial statements of the City of Spruce Grove ("the City") are the representations of management and follow the accounting policies described in the most recent annual consolidated financial statements.

**2. Investments**

	<b>Amortized Cost September 2019</b>	<b>Market Value September 2019</b>	<b>Amortized Cost December 2018</b>	<b>Market Value December 2018</b>
Bonds	13,032	13,156	12,662	12,419
GICs	-	-	12,500	12,520
Notes	6,335	6,356	6,266	5,933
PIA	742	742	5,292	5,301
	<b>20,109</b>	<b>20,254</b>	<b>36,720</b>	<b>36,173</b>

Investments in bonds have effective interest rates of 2.30% to 6.63% with maturity dates from June 2021 to April 2029.

Note investments have variable interest rates and maturity dates. Three of these notes are based on any positive price return of the S&P/TSX Comp Index, with maturity dates ranging from May 2022 to July 2023. Another note is auto callable, with an interest rate based on Canadian Growers Index with a maturity date of August 2029. The City also has an investment in a low volatility index principal protected deposit note earning variable returns based on the CDN Equity index, with a maturity date of August 2022.

Premier investment account (PIA), a tiered-rate interest account with interest based on monthly average prime less a percentage based on the average monthly balance held in the account.

Should there be a loss in value that is not considered temporary, the respective investment is written down to recognize the loss.

**CITY OF SPRUCE GROVE**  
**NOTES TO THE CONDENSED UNCONSOLIDATED FINANCIAL STATEMENTS**  
For the Nine Months Ended September 30, 2019  
(in thousands of dollars)

**3. Deferred Revenue**

	December 2018	Amounts Received	Interest and Other	Amounts Recognized	September 2019
<b>Developer Contributions</b>					
Administration	86	2	-	-	88
Cash in Lieu of Parking	104	-	1	-	105
Downtown Redevelopment	2	-	-	-	2
Neighborhood Parks	970	11	6	170	817
Regional Parks	-	11	-	11	-
Municipal Reserve	186	-	1	-	187
Parks - South	1,659	-	11	-	1,670
	<u>3,007</u>	<u>24</u>	<u>19</u>	<u>181</u>	<u>2,869</u>
<b>Developer Levies</b>					
Transportation	-	69	-	69	-
Water	225	24	-	249	-
	<u>225</u>	<u>93</u>	<u>-</u>	<u>318</u>	<u>-</u>
<b>Developer Contributions and Levies</b>	<u>3,232</u>	<u>117</u>	<u>19</u>	<u>499</u>	<u>2,869</u>
<b>Government Transfers - Capital</b>					
Gas Tax Fund	2,072	651	26	2,749	-
Sustainability	16,995	14,769	501	10,363	21,902
Other	1,319	1,182	23	2,524	-
	<u>20,386</u>	<u>16,602</u>	<u>550</u>	<u>15,636</u>	<u>21,902</u>
<b>Government Transfers - Operating</b>					
Policing	26	480	-	506	-
Social	-	670	-	616	54
Sustainability	-	239	-	180	59
Other	144	1,080	-	1,035	189
	<u>170</u>	<u>2,469</u>	<u>-</u>	<u>2,337</u>	<u>302</u>
<b>Other Revenue</b>					
Property Taxes	188	9,469	-	9,547	110
Sponsorships	587	33	-	234	386
User Fees	690	3,345	-	3,188	847
	<u>1,465</u>	<u>12,847</u>	<u>-</u>	<u>12,969</u>	<u>1,343</u>
	<u>25,253</u>	<u>32,035</u>	<u>569</u>	<u>31,441</u>	<u>26,416</u>

**CITY OF SPRUCE GROVE**  
**NOTES TO THE CONDENSED UNCONSOLIDATED FINANCIAL STATEMENTS**  
For the Nine Months Ended September 30, 2019  
(in thousands of dollars)

**4. Tangible Capital Assets**

	December 2018	Purchased/ Contributed	Disposals	September 2019
<b>Cost</b>				
Engineered Structures	391,036	770	-	391,806
Equipment	21,528	1,307	(451)	22,384
Facilities	66,676	2,450	-	69,126
Fleet	8,918	2,439	-	11,357
Land	156,227	779	(4)	157,002
Land Improvements	24,132	-	-	24,132
Leasehold Improvements	872	133	-	1,005
Construction in Progress	22,621	19,006	-	41,627
	<b>692,010</b>	<b>26,884</b>	<b>(455)</b>	<b>718,439</b>
<b>Accumulated Amortization</b>				
	December 2018	Disposals	Amortization	September 2019
Engineered Structures	134,628	-	7,443	142,071
Equipment	11,164	(270)	1,238	12,132
Facilities	15,713	-	1,140	16,853
Fleet	3,225	-	520	3,745
Land Improvements	9,591	-	853	10,444
Leasehold Improvements	872	-	8	880
	<b>175,193</b>	<b>(270)</b>	<b>11,202</b>	<b>186,125</b>
<b>Net Book Value</b>				
	December 2018			September 2019
Engineered Structures	256,408			249,735
Equipment	10,364			10,252
Facilities	50,963			52,273
Fleet	5,693			7,612
Land	156,227			157,002
Land Improvements	14,541			13,688
Leasehold Improvements	-			125
Construction in Progress	22,621			41,627
	<b>516,817</b>			<b>532,314</b>

**CITY OF SPRUCE GROVE**  
**NOTES TO THE CONDENSED UNCONSOLIDATED FINANCIAL STATEMENTS**  
For the Nine Months Ended September 30, 2019  
(in thousands of dollars)

**5. Segmented Disclosure**

	September 2019				Total (Unaudited)
	Municipal (Unaudited)	Utility (Unaudited)	Development (Unaudited)	Investment in TCA (Unaudited)	
<b>Revenue</b>					
Property Taxes	40,329	-	-	-	40,329
Government Transfers - Operating	2,337	-	-	-	2,337
Sales and User Fees	14,190	14,767	-	-	28,957
Interest	402	-	-	-	402
	<u>57,258</u>	<u>14,767</u>	<u>-</u>	<u>-</u>	<u>72,025</u>
<b>Expenses</b>					
Amortization	8,771	2,431	-	-	11,202
Contracted Services	9,259	8,918	-	-	18,177
General	5,641	284	-	-	5,925
Grants	1,978	-	-	-	1,978
Human Resources	23,684	1,583	-	-	25,267
Interest on Long-Term Debt	663	-	301	-	964
Materials, Equipment and Supplies	2,943	326	11	-	3,280
	<u>52,939</u>	<u>13,542</u>	<u>312</u>	<u>-</u>	<u>66,793</u>
<b>Period Surplus (Deficit) Before the Undernoted</b>	4,319	1,225	(312)	-	5,232
Gain on Disposal of Tangible Capital Assets	82	-	-	-	82
Government Transfers - Capital	15,636	-	-	-	15,636
Contributed Tangible Capital Assets	-	-	850	-	850
Developer Contributions and Levies	-	-	499	-	499
	<u>15,718</u>	<u>-</u>	<u>1,349</u>	<u>-</u>	<u>17,067</u>
<b>Period Surplus</b>	20,037	1,225	1,037	-	22,299
Transfers	2,297	(2,031)	(266)	-	-
Change in Tangible Capital Assets	(10,968)	(1,454)	(3,075)	15,497	-
Net Change in Long-Term Debt	437	-	2,040	(2,477)	-
<b>Net Change in Surplus</b>	11,803	(2,260)	(264)	13,020	22,299
<b>Accumulated Surplus (Deficit), Opening</b>	15,922	8,791	(13,085)	478,800	490,428
<b>Accumulated Surplus (Deficit), Closing</b>	<u>27,725</u>	<u>6,531</u>	<u>(13,349)</u>	<u>491,820</u>	<u>512,727</u>

**CITY OF SPRUCE GROVE**  
**NOTES TO THE CONDENSED UNCONSOLIDATED FINANCIAL STATEMENTS**  
For the Nine Months Ended September 30, 2019  
(in thousands of dollars)

**5. Segmented Disclosure (Continued)**

Segmented information has been identified above based upon lines of service provided by the City. The services that are disclosed in the segmented information are referred to as:

- (a) Municipal, for operating and capital activities other than those designated as Utility and Development.
- (b) Utility, for water, solid waste, wastewater and storm services.
- (c) Development, for developer-funded projects and activities.

**Developer Deficit**

	December 2018	Transfers In	Transfers Out	Other Adjustments	September 2019
Neighborhood Parks	-	170	(170)	-	-
Regional Parks	(2,305)	11	-	(46)	(2,340)
Transportation	(3,400)	69	(808)	1,704	(2,435)
Sewer	(7,380)	-	-	(150)	(7,530)
Water	-	249	(1,257)	(36)	(1,044)
	<u>(13,085)</u>	<u>499</u>	<u>(2,235)</u>	<u>1,472</u>	<u>(13,349)</u>

Other adjustments include long term debt issued to fund transportation and water projects, as well as adjustments made to properly present contributions and costs in the City's offsite levy reserves.

The City paid costs for certain transportation and water infrastructure projects on behalf of developers and financed this development with long-term debt in order to advance the construction of these projects. The developer deficits are expected to be repaid with proceeds from future developer contributions and levies. Long-term debt in the amount of \$14.45 million (2018 - \$12.25 million) was taken out by the City as offsite levy reserve balances are currently insufficient to pay for future development's share of these project costs.

**CITY OF SPRUCE GROVE**  
**SCHEDULE 1 - SALES AND USER FEES**  
For the Nine Months Ended September 30, 2019  
(in thousands of dollars)

	September 2019 Budget (Unaudited)	September 2019 Actual (Unaudited)	September 2018 Actual (Unaudited)
Donations and Sponsorships	111	259	99
Fines and Permits	5,210	3,918	4,567
Electrical Franchise Fees	2,785	2,798	2,649
Gas Franchise Fees	1,167	1,183	811
Goods and Services	3,512	3,482	3,546
Rental Revenue	835	942	918
Tax Penalties	-	650	607
Utility Charges	16,104	14,767	14,599
Other	758	958	929
	30,482	28,957	28,725

**CITY OF SPRUCE GROVE**  
**SCHEDULE 2 - EXPENSES BY OBJECT**  
For the Nine Months Ended September 30, 2019  
(in thousands of dollars)

	September 2019 Budget (Unaudited)	September 2019 Actual (Unaudited)	September 2018 Actual (Unaudited)
Amortization	11,946	11,202	10,829
Contracted Services	22,500	18,177	18,201
General	6,821	5,925	5,765
Grants	1,886	1,978	2,085
Human Resources	26,135	25,267	24,561
Interest on Long-Term Debt	694	964	640
Materials, Equipment and Supplies	4,250	3,280	2,948
	74,232	66,793	65,029

**CITY OF SPRUCE GROVE**  
**SCHEDULE 3 - EXPENSES BY DEPARTMENT**  
For the Nine Months Ended September 30, 2019  
(in thousands of dollars)

	September 2019 Budget (Unaudited)	September 2019 Actual (Unaudited)	September 2018 Actual (Unaudited)
<b>Council</b>	544	499	501
<b>City Manager</b>	448	478	428
<b>Economic and Business Development</b>	928	770	901
<b>Corporate Communications</b>	809	750	709
<b>Community and Protective Services</b>			
Administration	306	213	459
Agrena/Sports Park	1,387	1,285	1,264
Culture	1,163	1,154	1,184
Family and Community Support Services	972	1,014	1,017
Fire	6,041	6,115	5,716
Leisure Centre	1,347	1,384	1,403
Library	1,062	967	944
Municipal Enforcement and Safe City	2,850	2,172	2,513
Police	4,610	3,594	3,819
Recreation	1,292	1,302	1,218
Community Social Development	527	441	343
	<u>21,557</u>	<u>19,641</u>	<u>19,880</u>
<b>Corporate Services</b>			
Administration	533	452	521
City Clerk	1,383	512	1,377
Finance	2,344	1,974	2,438
Human Resources	1,118	1,210	1,200
Information Systems	3,759	3,238	2,815
Integrated Planning and Strategic Services	-	878	-
	<u>9,137</u>	<u>8,264</u>	<u>8,351</u>
<b>Planning and Infrastructure</b>			
Administration	512	502	469
Asset Management	4,540	4,330	3,776
Engineering	1,370	1,387	1,239
Planning and Development	1,697	1,572	1,603
Public Works	14,362	13,397	12,429
Transit and Sustainability	2,174	1,661	1,607
	<u>24,655</u>	<u>22,849</u>	<u>21,123</u>
<b>Utilities</b>			
Waste	2,679	2,047	2,180
Wastewater	3,657	3,264	3,249
Water	9,818	7,796	7,707
Storm Utility	-	435	-
	<u>16,154</u>	<u>13,542</u>	<u>13,136</u>
	<u>74,232</u>	<u>66,793</u>	<u>65,029</u>