



Unconsolidated Financial Statements of

**The City of Spruce Grove**

For the Six Months Ended June 30, 2020

## CONTENTS

Management's Report.....	1
Unconsolidated Statement of Financial Position.....	2
Unconsolidated Statement of Operations and Accumulated Surplus.....	3
Unconsolidated Statement of Changes in Net Debt.....	4
Unconsolidated Statement of Cash Flows.....	5
Notes to the Unconsolidated Financial Statements.....	6
Schedules:	
Schedule 1 - Expenses by Department.....	13

## **MANAGEMENT'S REPORT**

The 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.

Louise Frostad, CPA, CMA

Chief Financial Officer

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

As At June 30, 2020  
(in thousands of dollars)

	<b>June 2020 (unaudited)</b>	June 2019 (unaudited)	December 2019 (unaudited)
<b>Financial Assets</b>			
Cash and Cash Equivalents	\$ 27,182	\$ 30,930	\$ 8,077
Accounts Receivable	32,323	30,485	17,113
Investments (Note 2)	26,505	27,066	31,279
Land Held for Resale	1,746	1,746	1,746
	<b>87,756</b>	<b>90,227</b>	<b>58,215</b>
<b>Liabilities</b>			
Accounts Payable and Accrued Liabilities	19,697	22,318	13,530
Deferred Revenue (Note 3)	32,044	31,003	31,032
Liability for Contaminated Sites	1,297	4,179	1,300
Long-Term Debt (Note 4)	41,180	41,305	42,122
	<b>94,218</b>	<b>98,805</b>	<b>87,984</b>
<b>Net Debt</b>	<b>(6,462)</b>	<b>(8,578)</b>	<b>(29,769)</b>
<b>Non-Financial Assets</b>			
Inventory and Prepaid Expenses	935	1,935	1,022
Tangible Capital Assets (Note 5)	536,490	524,710	542,107
	<b>537,425</b>	<b>526,645</b>	<b>543,129</b>
<b>Accumulated Surplus (Note 6)</b>	<b>\$ 530,963</b>	<b>\$ 518,067</b>	<b>\$ 513,360</b>

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

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

For the Six Months Ended June 30, 2020

(in thousands of dollars)

	June 2020 Budget (unaudited)	June 2020 Actual (unaudited)	June 2019 Actual (unaudited)
<b>Revenue</b>			
Property Taxes	\$ 41,073	\$ 40,966	\$ 40,330
Sales and User Fees	11,244	10,733	10,770
Sales to Other Governments	1,333	1,333	1,334
Franchise Fees	3,255	3,305	2,667
Fines	2,096	1,179	1,668
Government Transfers - Operating	1,265	1,568	1,641
Licenses and Permits	905	583	817
Rentals	717	527	662
Penalties	403	343	350
Other	484	337	730
Investment Income	13	281	205
	<b>62,788</b>	<b>61,155</b>	61,174
<b>Expenses (Schedule 1)</b>			
General Government	8,451	6,765	7,136
Protective Services	9,704	8,402	8,051
Transportation and Roadway Services	13,883	14,171	13,750
Utilities	9,689	9,021	8,689
Community Services	5,863	5,155	5,518
Development Services	1,732	1,421	1,621
	<b>49,322</b>	<b>44,935</b>	44,765
<b>Period Surplus before the Undernoted</b>	<b>13,466</b>	<b>16,220</b>	16,409
Gain on Disposal of Tangible Capital Assets	1,750	12	72
Government Transfers - Capital	8,766	1,371	9,979
Contributed Tangible Capital Assets	-	-	850
Developer Contribution and Levies	786	-	329
	<b>11,302</b>	<b>1,383</b>	11,230
<b>Period Surplus</b>	<b>24,768</b>	<b>17,603</b>	27,639
Accumulated Surplus, Opening	513,360	513,360	490,428
<b>Accumulated Surplus, Closing</b>	<b>\$ 538,128</b>	<b>\$ 530,963</b>	\$ 518,067

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

**CITY OF SPRUCE GROVE**  
**UNCONSOLIDATED STATEMENT OF CHANGES IN NET DEBT**  
For the Six Months Ended June 30, 2020  
(in thousands of dollars)

	June 2020 Budget (unaudited)	<b>June 2020 Actual (unaudited)</b>	June 2019 Actual (unaudited)
<b>Period Surplus</b>	\$ 24,768	<b>\$ 17,603</b>	\$ 27,639
<b>Change in Inventory and Prepaid Expenses</b>	-	<b>88</b>	(895)
<b>Tangible Capital Assets</b>			
Contributed	-	-	(850)
Purchased	(11,871)	<b>(2,554)</b>	(14,538)
Proceeds on Disposal	2,188	<b>37</b>	139
Gain on Disposal	(1,750)	<b>(12)</b>	(72)
Amortization	8,392	<b>8,146</b>	7,428
	<b>(3,041)</b>	<b>5,617</b>	(7,893)
<b>Change in Net Debt</b>	21,727	<b>23,308</b>	18,851
Net Debt, Opening	(29,769)	<b>(29,769)</b>	(27,429)
<b>Net Debt, Closing</b>	<b>\$ (8,042)</b>	<b>\$ (6,461)</b>	\$ (8,578)

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

**CITY OF SPRUCE GROVE**  
**UNCONSOLIDATED STATEMENT OF CASH FLOWS**

For the Six Months Ended June 30, 2020

(in thousands of dollars)

	<b>June 2020 (unaudited)</b>	<b>June 2019 (unaudited)</b>
<b>Cash Provided by (Used For):</b>		
<b>Operating Activities</b>		
Period Surplus	\$ 17,603	\$ 27,639
<b>Items not involving cash:</b>		
Amortization	8,146	7,428
Gain on Disposal of Tangible Capital Assets	(12)	(72)
Contributed Tangible Capital Assets	-	(850)
<b>Change in non-cash working capital balances:</b>		
Increase in Accounts Receivable	(15,210)	(14,968)
Increase in Accounts Payable and Accrued Liabilities	6,167	5,580
Increase in Deferred Revenue	1,012	5,750
Decrease in Liability for Contaminated Sites	(3)	(1)
Decrease/(Increase) in Inventory and Prepaid Expenses	87	(895)
	<b>17,790</b>	<b>29,611</b>
<b>Capital Activities</b>		
Purchased Tangible Capital Assets	(2,554)	(14,538)
Proceeds on Disposal of Tangible Capital Assets	37	139
	<b>(2,517)</b>	<b>(14,399)</b>
<b>Investing Activities</b>		
Purchased Investments	(5,859)	(3,133)
Proceeds on Disposal of Investments	10,633	12,787
	<b>4,774</b>	<b>9,654</b>
<b>Financing Activities</b>		
Long-Term Debt Issued	396	3,400
Long-Term Debt Repaid	(1,338)	(559)
	<b>(942)</b>	<b>2,841</b>
<b>Increase in Cash and Cash Equivalents</b>	<b>19,105</b>	<b>27,707</b>
Cash and Cash Equivalents, Opening	8,077	3,223
<b>Cash and Cash Equivalents, Closing</b>	<b>\$ 27,182</b>	<b>\$ 30,930</b>

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

**CITY OF SPRUCE GROVE**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**

For the Six Months Ended June 30, 2020

(in thousands of dollars)

**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 June 2020</b>	<b>Market Value June 2020</b>	<b>Amortized Cost December 2019</b>	<b>Market Value December 2019</b>
Bonds	\$ 11,961	\$ 12,365	\$ 13,026	\$ 13,134
Notes	6,778	6,770	6,335	6,378
Other	7,766	7,766	11,918	11,918
	<b>\$ 26,505</b>	<b>\$ 26,901</b>	<b>\$ 31,279</b>	<b>\$ 31,430</b>

Investments in bonds have effective interest rates of 2.33% to 6.63% with maturity dates from June 2021 to April 2029.

Note investments have variable interest rates, based on the performance of the indexes the notes are tied to. Maturity dates of notes range from February 2027 to February 2030.

Other investments include a 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. Included in this investment is a high interest notice account, which is currently paying 1.70% and requires 31 days' notice to redeem. There is also an investment in a High Interest Savings Account (HISA) with CIBC which is currently paying 0.90% and requires no notice to redeem.

Should there be a loss in value that is not considered temporary, the respective investment is written down to recognize the loss. No write-downs have occurred in 2020.



**CITY OF SPRUCE GROVE**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**

For the Six Months Ended June 30, 2020

(in thousands of dollars)

**3. Deferred Revenue**

	December 2019	Amount Received and Receivable	Interest and Other	Amounts Recognized	June 2020
<b>Developer Contributions</b>					
Administration	\$ 90	\$ -	\$ 1	\$ -	\$ 91
Neighborhood Parks	827	-	10	-	837
Municipal Reserve	190	-	2	-	192
Parks - South	1,699	-	20	-	1,719
Cash in Lieu of Parking	105	-	1	-	106
Downtown Redevelopment	3	-	-	-	3
	2,914	-	34	-	2,948
<b>Government Transfers - Capital</b>					
Gas Tax Fund	3,194	2,046	58	98	5,200
Other	139	310	1	315	135
Sustainability	23,208	-	316	958	22,566
	26,541	2,356	375	1,371	27,901
<b>Government Transfers - Operating</b>					
Policing	25	350	-	375	-
Social	-	411	-	411	-
Sustainability	-	254	-	127	127
Other	119	802	-	655	266
	144	1,817	-	1,568	393
<b>Other Revenue</b>					
Sponsorships	398	13	-	41	370
Property Taxes	464	9,361	-	9,668	157
User Fees	571	996	-	1,292	275
	1,433	10,370	-	11,001	802
	\$ 31,032	\$ 14,543	\$ 409	\$ 13,940	\$ 32,044

**CITY OF SPRUCE GROVE**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**

For the Six Months Ended June 30, 2020  
(in thousands of dollars)

**4. Long-Term Debt**

	<b>June 2020</b>	<b>December 2019</b>
<b>Alberta Capital Finance Authority</b>		
Agrena	\$ 768	\$ 855
Library	728	801
Local Improvements	3,782	3,941
Public Works Facility	4,567	4,650
Storm Upgrades	2,158	2,200
TransAlta Tri Leisure Centre	601	601
Protective Services Facility	5,520	5,683
	<b>18,124</b>	<b>18,731</b>
<b>CIBC</b>		
Development Facility	13,567	14,049
RCMP Facility	8,481	8,703
	<b>22,048</b>	<b>22,752</b>
<b>Other</b>		
Other	556	187
Westwind Land Assembly	452	452
	<b>1,008</b>	<b>639</b>
	<b>\$ 41,180</b>	<b>\$ 42,122</b>

Debt repayable to the Alberta Capital Finance Authority bears interest at rates ranging from 2.68% to 6.38% per annum and matures in periods 2021 to 2039. Debt is issued on the credit and security of the City.

The City's development facility fixed-term loan with Canadian Imperial Bank of Canada ("CIBC") has an effective interest rate of 2.50% and matures June 2034.

The City's RCMP facility fixed-term loan with CIBC has an effective interest rate of 2.59% and matures July 2039.

The Westwind Land Assembly loan, repayable to Versabank, bears interest at prime plus 0.9%. Payments are interest only with principle due when land is sold, and due in full no later than March 2025. The City has entered into an agreement with a developer to reimburse any interest incurred on this loan.

The City has a revolving demand facility with CIBC for \$30 million and there is not an outstanding balance as of June 30, 2020.

**CITY OF SPRUCE GROVE**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**

For the Six Months Ended June 30, 2020

(in thousands of dollars)

**5. Tangible Capital Assets**

<b>2020</b>	Land	Land Improvements	Leasehold Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	Construction in Progress	<b>2020</b>
<b>Cost</b>									
Balance, Opening	\$ 156,726	\$ 25,689	\$ 1,005	\$ 100,660	\$ 411,098	\$ 23,159	\$ 11,275	\$ 2,738	<b>\$ 732,350</b>
Acquired	-	-	-	706	-	196	78	1,574	<b>2,554</b>
Disposals	-	-	-	-	-	(48)	(131)	-	<b>(179)</b>
Transfers	-	-	-	-	-	-	125	(125)	<b>-</b>
<b>Balance, Closing</b>	<b>156,726</b>	<b>25,689</b>	<b>1,005</b>	<b>101,366</b>	<b>411,098</b>	<b>23,307</b>	<b>11,347</b>	<b>4,187</b>	<b>734,725</b>
<b>Accumulated Amortization</b>									
Balance, Opening	-	10,813	883	17,863	144,563	12,356	3,765	-	<b>190,243</b>
Amortization	-	611	6	1,075	5,232	874	348	-	<b>8,146</b>
Disposals	-	-	-	-	-	(39)	(115)	-	<b>(154)</b>
<b>Balance, Closing</b>	<b>-</b>	<b>11,424</b>	<b>889</b>	<b>18,938</b>	<b>149,795</b>	<b>13,191</b>	<b>3,998</b>	<b>-</b>	<b>198,235</b>
<b>Net Book Value, Closing</b>	<b>\$ 156,726</b>	<b>\$ 14,265</b>	<b>\$ 116</b>	<b>\$ 82,428</b>	<b>\$ 261,303</b>	<b>\$ 10,116</b>	<b>\$ 7,349</b>	<b>\$ 4,187</b>	<b>\$ 536,490</b>

**CITY OF SPRUCE GROVE**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**

For the Six Months Ended June 30, 2020

(in thousands of dollars)

**6. Accumulated Surplus**

	June 2020 Budget	June 2020	December 2019
Municipal	\$ 41,215	\$ 42,445	\$ 20,156
Utility	8,621	8,878	7,778
Storm	(489)	(302)	-
Developer (Note 7)	(15,133)	(15,820)	(15,011)
	34,214	35,201	12,923
Investment in Tangible Capital Assets	503,914	495,762	500,437
	\$ 538,128	\$ 530,963	\$ 513,360

**7. Developer Deficit**

	December 2019	Transfer In	Transfer Out	Other Adjustments	June 2020
Transportation	\$ (4,773)	\$ -	\$ -	\$ (627)	\$ (5,400)
Sewer	(7,541)	-	-	(97)	(7,638)
Water	(346)	-	-	(56)	(402)
Regional Parks	(2,351)	-	-	(29)	(2,380)
	\$ (15,011)	\$ -	\$ -	\$ (809)	\$ (15,820)

Other adjustments include long-term debt issued to fund transportation and water projects, as well as associated interest and principal payments. It also includes adjustments made to appropriately present receipts, expenditures and interest charges in the City's offsite levy fund balances.

The City paid 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 levies. Long-term debt taken out by the City as offsite levy fund balances are currently insufficient to pay for future development's share of these project costs, has a balance of \$13,567 as of June 2020.

**CITY OF SPRUCE GROVE**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**

For the Six Months Ended June 30, 2020  
(in thousands of dollars)

**8. Segmented Disclosure**

Segmented information has been identified based upon lines of service provided by the City. City services are provided by departments and their activities are reported by functional area in the body of the financial statements. Allocation methodologies are employed in the preparation of the segmented financial information. User charges and other revenue have been allocated to the segment based upon the segment that generated that revenue. Government transfers have been allocated to the segment based upon the purpose for which the transfer was made. Development charges and developer levies are allocated to the segment for which the transfer was made. 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**

General government is comprised of Council and General Administration. Council makes decisions regarding delivery and service levels on behalf of the municipality in order to balance the needs and wants of City residents in a financially responsible manner. General Administration is responsible for the administration of the municipality as a whole.

**b. Protective Services**

Protective Services is comprised of Safe City – Enforcement Services, Police and Fire. Safe City – Enforcement Services provides enforcement in the areas of Provincial Acts and Municipal Bylaws; developing proactive educational safe city programs; and management of the Automated Traffic Enforcement contract. Fire is responsible to provide fire suppression services; fire prevention programs; training and education related to prevention; detection or extinguishment of fires; and advanced life support to Alberta Health Services 24/7.

**c. Transportation and Roadway Services**

Transportation and roadway services is comprised of the Engineering Services and the Public Works departments. They are responsible for the planning, development and maintenance of roadway systems.

**d. Utilities**

The City is responsible for environmental programs such as the engineering, operation and maintenance of Water, Wastewater and Stormwater networks and facilities and Solid Waste Management.

**e. Community Services**

Community Services provides recreational and cultural services, activities which promote the health and well being of its citizens, and activities related to parks and cemetery maintenance and operation.

**f. Development Services**

Development Services is comprised of Planning and Development Services and Economic Development. Planning and Development Service manages long term planning, current planning and subdivision, development permits and safety code disciplines. Economic Development is responsible for facilitating programs and services intended to help local businesses prosper and grow, and attract new business and investment in the City.

**CITY OF SPRUCE GROVE**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
For the Six Months Ended June 30, 2020  
(in thousands of dollars)

**8. Segmented Disclosure (continued)**

2020	General Government	Protective Services	Transportation & Roadway Services	Utilities	Community Services	Development Services	Total	Budget
<b>Revenue</b>								
Property Taxes	\$ 40,657	\$ -	\$ -	\$ -	309	\$ -	<b>\$ 40,966</b>	\$ 41,073
Sales and User Fees	91	455	349	9,809	4	25	<b>10,733</b>	11,244
Sales to Other Governments	-	1,333	-	-	-	-	<b>1,333</b>	1,333
Franchise Fees	3,305	-	-	-	-	-	<b>3,305</b>	3,255
Fines	-	1,179	-	-	-	-	<b>1,179</b>	2,096
Government Transfers - Operating	-	375	294	-	896	3	<b>1,568</b>	1,265
Licenses and Permits	-	1	16	8	-	558	<b>583</b>	905
Rentals	-	-	179	-	348	-	<b>527</b>	717
Penalties	321	-	-	22	-	-	<b>343</b>	403
Other	57	(14)	107	69	64	54	<b>337</b>	484
Investment Income	166	-	21	-	-	94	<b>281</b>	13
	<b>44,597</b>	<b>3,329</b>	<b>966</b>	<b>9,908</b>	<b>1,621</b>	<b>734</b>	<b>61,155</b>	<b>62,788</b>
<b>Expenses</b>								
Salaries, Wages & Benefits	4,132	4,555	3,687	1,046	2,152	1,122	<b>16,694</b>	17,968
Contracted & General Services	2,052	456	2,490	1,451	608	229	<b>7,286</b>	8,919
Materials, Goods & Supplies	95	307	1,270	199	193	5	<b>2,069</b>	2,550
Purchases from Other Governments	-	2,546	1,172	4,579	-	-	<b>8,297</b>	8,740
Transfers to Government, Agencies & Other Org	-	11	-	-	1,690	2	<b>1,703</b>	1,929
Bank Charges	46	-	-	-	5	-	<b>51</b>	77
Interest on Long Term Debt	8	-	432	41	52	45	<b>578</b>	565
Other	105	-	-	6	-	-	<b>111</b>	182
Amortization	327	527	5,120	1,699	455	18	<b>8,146</b>	8,392
	<b>6,765</b>	<b>8,402</b>	<b>14,171</b>	<b>9,021</b>	<b>5,155</b>	<b>1,421</b>	<b>44,935</b>	<b>49,322</b>
<b>Period Surplus (Deficit) before Undernoted</b>								
	37,832	(5,073)	(13,205)	887	(3,534)	(687)	<b>16,220</b>	13,466
Gain on Disposal of Tangible Capital Assets	-	-	12	-	-	-	<b>12</b>	1,750
Government Transfers - Capital	-	-	1,365	-	6	-	<b>1,371</b>	8,766
Developer Contribution and Levies	-	-	-	-	-	-	-	786
	-	-	1,377	-	6	-	<b>1,383</b>	11,302
<b>Period Surplus (Deficit)</b>	<b>\$ 37,832</b>	<b>\$ (5,073)</b>	<b>\$ (11,828)</b>	<b>\$ 887</b>	<b>\$ (3,528)</b>	<b>\$ (687)</b>	<b>\$ 17,603</b>	<b>\$ 24,768</b>

**CITY OF SPRUCE GROVE**  
**SCHEDULE 1 - EXPENSES BY DEPARTMENT**

For the Six Months Ended June 30, 2020  
(in thousands of dollars)

	June 2020 Budget	June 2020 Actual	June 2019 Actual
<b>General Government</b>			
City Clerk	\$ 264	\$ 181	\$ 364
City Manager	362	344	397
Corporate Communications	600	492	499
Corporate Services Administration	163	135	259
Council	396	329	352
Finance	1,375	1,139	1,409
Human Resources	966	718	807
Information Services	3,234	2,407	2,342
Integrated Planning and Strategic Services	1,091	1,020	707
	<b>8,451</b>	<b>6,765</b>	7,136
<b>Protective Services</b>			
Fire	4,707	4,672	4,105
Municipal Enforcement and Safe City	1,653	947	1,365
Police	3,344	2,783	2,581
	<b>9,704</b>	<b>8,402</b>	8,051
<b>Transportation and Roadway Services</b>			
Engineering	856	794	930
Facilities and Fleet Management	2,999	2,767	2,779
Planning and Infrastructure Administration	380	333	343
Public Works	8,542	8,994	8,485
Transit and Sustainability	1,106	1,283	1,213
	<b>13,883</b>	<b>14,171</b>	13,750
<b>Utilities</b>			
Storm Utility	489	260	147
Waste	1,321	1,399	1,251
Wastewater	2,284	2,333	2,132
Water	5,595	5,029	5,159
	<b>9,689</b>	<b>9,021</b>	8,689
<b>Community Services</b>			
Agrena/Sports Park	924	809	880
Community and Protective Services Administration	368	222	133
Community Social Development	319	257	281
Culture	630	626	728
Family and Community Support Services	677	626	717
Leisure Centre	1,261	1,296	1,304
Library	749	625	620
Recreation	935	694	855
	<b>5,863</b>	<b>5,155</b>	5,518
<b>Development Services</b>			
Economic and Business Development	596	414	565
Planning and Development	1,136	1,007	1,056
	<b>1,732</b>	<b>1,421</b>	1,621
	<b>\$ 49,322</b>	<b>\$ 44,935</b>	\$ 44,765