



Consolidated Financial Statements of

The City of Spruce Grove

For the Year Ended December 31, 2021



KPMG LLP
2200, 10175 – 101 Street
Edmonton, AB T5J 0H3
Telephone (780) 429-7300
Fax (780) 429-7379
www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Mayor and Members of Council of the City of Spruce Grove

Opinion

We have audited the consolidated financial statements of the City of Spruce Grove (the "Entity"), which comprise:

- the consolidated statement of financial position as at December 31, 2021
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net debt 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, 2021, and its consolidated results of operations, its consolidated changes in net debt 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 the "Annual Report".

Our opinion on the financial statements does not cover the other information and we do not 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.

We obtained the information, other than the financial statements and the auditors' report thereon, included in the "Annual Report", as at the date of this auditors' report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly wavy line that underlines the text.

Chartered Professional Accountants

Edmonton, Canada

April 25, 2022

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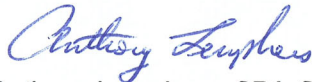
MANAGEMENT'S REPORT

The consolidated financial statements of the City of Spruce Grove (the "City") are the responsibility of management and have been prepared in accordance with Canadian Public Sector Accounting Standards. The consolidated financial statements include amounts that are based on the best estimates and judgements of management. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

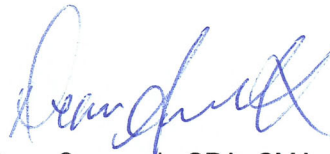
Management maintains systems of accounting and administrative controls to provide reasonable assurance that the transactions are appropriately authorized, accurately recorded, that assets are properly accounted for and safeguarded and that the consolidated financial statements reliably report the City's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

City Council has approved the information contained in the consolidated financial statements.

KPMG LLP has been appointed by City Council to provide an independent audit opinion on the consolidated financial statements.



Anthony Lemphers, CPA-CGA, BBA
Chief Financial Officer



Dean Screpnek, CPA, CMA, CLGM
City Manager

April 25, 2022
Spruce Grove, Alberta

CITY OF SPRUCE GROVE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2021
(in thousands of dollars)

	2021	2020
Financial Assets		
Cash and Cash Equivalents (Note 2)	\$ 21,180	\$ 5,629
Accounts Receivable (Note 3)	16,741	15,179
Investments (Note 4)	39,344	43,145
Land Held for Resale (Note 5)	1,746	1,746
	79,011	65,699
Liabilities		
Accounts Payable and Accrued Liabilities (Note 6)	19,252	14,881
Deferred Revenue (Note 7)	31,065	27,817
Liability for Contaminated Sites (Note 8)	1,208	1,250
Long-Term Debt (Notes 9 and 10)	38,595	41,713
	90,120	85,661
Net Debt	(11,109)	(19,962)
Non-Financial Assets		
Inventory and Prepaid Expenses	1,229	1,062
Tangible Capital Assets (Note 11)	561,253	553,603
	562,482	554,665
Accumulated Surplus (Note 12)	\$ 551,373	\$ 534,703

Impacts of COVID-19 (Note 28)

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

CITY OF SPRUCE GROVE
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the Year Ended December 31, 2021

(in thousands of dollars)

	2021 Budget (Note 27)	2021 Actual	2020 Actual
Revenue			
Property Taxes (Schedule 1)	\$ 42,291	\$ 42,236	\$ 41,054
Sales and User Fees	26,325	26,378	23,921
Sales to Other Governments	2,667	2,828	2,667
Franchise Fees (Note 26)	6,634	6,532	6,149
Fines	2,933	2,434	1,542
Government Transfers - Operating (Schedule 2)	3,577	3,833	6,925
Licenses and Permits	1,407	2,282	1,334
Rentals	2,377	1,768	1,506
Penalties	876	1,051	982
Other	1,409	952	903
Investment Income	335	791	865
	<u>90,831</u>	<u>91,085</u>	<u>87,848</u>
Expenses (Schedule 3)			
General Government	15,327	16,011	12,175
Protective Services	19,893	19,163	17,436
Transportation and Roadway Services	31,587	26,734	26,401
Utilities	20,430	22,241	20,533
Community Services	13,743	11,836	11,238
Development Services	3,261	3,234	2,924
	<u>104,241</u>	<u>99,219</u>	<u>90,707</u>
Annual Deficit before the Undernoted	<u>(13,410)</u>	<u>(8,134)</u>	<u>(2,859)</u>
Gain on Disposal of Tangible Capital Assets	-	26	512
Government Transfers - Capital (Schedule 2)	23,145	14,657	7,178
Contributed Tangible Capital Assets	1,836	6,737	13,668
Developer Contribution and Levies	170	3,384	265
	<u>25,151</u>	<u>24,804</u>	<u>21,623</u>
Annual Surplus	11,741	16,670	18,764
Accumulated Surplus, Opening	534,703	534,703	515,939
Accumulated Surplus, Closing (Note 12)	<u>\$ 546,444</u>	<u>\$ 551,373</u>	<u>\$ 534,703</u>

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

CITY OF SPRUCE GROVE
CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

For the Year Ended December 31, 2021

(in thousands of dollars)

	2021 Budget (Note 27)	2021 Actual	2020 Actual
Annual surplus	\$ 11,741	\$ 16,670	\$ 18,764
Change in Inventory and Prepaid Expenses	-	(167)	18
Tangible Capital Assets			
Contributed	(1,836)	(6,737)	(13,668)
Purchased	(35,264)	(19,515)	(13,611)
Proceeds on Disposal	-	855	701
Gain on Disposal	-	(26)	(512)
Amortization	18,413	17,773	17,262
	(18,687)	(7,650)	(9,828)
Change in Net Debt	(6,946)	8,853	8,954
Net Debt, Opening	(19,962)	(19,962)	(28,916)
Net Debt, Closing	\$ (26,908)	\$ (11,109)	\$ (19,962)

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

CITY OF SPRUCE GROVE
CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2021

(in thousands of dollars)

	2021	2020
Cash Provided by (Used For):		
Operating Activities		
Annual Surplus	\$ 16,670	\$ 18,764
Items not involving cash:		
Amortization	17,773	17,262
Gain on Disposal of Tangible Capital Assets	(26)	(512)
Contributed Tangible Capital Assets	(6,737)	(13,668)
Change in non-cash working capital balances:		
(Increase)/Decrease in Accounts Receivable	(1,562)	1,920
Increase in Accounts Payable and Accrued Liabilities	4,371	1,112
Increase/(Decrease) in Deferred Revenue	3,248	(3,762)
Decrease in Liability for Contaminated Sites	(42)	(50)
(Increase)/Decrease in Inventory and Prepaid Expenses	(167)	18
	33,528	21,084
Capital Activities		
Purchased Tangible Capital Assets	(19,515)	(13,611)
Proceeds on Disposal of Tangible Capital Assets	855	701
	(18,660)	(12,910)
Investing Activities		
Purchased Investments	(51,944)	(44,126)
Proceeds on Disposal of Investments	55,745	33,451
	3,801	(10,675)
Financing Activities		
Long-term Debt Issued	-	2,556
Long-term Debt Repaid	(3,118)	(2,965)
	(3,118)	(409)
Increase (Decrease) in Cash and Cash Equivalents	15,551	(2,910)
Cash and Cash Equivalents, Opening	5,629	8,539
Cash and Cash Equivalents, Closing	\$ 21,180	\$ 5,629

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

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021
(in thousands of dollars)

The City of Spruce Grove (the "City") is a municipality in the Province of Alberta, Canada and operates under the provisions of the *Municipal Government Act*.

1. Significant Accounting Policies

The consolidated financial statements of the City of Spruce Grove are the representations of management prepared in accordance with Canadian Public Sector Accounting Standards. Significant accounting policies adopted by the City are as follows:

a. Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenses, and accumulated surplus of the reporting entity. The reporting entity is comprised of all organizations which are owned or controlled by the City, and are, therefore, accountable for the administration of their financial affairs and resources.

The reporting entity includes all divisions and departments that comprise City operations, the City of Spruce Grove Library Board and the TransAlta Tri Leisure Centre. Inter-organizational transactions and balances between these entities have been eliminated.

The City is associated with various other boards, commissions and other organizations that are not part of the government reporting entity.

Property taxes levied include requisitions for education and seniors housing organizations that are not part of the government reporting entity. The consolidated financial statements exclude any trusts under administration for the benefit of external parties.

b. Financial Assets

i. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and cash equivalents that are highly liquid. Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment purposes.

ii. Investments

Investments are recorded at amortized cost. Should there be a loss in value that is not considered temporary, 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 deferred revenue balance.

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021
(in thousands of dollars)

1. Significant Accounting Policies (continued)

b. Financial Assets (continued)

iii. Land Held for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes amounts for acquisition, sales commission and interest. Interest is capitalized whenever external debt is issued to finance the acquisition of land held for resale. Repayments of interest from third parties reduces the amount of capitalized interest.

c. Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They are not intended for sale in the ordinary course of operations.

i. Tangible Capital Assets

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

Asset	Useful Life in Years
Engineered Structures	20 - 75
Machinery & Equipment	4 - 20
Buildings	25 - 50
Vehicles	8 - 25
Land Improvements	15 - 25
Leasehold Improvements	Life of the Lease

Amortization is charged in the year of acquisition and no amortization is charged in the year of disposal. Construction in progress is not amortized until the asset is available for productive use.

ii. Contributions of Tangible Capital Assets

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

iii. Leases

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

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021
(in thousands of dollars)

1. Significant Accounting Policies (continued)

c. Non-Financial Assets (continued)

iv. Works of Art and Cultural and Historic Assets

Works of art and cultural and historic assets are not recorded as tangible capital assets and are not amortized.

v. Inventory

Inventory is comprised of supplies held for consumption and is recorded at the lower of cost and replacement cost.

d. Revenue Recognition

i. Revenue

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

ii. Tax Revenue

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

Requisition over-levies and under-levies arise from the difference between the actual tax levy made to cover each requisition and the actual amount requisitioned. Where the actual levy differs from the requisition, the requisition tax rate is adjusted in the subsequent year.

iii. Developer Contributions

Developer contributions are recognized as revenue in the period they are used for the purpose specified.

iv. Developer Offsite Levies

Offsite levies are collected from developers 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 infrastructure has been built and the City has provided a construction completion certificate.

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021
(in thousands of dollars)

1. Significant Accounting Policies (continued)

d. Revenue Recognition (continued)

v. Government Transfers

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 of tangible capital assets. These transfers are not the result of an exchange transaction, and are not expected to be repaid in the future, or the result of a direct financial return. Revenue is recognized in the period when 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.

e. 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.

f. Liability for Contaminated Sites

A liability for remediation of a contaminated site is recognized at the financial statement date, when:

- (a) an environmental standard exists;
- (b) contaminations exceed the environmental standard;
- (c) the municipality owns the land; or is directly responsible; or accepts responsibility;
- (d) it is expected that future economic benefits will be given up; and
- (e) the liability can be reasonably estimated.

The liability is estimated to cover remediation, post remediation operation, maintenance and monitoring costs based on information available at the financial statement date.

In some cases, environmental standards are created by internal policy and voluntary compliance with such environmental standards may create a liability.

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

(in thousands of dollars)

1. Significant Accounting Policies (continued)

g. 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, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the period. Where measurement uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. Actual results may differ from those estimates.

Estimates have been used to determine provisions for accrued liabilities, liability for contaminated sites, useful lives of tangible capital assets, fair values of contributed tangible capital assets, and provisions made for allowances for doubtful receivable accounts.

In addition, developer contributions and offsite levies utilize forecasted development costs, staging and financing requirements.

h. Future Accounting Standard Pronouncements

The following summarizes upcoming changes to Canadian public sector accounting standards. In 2021, the City continued 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 Translation (PS2601) and Portfolio Investments (PS3041) must be implemented at the same time.

<u>Standard</u>	<u>Name</u>	<u>Effective Date</u>
PS1201	Financial Statement Presentation	April 1, 2022
PS3450	Financial Instruments	April 1, 2022
PS2601	Foreign Currency Translation	April 1, 2022
PS3041	Portfolio Investments	April 1, 2022
PS3280	Asset Retirement Obligations	April 1, 2022
PS3400	Revenue	April 1, 2023
PSG-8	Purchased Intangibles	April 1, 2023
PS3260	Public Private Partnerships	April 1, 2023

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021
(in thousands of dollars)

2. Cash and Cash Equivalents

	2021	2020
Cash	\$ 20,405	\$ 4,860
Cash Equivalents	775	769
	\$ 21,180	\$ 5,629

Cash equivalents include investments that have an effective interest rate of 0.80% (2020 - 0.90%) that mature in less than three months.

3. Accounts Receivable

	2021	2020
Property Taxes		
Current Taxes and Grants in Place of Taxes	\$ 1,873	\$ 2,214
Arrears	827	866
	2,700	3,080
Other		
Government Transfers	323	447
Local Improvements	3,401	3,709
Trade and Other	4,683	4,734
Utility	2,446	2,391
Developer Contributions and Levies	2,752	497
Goods and Services Tax	233	187
Interest Receivable	348	261
Allowance for Doubtful Accounts	(145)	(127)
	14,041	12,099
	\$ 16,741	\$ 15,179

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2021
(in thousands of dollars)

4. Investments

	Amortized Cost 2021	Market Value 2021	Amortized Cost 2020	Market Value 2020
Bonds	\$ 16,633	\$ 16,495	\$ 17,049	\$ 17,546
GICs	52	52	52	52
Notes	12,892	12,829	11,881	11,666
Other	9,767	9,767	14,163	14,163
	\$ 39,344	\$ 39,143	\$ 43,145	\$ 43,427

Investments in bonds have effective interest rates of 1.29% to 2.93% (2020 - 1.23% to 3.36%) with maturity dates from March 2022 to January 2033. The guaranteed investment certificate (GIC) bears interest at 0.20% (2020 - 0.35%) maturing May 2022. Note investments have a variable interest rate and are linked to the performance of an equity market index with maturity dates from December 2027 to November 2031. Other investments include a callable interest savings account with an effective rate of 0.80% (2020 - 0.90%). Bond and note amortized costs below market value at December 31, 2021 are considered temporary. No provision for impairment has been made.

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021
(in thousands of dollars)

5. Land Held for Resale

The City holds an interest in lands in the amount of \$1,746 (2020 - \$1,746) representing the costs related to the Westwind land assembly undertaken by the City. The City has entered into an option agreement with the developer to dispose of the assembled land in parcels. That agreement is set to expire on March 21, 2025.

During the year interest on long-term debt in the amount of \$13 (2020 - \$16) was capitalized and subsequently reimbursed by the developer.

6. Accounts Payable and Accrued Liabilities

	2021	2020
Trade and Accrued Liabilities	\$ 10,682	\$ 7,764
Wages and Benefits	3,627	3,384
Holdbacks	416	1,724
Deposits	1,316	924
Developer Commitments	3,172	1,033
Debenture Interest	39	52
	\$ 19,252	\$ 14,881

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

(in thousands of dollars)

7. Deferred Revenue

	2020	Amount Received and Receivable	Interest and Other	Amounts Recognized	2021
Developer Contributions					
Administration	\$ 95	\$ 49	\$ 1	\$ -	\$ 145
Neighborhood Parks	844	256	9	2	1,107
Municipal Reserve	192	-	2	-	194
Parks - South	1,714	-	14	-	1,728
Regional Parks	-	316	-	316	-
Cash in Lieu of Parking	105	-	1	-	106
Downtown Redevelopment	3	-	-	-	3
Developer Default	-	155	-	155	-
	2,953	776	27	473	3,283
Developer Offsite Levies					
Water	-	127	-	127	-
Transportation	-	2,386	-	2,386	-
Sanitary Sewer	-	398	-	398	-
	-	2,911	-	2,911	-
Developer Contributions and Offsite Levies	2,953	3,687	27	3,384	3,283
Government Transfers - Capital					
Canada Community-Building Fund	2,854	4,188	-	3,028	4,014
Municipal Sustainability Initiative	19,552	7,654	102	6,850	20,458
Other	149	5,530	(5)	4,779	895
	22,555	17,372	97	14,657	25,367
Government Transfers - Operating					
Municipal Sustainability Initiative	-	260	-	260	-
Other	283	2,032	-	2,087	228
RCMP Policing	-	701	-	701	-
Family & Community Support Services	68	958	-	785	241
	351	3,951	-	3,833	469
Other Revenue					
Sponsorships	804	344	-	494	654
Property Taxes	476	11,119	-	11,257	338
User Fees	678	6,136	-	5,860	954
	1,958	17,599	-	17,611	1,946
	\$ 27,817	\$ 42,609	\$ 124	\$ 39,485	\$ 31,065

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

(in thousands of dollars)

8. Liability for Contaminated Sites

	2021	2020
Historic Public Works Yard - salt impacted soil	\$ 127	\$ 150
Pioneer Cemetery - salt impacted soil	1,081	1,100
	\$ 1,208	\$ 1,250

The fair value of the liability for contaminated sites is estimated using the expected cash flow approach that reflects a range of possible outcomes discounted using the consumer price index. Subsequent to the initial measurement, the obligation will be adjusted at the end of each year to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. Changes in the obligation are recognized in the consolidated statement of operations and accumulated surplus.

The estimated undiscounted future remediation expenditures is \$1,208 and a discount rate of 3.00% (2020 - 3.00%) has been used. The City plans to remediate the sites over a 5-year period with an expected completion date of December 31, 2023.

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

(in thousands of dollars)

9. Long-Term Debt

	2021	2020
Province of Alberta		
Agrena	\$ 496	\$ 679
Library	500	653
Local Improvements	3,287	3,619
Public Works Facility	4,305	4,481
Storm Upgrades	2,029	2,116
TransAlta Tri Leisure Centre	41	330
Protective Services Facility	5,017	5,355
Industrial Watermain	2,070	2,160
	17,745	19,393
CIBC		
Development	12,122	13,085
RCMP Facility	7,818	8,260
	19,940	21,345
Other		
Other	458	523
Westwind Land Assembly	452	452
	910	975
	\$ 38,595	\$ 41,713

The required repayments for the Province of Alberta debt and scheduled repayments for all other debt, assuming the scheduled repayments are followed, are as follows:

	Principal	Interest	Total
2022	\$ 2,924	\$ 991	\$ 3,915
2023	2,931	908	3,839
2024	2,825	829	3,654
2025	3,035	753	3,788
2026	2,619	686	3,305
Subsequent	24,261	3,416	27,677
	\$ 38,595	\$ 7,583	\$ 46,178

Debt repayable to the Province of Alberta bears interest at rates ranging from 1.88% to 6.00% per annum (2020 - 1.88% to 6.38%) and matures in periods 2022 to 2040. This debt is issued on the credit and security of the City.

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021
(in thousands of dollars)

9. Long-Term Debt (continued)

Demand facilities with CIBC are repaid on amortization periods extending to 2034 and 2039 at notional interest rates of 2.50% and 2.59%.

The Westwind Land Assembly loan, repayable to Versabank, bears interest at prime plus 0.9%. Payments are interest only with the principal due when the 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 \$5 million which has not been drawn upon as of December 31, 2021 (2020 - not drawn).

Interest on long-term debt amounted to \$1,156 (2020 - \$1,194). The City's interest expense for the year is \$1,144 (2020 - \$1,178) while the remaining \$12 (2020 - \$16) relates to Westwind lands and was capitalized as part of land held for resale during the year. The City's total cash payment for interest in 2021 is \$1,164 (2020 - \$1,193).

10. Debt Limits

Section 276 (2) of the Municipal Government Act requires that debt and debt limits are defined by Alberta Regulation 255/200 for the City be disclosed as follows:

	2021	2020
Total Debt Limit		
(1.5 times revenue, as defined in the regulation)	\$ 141,747	\$ 132,937
Total Debt	(38,595)	(41,713)
Amount of Debt Limit Unused	103,152	91,224
Debt Servicing Limit		
(0.25 times revenue, as defined in the regulation)	23,625	22,156
Debt Servicing	(3,915)	(4,252)
Amount of Debt Servicing Limit Unused	\$ 19,710	\$ 17,904

Revenue as defined in Alberta Regulation 255/2000 is calculated using the total revenue for the reporting year less capital government transfers and contributed tangible capital assets recognized in the year. The City has a financial policy that requires maintaining debt to a maximum of 50% of the above provincial debt limit. As of December 31, 2021 the City is in compliance with this internal debt limit.

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

(in thousands of dollars)

11. Tangible Capital Assets

2021	Land	Land Improvements	Leasehold Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	Construction in Progress	2021
Cost									
Balance, Opening	\$ 165,736	\$ 26,222	\$ 1,005	\$ 103,668	\$ 425,078	\$ 26,895	\$ 11,690	\$ 2,343	\$ 762,637
Acquired	-	137	-	170	12,737	2,558	105	3,808	19,515
Contributed	5,828	24	-	-	869	16	-	-	6,737
Disposals	(320)	-	-	-	(1,318)	(1,143)	(116)	-	(2,897)
Transfers	-	-	-	416	292	-	-	(708)	-
Balance, Closing	171,244	26,383	1,005	104,254	437,658	28,326	11,679	5,443	785,992
Accumulated Amortization									
Balance, Opening	-	12,126	894	20,045	154,873	16,853	4,242	-	209,033
Amortization	-	1,243	11	2,192	11,441	2,199	687	-	17,773
Disposals	-	-	-	-	(973)	(978)	(116)	-	(2,067)
Balance, Closing	-	13,369	905	22,237	165,341	18,074	4,813	-	224,739
Net Book Value, Closing	\$ 171,244	\$ 13,014	\$ 100	\$ 82,017	\$ 272,317	\$ 10,252	\$ 6,866	\$ 5,443	\$ 561,253

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

(in thousands of dollars)

11. Tangible Capital Assets (continued)

2020	Land	Land Improvements	Leasehold Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	Construction in Progress	2020
Cost									
Balance, Opening	\$ 156,726	\$ 25,905	\$ 1,005	\$ 100,660	\$ 411,973	\$ 26,564	\$ 11,275	\$ 2,738	\$ 736,846
Acquired	-	105	-	1,833	9,194	520	563	1,396	13,611
Contributed	8,635	126	-	-	4,900	7	-	-	13,668
Disposals	-	-	-	-	(1,022)	(195)	(273)	-	(1,490)
Transfers	375	85	-	1,174	33	-	125	(1,792)	-
Balance, Closing	165,736	26,221	1,005	103,667	425,078	26,896	11,690	2,342	762,635
Accumulated Amortization									
Balance, Opening	-	10,879	883	17,865	144,831	14,847	3,766	-	193,071
Amortization	-	1,247	11	2,181	11,031	2,066	726	-	17,262
Disposals	-	-	-	-	(992)	(61)	(248)	-	(1,301)
Balance, Closing	-	12,126	894	20,046	154,870	16,852	4,244	-	209,032
Net Book Value, Closing	\$ 165,736	\$ 14,095	\$ 111	\$ 83,621	\$ 270,208	\$ 10,044	\$ 7,446	\$ 2,342	\$ 553,603

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021
(in thousands of dollars)

12. Accumulated Surplus

	Budget (Note 27)	2021	2020
Municipal	\$ 27,816	\$ 39,285	\$ 30,113
Utility	3,599	4,585	7,672
Developer (Note 13)	(16,676)	(15,607)	(15,424)
	14,739	28,263	22,361
Investment in Tangible Capital Assets	531,705	523,110	512,342
	\$ 546,444	\$ 551,373	\$ 534,703

13. Developer Deficit

	2020	Transfer In	Transfer Out	2021
Transportation	\$ (6,153)	\$ 2,386	\$ (1,371)	\$ (5,138)
Sanitary Sewer	(6,443)	398	(1,296)	(7,341)
Water	(445)	126	(682)	(1,001)
Regional Parks	(2,383)	316	(60)	(2,127)
Neighborhood Parks	-	2	(2)	-
Developer Default	-	156	(156)	-
	\$ (15,424)	\$ 3,384	\$ (3,567)	\$ (15,607)

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 in the amount of \$12,122 (2020 - \$13,085) was taken out by the City as offsite levy fund balances are currently insufficient to pay for future development's share of these project costs. Future interest charges of \$1,536 (2020 - \$1,788) are expected to be repaid by proceeds received from future developer levies.

14. 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:

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021
(in thousands of dollars)

14. Segmented Disclosure (continued)

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, Sanitary Sewer 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 CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2021
(in thousands of dollars)

14. Segmented Disclosure (continued)

2021	General Government	Protective Services	Transportation & Roadway Services	Utilities	Community Services	Development Services	Total	Budget (Note 27)
Revenue								
Property Taxes	\$ 41,927	\$ -	\$ -	\$ -	\$ 309	\$ -	\$ 42,236	\$42,291
Sales and User Fees	177	1,178	719	23,153	923	228	26,378	26,325
Sales to Other Governments	-	2,828	-	-	-	-	2,828	2,667
Franchise Fees	6,532	-	-	-	-	-	6,532	6,634
Fines	6	2,426	-	2	-	-	2,434	2,933
Government Transfers - Operating	257	701	958	-	1,876	41	3,833	3,577
Licenses and Permits	-	1	79	62	-	2,140	2,282	1,407
Rentals	-	528	77	-	1,163	-	1,768	2,377
Penalties	924	-	-	127	-	-	1,051	876
Other	156	4	295	(2)	334	165	952	1,409
Investment Income	747	-	18	-	4	22	791	335
	50,726	7,666	2,146	23,342	4,609	2,596	91,085	90,831
Expenses								
Salaries, Wages & Benefits	8,283	9,544	7,491	2,189	6,709	2,240	36,456	38,999
Contracted & General Services	6,211	1,870	4,525	3,685	2,264	814	19,369	19,718
Materials, Goods & Supplies	487	773	2,794	400	1,196	16	5,666	6,343
Purchases from Other Governments	-	5,886	1,708	10,482	222	-	18,298	19,006
Transfers to Government, Agencies & Other Organizations	1	11	-	-	97	30	139	133
Bank Charges	147	-	-	-	3	-	150	144
Interest on Long-Term Debt	6	-	854	120	66	98	1,144	1,066
Other	197	-	-	12	15	-	224	419
Amortization	679	1,079	9,362	5,353	1,264	36	17,773	18,413
	16,011	19,163	26,734	22,241	11,836	3,234	99,219	104,241
Annual Surplus (Deficit) before Undernoted	34,715	(11,497)	(24,588)	1,101	(7,227)	(638)	(8,134)	(13,410)
Gain on Disposal of Tangible Capital Assets	-	-	5	-	-	21	26	-
Government Transfers - Capital	220	-	10,067	4,252	118	-	14,657	23,145
Contributed Tangible Capital Assets	-	-	210	683	16	5,828	6,737	1,836
Developer Contribution and Levies	155	-	2,705	524	-	-	3,384	170
	375	-	12,987	5,459	134	5,849	24,804	25,151
Annual Surplus (Deficit)	\$ 35,090	\$ (11,497)	\$ (11,601)	\$ 6,560	\$ (7,093)	\$ 5,211	\$ 16,670	\$11,741

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2021
(in thousands of dollars)

14. Segmented Disclosure (continued)

2020	General Government	Protective Services	Transportation & Roadway Services	Utilities	Community Services	Development Services	Total
Revenue							
Property Taxes	\$ 40,745	\$ -	\$ -	\$ -	\$ 309	\$ -	\$ 41,054
Sales and User Fees	141	1,343	717	20,648	990	82	23,921
Sales to Other Governments	-	2,667	-	-	-	-	2,667
Franchise Fees	6,149	-	-	-	-	-	6,149
Fines	2	1,539	-	1	-	-	1,542
Government Transfers - Operating	-	726	4,217	-	1,939	43	6,925
Licenses and Permits	-	2	54	29	-	1,249	1,334
Rentals	-	362	105	-	1,039	-	1,506
Penalties	902	-	-	80	-	-	982
Other	141	8	241	70	318	125	903
Investment Income	708	-	21	-	18	93	865
	48,788	6,647	5,355	20,828	4,613	1,592	87,848
Expenses							
Salaries, Wages & Benefits	7,886	8,987	7,222	2,023	6,567	2,186	34,871
Contracted & General Services	3,023	1,176	4,569	3,493	1,993	565	14,819
Materials, Goods & Supplies	403	688	2,631	477	1,032	11	5,242
Purchases from Other Governments	-	5,494	2,004	9,320	-	-	16,818
Transfers to Government, Agencies & Other Organizations	1	11	-	-	231	37	280
Bank Charges	107	-	-	-	3	-	110
Interest on Long-Term Debt	10	-	887	95	97	89	1,178
Other	97	-	-	2	28	-	127
Amortization	648	1,080	9,088	5,123	1,287	36	17,262
	12,175	17,436	26,401	20,533	11,238	2,924	90,707
Annual Surplus (Deficit) before Undernoted	36,613	(10,789)	(21,046)	295	(6,625)	(1,332)	(2,859)
Loss on Disposal of Tangible Capital Assets	-	-	7	-	-	505	512
Government Transfers - Capital	68	-	7,043	-	67	-	7,178
Contributed Tangible Capital Assets	-	-	4,372	654	7	8,635	13,668
Developer Contribution and Levies	-	-	234	31	-	-	265
	68	-	11,656	685	74	9,140	21,623
Annual Surplus (Deficit)	\$ 36,681	\$ (10,789)	\$ (9,390)	\$ 980	\$ (6,551)	\$ 7,808	\$ 18,764

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

(in thousands of dollars)

15. Salary and Benefits Disclosure

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

	2021 Salaries	2021 Benefits	2020 Salaries	2020 Benefits
Mayor Acker (i)	\$ 15,867	\$ 4,842	\$ -	\$ -
Councillor Carter (i)	10,491	3,070	-	-
Councillor Gillett (i)	10,884	3,004	-	-
Councillor Houston (i)	11,082	3,855	-	-
Councillor MacDonald (i)	10,884	2,753	-	-
Councillor Oldham	50,939	13,628	53,491	12,707
Councillor Stevenson	55,981	10,735	55,890	11,263
Mayor Houston (ii)	94,703	10,260	114,361	14,128
Councillor Acker (ii)	49,074	9,889	51,541	12,486
Councillor Gruhlke (ii)	42,489	10,389	53,135	12,581
Councillor McKenzie (ii)	44,214	10,496	56,001	12,742
Councillor Rothe (ii)	42,657	8,118	53,397	10,261
	439,265	91,039	437,816	86,168
Chief Administrative Officer	219,581	49,309	-	-
Interim Chief Administrative Officer	11,887	3,464	25,595	6,761
Former Chief Administrative Officer	-	-	225,936	36,244
	231,468	52,773	251,531	43,005
	\$ 670,733	\$ 143,812	\$ 689,347	\$ 129,173

Salaries include remuneration and per diem paid to elected officials, including a basic honorarium, and a meeting per diem. Benefits include the employer's share of all benefits paid on behalf of elected officials and include Canada Pension Plan, health care, extended health care, dental, group life, accidental death and dismemberment insurance, dependent life insurance, a home office expense allowance, car allowance, and WCB coverage. Employees are also eligible for Employment Insurance, Long Term Disability, Local Authorities Pension Plan, APEX Plus Pension Plan and memberships to the TransAlta Tri Leisure Centre. Council is eligible for a matching RRSP contribution of up to 4% of their annual salary.

Councillors also serve on a number of external Committees/Boards for which they receive remuneration directly from those organizations and which are not included in the above Salary and Benefits Disclosure.

(i) Council term started October 2021.

(ii) Council term ended October 2021.

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

(in thousands of dollars)

16. Local Authorities Pension Plan

Employees of the City participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Public Sector Pension Plans Act. LAPP is financed by employer and employee contributions and by investment earnings of the LAPP fund.

The City is required to make current service contributions to LAPP of 9.39% (2020 - 9.39%) of eligible pensionable earnings up to the year's maximum pension earnings and 13.84% (2020 - 13.84%) on pensionable earnings above this amount. Employees are required to make current service contributions of 8.39% (2020 - 8.39%) of pensionable salary up to the year's maximum pensionable earnings and 12.84% (2020 - 12.84%) on pensionable salary above this amount. Contributions for current service are recorded as expenses in the year in which they become due.

Total current service contributions by the City to LAPP in 2021 were \$2,425 (2020 - \$2,446). Total current service contributions by the employees of the City to LAPP in 2021 were \$2,202 (2020 - \$2,223). Total optional service contributions by the City to LAPP in 2021 were \$86 (2020 - \$75).

City employees are able to buy back their first year of service within five years from their start date with LAPP. The City is obligated to pay the employer portion of any prior service buy-back. In 2021, the City's potential liability for optional service buy-back is \$60 (2020 - \$27).

At December 31, 2020, LAPP disclosed a surplus of \$5.0 billion.

17. APEX Supplementary Pension Plan

The APEX supplementary pension plan, and Alberta Urban Municipality Association (AUMA) sponsored defined benefit pension plan covered under the provisions of the Alberta Employment Pensions Plans Act commenced on January 1, 2003 and provides supplementary pension benefits to a prescribed class of employees (approximately 121 beneficiaries). The plan supplements the Local Authorities Pension Plan.

The prescribed class of employees and the City make contributions. Employees and the City are required to make current service contributions to APEX of 2.61% and 3.85% respectively of pensionable earnings up to \$162 (2020 - \$154).

Total current service contributions by the City to APEX in 2021 were \$422 (2020 - \$431). Total current service contributions by the employees of the City in 2021 were \$286 (2020 - \$292).

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021
(in thousands of dollars)

18. TransAlta Tri Leisure Centre

The City, Parkland County and the Town of Stony Plain jointly developed, constructed, and are now operating the TransAlta Tri Leisure Centre (the "TLC"). The building is jointly owned by the City, Parkland County and the Town of Stony Plain. The City's proportionate share of the building is 42.0% (2020 - 42.0%).

The Tri-Municipal Leisure Facility Corporation (the "Corporation") operates and manages the TLC. The City, Parkland County and Town of Stony Plain provide annual contributions for a total of \$2,381 (2020 - \$2,357) to support the operations of the TLC, with the City's proportionate share being 49.5% - (2020 - 49.5%).

The City's proportionate share (49.5%) of the financial position and operations of the TLC is as follows:

	2021	2020
Financial Position		
Financial Assets	\$ 697	\$ 904
Liabilities	(423)	(474)
Net Financial Assets	274	430
Non Financial Assets	964	1,097
Accumulated Surplus	1,238	1,527
Operations		
Revenue	2,845	2,708
Expenses	(3,134)	(3,083)
Annual Deficit	\$ (289)	\$ (375)

19. Related Parties

Transactions with related parties are included within these consolidated financial statements.

Related parties include key management personnel which the City has determined to include the Mayor, Council and members of the City's senior leadership team. In the normal course of operations, key management personnel incur various costs on behalf of the City. Such transactions between the City and key management personnel are recorded at a value similar to that which would have been arrived at if the parties were unrelated.

20. Alberta Municipal Insurance Exchange

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

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021
(in thousands of dollars)

21. Developer Agreements

Developers have entered into agreements with the City in the amount of approximately \$197,750 and are committed to installing and constructing certain works to serve the development of lands within the City. The City has taken security from the developers in the form of letters of credit in the amount of \$20,296 to secure the performance by the developers under the agreements.

22. Financial Instruments

The City's financial instruments consist of accounts receivable, investments, accounts payable and accrued liabilities, liability for contaminated sites, and long-term debt. It is management's opinion that the City is not exposed to significant interest or currency risks arising from these financial instruments.

The City is subject to credit risk with respect to accounts receivable. Credit risk arises from the possibility that taxpayers and entities to which the City provides services may experience financial difficulty and be unable to fulfil their obligations. The large number of diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying values of all the City's financial instruments approximate their fair value.

23. Contractual Rights

Contractual rights are rights of the City to economic resources from contracts or agreements that will result in both assets and revenues in the future when the terms of those contracts or agreements are met.

In 2021, the City was allocated \$9,602 in Municipal Sustainability Initiative (MSI) Capital funding. Funding was received in 2022, based on submission and approval of project applications and satisfying subsequent reporting requirements.

The City has ongoing leases and contracts that will be received or receivable for each of the next five years and thereafter are as follows:

Year	Leases and Contracts
2022	\$ 661
2023	643
2024	607
2025	560
2026	552
Thereafter	6,283
	\$ 9,306

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021
(in thousands of dollars)

24. Contractual Obligations

As at December 31, 2021, authorized costs for capital projects and transfers committed through a purchase order or other contractual agreement, but not yet expended, amounts to \$2,198.

The City has ongoing operating leases for facilities. The future minimum payments are as follows:

Year	Basic Rent
2022	\$ 230
2023	122
2024	68
2025	68
2026	68
Thereafter	270
	\$ 826

25. Contingent Liabilities

The City is defendant in various lawsuits as at December 31, 2021. Where the occurrence of future events is considered likely to result in a loss with respect to an existing condition, and the amount of the loss can be reasonably estimated, amounts have been included within accrued liabilities. Where the resulting losses, if any, cannot be determined or the occurrence of future events is unknown, amounts have not been recorded.

26. Franchise Fees

Disclosure of utility franchise agreement annual revenues as required by Alberta Regulation 313/2000 is as follows:

	2021 Budget (Note 27)	2021 Actual	2020 Actual
Atco Gas	\$ 2,686	\$ 2,440	\$ 2,328
Fortis Alberta Inc.	3,948	4,092	3,821
	\$ 6,634	\$ 6,532	\$ 6,149

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021
(in thousands of dollars)

27. Budget

The budget information presented in these consolidated financial statements is based on the Final Operating and Capital Budgets approved by Council on April 12, 2021 .

28. Impacts of COVID-19

The City has experienced significant financial impacts due to the COVID-19 pandemic. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the the City in 2022.

The City has experienced the following indicators of financial implications and undertaken the following activities in 2021 in relation to the COVID-19 pandemic:

- Experienced temporary decline in the fair value of investments and investment income.
- Work from home requirements continued for those able to do so, as well as segregated work units.
- Temporarily reduced service on Spruce Grove Transit routes, and a drop in demand for ridership.
- Temporarily closed several City-owned facilities, and experienced reduced income and expenditure as a result of closures. Many of the facilities started to reopen beginning of the third quarter of 2021.
- Some part-time and seasonal employees have been temporarily or permanently terminated. Short to medium term vacancies existed due to recruitment delays and staffing challenges.

CITY OF SPRUCE GROVE
SCHEDULE 1 - PROPERTY TAXES
For the Year Ended December 31, 2021
(in thousands of dollars)

	2021 Budget (Note 27)	2021 Actual	2020 Actual
Property Taxes			
Residential	\$ 45,518	\$ 45,305	\$ 44,405
Non-Residential			
Commercial	11,179	11,052	10,876
Industrial	2,413	2,490	2,341
Linear	352	399	350
Agricultural	2	2	2
	<u>59,464</u>	<u>59,248</u>	<u>57,974</u>
Less Requisitions			
Alberta Education	12,810	14,452	14,365
Evergreen Catholic Schools	4,046	2,251	2,241
Meridian Foundation	314	306	311
Designated Industrial Property	3	3	3
	<u>17,173</u>	<u>17,012</u>	<u>16,920</u>
	<u>\$ 42,291</u>	<u>\$ 42,236</u>	<u>\$ 41,054</u>

CITY OF SPRUCE GROVE
SCHEDULE 2 - GOVERNMENT TRANSFERS

For the Year Ended December 31, 2021

(in thousands of dollars)

	2021 Budget (Note 27)	2021 Actual	2020 Actual
Government Transfers - Capital			
Canada Community-Building Fund	\$ 2,726	\$ 3,028	\$ 2,412
Municipal Sustainability Initiative	14,500	6,850	3,830
Municipal Stimulus Program	4,251	4,195	57
GreenTRIP	1,045	197	502
Other	623	387	377
	23,145	14,657	7,178
Government Transfers - Operating			
Municipal Sustainability Initiative	239	260	254
Other	1,816	2,087	5,124
RCMP Policing	701	701	726
Family & Community Support Services	821	785	821
	\$ 3,577	\$ 3,833	\$ 6,925

The Canada Community-Building Fund was formerly named the Gas Tax Fund.

CITY OF SPRUCE GROVE
SCHEDULE 3 - EXPENSES BY DEPARTMENT

For the Year Ended December 31, 2021
(in thousands of dollars)

	2021 Budget (Note 27)	2021 Actual	2020 Actual
General Government			
City Clerk	\$ 707	\$ 649	\$ 382
City Manager	663	623	683
Corporate Communications	975	1,012	957
Corporate Services Administration	272	295	253
Council	756	608	656
Finance	2,474	2,345	2,067
Human Resources	1,724	1,446	1,356
Information Systems	6,074	7,537	4,357
Integrated Planning and Strategic Services	1,682	1,496	1,464
	15,327	16,011	12,175
Protective Services			
Fire	9,908	10,150	9,556
Municipal Enforcement and Safe City	2,866	2,563	1,868
Police	7,119	6,450	6,012
	19,893	19,163	17,436
Transportation and Roadway Services			
Engineering	1,999	1,916	1,648
Facilities and Fleet Management	6,306	5,797	5,618
Planning and Infrastructure Administration	759	512	617
Public Works	19,395	16,453	16,259
Environment and Transit	3,128	2,056	2,259
	31,587	26,734	26,401
Utilities			
Stormwater	1,481	2,609	2,591
Solid Waste	2,815	3,095	2,999
Sanitary Sewer	5,166	5,293	4,768
Water	10,968	11,244	10,175
	20,430	22,241	20,533
Community Services			
Agrena/Sports Park	2,082	1,738	1,604
Community and Protective Services Administration	507	493	432
Community Social Development	836	645	516
Culture	1,637	888	971
Family and Community Support Services	1,331	1,214	1,294
Leisure Centre	4,009	3,427	3,392
Library	1,658	1,882	1,652
Recreation	1,683	1,549	1,377
	13,743	11,836	11,238
Development Services			
Economic and Business Development	1,064	1,075	921
Planning and Development	2,197	2,159	2,003
	3,261	3,234	2,924
	\$ 104,241	\$ 99,219	\$ 90,707