



Annual Report 2025

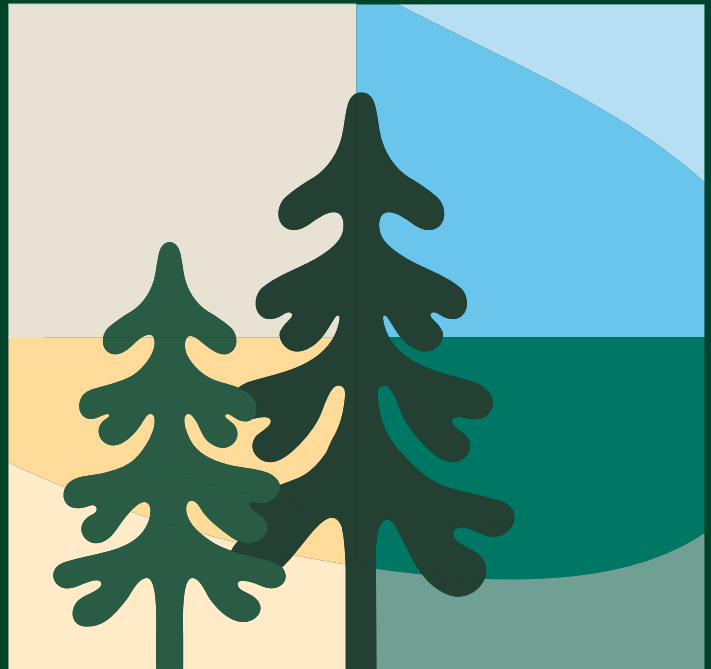
For the fiscal year ended December 31, 2025
City of Spruce Grove, Alberta, Canada





Land Acknowledgement

The City of Spruce Grove is honoured to acknowledge the land we work, play, and make our homes on as Treaty 6 territory, and the Métis Homeland. This is sacred land that holds the hearts, footsteps and spirits of many First Nation, Métis and Inuit Peoples, and in particular, Paul First Nation, Enoch Cree Nation, Alexis Nakota Sioux Nation, Michel First Nation, Alexander First Nation, the Lac Ste. Anne Métis, and Métis Nation of Alberta District 8. We recognize and acknowledge Indigenous values, traditional teachings, ways of being, contributions, and historical inequities. The City is dedicated to Truth and Reconciliation to help in healing, and learning to build reciprocal and trusted relationships. We commit towards strengthening relations and building bridges with the Indigenous Nations whose traditional territories the City is located within.



City of Spruce Grove, Alberta

2025 Annual Report For the Year Ended
December 31, 2025

Prepared by:
Finance, Corporate Communications,
and Business Advisory Services

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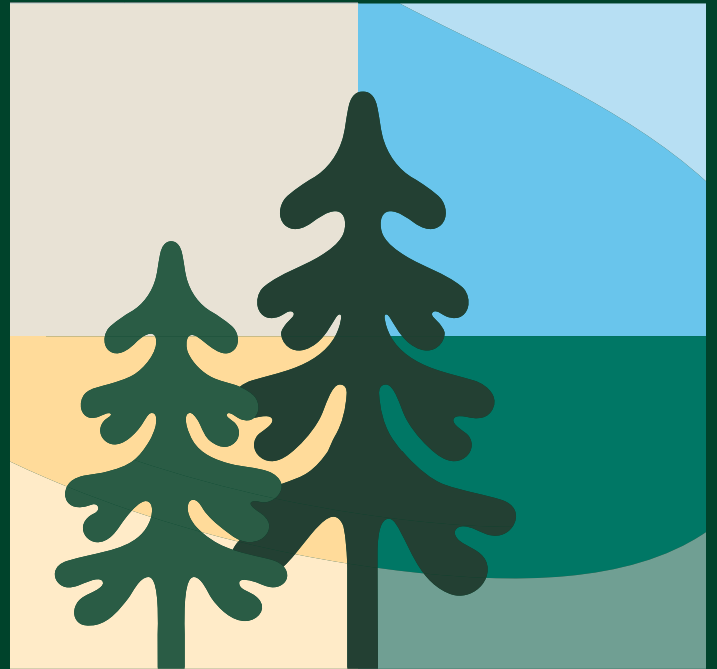
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Introduction



City Profile

The City of Spruce Grove is a vibrant, dynamic community of more than 40,000 people.

Located just 11 kilometres west of Edmonton, the City offers a variety of housing options, excellent schools, sports, culture and recreation facilities, and a mix of businesses ranging from national retailers, shops, locally owned and chain restaurants, and professional services. The City's plans, services and ongoing operations are carried out by a workforce of more than 300 employees who are overseen by four general managers and a City Manager who reports to Spruce Grove City Council.

As a municipal government, the City is responsible for overseeing the infrastructure, programs, and services that most directly impact the day-to-day lives of City residents. This includes areas such as roads, recreation centres, libraries, community water systems, and parks and trails. Spruce Grove works in partnership between Council, Administration, and residents, respecting community needs and aspirations while delivering quality services.

Spruce Grove 2025 Snapshot



POPULATION
41,039*
*ESTIMATED
POPULATION

**33 CITY FACILITIES WITH
A TOTAL COMBINED SPACE OF
583,277 ft²**



**2025 COUNCIL MEETINGS AND
GOVERNANCE AND PRIORITIES
COMMITTEE MEETINGS**



5,693
TOTAL
VIEWS



32
MEETINGS
LIVESTREAMED



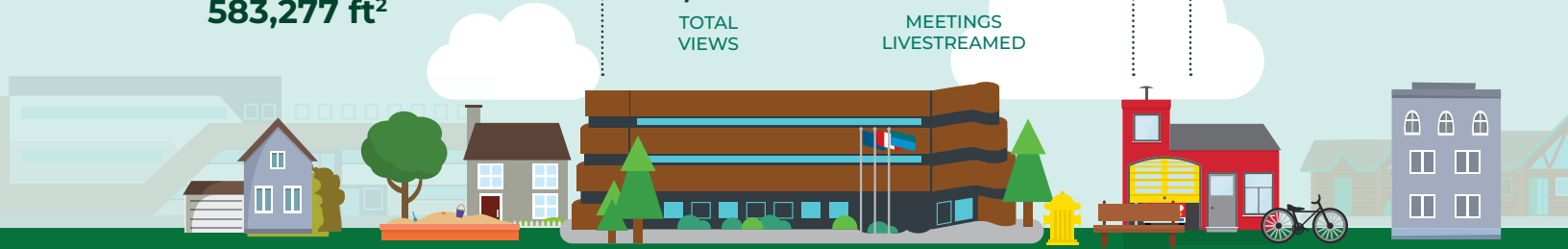
4,632

TOTAL RESPONSES
BY SPRUCE GROVE
ENFORCEMENT
SERVICES IN 2025



7,078

TOTAL RESPONSES
BY SPRUCE GROVE
FIRE SERVICES IN 2025
(INCLUDING MEDICAL
CALLS FOR SERVICE
OUTSIDE SPRUCE GROVE)



2025 CURBSIDE COLLECTION

(AVERAGE HOUSEHOLD AMOUNT)

ORGANICS: 260 kg

RECYCLING: 92 kg

WASTE: 691 kg



33.7%

OVERALL WASTE
DIVERSION RATE

2025 BUILDING PERMIT ACTIVITY



1,232

TOTAL
BUILDING
PERMITS



62

COMMERCIAL,
INDUSTRIAL, AND
INSTITUTIONAL
PERMITS



522

RESIDENTIAL
PERMITS



627

RESIDENTIAL
IMPROVEMENT
PERMITS

COMBINED TOTAL BUILDING PERMIT VALUE: **\$311 million**



256 km

OF ROADS



156 km

OF SIDEWALKS



37

PLAYGROUNDS



1,348

WATER
HYDRANTS



341

BENCHES



72,456

LOCAL TRANSIT
RIDERS IN 2025


Spruce Grove City Council



From left to right: Councillor Brad Mastaler, Councillor Jeff Tokar, Councillor Erin Stevenson, Mayor Jeff Acker, Councillor Danielle Carter, Councillor Spencer Bennett, Councillor Jan Gillett

The City of Spruce Grove is governed by an elected Council comprised of a full-time mayor and six part-time councillors. Spruce Grove City Council is responsible for identifying the overall vision for the community and developing a long-term strategic plan for the City.

Council also reviews and approves new or amended policies and bylaws, as well as the annual Budget and Fiscal Plan which is the City's principal guiding document for providing residents with a high quality of life with affordable services, while also staying the strategic course of municipal economic sustainability.

 Mayor and Council
780-962-7604

 council@sprucegrove.org



Governance Structure



Governance Structure

City Manager's Office

The City Manager's Office includes the City Manager and Economic and Business Development. The City Manager is responsible for the overall administration of the City of Spruce Grove and provides a key administrative leadership role to the organization. The City Manager acts as a liaison between Spruce Grove City Council and Administration and ensures the implementation of City policies and programs. The City Manager is the only City staff member that reports directly to Council. Economic and Business Development is responsible for facilitating programs and services intended to help local businesses prosper, grow, and attract new business and investment to Spruce Grove. In addition, the department facilitates boards and committees including the City Centre Business Association and the Economic Development Advisory Committee.

Strategic and Communication Services

Strategic and Communication Services provides subject matter expertise and support to the organization to increase organizational maturity, improve regional collaboration, facilitate the democratic governance model, foster an environmentally sustainable community, build trust in local government, enhance community engagement, and effectively manage human resource programming. Strategic and Communication Services also supports senior management and elected officials who represent the City's various intergovernmental interests and supports Council boards and committees including the Subdivision and Development Appeal Board and the Youth Advisory Committee. The division serves as the City's administrative liaison to the Meridian Foundation Management Board. Strategic and Communication Services contains the following departments: City Clerk's Office, Corporate Communications, Human Resources, and Strategy and Policy Development.



Corporate Services

Corporate Services is responsible for providing services to both residents and internal business partners with a focus on utilizing specialized knowledge, best practices and technology. It provides the systems, tools, and support necessary to enable departments to deliver quality programs and services to the residents of Spruce Grove. Corporate Services supports service excellence, continuous organizational improvement, transparency and fiscal sustainability. The division is comprised of several areas that focus on leading out key corporate and business functions for the organization. These functions include financial operations, technology, customer service, utility administration, assessment and taxation, risk and insurance management, legal administration, facilities and fleet management, asset management, and corporate planning and reporting. Corporate Services contains the following departments: Business Advisory Services, Information Systems, Facilities and Fleet Management, and Finance.



Community and Protective Services

Community and Protective Services works to foster wellbeing, provide safety and security, enhance the quality of life in the community and create a sense of belonging. Through exceptional services, collaboration, partnerships, capacity building and engagement, the division helps to build a strong community that meets the diverse needs of residents, businesses, and visitors. Community and Protective Services is comprised of several areas with responsibilities that include preventative social programming, counselling, indoor and outdoor facility management, open space planning, recreation, community events, Horizon Stage, volunteer development, Enforcement Services, and Fire/EMS services. In addition, Community and Protective Services serves as the City's administrative liaison to the RCMP Parkland Detachment (including oversight entities), TransAlta Tri Leisure Centre Board, Yellowhead Regional Library Board, Inter City Forum on Social Policy, Joint Use Committee, and facilitates boards and committees including the Spruce Grove Public Library Board, Community Services Advisory Committee, Policing Committee, and the Youth Advisory Committee. Community and Protective Services contains the following departments: Protective Services, Community Social Development, Recreation and Culture and Transit.

Sustainable Growth and Development Services

Sustainable Growth and Development Services strives to achieve a high quality of life for residents and to create a welcoming and safe city for everyone. It provides a broad range of services; from helping to achieve the community's long-term vision through capital programs and effective land use planning as well as monitoring the construction of new infrastructure by private interests, to providing water and sewer services, to plowing the roads in the winter, to helping improve building safety. The division encourages a well-designed and sustainable community and provides high-level services that inspires community pride. The division is also responsible for providing key services through contract arrangements, including solid waste, organics and recyclable materials collection, and all building, plumbing, electrical and gas inspections for new construction. This area also serves as the City's administrative liaison to ARROW Utilities, Capital Region Parkland Water Services Commission, and Edmonton Region Waste Advisory Committee. Sustainable Growth and Development Services contains the following departments: Engineering, Public Works, and Planning and Development.

Mayor's Message



When I look back on 2025, there's one word that comes to mind above all else – community. Whether it was to celebrate, play, cheer, or explore, there was no shortage of opportunities to come together as a community.

In May, more than 5,000 people joined us for the grand opening of Heavy Metal Place, our new state-of-the-art, multi-purpose recreation and culture facility. With two NHL-size ice surfaces, a black box theatre, and a community walking track, it's a versatile space for residents of all ages. It's also the new home of the Allied Arts Council of Spruce Grove, an additional branch of the Spruce Grove Public Library, and the new Transit Centre. The grand opening was a jam-packed day of facility tours, live entertainment, public skating, children's activities, and commemorative souvenirs. And the fun didn't stop there – less than a month later, our city filled the rink to cheer for the Edmonton Oilers during the Stanley Cup finals during a series of free, family-friendly watch parties.

Our community spirit was on full display throughout the year as residents came together for events including Canada Day, Grove Gatherings, Spruce Up Spruce Grove, Alberta Day, and more. This sense of pride was also reflected in the addition of new public

art throughout our city. Three new murals added colour, character, and meaning to shared spaces, not only beautifying our community, but also sparking conversation, inspiring reflection, and celebrating the diverse voices and stories that make Spruce Grove unique.

In late summer, we came together again to celebrate the completion of the multi-year Re-imagined Central Park project—an effort that has transformed the heart of our city into something even more special. With a new wheeled sports park, a playground with accessible features, refreshed pathways and benches, and the beloved splash park, skating oval, and firepit, Central Park is now more than ever a place for people to gather, connect, and play.

None of this work would have been possible without you, our community. Thank you for showing up, for sharing your thoughts, opinions, and feedback, and for helping shape this incredible city. As I reflect on 2025, I am filled with nothing but pride for what we've accomplished. I can't wait to see what we make of 2026.

Jeff Acker,
Mayor



City Manager's Message



On behalf of the City of Spruce Grove and the dedicated City staff who work hard to deliver the programs and services that our residents rely on, I am proud to present our 2025 Annual Report to the community. This report highlights many of our accomplishments from 2025, as well as our audited financial statements, so you can see how your tax dollars are being invested in the community.

This report highlights some of the successes from the past year in areas like community development and celebration, arts and culture, transportation, and more.

In 2025, we issued 1,232 building permits, resulting in 1,050 new residential housing units, a 19.7 per cent increase compared to 2024. We also kept pace with last year's record-breaking \$311 million in total construction value of all building permits.

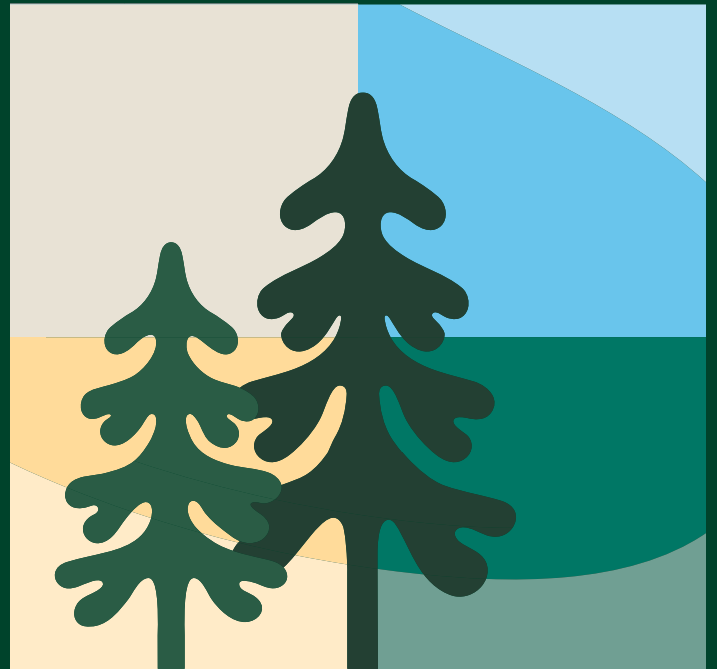
Last year, our community celebrated the grand opening of not one but two significant undertakings for our city – Heavy Metal Place and Re-imagined Central Park. These multi-year projects reflect significant investments in our community as well as brings new spaces, experiences, and recreational offerings to our residents. We also saw the start of Boundary Road construction – a significant

undertaking designed to expand access to the west side of the city and support more efficient travel. These projects continue to move our city forward, ensuring a desirable and inviting community for current and future residents.

The City also introduced several new digital tools and resources to enhance transparency and keep residents better informed. These include an interactive intersection collision dashboard that lets users explore local traffic data, as well as a property tax estimator tool to help homeowners better understand and anticipate their annual property taxes.

Finally, 2025 marked the end of Council's 2022-2025 Strategic Plan. Significant progress was made in implementing these actions, and a Strategic Plan Final Report outlines the accomplishments made during the four-year term. I look forward to this work continuing as our newly-elected Council develops their priorities for the years ahead.

Dean Screpnek,
City Manager



Looking Back on 2025

Council's Strategic Plan Themes

The City's 2022-2025 Strategic Plan outlined the goals and priorities for Spruce Grove City Council whose term was from 2021-2025. The plan contained four main themes: Community Connections, Environmental Sustainability, Economic Prosperity, and Governance in Action.

In June 2025, a Strategic Plan Final Report was published to highlight the efforts and accomplishments as the Strategic Plan approached its final year of implementation. This included fulfillment of 13 goals across the four main themes, some of which are highlighted below:

Community Connections

Community Connections was a clear Council priority, focusing on community connection through recreation, culture, and nature, while also creating a sense of belonging for residents.

Two significant accomplishments under Community Connections included the construction of Heavy Metal Place, Spruce Grove's new multi-purpose recreation and culture facility. It also included the adoption of a new Municipal Development Plan, which helps the City identify areas of importance as a community so informed decisions can be made about future growth and development.

Environmental Sustainability

Environmental Sustainability is all about protecting and enhancing the environment for both current and future generations. One of the main ways the City accomplished this was by launching the Clean Energy Improvement Program, which provides Spruce Grove homeowners with a low-interest way to implement energy efficient upgrades to their homes.

Economic Prosperity

Economic Prosperity captures Council's commitment to advancing economic development in our city through investments in the City Centre area, supporting small businesses, and creating conditions that enable local enterprises to thrive. A key part of this theme was the City Centre Area Redevelopment Plan, which provided a framework for the redevelopment and revitalization of the City Centre.

Governance in Action

Governance in Action ensures that governance processes represent the community in an effective and transparent way. Accomplishments included more inclusive and equitable recruiting practices, increased transparency and accountability of Council bylaws and policies, improved service delivery for residents, enhanced fiscal sustainability, stronger support for local entrepreneurs, increased regional collaboration, and improved capacity for effective advocacy.

To learn more and view the full list of goals accomplished in the 2022-2025 Strategic Plan, as well as view the makings of Council's new 2026-2029 Strategic Plan, visit sprucegrove.org/StrategicPlan.





COMMUNITY CONNECTIONS
COMMUNITY CONNECTION
AND BELONGING

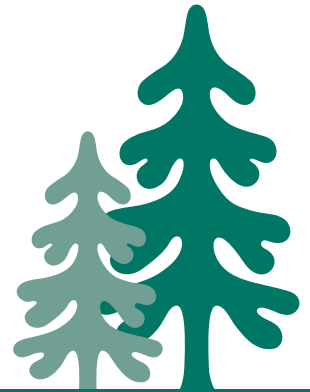


Long-term volunteer inducted into City's Awards of Excellence program

Sharon Acheson, a long-standing community volunteer who has spent significant time and energy preserving Spruce Grove's history, was inducted into the City's Awards of Excellence program in the Community Service category for her lengthy and

significant volunteer service to the Spruce Grove and District Agricultural Society.

sprucegrove.org/AOE



Community safety



SPRUCE GROVE FIRE SERVICES

TOTAL RESPONSES IN 2025: **7,078**



SPRUCE GROVE ENFORCEMENT SERVICES

TOTAL RESPONSES IN 2025: **4,632**

Staying connected





Community Outreach Team and Handbook

Throughout 2025, the City of Spruce Grove's Community Outreach Team actively provided in-person support to those dealing with multiple barriers to well-being including those without access to shelter.

This team of trained, professional outreach staff work directly with individuals who require assistance and collaborate with various social agencies and law enforcement partners as needed.

Last year, the team provided support to 231 unique individuals which included support related to navigating finances, identification, medical needs,

mental well-being, shelter needs, addiction treatment, the justice system, and family violence.

To further support this work, a Community Outreach Handbook was developed in 2025. The Handbook aims to help support understanding of individuals experiencing vulnerability in Spruce Grove, providing an overview of our City's and community's role in supporting individuals. By better understanding key definitions, local challenges, and available resources, individuals, businesses, and organizations can work together to support those in need.

sprucegrove.org/Outreach

Winter Emergency Response

The Winter Emergency Response's Late Night Cafe was open 41 nights over the 2025/2026 winter season, providing warm, safe spaces to vulnerable individuals. This temporary, emergency cold weather response is intended to mitigate risk for unsheltered people who are vulnerable to serious, critical, or potentially fatal health impacts because of cold weather exposure.

A collaboration between several Tri-Region partner organizations, including the City of Spruce Grove, the program aims to provide places to rest, hot meals, cold weather supplies, and access to further supports or referrals if needed.

sprucegrove.org/WER



COMMUNITY CONNECTIONS THROUGH RECREATION AND PLAY



Grand opening of Heavy Metal Place

In May 2025, the community came together to celebrate the grand opening of Spruce Grove's brand-new recreation and culture facility – Heavy Metal Place! The grand opening celebration drew more than 5,000 people to join the ribbon cutting ceremony, take a tour, and enjoy live entertainment, public skating, and much more.

Heavy Metal Place is home to two NHL-size ice surfaces including the Thompson Family Arena, which is the new home of the Spruce Grove Saints, and the Cst. Brett Ryan Community Arena, named in honour of Brett Ryan, a Spruce Grove resident and Edmonton Police Service constable who lost his life in the line of duty in March 2023.

Also featured at Heavy Metal Place is the Spruce Grove Public Library's Northeast Branch and the Allied Arts Council of Spruce Grove, along with a versatile black box theatre, a new Transit Centre,

and a community walking track. These amenities are enhanced by a number of named spaces, including the Decker Properties Atrium, the Cst. Brett Ryan Community Arena presented by Community Futures Capital Region, the LJL Community Art Gallery and the Levasseur Community Trust Program Room. Two spectator arena dressing rooms, named NAC and WesTower, further round out the facility.

sprucegrove.org/HeavyMetalPlace





COMMUNITY CONNECTIONS THROUGH RECREATION AND PLAY



Re-imagined Central Park

In August of 2025, the City completed a significant, multi-year enhancement to Central Park. Located in the heart of Spruce Grove, Central Park now offers a wide range of features and amenities for people of all ages and interests. New additions include a dynamic wheeled sports park for all levels, a playground with accessible features, a shade structure with picnic tables, as well as new pathways, benches, and lighting.

sprucegrove.org/CentralPark



Let's go, Oilers!

Shortly after Heavy Metal Place opened its doors, the community came together to celebrate this new hub of recreation and culture by cheering on the Edmonton Oilers during the Stanley Cup Finals! Less than a month after its official opening, fans filled the stands of the Thompson Family Arena for free, family-friendly watch parties for each game of the final round.



COMMUNITY CONNECTIONS COMMUNITY CONNECTIONS THROUGH CULTURAL EXPERIENCES



Celebrating our community

A variety of City-led and community-initiated events and programs took place in 2025, providing several opportunities for residents to come together, connect, and celebrate. Let's take a look at some of last year's highlights!

Canada Day celebration

An estimated 18,000 people gathered at Jubilee Park to celebrate Canada Day in Spruce Grove. The day kicked off with a community pancake breakfast in partnership with the Knights of Columbus, followed by opening ceremonies and a presentation for the City's 2025 Awards of Excellence recipient.

Throughout the afternoon, the park was full of energy, from the West Central Waterdogs Competition and the Full Send BMX Stunt Show to a parachute demonstration by the Canadian Armed Forces SkyHawks. Residents explored the community market, enjoying local crafts, treats, and goods, before settling in for an evening performance by headliner Tyler Shaw.

The celebration wrapped up with a spectacular fireworks display, bringing the community together to close out a full day of connection, entertainment, and national pride.

sprucegrove.org/CanadaDay



Grove Gatherings

The City hosted its second year of Grove Gatherings, a series of community-building, free-to-attend outdoor performances that took place across parks and green spaces during the summer.

Approximately 250 attendees joined for each performance, bringing our parks to life with music and laughter. The performances offered residents and visitors the chance to explore the city's outdoor spaces while enjoying top-notch entertainment.

sprucegrove.org/GroveGatherings





COMMUNITY CONNECTIONS COMMUNITY CONNECTIONS THROUGH CULTURAL EXPERIENCES



Block parties

Forty-two block parties were hosted across 18 different neighbourhoods in Spruce Grove in 2025, providing residents an opportunity to get to know their neighbours and help create a more connected community. Since 2024, participation in the program has increased 35 per cent.

sprucegrove.org/BlockParty

National Day for Truth and Reconciliation

To commemorate the National Day for Truth and Reconciliation, an evening of reflection, learning, and connection took place at Horizon Stage Performing Arts Centre in partnership with the Spruce Grove Public Library and Skydancer Indigenous Cultural Centre. The event was funded by the Government of Canada's Canada Arts Presentation Fund. One hundred and sixty-six people gathered to create space for the truths of Canada's past, deepen their understanding of the present, and envision a future rooted in respect, justice, and shared responsibility.

Annual Seniors' Strawberry Tea

Close to 200 seniors attended the City's annual Seniors' Strawberry Tea event as part of Alberta Seniors' Week. The event took place at Living Waters Christian Academy and included musical entertainment, tea, coffee and dessert in celebration of Spruce Grove's seniors.

Alberta Day

An estimated 1,000 people gathered in Central Park to celebrate the 120th anniversary of the Province of Alberta at our annual Alberta Day event in September. The day featured live musical entertainment, local food vendors, and a variety of family-friendly activities, while showcasing the newly opened playground and wheeled sports park.





COMMUNITY CONNECTIONS
COMMUNITY CONNECTIONS
THROUGH CULTURAL EXPERIENCES



Summer in the City

Last year's Summer in the City programming included Adventure Camps, Art Explorer Camps, Leaders in Training, Teen Retreat, Pop-Up Playgrounds and Youth at the Log Cabin. Highlights include:



Youth at the Log Cabin welcomed an average of 22 participants each day, with programming that included free ice cream, board game evenings, and weekly art projects in a relaxed and inclusive environment.



Teen Retreat ran for its third year with 11 participants, providing opportunities to build friendships, develop life skills, stay active, and engage in healthy competition.



Adventure Camps operated at 99 per cent capacity, while Art Explorer Camps reached 69 per cent capacity. Both programs received strong feedback for their engaging activities, excellent organization, and friendly, professional staff.



Pop-Up Playgrounds saw an average of 30 children participate each day and received very positive feedback from the community.



The Leaders in Training program included 27 youth who contributed over 1,000 volunteer hours supporting Summer in the City programs, while gaining valuable work experience and strengthening their leadership skills.





COMMUNITY CONNECTIONS COMMUNITY CONNECTIONS THROUGH CULTURAL EXPERIENCES



Community-initiated events



Agra Fair

The community celebrated our city's agricultural spirit and traditions through the annual Agra Fair in August. Attendees came together to enjoy multicultural dancers, live music, bench shows, local vendors, a parade, and an exciting addition for 2025 – a car show.

Grove Rotary Ribfest

The City supported the Rotary Club's fifth year of hosting the annual Grove Rotary Ribfest in July. The community came out to enjoy family-friendly activities, a vendor market, live auction, and of course, delicious food.

Summer at the Centre

The Spruce Grove City Centre Business Association, in partnership with the City, hosted a series of four summer markets throughout July and August. An estimated 10,500 people showed up throughout the summer to explore more than 120 vendors and food trucks, enjoy live entertainment, and participate in family-friendly activities.





COMMUNITY CONNECTIONS
COMMUNITY CONNECTIONS
THROUGH CULTURAL EXPERIENCES

New public art across our city

Several new pieces of public art were added throughout Spruce Grove last year, adding vibrancy to the community.

sprucegrove.org/PublicArt



The Journey by Brandon Atkinson

📍 Jubilee Park (510 Grove Drive)

“The Journey” portrays a whale and her calf, joined by other sea mammals including turtles, sea lions, dolphins, and sailfish, all swimming together in the same direction. The mural represents people from different cultures and backgrounds coming together and travelling to a shared destination.



Our Grove Gathering by Maaiké Lynn

📍 115 Main Street

“Our Grove Gathering” depicts a summer evening alive with music, dancing, and entertainment. This piece is inspired by our summer concert and performance series Grove Gatherings, encouraging the community to embrace a vibrant, cultural life.



Tribute to Cst. Brett Ryan **by Josh Harnack**

📍 Heavy Metal Place, 50 Westwind Drive

This mural was created as a tribute to former Spruce Grove resident and Edmonton Police Service Constable Brett Ryan. It's located inside the Cst. Brett Ryan Community Arena at Heavy Metal Place, which was also named in Brett's honour when the facility opened in 2025. Brett lost his life in the line of duty while responding to a call for assistance on March 16, 2023.



COMMUNITY CONNECTIONS
THROUGH NATURE AND
URBAN PLANNING



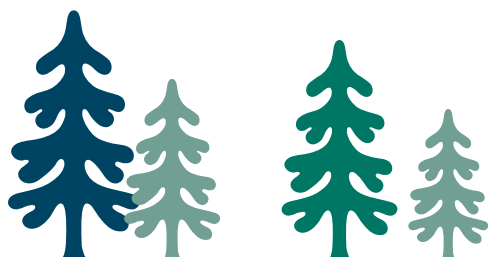
Spruce Up Spruce Grove

Last year, over 700 families, teams, schools, businesses, and individuals showed up for the City's annual Spruce Up Spruce Grove and tree planting initiative.

This community-wide, self-directed, volunteer cleanup initiative focuses on encouraging city-wide participation in cleaning up garbage along our trails and green spaces.

Volunteers also planted more than 400 new trees in Heritage Grove Park, encouraging community connections, volunteer spirit and environmental stewardship.

sprucegrove.org/SpruceUpSpruceGrove





ENVIRONMENTAL SUSTAINABILITY



Clean Energy Improvement Program

The City launched its Clean Energy Improvement Program (CEIP) in May of 2025, as a way for Spruce Grove homeowners to make energy efficiency and renewable energy upgrades to their home. CEIP offers flexible, low-interest financing and a 7.5 per cent rebate to help homeowners cover eligible upfront costs.

Since its launch, the program has received strong interest with 136 applications submitted within five months, reaching program capacity faster than any similar-sized municipality in Alberta. Program intake was paused to process existing applications and assess remaining funding.

This program is co-administered by Alberta Municipalities and the City of Spruce Grove and is supported by the Federation of Canadian Municipalities' Green Municipal Fund, an endowment created by the Government of Canada.

sprucegrove.org/CEIP

Eco Centre and residential waste collection

The City has a comprehensive waste collection program that includes residential waste, organics, recycling collection, and an Eco Centre.



Curbside waste collection in 2025:

- 260 kg of organics were diverted from landfills per average household
- 92 kg of recyclables were diverted from landfills per average household
- 691 kg of landfilled solid waste was collected per average household
- 4,469 tonnes of total waste were diverted from landfills
- 33.7 per cent overall curbside waste diversion rate



In 2025, the Eco Centre had 42,123 visitors and collected:

- 45 tonnes of blue recycling bags
- 109 tonnes of cardboard
- 258 tonnes of metal
- 315 tonnes of organics
- 761 tonnes of waste

Trim Your Trash

Residents used the Trim Your Trash app to help them sort “what goes where” in 2025. The free app also includes reminders, online calendars and other helpful tips.

sprucegrove.org/Sort

First time visitors:	5,379
Items viewed:	36,034
Calendar views:	42,251
Reminders created:	1,019
Games played:	557





Home Energy Efficiency Kits

The City partnered with the Spruce Grove Public Library to launch Home Energy Efficiency Kits to residents in September 2025.



Created by the City and available to borrow through the library, these kits include six tools to help residents assess energy usage, find opportunities for efficiencies and potential cost savings, and see associated environmental impacts.

sprucegrove.org/HomeEnergyKits

- **Thermal scanners** for detecting heat loss and insulation gaps
- **Fridge/freezer thermometers** to monitor appliance efficiency
- **Radon detectors** to monitor indoor air quality
- **Thermometer/hygrometer** to assess temperature and humidity
- **Wattmeters** to measure real-time appliance energy consumption
- **Indoor air quality monitors** to assess CO₂ levels and particulate matter

Extended Producer Responsibility program

In April 2025, the Extended Producer Responsibility (EPR) program launched for City recycling, a significant step towards enhancing local recycling initiatives and promoting environmental sustainability.

The EPR program shifts the cost of recycling from local municipalities and taxpayers to producers and manufacturers. The program brings more recycling options to residents, reducing the amount of waste placed in black waste carts.

sprucegrove.org/Recycle



ENVIRONMENTAL SUSTAINABILITY



Solar energy at City facilities

After a successful installation of solar panels on the City's Public Works facility, the City proceeded with installing solar panels on the roof of the Protective Services building in 2025. This initiative, supported by the Alberta Municipal Solar Program, underscores the City's commitment to reducing greenhouse gas emissions and promoting renewable energy.

These improvements helped the Public Works facility cut greenhouse gas emissions by about 980 tonnes of CO₂ equivalent, while reducing electricity costs for the building.

To find up-to-date information on solar energy production and greenhouse gas emissions prevention, visit sprucegrove.org/Dashboard.



On-demand transit improvements

In February 2025, on-demand transit Saturday service was expanded to include the Town of Stony Plain, providing residents with greater flexibility and accessibility for their weekend travels. The expanded Saturday on-demand transit service operates from 8 a.m. to 10 p.m., allowing passengers to travel between Spruce Grove and Stony Plain with ease.

Throughout 2025, Spruce Grove also invested more hours in on-demand transit, allowing greater access throughout the community and resulting in 16 per cent more passengers than in 2024.

sprucegrove.org/Transit



Storefront improvement program

Spruce Grove’s City Centre Storefront Improvement Program completed its first three-year term in 2025 with \$75,000 invested by the City each year (2023-2025). The program saw 21 completed storefront and accessibility improvement projects with over \$1.9 million in private investment into the City Centre.

Due to strong demand, the program has been renewed in 2026 for another three years and expanded to include commercial areas along McLeod Avenue and west of Calahoo Road.

Building permit activity

Spruce Grove continued to see impressive growth in 2025:



1,232

RESIDENTIAL AND NON-RESIDENTIAL BUILDING PERMITS



1,050

NEW RESIDENTIAL DWELLING UNITS – A 20 PER CENT INCREASE COMPARED TO 2024



\$311 MILLION

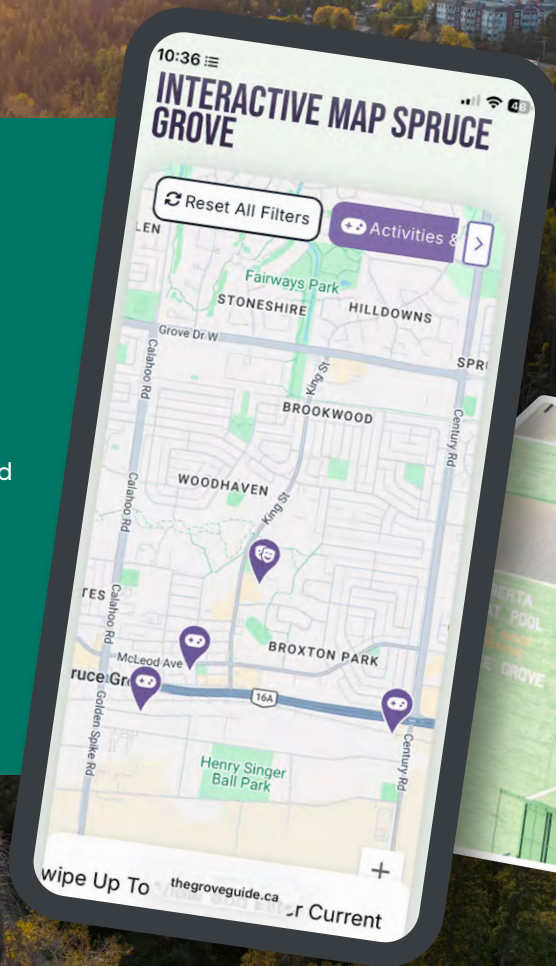
IN TOTAL BUILDING PERMIT CONSTRUCTION VALUE



ECONOMIC PROSPERITY

The Grove Guide

In November 2025, the City launched its new online destination guide, The Grove Guide, to help both residents and visitors discover what Spruce Grove has to offer while they explore the city. Positioning Spruce Grove as a compelling destination for both short visits and longer stays, The Grove Guide showcases the diverse experiences and businesses that can be found in the community. In its first month, the site received 2,700 visits. Check it out at thegroveguide.ca.



Legacy Park

One of the largest undertakings of 2025 was continued construction on the new commercial and multi-family residential development at Legacy Park. Located between Highway 16A and McLeod Avenue, this project introduces The Shoppes at Legacy Park, a series of commercial spaces, along with The Elm at Legacy Park, two six-storey apartment buildings boasting 186 suites.

SMARTstart

Launched in 2025, SMARTstart is an eight-month entrepreneurial training program. In its first year, 17 entrepreneurs completed the eight-month program, which included 12 workshops on core business fundamentals, online coursework, and mentor supports to develop their business plans. Entrepreneurs were presented with a Certificate of Completion upon completion of the program.



Boundary Road

In November 2025, phase one of the Boundary Road project was completed, marking a major milestone in this significant City investment that will improve traffic flow and connectivity on the west side of Spruce Grove. Work in 2025 included upgrading the section of road from the existing roundabout at Copperhaven School to Holy Trinity Catholic Church. Work will continue throughout 2026, with final completion anticipated for late 2026.

Construction projects

A busy construction season in 2025 saw significant investment in the community's infrastructure, including:

- Upgrades to road surfaces and storm sewer infrastructure, including Golden Spike Road, Heatherglen alley, the Fieldstone neighbourhood, Mohr Avenue, and Madison Crescent.
- Improvements for pedestrian access, including crosswalk upgrades, flashing crosswalk lights, pedestrian ramps, audible signals, and freshly painted crosswalks.
- Traffic signals were updated on Century Road and Highway 16A as well as Pioneer Road and Highway 16A.





GOVERNANCE IN ACTION



Addressing housing needs in our community

To address Spruce Grove's growing population, City Council approved a Housing Strategy in January 2025. The development of this strategy involved a thorough review of the community's existing housing inventory, identified gaps, and assessed the types of housing that may be needed in the future, while keeping in mind the role of the municipality within the local housing system.

The Housing Strategy identifies both short-term initiatives and long-term actions needed to respond

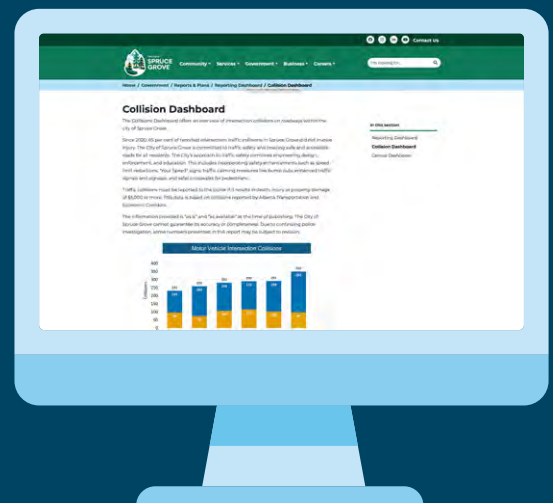
to the growing housing needs and inform decisions on land use and development. Collaborating with developers, local organizations, and residents will allow the City to build communities that are not just functional but offer a strong sense of belonging and connection. This strategic approach will allow the City to maintain the high quality of life that residents enjoy, while ensuring the housing needs of a growing population are met sustainably and responsibly.

sprucegrove.org/HousingStrategy

Intersection collision dashboard

The City of Spruce Grove launched a new dashboard last year to provide residents with data on intersection collisions throughout the city. The interactive dashboard allows users to filter data by year, month, severity of collision, or location. The City uses this data to identify high-risk intersections and implement targeted safety measures, proactively reducing accidents and improving overall road safety.

sprucegrove.org/Dashboard



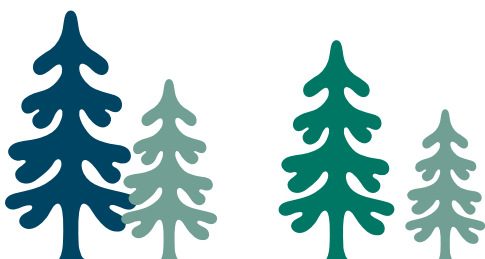


Property tax estimator tool

The City's new Property Tax Estimator Tool, launched last year, gives residents a quick and easy way to estimate their annual property taxes based on their assessed property value. Property owners can enter the assessed value from their property assessment (mailed every January) and receive an instant estimate that includes municipal tax, education tax, and other levies based on the last approved property tax rate bylaw (set annually in May).

This tool lets residents better understand where their property taxes go and is part of the City's ongoing commitment to digital accessibility and transparency.

sprucegrove.org/TaxEstimator

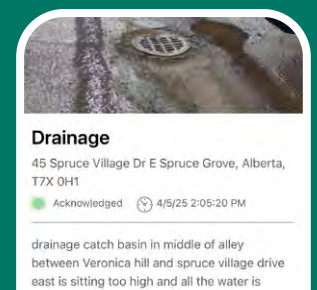
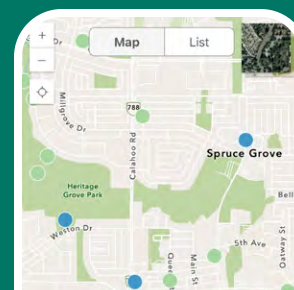


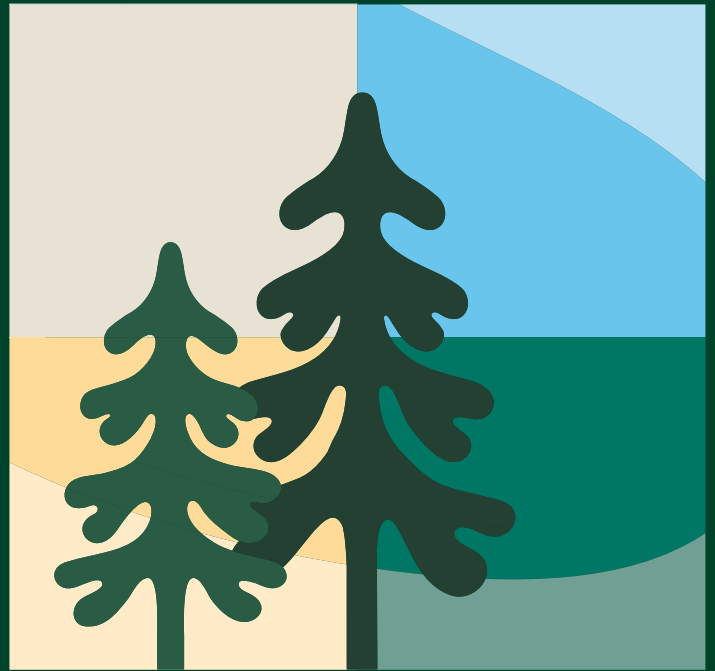
SeeClickFix

The online reporting tool SeeClickFix was used 1,398 times in 2025 to report non-emergency issues to the City. Available through the City's website or a mobile app, SeeClickFix is an easy way for residents to report non-emergency issues, such as missed waste collection, potholes, sidewalk concerns, and graffiti.

In addition to reporting non-emergency issues, SeeClickFix can also be used to see previously reported problems, items currently being worked on, and the status of reported issues.

sprucegrove.org/SeeClickFix





Looking Ahead to 2026

2025 was a significant year for Spruce Grove, with much to celebrate. This year brought the completion of several community-focused projects like Heavy Metal Place and Re-imagined Central Park, emphasizing our commitment to creating spaces for our residents to gather, celebrate, and play.

Looking ahead to 2026, there are some exciting events, projects, and initiatives on the horizon, which are highlighted in this section.



Celebrating 40 years as a city

Sunday, March 1, 2026, marked the 40th anniversary of Spruce Grove becoming a city. Over the past four decades, Spruce Grove has grown from a small town of less than 12,000 people into a vibrant, thriving, mid-size city of nearly 42,000, with new neighbourhoods, parks,

schools, businesses, and amenities. A community celebration was held on March 1, 2026, to celebrate the city's history and enjoy a range of entertainment.

sprucegrove.org/40years

Continued community events

In 2026, we will continue to provide opportunities for residents to come together to celebrate, play, and enjoy the community. City-led events like our annual Canada Day celebration, Alberta Day celebration, Grove Gatherings, and Light Up, will continue to take place alongside several community-initiated events like Agra Fair, Ribfest, and Summer at the Centre.

These events can't happen without you! If you want to get involved and show your community pride, consider volunteering to help bring these events to life.

sprucegrove.org/Events

A new Strategic Plan for our City

One of City Council's first jobs following the municipal election is to set the strategic direction for their four-year term with the development of a new strategic plan. The 2026-2029 Strategic Plan will focus on areas that are important to our community, shared through feedback collected along the campaign trail under the themes of Building Community, Communications Excellence, Economic Opportunity, and Strategic Partnerships.

You can read the plan to learn more, and follow along with progress, at sprucegrove.org/StrategicPlan.

Expanding Boundary Road

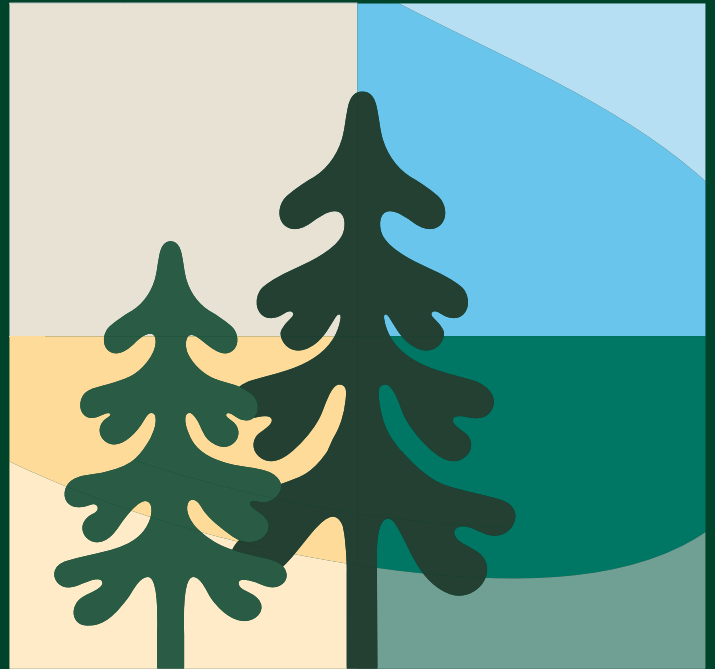
Phase one of the Boundary Road project was completed in 2025, marking a major milestone for improving traffic flow and connectivity on the west side of Spruce Grove.

Phase one of the Boundary Road project was completed in 2025, marking a major milestone for improving traffic flow and connectivity on the west side of Spruce Grove.

Work on this project continues in 2026 and includes the construction of two additional roundabouts, installation of new streetlights, watermains, sanitary sewers and storm sewers.

This new arterial roadway will provide an important connection to Highway 16A and work is expected to be completed in late 2026.

sprucegrove.org/ConstructionProjects



Financial Section



Chief Financial Officer's Message



April 20, 2026

It is my privilege to present the City of Spruce Grove's Annual Financial Report for the fiscal year ending December 31, 2025. This report demonstrates our continued commitment to responsible financial stewardship, transparency, and long-term sustainability.

Over the past year, the City has continued to grow and evolve as a vibrant, inclusive, and resilient community. The consolidated financial statements included in this report have been prepared in accordance with Canadian public sector accounting standards and have been audited by an independent external auditor, who issued an unqualified audit opinion. This reflects the City's sound financial practices and commitment to financial sustainability.

In 2025, the City focused on strategic investment in key infrastructure, community services, and economic development initiatives. These investments are critical to supporting our growing population and maintaining the high quality of life that residents expect and deserve. At the same time, we remained vigilant in managing expenses and aligning our financial resources with Council's priorities and the long-term strategic plan.

Some notable highlights from the year include:

- Maintaining a strong financial position resulting in a year end accumulated surplus of \$688.4M.
- Advancing major capital projects, including Boundary Road, and the completion of Re-imagined Central Park and Heavy Metal Place.

Looking ahead, the City will continue to face both opportunities and challenges, including infrastructure demands, inflationary pressures, and shifting economic conditions. Through prudent planning, ongoing engagement with our community, and a commitment to innovation, the City of Spruce Grove is well-positioned to meet these challenges while continuing to deliver high-quality services to residents.

Zeeshan Hasan, CPA

General Manager of Corporate Services and Chief Financial Officer

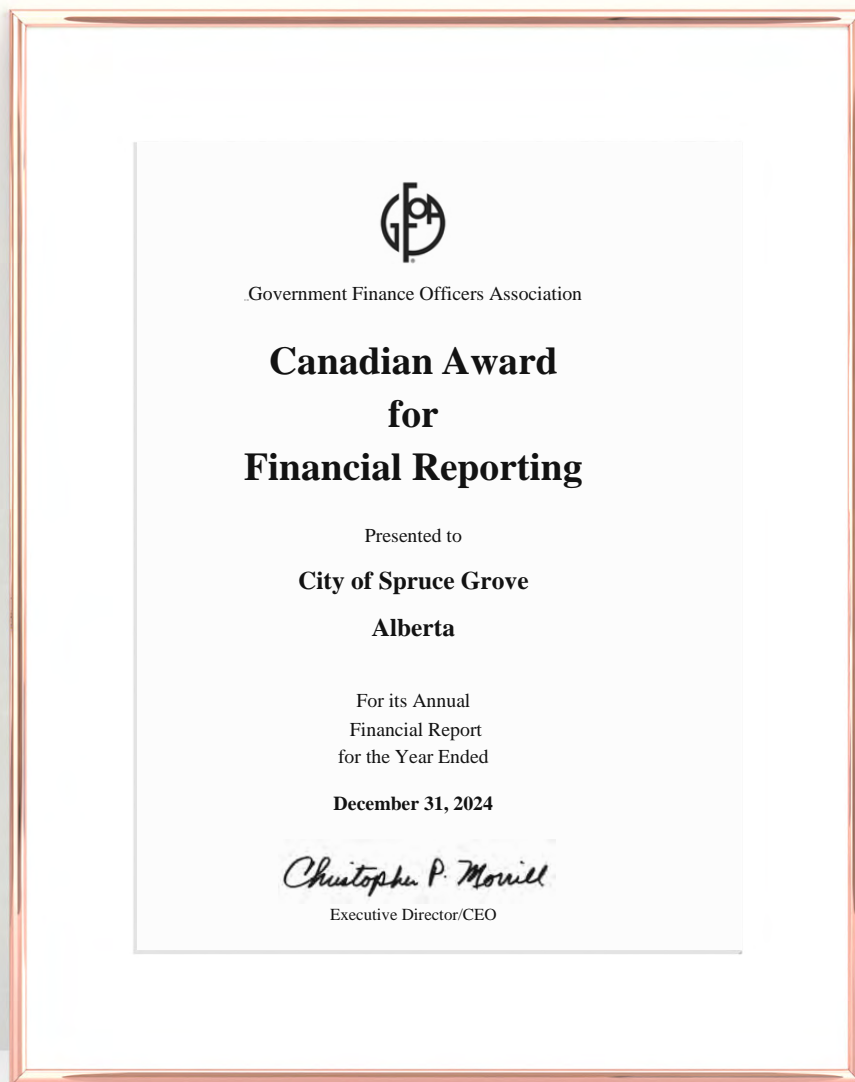
Letter of Transmittal of the Annual Financial Report

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Canadian Award for Financial Reporting to the City of Spruce Grove for its annual financial report for the fiscal year ended December 31, 2024. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

In order to be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards.

Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government’s financial picture, enhance an understanding of financial reporting by municipal governments, and address user needs.

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





2025 Financial Summary



This financial summary is intended to assist with understanding the management of the City of Spruce Grove's resources. It provides an overview of the City's 2025 Audited Consolidated Financial Statements.

The City is engaged in many relationships that have an impact on financial decisions. The City's closest relationships exist with its tri-municipal region partners, the Town of Stony Plain and Parkland County. There are joint service agreements and shared commitments to capital projects. One facility that has showcased that tri-municipal relationship is the TransAlta Tri Leisure Centre; jointly built and operated by the municipalities through a Part IX company. The City's proportionate share of that facility's operation is consolidated in the financial statements. The Spruce Grove Public Library is also consolidated within these statements. Unless indicated, all information is presented on a consolidated basis.

This financial summary should be read in conjunction with the City's 2025 Audited Consolidated Financial Statements (hereinafter referred to as "Financial Statements") and accompanying notes. The Financial Statements include:

- **Consolidated Statement of Financial Position**
The Statement of Financial Position reports on the City's assets, liabilities and municipal equity at the end of each year. This statement will give the reader an indication whether the City has the necessary assets to provide services to its citizens in the future and to meet current financial commitments.
- **Consolidated Statement of Operations and Accumulated Surplus**
The Statement of Operations reports on revenues, expenses and the results of operations for the entire year. It answers the question, "did the City bring in enough money this year to cover the cost of running the community?"
- **Consolidated Statement of Changes in Net Debt**
The Statement of Net Financial Assets (Debt) reconciles the excess of revenue over expenses to the net financial assets (financial resources available to finance future transactions). Positive net assets are an indicator that the City can meet its liabilities and obligations out of existing assets and has resources to use in the future. Negative net assets (net debt) are an indicator that future resources are required to pay for past transactions or events.
- **Consolidated Statement of Remeasurement Gains and Losses**
The Statement of Remeasurement Gains and Losses presents the unrealized change in the value of financial instruments, such as investments, being measured at fair market value at the Statement of Financial Position date as well as the year end conversion of balances held in foreign currency, such as payables.
- **Consolidated Statement of Cash Flows**
The Statement of Cashflows identifies where the City's cash came from and how it was used. This statement explains the change in cash and cash equivalents since the previous reporting period.
- **Consolidated Notes to the Financial Statements**
The notes to the Financial Statements are the plain-language explanations that help readers understand the numbers in the financial statements. They describe what the numbers mean, how they are calculated, and any important details that are not obvious from the statements alone. The notes explain accounting policies, break down major figures like debt, investments and reserves, and highlights anything unusual or significant that happened during the year.

Roles and responsibilities

Management bears full responsibility for the preparation of this discussion and the consolidated Financial Statements, paying close attention to the integrity, relevance and comparability of the data within the statements. These statements are prepared in accordance with the Canadian Public Sector Accounting Standards. The external audit firm of Metrix Group LLP is appointed by City Council to express an audit opinion on the Financial Statements. The auditors issued an unqualified opinion on these Financial Statements.

Who uses the City of Spruce Grove Financial Statements and why?



City residents

Spruce Grove residents use the City's Financial Statements to help them understand how financial resources have been use to provide services to their community.



City Council

The City's Financial Statements provides information to City Council on its financial position. This information to has been validated by a professional, independent auditor.



Governments

Senior levels of government use the City's Financial Statements to determine if funds were used in accordance with the funding requirements.

2025 Financial highlights & trend analysis

A significant driver of City revenue is economic activity, which affects the number of taxable properties, influences construction activity, and impacts the demand for City services. Overall economic conditions continued to progress in 2025, which led to an increase in development activity. Assessment growth in 2025 was projected to be 4.12 per cent, but actual assessment growth came in at 4.99 per cent for the year. This is an increase of 1.09 per cent from 2024 (3.90 per cent).

Financial position

At the end of 2025, future revenues of \$37 million (2024 - \$45 million) were required to pay for past transactions or events.

Surplus funds have accumulated over the history of the City to \$688 million (2024 - \$646 million). Virtually all surplus funds \$631 million (2024 - \$614 million) have been used to acquire or construct roadways, underground utilities, facilities, and other tangible capital assets used to deliver municipal services.

Financial position (\$ millions)	2025	2024 Restated
Financial Assets	93	79
Liabilities	130	124
Net debt	(37)	(45)
Non-financial Assets	725	691
Accumulated Surplus	688	646

Financial Assets

The Financial Assets of the municipality are made up of cash and cash equivalents, accounts receivable, debt recoverable, investments and land held for resale. In comparison to 2024, overall financial assets increased by \$14.1 million by the end of 2025 mainly due to investments (Note 4) increasing by \$16.1 million due to in-year investments made by the City in bonds and principal protected notes. Accounts receivable (Note 2) increased compared to 2024 by \$3.3 million, in part, due to increased receivables from the province to fund capital projects under the Local Government Fiscal Framework (LGFF), the Clean Energy Improvement Program (CEIP), trade receivables and developer agreements. Debt Recoverable (Note 3) with Meridian Housing Foundation decreased by \$91k, as the debt used to fund the construction of new senior's affordable housing is recovered annually. Cash has decreased \$4.7 million as the City re-invested investment earnings made in 2024. Land held for resale (Note 5) decreased by \$456k in 2025 and is the amount being held for land in the Westwind Land Assembly and the South Century Industrial Park.

Liabilities

The City's liabilities are comprised of bank indebtedness, accounts payable and accrued liabilities, deferred revenues, liabilities for contaminated sites, asset retirement obligations and long-term debt. Overall, liabilities increased \$6.3 million in 2025. The decrease in Bank Indebtedness (Note 6) represents repayment of the short-term draws made in 2024 on the line of credit to strategically manage cashflows. Accounts payable and accrued liabilities (Note 7) decreased \$8.0 million due to a decrease in amounts owing to contractors at the end of the year with the completion of Heavy Metal Place and Re-Imagined Central Park. Deferred revenue (Note 8) increased \$1.2 million in large part due to additional permitting and user fees for City facilities and the unused portion of the grant for the Clean Energy Improvement Program. Long-term debt (Note 12) increased \$17.1 million due to the new debt required to fund a variety of projects, including: Boundary Road construction, water and sewer infrastructure improvements, the completion of the Heavy Metal Place and Re-Imagined Central Park.

Net Debt

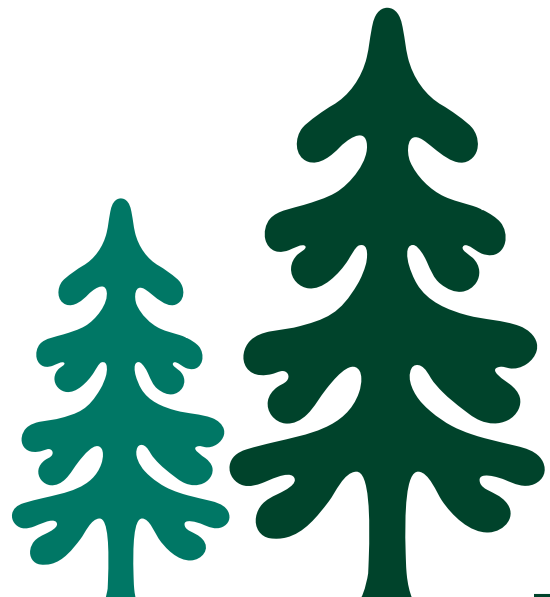
The City of Spruce Grove's overall net debt position decreased from the prior year-end. Net debt was \$37.3 million at the end of 2025 compared to \$45.1 million at the end of 2024. However, the year-end results came in better than the 2025 projected net debt of \$65.3 million, primarily attributed to lower than planned capital asset acquisitions in 2025.

Non-Financial Assets

These assets are predominantly comprised of Tangible Capital Assets (TCA) but also include Inventory and Prepaid Expenses. These assets are used to provide services to citizens. Overall Non-Financial Assets increased by \$34.3 million in 2025 which is attributed primarily to TCA acquisitions (Schedule 6 and 7).

Accumulated Surplus

The accumulated surplus of the City is \$688.4 million of which the investment in tangible capital assets represents \$631.1 million (Note 14). The financial surplus position of the City is \$58.5 million or 8.5 per cent of overall accumulated surplus. The financial surplus position has increased from 2024 to 2025, and the City remains within the Government Financial Officers Association recommended cash flow management and emergency preparedness range of two to three months of expense (\$22.0 to \$33.0 million). The current financial surplus position (Note 14) of \$58.5 million is made up of municipal surplus of \$76.8 million (2024 – \$36.7 million), utility surplus of \$12.1 million (2024 – \$8.3 million) and developer deficit of \$30.4 million (2024 - \$9.8 million). The increase in developer deficit represents the capital cost of infrastructure the City front ended to ensure land is available for immediate development.



Financial activities

The City's financial activities include operating revenue and expenses and capital project revenue and expenditures. 2025 operations produced an annual surplus of \$41 million. The City used \$36 million to purchase tangible capital assets.

Actual consolidated revenues increased to \$172 million in 2025, up from \$150 million in 2024. The increase was primarily driven by higher tax revenue, utility fees, user fees, licences and permits resulting from continued growth and development as well as an increase in contributed tangible capital assets. Total consolidated expenses increased to \$132 million in 2025 from \$120 million 2024, mainly due to rising costs realized in contracted services, materials, and supplies, along with increased interest on debt and amortization costs across Utilities, Transportation and General Government.

Financial activities (\$ millions)	2025 Actuals	2024 Actuals Restated
Revenue - Operations	130	119
Expenses - Operations	132	120
Annual Deficit from Operations	(2)	(1)
Revenue - Capital	43	31
Annual Surplus	41	30
Capital Asset Acquisitions		
Purchased Capital Assets	36	62
Contributed Capital Assets	22	15
Total Acquisitions	58	77

Operating revenues

2025 Operating Revenues came in higher than in 2024 by \$11.0 million:

- **Property taxes** (details in Schedule 1) increased \$4.6 million in conjunction with the residential and commercial growth realized.
- **Sales and user fees** increased \$4.5 million primarily due to growth in utility services.
- **Franchise fees** (Note 29) increased \$80k for natural gas (\$44k) and electric (\$35k).
- **Government transfers** (operating) increased \$159k for cost share agreements, as well as various provincial and federal grant funding.
- **Licenses and permits** increased by \$1.1 million due to increased building, development, and electrical permit activity.
- **Rentals** increased \$339k from City facility rentals and leases mainly due to Heavy Metal Place opening.
- **Sales to other governments** decreased by \$533k due to a one-time retro payment (\$582k) for Alberta Health Services contract fees in 2024. An additional ambulance was put into service in 2025 providing additional revenues of \$48k.
- **Other revenue** increased by \$873k mainly due to cost recovery for Heavy Metal Place and the removal of the contaminated site liability.
- **Fines** revenue decreased \$220k due to the discontinuation of Automated Traffic Enforcement (ATE) program.
- **Investment income** increased \$160k, reflective of higher than projected return on investments.
- **Penalties** increased by \$65k for interest on overdue accounts.

The City also collects levies on behalf of the provincial government for education and on behalf of the Meridian Housing Foundation for local seniors housing. The City does not use this funding for operations and passes it directly on to the Province of Alberta and Meridian Housing Foundation. The City does not set or control the amount of these levies.

Operating expenditures

Operating Expenses* were \$12.0 million higher in 2025 when compared to 2024:

- **Community Services** increased \$4.7 million due to increased facility costs, primarily associated with Heavy Metal Place opening.
- **Utilities** increased \$1.6 million mainly due to increased costs for the purchase of wastewater services and costs associated with increased usage.
- **Transportation and Roadways** increased \$2.8 million mainly due to increased amortization costs for roadways and land improvements, increased salary and contract costs for road maintenance.
- **Protective Service** increased \$173k for shared policing costs with the Town of Stony Plain and an increase in salary and benefits for the International Association of Fire Fighters (IAFF) contract settlement; offset with decrease costs as the result of the deconstruction of the ATE program.
- **Development Services** increased \$321k mainly due to inflationary increases in salaries and wages; membership fees for joining the Metropolitan Regional Economic Development Company and increased grants.
- **General Government** increased \$2.4 million mainly due to increased debt servicing costs.

*2025 expenditures are further broken down in detail in Schedule 3 and Schedule 4.

City revenue sources

The City of Spruce Grove's 2025 revenue came from a variety of sources:

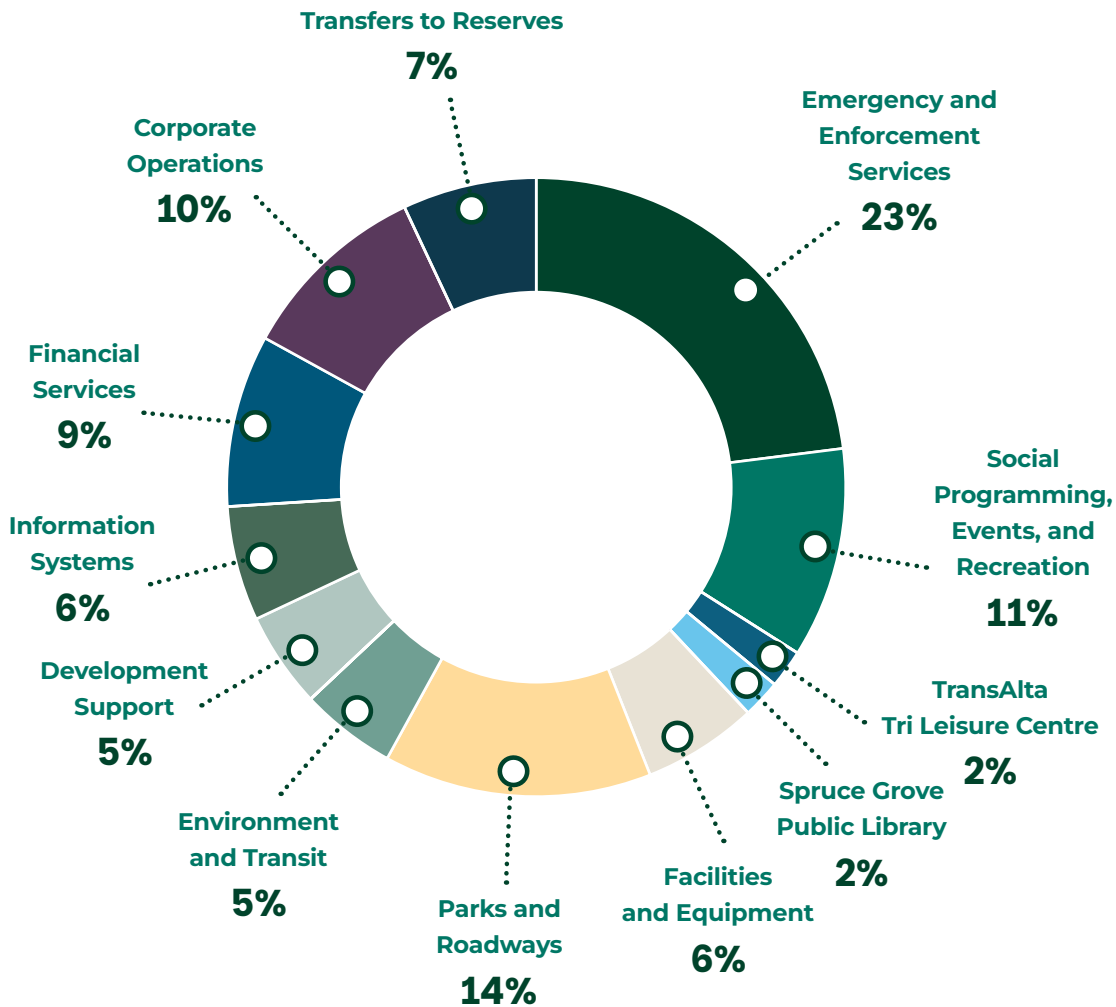
- **34.1% Property Tax***: Paid by Spruce Grove property owners to help cover the costs of the services they use within the City. Residents paid approximately 75.7 per cent of the total property taxes, while businesses pay the remaining 24.3 per cent.
- **32.3% Sales and User Fees**: This includes sales to other governments, franchise fees, fines, licenses and permits.
- **12.4% Contributed Tangible Capital Assets**: Items such as roadways and underground utilities (watermain, stormwater and sanitary sewer systems), which are constructed by developers and transferred to the City to own and manage.
- **7.0% Government Transfers – Capital**: Funds the City receives from the provincial and federal government, as well as neighbouring municipalities which are used for the construction or acquisition of tangible capital assets.
- **2.9% Government Transfers – Operating**: Funds the City receives from the provincial and federal governments, as well as neighbouring municipalities which are used to fund operating programs and activities.
- **11.3% Other Revenues**: This includes rental revenue, penalties on taxes and utilities, investment income, gains, or losses on disposal of tangible capital assets, developer contribution and levies, and other income.

*Refer to the distribution of tax dollars chart on the next page.

Distribution of tax dollars

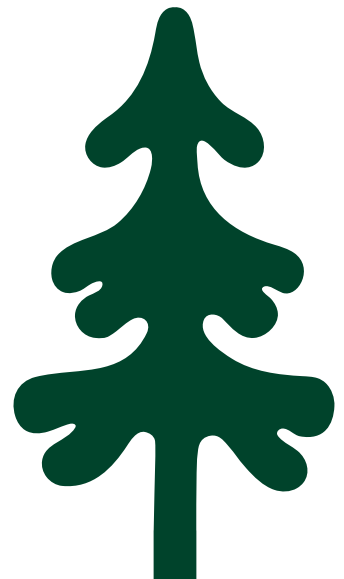
(On a non-consolidated basis)

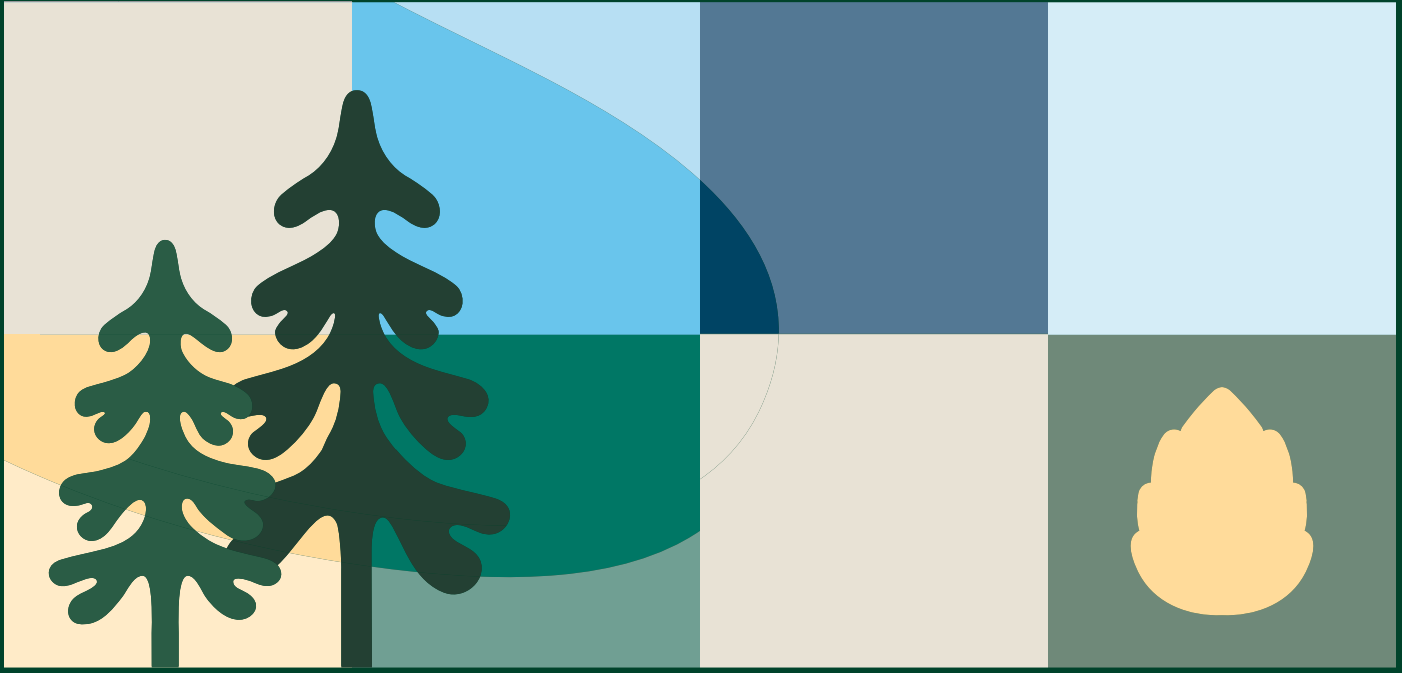
The municipal portion of your property taxes is based on the City's budgeted revenue requirements. This portion is retained by the City and is used to pay for amenities and services for residents and the community as a whole, such as roadways, public transit, public safety, parks and open spaces, programming, and much more! The distribution of tax dollars is illustrated in this chart.



Looking forward

In 2026, the City will continue to provide sound fiscal stewardship, through evolving City processes, programs and services to support our growing city. The City is dedicated to investing in and serving our community.





Consolidated Financial Statements

CITY OF SPRUCE GROVE
FOR THE YEAR ENDED
DECEMBER 31, 2025

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Independent Auditors' Report



INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the City of Spruce Grove

Opinion

We have audited the accompanying consolidated financial statements of the City of Spruce Grove (the "City"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of operations and accumulated surplus, remeasurement gains and losses, changes in net debt, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2025, and the results of its consolidated operations, remeasurement gains and losses, changes in net debt, and its 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 Consolidated Financial Statements* section of our report. We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the City'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 City or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 it is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will

(continues)

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Independent Auditors' Report

Independent Auditors' Report to the Mayor and Council of the City of Spruce Grove (*continued*)

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 these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 City's internal control.
- Evaluate the appropriateness of accounting policies 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 City'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 consolidated 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 City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities with the City or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We 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.

METRIX GROUP LLP

Chartered Professional Accountants

Edmonton, Alberta
April 20, 2026



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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 to ensure that the consolidated financial statements are presented fairly, in all material aspects.

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.

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

April 20, 2026

Consolidated Statement of Financial Position

for the year ended December 31, 2025 (IN THOUSANDS OF DOLLARS)

		<u>2025</u>	<u>2024</u>
			(Restated) (Note 33)
Financial Assets			
Cash		\$ 21,152	\$ 25,869
Accounts Receivable	Note 2	20,563	17,303
Debt Recoverable	Note 3	2,692	2,783
Investments	Note 4	47,834	31,713
Land Held for Resale	Note 5	<u>478</u>	<u>934</u>
		<u>92,719</u>	<u>78,602</u>
Liabilities			
Bank Indebtedness	Note 6	-	3,284
Accounts Payable and Accrued Liabilities	Note 7	21,459	29,496
Deferred Revenue	Note 8	10,408	9,211
Liability for Contaminated Sites	Note 9	237	897
Asset Retirement Obligations	Note 10	570	538
Long-Term Debt	Note 12	<u>97,350</u>	<u>80,267</u>
		<u>130,024</u>	<u>123,693</u>
Net Debt		<u>(37,305)</u>	<u>(45,091)</u>
Non-Financial Assets			
Inventory and Prepaid Expenses		2,634	1,977
Tangible Capital Assets	Schedule 6, 7	<u>723,076</u>	<u>689,378</u>
		<u>725,710</u>	<u>691,355</u>
Accumulated Surplus	Note 14	\$ <u>688,405</u>	\$ <u>646,264</u>
Accumulated Surplus consists of:			
Accumulated Surplus from Operations		689,642	649,148
Accumulated Remeasurement Losses		<u>(1,237)</u>	<u>(2,884)</u>
		\$ <u>688,405</u>	\$ <u>646,264</u>
CONTRACTED RIGHTS	Note 25		
CONTRACTUAL OBLIGATIONS	Note 26		
CONTINGENCIES	Note 27		

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

Consolidated Statement of Operations and Accumulated Surplus

for the year ended December 31, 2025 (IN THOUSANDS OF DOLLARS)

		<u>2025</u> (Budget) (Note 30)	<u>2025</u> (Actual)	<u>2024</u> (Actual) (Restated) (Note 33)
Revenue				
Property Taxes	Schedule 1	\$ 58,794	\$ 58,871	\$ 54,315
Sales and User Fees		36,172	38,532	34,079
Franchise Fees	Note 29	8,800	8,693	8,613
Government Transfers - Operating	Schedule 2	4,472	4,954	4,795
Licenses and Permits		2,534	4,177	3,093
Other		1,497	3,897	3,024
Sales to Other Governments		3,611	3,746	4,279
Rentals		3,278	3,434	3,095
Investment Income		1,124	1,844	1,684
Penalties		823	932	867
Fines		255	478	698
		<u>121,360</u>	<u>129,558</u>	<u>118,542</u>
Expenses				
Transportation and Roadway Services		34,794	35,092	32,253
Utilities		27,587	27,525	25,890
Protective Services		23,928	22,291	22,118
Community Services		20,473	21,743	17,062
General Government		22,288	20,592	18,209
Development Services		4,723	4,584	4,263
		<u>133,793</u>	<u>131,827</u>	<u>119,795</u>
Annual Deficit before the Undernoted		<u>(12,433)</u>	<u>(2,269)</u>	<u>(1,253)</u>
Contributed Tangible Capital Assets	Schedule 6	13,688	21,326	15,370
Government Transfers - Capital	Schedule 2	15,475	12,117	10,884
Developer Contributions And Levies		4,665	8,974	6,073
Gain / (Loss) on Disposal of Tangible Capital Assets		-	346	(1,054)
		<u>33,828</u>	<u>42,763</u>	<u>31,273</u>
Annual Surplus		21,395	40,494	30,020
Accumulated Surplus, Opening as Previously Stated		649,148	651,560	619,128
Restatement	Note 33	-	(2,412)	-
Accumulated Surplus, Opening as Restated		<u>649,148</u>	<u>649,148</u>	<u>619,128</u>
Accumulated Surplus, Closing		<u>\$ 670,543</u>	<u>\$ 689,642</u>	<u>\$ 649,148</u>

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

Consolidated Statement of Changes in Net Debt

for the year ended December 31, 2025 (IN THOUSANDS OF DOLLARS)

	<u>2025</u> (Budget) (Note 30)	<u>2025</u> (Actual)	<u>2024</u> (Restated) (Note 33)
Annual Surplus	\$ 21,395	\$ 40,494	\$ 30,020
Inventory and Prepaid Expenses			
Acquisition	-	(2,634)	(1,977)
Consumption	-	<u>1,977</u>	<u>1,490</u>
Change in Inventory and Prepaid Expenses	-	(657)	(487)
Tangible Capital Assets			
Contributed	(13,688)	(21,855)	(15,370)
Purchased	(50,742)	(35,540)	(61,469)
Proceeds on Disposal	-	808	338
(Gain) Loss on Disposal	-	(346)	1,054
Tangible Capital Assets transferred to			
Land Held for Sale	-	(399)	10
Amortization	<u>22,853</u>	<u>23,634</u>	<u>20,186</u>
	(41,577)	(33,698)	(55,251)
Other			
Change in Accumulated Remeasurement Loss	-	<u>1,647</u>	<u>(270)</u>
Change in Net Debt	(20,182)	7,786	(25,988)
Net Debt, Opening	<u>(45,091)</u>	<u>(45,091)</u>	<u>(19,103)</u>
Net Debt, Closing	\$ <u>(65,273)</u>	\$ <u>(37,305)</u>	\$ <u>(45,091)</u>

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

Consolidated Statement of Remeasurement Gains and Losses

for the year ended December 31, 2025 (IN THOUSANDS OF DOLLARS)

	<u>2025</u>	<u>2024</u>
Accumulated remeasurement losses, Opening	\$ (2,884)	\$ (2,614)
Unrealized gain(loss) from adoption of PS 3450:		
Amounts reclassified to consolidated statement of operations:		
Investments designated at fair value.	202	353
Unrealized gain (loss) attributable to:		
Investments designated at fair value	147	(202)
Financial contracts	1,298	(421)
Net change for the year	<u>1,647</u>	<u>(270)</u>
Accumulated remeasurement losses, Closing	\$ <u>(1,237)</u>	\$ <u>(2,884)</u>

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

Consolidated Statement of Cash Flows

for the year ended December 31, 2025 (IN THOUSANDS OF DOLLARS)

	<u>2025</u>	<u>2024</u>
Cash Provided by (Used For):		
Operating Activities		
Annual Surplus	\$ 40,494	\$ 30,020
Items not involving cash:		
Amortization of Tangible Capital Assets	23,634	20,186
Loss (Gain) on Disposal of Tangible Capital Assets	(346)	1,054
Contributed Tangible Capital Assets	(21,326)	(15,370)
Asset Retirement Obligation Accretion	32	30
Change in non-cash working capital balances:		
Decrease / (Increase) in Accounts Receivable	(3,352)	(1,675)
Decrease / (Increase) in Debt Recoverable	91	(2,783)
Decrease / (Increase) in Inventory and Prepaid Expenses	(657)	(487)
Decrease / (Increase) in Land Held for Resale	456	1,262
Increase / (Decrease) in Accounts Payable and Accrued Liabilities	(6,647)	870
Increase / (Decrease) in Deferred Revenue	1,197	(3,509)
Decrease in Liability for Contaminated Sites	(660)	(74)
	<u>32,916</u>	<u>29,524</u>
Capital Activities		
Acquisition of Tangible Capital Assets	(36,069)	(61,469)
Proceeds on Disposal of Tangible Capital Assets	808	338
Transfer of Land Held for Sale	(399)	10
Asset Retirement Obligations Settled	-	(23)
	<u>(35,660)</u>	<u>(61,144)</u>
Investing Activities		
Purchased Investments	(26,058)	(17,207)
Proceeds on Disposal of Investments	10,286	15,641
	<u>(15,772)</u>	<u>(1,566)</u>
Financing Activities		
Bank Indebtedness Issued	-	3,284
Bank Indebtness Repaid	(3,284)	-
Long-Term Debt Issued	21,956	44,109
Long-Term Debt Repaid	(4,873)	(3,099)
	<u>13,799</u>	<u>44,294</u>
Increase (Decrease) in Cash and Cash Equivalents	(4,717)	11,108
Cash, Opening	<u>25,869</u>	<u>14,761</u>
Cash, Closing	\$ <u>21,152</u>	\$ <u>25,869</u>

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

Schedule 1 - Property Taxes

for the year ended December 31, 2025 (IN THOUSANDS OF DOLLARS)



	<u>2025</u> (Budget) (Note 30)	<u>2025</u> (Actual)	<u>2024</u> (Actual)
Property Taxes			
Real property taxes	\$ 61,589	\$ 61,617	\$ 56,184
Non-Residential			
Commercial	15,292	15,270	13,950
Industrial	3,874	3,852	3,469
Linear	613	620	546
Farmland	15	14	10
	<u>81,383</u>	<u>81,373</u>	<u>74,159</u>
Less Requisitions			
Alberta Education	18,896	18,901	16,444
Evergreen Catholic Schools	2,828	2,823	2,623
Meridian Foundation	861	774	773
Designated Industrial Property	4	4	4
	<u>22,589</u>	<u>22,502</u>	<u>19,844</u>
	<u>\$ 58,794</u>	<u>\$ 58,871</u>	<u>\$ 54,315</u>

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

Schedule 2 - Government Transfers

for the year ended December 31, 2025 (IN THOUSANDS OF DOLLARS)

	<u>2025</u> (Budget) (Note 30)	<u>2025</u> (Actual)	<u>2024</u> (Actual)
Government Transfers - Capital			
Local Government Fiscal Framework	\$ 6,694	\$ 6,042	\$ 405
Canada Community Building Fund	4,809	4,185	692
Other	2,730	1,141	1,171
Municipal Sustainability Initiative	1,242	749	8,582
GreenTrip	-	-	34
	<u>15,475</u>	<u>12,117</u>	<u>10,884</u>
Government Transfers - Operating			
Other	2,394	2,831	2,521
Family and Community Support Services	858	858	1,009
RCMP Policing	701	746	746
Local Government Fiscal Framework	519	519	519
	<u>4,472</u>	<u>4,954</u>	<u>4,795</u>
	<u>\$ 19,947</u>	<u>\$ 17,071</u>	<u>\$ 15,679</u>

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

Schedule 3 - Expenses by Department

for the year ended December 31, 2025 (IN THOUSANDS OF DOLLARS)

	<u>2025</u> (Budget) (Note 30)	<u>2025</u> (Actual)	<u>2024</u> (Actual)
General Government			
City Clerk	\$ 1,038	\$ 947	\$ 739
City Manager	782	719	778
Corporate Communications	1,522	1,259	1,171
Corporate Services Administration	270	265	178
Council	1,001	947	809
Finance	5,073	5,422	3,131
Human Resources	2,709	2,400	2,827
Information Systems	6,485	5,901	5,668
Integrated Planning And Strategic Services	2,050	1,523	1,624
Policy	993	865	945
Strategy & Communication	365	344	339
	<u>22,288</u>	<u>20,592</u>	<u>18,209</u>
Protective Services			
Fire	12,474	12,117	11,942
Bylaw Enforcement	1,922	1,886	1,381
Safe City	-	-	833
Police Services	9,532	8,288	7,962
	<u>23,928</u>	<u>22,291</u>	<u>22,118</u>
Transportation and Roadway Services			
Engineering	2,233	2,510	2,492
Facilities and Fleet Management	6,592	6,731	6,511
Planning and Infrastructure Administration	363	362	449
Public Works	21,061	21,001	19,172
Environment and Transit	4,545	4,488	3,629
	<u>34,794</u>	<u>35,092</u>	<u>32,253</u>
Utilities			
Stormwater	3,276	3,454	2,930
Wastewater	3,518	3,477	3,250
Sanitary Sewer	8,275	8,360	7,085
Water	12,518	12,234	12,625
	<u>27,587</u>	<u>27,525</u>	<u>25,890</u>
Community Services			
Arena/Sports Park	4,414	5,037	3,068
Community and Protective Services Administration	286	393	609
Culture	69	78	116
Family and Community Support Services	3,014	2,838	2,638
Leisure Centre	4,731	5,453	5,156
Library	2,278	2,289	2,130
Recreation	3,232	3,139	2,772
Civic Centre	2,449	2,516	573
	<u>20,473</u>	<u>21,743</u>	<u>17,062</u>
Development Services			
Economic Business Development	1,274	1,246	1,078
Planning and Development	3,449	3,338	3,185
	<u>4,723</u>	<u>4,584</u>	<u>4,263</u>
	<u>\$ 133,793</u>	<u>\$ 131,827</u>	<u>\$ 119</u>

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

Schedule 4 - Segmented Disclosures

for the year ended December 31, 2025 (IN THOUSANDS OF DOLLARS)

	General Government	Protective Services	Transportation & Roadway Services	Utilities	Community Services	Development Services	2025 Total	2025 Budget
Revenue								
Property Taxes	\$ 58,871	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58,871	\$ 58,794
Sales and User Fees	214	1,226	1,409	31,929	2,856	898	38,532	36,172
Franchise Fees	8,693	-	-	-	-	-	8,693	8,800
Government Transfer - Operating	177	808	1,009	1	2,440	519	4,954	4,472
Sales to Other Governments	-	3,746	-	-	-	-	3,746	3,611
Rentals	-	737	99	-	2,519	79	3,434	3,278
Licenses and Permits	-	202	210	-	-	3,765	4,177	2,534
Others	1,039	-	552	492	668	1,146	3,897	1,497
Investments	1,711	-	5	-	58	70	1,844	1,124
Penalties	772	-	14	146	-	-	932	823
Fines	-	478	-	-	-	-	478	255
	<u>71,477</u>	<u>7,197</u>	<u>3,298</u>	<u>32,568</u>	<u>8,541</u>	<u>6,477</u>	<u>129,558</u>	<u>121,360</u>
Expenses								
Salaries, Wages and Benefits	12,080	11,580	9,309	2,558	10,893	3,029	49,449	50,392
Purchases from Other Governments	-	7,604	2,080	12,943	-	-	22,627	23,428
Contracted and General Services	5,253	1,052	8,153	4,326	3,230	1,235	23,249	24,107
Amortization	642	1,148	11,411	6,547	3,878	8	23,634	22,853
Materials, Goods & Supplies	78	896	3,865	645	2,456	12	7,952	8,109
Interest on Long-Term Debt	2,072	-	258	503	813	-	3,646	3,730
Other	359	-	-	2	52	-	413	481
Transfers	-	-	-	-	393	148	541	518
Bank Charges	124	-	-	-	7	153	284	174
Accretion	(16)	11	16	1	21	(1)	32	1
	<u>20,592</u>	<u>22,291</u>	<u>35,092</u>	<u>27,525</u>	<u>21,743</u>	<u>4,584</u>	<u>131,827</u>	<u>133,793</u>
Annual Surplus (Deficit) before Undernoted	50,885	(15,094)	(31,794)	5,043	(13,202)	1,893	(2,269)	(12,433)
Other Income								
Contributed TCA	-	-	1,419	10,376	554	8,977	21,326	13,688
Government Transfers - Capital	-	85	7,368	410	4,254	-	12,117	15,475
Developer Contribution and Levies	-	-	5,603	1,562	1,809	-	8,974	4,665
Gain (Loss) on Disposal of Tangible Capital Assets	(2)	23	191	134	-	-	346	-
	<u>(2)</u>	<u>108</u>	<u>14,581</u>	<u>12,482</u>	<u>6,617</u>	<u>8,977</u>	<u>42,763</u>	<u>33,828</u>
Annual Surplus (Deficit)	\$ <u>50,883</u>	\$ <u>(14,986)</u>	\$ <u>(17,213)</u>	\$ <u>17,525</u>	\$ <u>(6,585)</u>	\$ <u>10,870</u>	\$ <u>40,494</u>	\$ <u>21,395</u>

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

Schedule 5 - Segmented Disclosures

for the year ended December 31, 2025 (IN THOUSANDS OF DOLLARS)

	<u>General Government</u>	<u>Protective Services</u>	<u>Transportation & Roadway Services</u>	<u>Utilities</u>	<u>Community Services</u>	<u>Development Services</u>	2024 Total (Restated) (Note 33)	<u>2024 Budget</u>
Revenue								
Property Taxes	\$ 54,315	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,315	\$ 54,203
Sales and User Fees	233	1,067	991	28,517	2,728	543	34,079	33,594
Franchise Fees	8,613	-	-	-	-	-	8,613	8,155
Government Transfer - Operating	5	819	944	2	2,485	540	4,795	4,492
Licenses and Permits	-	137	122	-	-	2,834	3,093	2,291
Sales to Other Governments	-	4,279	-	-	-	-	4,279	3,121
Rentals	-	861	83	-	2,150	1	3,095	2,597
Others	318	12	584	4	389	1,717	3,024	953
Fines	-	698	-	-	-	-	698	2,407
Investments	1,512	-	8	-	89	75	1,684	765
Penalties	722	-	-	145	-	-	867	806
	<u>65,718</u>	<u>7,873</u>	<u>2,732</u>	<u>28,668</u>	<u>7,841</u>	<u>5,710</u>	<u>118,542</u>	<u>113,384</u>
Expenses								
Salaries, Wages and Benefits	11,890	11,234	8,504	2,389	9,563	2,827	46,407	47,521
Purchases from Other Governments	-	7,292	1,699	11,769	-	-	20,760	21,404
Contracted and General Services	5,214	1,610	6,776	4,504	3,485	1,117	22,706	26,628
Amortization	583	1,071	10,826	6,195	1,505	8	20,188	21,877
Materials, Goods & Supplies	81	910	3,764	564	1,785	18	7,122	7,231
Interest on Long-Term Debt	51	-	681	437	468	70	1,707	1,912
Transfers	-	-	-	-	172	81	253	499
Other	285	-	-	31	60	-	376	516
Bank Charges	101	-	-	-	4	142	247	197
Accretion	4	1	3	1	20	-	29	-
	<u>18,209</u>	<u>22,118</u>	<u>32,253</u>	<u>25,890</u>	<u>17,062</u>	<u>4,263</u>	<u>119,795</u>	<u>127,785</u>
Annual Surplus (Deficit) before Undernoted	47,509	(14,245)	(29,521)	2,778	(9,221)	1,447	(1,253)	(14,401)
Other Income								
Government Transfers - Capital	-	-	6,014	-	4,870	-	10,884	12,422
Contributed TCA	-	-	6,077	4,631	27	4,635	15,370	11,280
Gain on Disposal of TCA	(38)	-	(422)	89	(682)	(1)	(1,054)	-
Developer Contribution and Levies	-	-	3,426	1,248	1,399	-	6,073	2,003
	<u>(38)</u>	<u>-</u>	<u>15,095</u>	<u>5,968</u>	<u>5,614</u>	<u>4,634</u>	<u>31,273</u>	<u>25,705</u>
Annual Surplus (Deficit)	<u>\$ 47,471</u>	<u>\$ (14,245)</u>	<u>\$ (14,426)</u>	<u>\$ 8,746</u>	<u>\$ (3,607)</u>	<u>\$ 6,081</u>	<u>\$ 30,020</u>	<u>\$ 11,304</u>

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

Schedule 6 - Tangible Capital Assets

for the year ended December 31, 2025 (IN THOUSANDS OF DOLLARS)

	<u>Land</u>	<u>Land Improvement</u>	<u>Leasehold Improvement</u>	<u>Buildings</u>	<u>Engineering Structures</u>	<u>Machine & Equipment</u>	<u>Vehicles</u>	<u>Construction in Progress</u>	<u>2025</u>
Cost									
Balance, Opening	\$ 200,885	\$ 33,752	\$ 1,186	\$ 106,500	\$ 494,503	\$ 35,527	\$ 14,122	\$ 83,408	\$ 969,883
Restatement (Note 33)	<u>(2,412)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,412)</u>
Balance (Restated), Opening	198,473	33,752	1,186	106,500	494,503	35,527	14,122	83,408	967,471
Acquired	-	11,691	-	4,147	7,958	4,525	2,125	5,094	35,540
Contributed	8,977	19	-	-	11,241	1,618	-	-	21,855
Disposals	-	(304)	-	(5)	(1,000)	(1,962)	(362)	-	(3,633)
Transfers	180	5,396	-	67,308	4,640	4,791	221	(82,536)	-
Transfer from Land Held for Sale	<u>399</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>399</u>
Cost, Closing	<u>208,029</u>	<u>50,554</u>	<u>1,186</u>	<u>177,950</u>	<u>517,342</u>	<u>44,499</u>	<u>16,106</u>	<u>5,966</u>	<u>1,021,632</u>
Accumulated Amortization									
Balance, Opening	-	17,649	974	28,794	201,253	23,122	6,301	-	278,093
Amortization	-	2,175	47	3,752	13,643	2,921	1,096	-	23,634
Disposals	<u>-</u>	<u>(287)</u>	<u>-</u>	<u>(2)</u>	<u>(830)</u>	<u>(1,690)</u>	<u>(362)</u>	<u>-</u>	<u>(3,171)</u>
Balance, Closing	<u>-</u>	<u>19,537</u>	<u>1,021</u>	<u>32,544</u>	<u>214,066</u>	<u>24,353</u>	<u>7,035</u>	<u>-</u>	<u>298,556</u>
Net Book Value, Closing	<u>\$ 208,029</u>	<u>\$ 31,017</u>	<u>\$ 165</u>	<u>\$ 145,406</u>	<u>\$ 303,276</u>	<u>\$ 20,146</u>	<u>\$ 9,071</u>	<u>\$ 5,966</u>	<u>\$ 723,076</u>

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

Schedule 7 - Tangible Capital Assets

for the year ended December 31, 2025 (IN THOUSANDS OF DOLLARS)

	<u>Land</u>	<u>Land Improvement</u>	<u>Leasehold Improvement</u>	<u>Buildings</u>	<u>Engineering Structures</u>	<u>Machine & Equipment</u>	<u>Vehicles</u>	<u>Construction in Progress</u>	2024 (Restated) (Note 33)
Cost									
Balance, Opening	\$ 188,687	\$ 29,700	\$ 1,005	\$ 105,754	\$ 480,445	\$ 32,504	\$ 13,338	\$ 41,060	\$ 892,493
Acquired	-	180	181	201	3,068	2,933	824	54,082	61,469
Contributed	4,635	-	-	-	10,426	171	138	-	15,370
Disposals	(35)	-	-	(726)	512	(819)	(426)	(357)	(1,851)
Transfers	5,196	3,872	-	1,271	52	738	248	(11,377)	-
Transfer to Land Held for Sale	(10)	-	-	-	-	-	-	-	(10)
Cost, Closing	<u>198,473</u>	<u>33,752</u>	<u>1,186</u>	<u>106,500</u>	<u>494,503</u>	<u>35,527</u>	<u>14,122</u>	<u>83,408</u>	<u>967,471</u>
Accumulated Amortization									
Balance, Opening	-	16,052	927	26,622	187,476	21,597	5,692	-	258,366
Amortization	-	1,597	47	2,214	13,265	2,198	865	-	20,186
Disposals	-	-	-	(42)	512	(673)	(256)	-	(459)
Balance, Closing	<u>-</u>	<u>17,649</u>	<u>974</u>	<u>28,794</u>	<u>201,253</u>	<u>23,122</u>	<u>6,301</u>	<u>-</u>	<u>278,093</u>
Net Book Value, Closing	<u>\$ 198,473</u>	<u>\$ 16,103</u>	<u>\$ 212</u>	<u>\$ 77,706</u>	<u>\$ 293,250</u>	<u>\$ 12,405</u>	<u>\$ 7,821</u>	<u>\$ 83,408</u>	<u>\$ 689,378</u>

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

Notes To The Consolidated Financial Statements

for the year ended December 31, 2025 (IN THOUSANDS OF DOLLARS)

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

1. Significant Accounting Policies

The consolidated financial statements of the City of Spruce Grove (the "City") are the representations of management prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the City are as follows:

(a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenses, and changes in net financial position and cash flows of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the City and are, therefore, accountable to Council 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) Valuation of Financial Assets and Liabilities

The City's financial assets and liabilities are generally measured as follows.

<u>Financial Statement Component</u>	<u>Measurement</u>
Cash	Cost
Investments	Fair value and amortized cost
Accounts receivable	Lower of cost and net recoverable value
Debt recoverable	Amortized cost
Land held for resale	Lower of cost and net realizable value
Accounts payable and accrued liabilities	Cost
Asset retirement obligations	Cost of present value
Long-term debt	Amortized cost
Derivatives	Fair value

Unrealized gains and losses from changes in the fair value of financial assets and liabilities are recognized in the consolidated statement of remeasurement gains and losses.

All financial assets are assessed annually for impairment. Impairment losses are recognized in the consolidated statement of operations. A write-down of a financial asset to reflect a loss that is other than temporary in value is not reversed for a subsequent increase in value.

For financial assets and liabilities measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. Transaction costs are expensed as they are incurred.

(continued)

Notes To The Consolidated Financial Statements

for the year ended December 31, 2025 (IN THOUSANDS OF DOLLARS)

1. Significant Accounting Policies (continued)

(b) Valuation of Financial Assets and Liabilities (continued)

i. Investments

Investments consist of authorized investments pursuant to provisions of the Municipal Government Act and comprise financial instruments issued by the Canadian government and Schedule I, II and III banks as well as asset backed securities. All investments are in accordance with the Investment Policy approved by Council.

Investments with original maturity dates of more than 90 days are classified as investments on the consolidated statement of financial position.

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. Discounts and premiums arising on the purchase of investments are amortized over the term of the investment. Should there be a loss in value that is not considered temporary, the respective investment is written down to recognize the loss.

ii. Debt Recoverable

Debt recoverable consists of long-term debt amounts borrowed by the City that are recoverable under loans or other financial arrangements made to non-profit organizations. These debt recoverable amounts are recorded at a value equivalent to the offsetting outstanding long-term debt balances as at December 31.

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, land improvements, 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.

iv. Derivatives

The City uses derivative financial instruments consisting of bank interest rate swap agreements to manage its interest rate exposure. The City specifically designates these agreements as hedges of debt instruments and recognizes interest differentials as adjustments to interest expense in the period the differentials occur. Under interest rate swap agreements, the City agrees with other parties to exchange at specific intervals, the difference between fixed-rate and variable-rate interest amounts calculated by reference to an agreed-upon notional principal amount.

The fair value of the interest rate swap agreements is estimated using quotes from counterparties and represents the cash requirement if the existing agreements had been settled at year end.

(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.

(continued)

Notes To The Consolidated Financial Statements

for the year ended December 31, 2025 (IN THOUSANDS OF DOLLARS)

1. Significant Accounting Policies (continued)

(c) Non-Financial Assets (continued)

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 the tangible capital assets, excluding land, is amortized on a straight line basis over their estimated useful life as follows:

<u>Asset</u>	<u>Useful Life in Years</u>
Engineered Structures	20 - 75
Machinery and 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.

i. 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.

ii. 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.

At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of the lease. Assets recorded under capital leases are amortized on a straight line basis over the term of the lease that is the estimated useful lives of the assets. The imputed interest is charged against income. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

iii. 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.

iv. Inventory

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

(continued)

Notes To The Consolidated Financial Statements

for the year ended December 31, 2025 (IN THOUSANDS OF DOLLARS)

1. Significant Accounting Policies (continued)

(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.

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.

(continued)

Notes To The Consolidated Financial Statements

for the year ended December 31, 2025 (IN THOUSANDS OF DOLLARS)

1. Significant Accounting Policies (continued)

(f) Liability for Contaminated Sites

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

- an environmental standard exists;
- contaminations exceed the environmental standard;
- the City owns the land; or is directly responsible; or accepts responsibility;
- it is expected that future economic benefits will be given up; and
- 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.

(g) Asset Retirement Obligations

Asset retirement obligations are legal obligations associated with the retirement of tangible capital assets. Asset retirement activities include all activities related to an asset retirement obligation. These may include but are not limited to:

- decommissioning or dismantling a tangible capital asset that was acquired, constructed or developed;
- remediation of contamination of a tangible capital asset created by its normal use;
- post-retirement activities such as monitoring; and
- constructing other tangible capital assets to perform post-retirement activities.

Asset retirement obligations are initially measured at the later of the date of acquisition or legislative obligation. When a liability for an asset retirement obligation is recognized, the asset retirement costs are added to the carrying amount of the related tangible capital asset in productive use and are amortized over the estimated useful life of the related tangible capital assets. Asset retirement costs related to unrecognized tangible capital assets or for tangible capital assets no longer in productive use are expensed in the consolidated statement of operations.

When the future retirement date is unknown, the asset retirement obligation is measured at the current estimated cost to settle or otherwise extinguish the liability. When the future retirement date is known, a present value technique is used to measure the liability. Subsequent to the initial measurement, the asset retirement obligation is adjusted to reflect the passage of time and is recognized as an accretion expense in the consolidated statement of operations.

These liabilities reflect the City's best estimate, as of December 31, 2025, of the amount required to retire tangible capital assets. Estimates are made by management using professional judgement, similar contractor costs, and third-party quotes, and are subsequently re-measured taking into account any new information and the appropriateness of assumptions used.

(continued)

Notes To The Consolidated Financial Statements

for the year ended December 31, 2025 (IN THOUSANDS OF DOLLARS)

1. Significant Accounting Policies (continued)

(h) Use of Estimates and Measurement Uncertainty

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, asset retirement obligations, liability of 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.

(i) Future Accounting Standard Pronouncements

The following summarizes upcoming changes to public sector accounting standards issued by the Public Sector Accounting Standards Board. In 2025, the City will continue to assess the impact and prepare for the adoption of this standard.

<u>Standard</u>	<u>Name</u>	<u>Effective Date</u>
PS 1202	Financial Statement Presentation	April 1 , 2026

Notes To The Consolidated Financial Statements

for the year ended December 31, 2025 (IN THOUSANDS OF DOLLARS)

2. Accounts Receivable

	<u>2025</u>	<u>2024</u>
Property Taxes		
Property taxes receivable	\$ 1,757	\$ 1,977
Property taxes receivable - arrears	<u>422</u>	<u>477</u>
	<u>2,179</u>	<u>2,454</u>
Other		
Trade and other receivables	4,102	3,540
Developer contributions and levies	3,653	3,211
Utility receivables	3,336	3,293
Due from other governments	2,435	706
Local improvements	2,173	2,483
Advances to agent ¹	1,040	-
Finance contract receivables	823	914
Interest receivables	792	467
Goods and Services Tax recoverable	269	445
Allowance for doubtful accounts	<u>(239)</u>	<u>(210)</u>
	<u>18,384</u>	<u>14,849</u>
	<u>\$ 20,563</u>	<u>\$ 17,303</u>

(1) The City participates in the Clean Energy Improvement Program ("CEIP") funded and financed by the Federation of Canadian Municipalities ("FCM") (Note 12) and administered by Alberta Municipalities (the "Agent"). Under this program, the City provides financing to eligible property owners to assist with the upfront costs of energy efficiency and renewable energy upgrades with repayment collected through property tax billings.

The City has entered into an agreement with the Agent to administer the CEIP including project intake, contractor payments, and program reporting.

As at December 31, 2025, the City has advanced \$1,040 to the Agent to fund eligible program costs and program delivery. The balance of unspent funds held by the Agent at year-end amounted to \$1,040 (2024 - \$NIL) and is included in accounts receivable.

Amounts advanced to property owners under the CEIP are recorded as loans receivable and are secured on a lien on the participating properties. As at December 31, 2025, loans receivable issued under the CEIP amounted to \$NIL (2024 - \$NIL).

Notes To The Consolidated Financial Statements

for the year ended December 31, 2025 (IN THOUSANDS OF DOLLARS)

3. Debt Recoverable

	<u>2025</u>	<u>2024</u>
Meridian Housing Foundation	\$ <u>2,692</u>	\$ <u>2,783</u>

The City has borrowed and loaned funds to the Meridian Housing Foundation in accordance with section 264 of the *Municipal Government Act*. The City passed Bylaw C-1316-24 on April 22, 2024 authorizing Council to lend \$2,871,850 to the Meridian Foundation for the construction of housing. The loan was advanced during 2024 and is repayable in 20 installments of \$216, including interest of 4.45%. The loan was financed by an equivalent borrowing from the Royal Bank of Canada (Note 12).

Principal and interest payments recoverable for each of the next five years and thereafter are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 96	\$ 120	\$ 216
2027	101	116	217
2028	105	112	217
2029	110	106	216
2030	115	101	216
Subsequent	<u>2,165</u>	<u>803</u>	<u>2,968</u>
	<u>\$ 2,692</u>	<u>\$ 1,358</u>	<u>\$ 4,050</u>

Notes To The Consolidated Financial Statements

for the year ended December 31, 2025 (IN THOUSANDS OF DOLLARS)

4. Investments

	<u>2025</u>	<u>2024</u>
Investments - amortized cost	\$ 35,291	\$ 24,037
Investments - fair value	<u>12,543</u>	<u>7,676</u>
	<u>\$ 47,834</u>	<u>\$ 31,713</u>

The composition of investments measured at amortized costs is as follows

	Amortized Cost <u>2025</u>	Market Value <u>2025</u>	Amortized Cost <u>2024</u>	Market Value <u>2024</u>
Bonds	\$ 34,168	\$ 33,735	\$ 22,973	\$ 22,022
GICs	1,093	1,093	1,035	1,035
Other	<u>30</u>	<u>30</u>	<u>29</u>	<u>29</u>
	<u>\$ 35,291</u>	<u>\$ 34,858</u>	<u>\$ 24,037</u>	<u>\$ 23,086</u>

Investments in bonds have effective interest rates of 1.29% to 5.30% (2024 - 1.28% to 3.78%) with maturity dates from June 2026 to July 2035. Other investments include a callable interest savings account with an effective rate of 2.80% (2024 - 3.80%).

The composition of investments measured at fair value is as follows

	<u>2025</u>			
	Level 1	Level 2	Level 3	Total
Principal Protected Notes	\$ -	\$ 12,543	\$ -	\$ 12,543

	<u>2024</u>			
	Level 1	Level 2	Level 3	Total
Principal Protected Notes	\$ -	\$ 7,676	\$ -	\$ 7,676

Fair values are those derived from:

- Level 1: Fair value is based on quoted prices in an active market.
- Level 2: Fair value is based on model-based valuation methods for which all significant assumptions are observable in the market-quoted prices for similar but not identical assets.
- Level 3: Fair value is based on valuation methods where inputs that are based on non-observable market data have a significant impact on valuation.

Notes To The Consolidated Financial Statements

for the year ended December 31, 2025 (IN THOUSANDS OF DOLLARS)

5. Land Held for Resale

The City holds interest in land in the amount of \$478 (2024 - \$934) representing the costs related to 30 Westwind Drive and 1 Century Close. The City entered into an option agreement with the developer to dispose of 30 Westwind Drive set to expire on May 13, 2029.

In 2025, interest on long-term debt associated with the land held for resale in the amount of \$NIL (2024 - \$NIL) was capitalized.

6. Operating Line of Credit

The City has access to an operating line of credit available for use, up to a maximum of \$5,000,000, bearing interest at prime + 0.00%, and is secured by the City at large. As at December 31, 2025, \$NIL (2024 - \$3,284) was drawn against the operating line of credit.

7. Accounts Payable and Accrued Liabilities

	<u>2025</u>	<u>2024</u>
Trade and accrued liabilities	\$ 8,612	\$ 14,429
Deposits	4,226	3,083
Wages and benefits	4,120	4,168
Finance contract payable	2,206	3,596
Developer commitments	1,404	1,569
Holdbacks	691	2,587
Interest payable	<u>200</u>	<u>64</u>
	<u>\$ 21,459</u>	<u>\$ 29,496</u>

Note 11

Notes To The Consolidated Financial Statements

for the year ended December 31, 2025 (IN THOUSANDS OF DOLLARS)

8. Deferred Revenue

	<u>2024</u>	Amount Received and Receivable	Interest and Other	Amounts Recognized	<u>2025</u>
Developer Contributions					
Cash in Lieu of Municipal Reserve	\$ 2,583	\$ 31	\$ 64	\$ -	\$ 2,678
Neighborhood Parks	1,281	-	(387)	-	894
Administration	144	-	4	-	148
Land Acquisition	4	-	-	-	4
District and Regional Parks	-	518	-	(518)	-
	<u>4,012</u>	<u>549</u>	<u>(319)</u>	<u>(518)</u>	<u>3,724</u>
Developer Levies					
Water	-	863	-	(863)	-
Transportation	-	5,084	-	(5,084)	-
Recreation	-	1,517	-	(1,517)	-
Library	-	292	-	(292)	-
Sewer	-	699	-	(699)	-
	<u>-</u>	<u>8,455</u>	<u>-</u>	<u>(8,455)</u>	<u>-</u>
Developer Contributions and Levies	4,012	9,004	(319)	(8,973)	3,724
Government Transfers - Capital					
Municipal Sustainability Initiative	1,518	-	31	(749)	800
Canada Community Building Fund	21	4,739	13	(4,185)	588
Local Government Fiscal Framework	-	6,045	1	(6,042)	4
Other Government Transfers	-	1,126	14	(1,051)	89
	<u>1,539</u>	<u>11,910</u>	<u>59</u>	<u>(12,027)</u>	<u>1,481</u>
Government Transfers - Operating					
Other Government Transfers	131	742	-	(445)	428
Family & Community Support Services	-	858	-	(858)	-
Local Government Fiscal Framework	-	519	-	(519)	-
	<u>131</u>	<u>2,119</u>	<u>-</u>	<u>(1,822)</u>	<u>428</u>
Total Government Transfers	1,670	14,029	59	(13,849)	1,909
Other Revenue					
Permits	1,395	5,601	-	(5,369)	1,627
User Fees	1,259	8,793	-	(8,314)	1,738
Property Taxes	457	15,761	-	(15,683)	535
Sponsorship	129	218	-	(174)	173
Cash in Lieu of Parking	198	-	6	-	204
FCM - CEIP Grant	-	586	-	(172)	414
Meridian Housing Foundation	91	84	-	(91)	84
	<u>3,529</u>	<u>31,043</u>	<u>6</u>	<u>(29,803)</u>	<u>4,775</u>
	<u>\$ 9,211</u>	<u>\$ 54,076</u>	<u>\$ (254)</u>	<u>\$ (52,625)</u>	<u>\$ 10,408</u>

Notes To The Consolidated Financial Statements

for the year ended December 31, 2025 (IN THOUSANDS OF DOLLARS)

9. Liability for Contaminated Sites

	<u>2025</u>	<u>2024</u>
Pioneer Cemetery - salt impacted soil	\$ 170	\$ 855
Historic Public Works Yard - salt impacted soil	<u>67</u>	<u>42</u>
	<u>\$ 237</u>	<u>\$ 897</u>

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 Bank of Canada prime rate. 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 are \$237 (2024 - \$897) and a discount rate of 4.45% (2024 - 5.45%) has been used.

The Historic Public Works Yard (PW Yard) and Pioneer Cemetery contaminated sites have active Risk Management Plans (RMP). The PW Yard RMP was approved by Alberta Environment and Protected Areas (AEPA) in 2022 and requires annual monitoring and reporting of groundwater, surface water, and soil vapour. The Pioneer Cemetery RMP was approved by AEPA in March 2025 and will require groundwater monitoring and reporting once every three years. The City has updated the estimated future costs for Pioneer Cemetery as a result of the RMP approval.

10. Asset Retirement Obligations

	<u>2025</u>	<u>2024</u>
Balance, Opening	\$ 538	\$ 531
Accretion	32	30
Liability settled	<u>-</u>	<u>(23)</u>
Balance, Closing	<u>\$ 570</u>	<u>\$ 538</u>

Tangible capital assets with associated retirement obligations include buildings and engineered structures.

The City has asset retirement obligations to remove various hazardous materials including, asbestos, lead, mercury, and mold from various buildings under its control. Regulations require the City to handle and dispose of these materials in a prescribed manner when it is disturbed, such as when the building undergoes renovations or is demolished. Although the timing of the removal is conditional on the building undergoing renovations or being demolished, regulations create an existing obligation for the City to remove the materials when the asset retirement activities occur.

Asset retirement obligations of \$570 (2024 - \$538) are measured using a present value technique. The present value was calculated using estimated total undiscounted cash flow amounting to \$1,694 (2024 - \$1,694), a discount rate of 5.25% (2024 - 5.25%) with retirement and reclamation activities expected to be settled between 2034 and 2070.

Notes To The Consolidated Financial Statements

for the year ended December 31, 2025 (IN THOUSANDS OF DOLLARS)

11. Derivatives

The City has entered into interest rate swap agreements with financial institutions to manage volatility of interest rates. As at December 31, 2025, the City held contracts for settlement between July 2044 and June 2050, with a notional amounts ranging from \$25 to \$2,751 (2024 - \$670 to \$25,704). The fair value of outstanding contracts receivable is \$823 (2024 - \$914) and of contracts payable is \$2,206 (2024 - \$3,596).

12. Long-Term Debt

	<u>2025</u>	<u>2024</u>
Province of Alberta		
Boundary Road	\$ 5,708	\$ -
Protective Services Facility	3,552	3,936
Public Works Facility	3,530	3,735
City Hall Renovations	2,972	-
Reimagine Central Park	2,796	-
Local Improvements	1,865	2,236
Industrial Watermain	1,693	1,790
Storm Upgrade	1,658	1,755
City Center Water (Mohr Ave)	1,476	-
City Center Sanitary Sewer	984	-
Sanitary Sewer - Queen Street	575	-
Protective Services - Solar	200	-
	<u>27,009</u>	<u>13,452</u>
CIBC		
Civic Centre	44,249	41,069
Development	8,910	9,902
RCMP Facility	6,048	6,490
Industrial Watermain	3,780	3,983
CIBC - City Centre ARP	2,120	2,240
CIBC - Storm Ponds Rehab	1,191	-
	<u>66,298</u>	<u>63,684</u>
RBC		
RBC - Meridian Housing Loan	<u>2,751</u>	<u>2,842</u>
Other		
Federation of Canadian Municipalities	1,027	-
Capital lease obligations	265	289
	<u>1,292</u>	<u>289</u>
	<u>\$ 97,350</u>	<u>\$ 80,267</u>

(continued)

Notes To The Consolidated Financial Statements

for the year ended December 31, 2025 (IN THOUSANDS OF DOLLARS)

12. Long-Term Debt (continued)

The required repayments for the Province of Alberta debt and expected repayments for all other debt are as follows.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 5,676	\$ 3,793	\$ 9,469
2027	5,627	3,582	9,209
2028	5,688	3,383	9,071
2029	5,770	3,037	8,807
2030	5,854	2,939	8,793
Subsequent	<u>68,470</u>	<u>21,083</u>	<u>89,553</u>
	<u>\$ 97,085</u>	<u>\$ 37,817</u>	<u>\$ 134,902</u>

Debt repayable to the Province of Alberta bears interest at rates ranging from 1.88% to 4.34% per annum (2024 - 1.88% to 4.44%) and matures in periods 2026 to 2045. This debt is issued on the credit and security of the City.

Infrastructure loan facilities with Canadian Imperial Bank of Canada have fixed terms of 15 to 25 years, effective interest rates ranging from 2.50% to 5.19% (2024 - 2.50% to 5.19%) and maturing in periods 2034 to 2051 and are repayable upon demand.

Debt repayable to the Royal Bank of Canada for the Meridian Housing Foundation has a fixed term of 20 years, maturing in 2044 with an effective interest rate of 4.45%.

Debt repayable to the Federation of Canadian Municipalities has a fixed term of 25 years, effective interest rate of 2.50%, and maturing in 2050.

Interest on long-term debt amounted to \$3,646 (2024 - \$1,707). The City's total cash payment for interest in 2025 is \$3,510 (2024 - \$1,628).

Capital lease obligations are included in the long-term debt balances. The City has entered into lease agreements to acquire solar panels which have been financed by a capital lease with Enmax Generation. The liability recorded under the capital leases represents the minimum lease payments payable net of imputed interest at an average rate of 3.00% per annum.

The City's obligation under capital leases consists of :

	<u>2025</u>	<u>2024</u>
Minimum lease payments payable	\$ 303	\$ 337
Less: Portion representing interest to be recorded over the remaining term of the lease	<u>(38)</u>	<u>(48)</u>
Total Leases	265	289
Less: current portion	<u>(25)</u>	<u>(24)</u>
Long-term portion	\$ 240	\$ 265

(continued)

Notes To The Consolidated Financial Statements

for the year ended December 31, 2025 (IN THOUSANDS OF DOLLARS)

12. Long-Term Debt (continued)

Future minimum annual lease payments payable under the capital leases are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 25	\$ 8	\$ 33
2027	26	7	33
2028	26	6	32
2029	27	5	32
2030	28	5	33
Subsequent	<u>133</u>	<u>9</u>	<u>142</u>
	<u>\$ 265</u>	<u>\$ 40</u>	<u>\$ 305</u>

13. Debt Limits

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

	<u>2025</u>	<u>2024</u>
Total Debt Limit		
(1.5 times revenue, as defined in the regulation)	\$ 208,380	\$ 189,170
Total Debt	<u>(97,350)</u>	<u>(80,267)</u>
Amount of Debt Limit Unused	<u>\$ 111,030</u>	<u>\$ 108,903</u>
Debt Servicing Limit		
(0.25 times revenue, as defined in the regulation)	\$ 34,730	\$ 31,528
Debt Servicing	<u>(9,502)</u>	<u>(7,979)</u>
Amount of Debt Servicing Limit Unused	<u>\$ 25,228</u>	<u>\$ 23,549</u>

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 50.00% of the above provincial debt limit. As of December 31, 2025 the City is in compliance with this internal debt limit.

Notes To The Consolidated Financial Statements

for the year ended December 31, 2025 (IN THOUSANDS OF DOLLARS)

14. Accumulated Surplus

		<u>2025</u>	<u>2024</u> (Restated) (Note 33)
Reserves	Note 15	\$ 46,581	\$ 37,677
Unrestricted		45,112	9,375
TransAlta Tri Leisure Centre		(877)	(1,016)
Spruce Grove Public Library		(1,899)	(1,004)
Developer Deficit	Note 16	<u>(30,374)</u>	<u>(9,776)</u>
		58,543	35,256
Equity in Tangible Capital Assets	Note 17	<u>631,099</u>	<u>613,892</u>
Accumulated Surplus from Operations		689,642	649,148
Accumulated Remeasurement Loss		<u>(1,237)</u>	<u>(2,884)</u>
		<u>\$ 688,405</u>	<u>\$ 646,264</u>

15. Reserves

	<u>2025</u>	<u>2024</u>
Utility Reserves	\$ 12,087	\$ 8,344
Specific Purposes Reserves	10,950	9,962
Municipal Lifecycle Reserves	9,513	10,200
Project Reserves	9,092	5,697
Stabilization and Contingency Reserves	<u>4,939</u>	<u>3,474</u>
	<u>\$ 46,581</u>	<u>\$ 37,677</u>

16. Developer Deficit

	<u>2024</u>	<u>Funds</u> <u>Received</u>	<u>Funds Utilized</u>	<u>2025</u>
District and Regional Parks	\$ (1,367)	\$ 518	\$ (53)	\$ (902)
Water	(820)	863	(1,082)	(1,039)
Library	197	292	(4,089)	(3,600)
Transportation	(2,389)	5,084	(8,850)	(6,155)
Sanitary Sewer	(6,497)	699	(441)	(6,239)
Recreation	<u>1,100</u>	<u>1,517</u>	<u>(15,056)</u>	<u>(12,439)</u>
	<u>\$ (9,776)</u>	<u>\$ 8,973</u>	<u>\$ (29,571)</u>	<u>\$ (30,374)</u>

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 the future offsite levies. Long-term debt in the amount of \$31,937 (2024 - \$25,267) was taken out by the City as offsite developer fund balances are currently insufficient to pay for future development's share of these project costs.

Notes To The Consolidated Financial Statements

for the year ended December 31, 2025 (IN THOUSANDS OF DOLLARS)

17. Equity in Tangible Capital Assets

Equity in tangible capital assets is comprised of the following:

	<u>2025</u>	<u>2024</u> (Restated) (Note 33)
Net book value of tangible capital assets	\$ 723,076	\$ 689,378
Debt recoverable related to tangible capital assets	2,165	2,478
Asset retirement obligations	(570)	(538)
Long term debt related to tangible capital assets	<u>(93,572)</u>	<u>(77,426)</u>
	<u>\$ 631,099</u>	<u>\$ 613,892</u>

18. 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 City 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 City 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 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.

(continued)

Notes To The Consolidated Financial Statements

for the year ended December 31, 2025 (IN THOUSANDS OF DOLLARS)

18. Segmented Disclosure (continued)

(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 wellbeing 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.

19. 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**

	<u>2025</u> <u>Salaries /</u> <u>Contract</u> ^{1,2}	<u>2025</u> <u>Benefits</u> ³	<u>2024</u> <u>Salaries /</u> <u>Contract</u> ^{1,2}	<u>2024</u> <u>Benefits</u> ³
Mayor Acker	\$ 131,928	\$ 21,958	\$ 121,656	\$ 19,691
Councillor Bennett	10,840	2,665	-	-
Councillor Carter	77,504	17,910	70,076	15,418
Councillor Gillett	71,682	17,462	66,797	15,334
Councillor Houston	64,676	10,514	72,100	10,828
Councillor MacDonald	56,467	11,882	64,812	12,694
Councillor Mastaler	10,840	2,665	-	-
Councillor Oldham	56,991	14,361	67,960	15,404
Councillor Stevenson	72,760	13,684	66,067	12,237
Councillor Tokar	<u>10,840</u>	<u>2,975</u>	<u>-</u>	<u>-</u>
	564,528	116,076	529,468	101,606
City Manager	307,882	53,079	283,155	50,530
Designated Officer ⁴	<u>401,243</u>	<u>-</u>	<u>340,896</u>	<u>-</u>
	<u>\$ 1,273,653</u>	<u>\$ 169,155</u>	<u>\$ 1,153,519</u>	<u>\$ 152,136</u>

(continued)

Notes To The Consolidated Financial Statements

for the year ended December 31, 2025 (IN THOUSANDS OF DOLLARS)

19. Salary and Benefits Disclosure (continued)

- (1) 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 and death and dismemberment insurance, dependent life insurance, a home office expense allowance, car allowance, and WCB coverage.
- (2) Contract include remuneration paid to third parties for services performed.
- (3) 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 contributions of up to 4.00% of their annual salary.
- (4) Designated officers include the City's third-party assessor.

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.

20. 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 *Alberta 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 8.45% (2024 - 8.45%) of eligible pensionable earnings up to the year's maximum pensionable earnings (YMPE) and 11.65% (2024 - 11.65%) on pensionable earning above this amount. Employees are required to make current service contributions of 7.45% (2024 - 7.45%) of pensionable salary up to the YMPE and 10.65% (2024 - 10.65%) of 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 made by the City to LAPP in 2025 were \$2,950 (2024 - \$2,812). Total current service contributions made by the employees of the City to LAPP in 2025 were \$2,634 (2024 - \$2,514). Total optional service contributions by the City to LAPP in 2025 were \$47 (2024 - \$30).

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, 2025, the City's potential liability for optional service buy-back is \$NIL (2024 - \$33).

At December 31, 2024, LAPP disclosed an actuarial surplus of \$19.6 billion (2023 - \$15.1 billion).

Notes To The Consolidated Financial Statements

for the year ended December 31, 2025 (IN THOUSANDS OF DOLLARS)

21. 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 Pension Plans Act* commenced on January 1, 2003 and provides supplementary pension benefits to a prescribed class of employees (approximately 185 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 2.42% and 2.96% (2024 - 2.42% and 2.96%) respectively of pensionable earnings up to \$188 (2024 - \$181).

Total current contributions by the City to APEX in 2025 were \$456 (2024 - \$443). Total current service contributions by the employees of the City in 2025 were \$373 (2024 - \$362).

22. 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.

23. 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 (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 51.80% (2024 - 51.80%).

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 \$3,440 (2024 - \$3,440) to support the operations of the TLC, with the City's proportionate share being 51.80% (2024 - 51.80%).

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

	<u>2025</u>	<u>2024</u>
Financial Position		
Total Financial Assets	\$ 1,642	\$ 1,327
Liabilities	<u>(646)</u>	<u>(670)</u>
Net Financial Assets	996	657
Non-Financial Assets	<u>804</u>	<u>870</u>
Accumulated Surplus	\$ 1,800	\$ 1,527
Operations		
Revenues	\$ 3,598	\$ 3,585
Expenses	<u>(5,205)</u>	<u>(5,016)</u>
Annual Deficits	\$ (1,607)	\$ (1,431)

Notes To The Consolidated Financial Statements

for the year ended December 31, 2025 (IN THOUSANDS OF DOLLARS)

24. Developer Agreements

Developers have entered into agreements with the City 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 \$32,636 to secure the performance by the developers under the agreements.

25. 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.

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

<u>Year</u>	<u>Lease and Contracts</u>
2026	\$ 1,338
2027	1,344
2028	1,301
2029	1,291
2030	1,281
Thereafter	<u>8,194</u>
	<u>\$ 14,749</u>

26. Contractual Obligations

As at December 31, 2025, authorized costs for capital projects and transfers committed through a purchase order or other contractual agreement, but not yet expended, amounts to \$11,426.

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

<u>Year</u>	<u>Basic Rent</u>
2026	\$ 176
2027	129
2028	129
2029	73
2030	73
Thereafter	<u>160</u>
	<u>\$ 740</u>

Notes To The Consolidated Financial Statements

for the year ended December 31, 2025 (IN THOUSANDS OF DOLLARS)

27. Contingent Liabilities

The City is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of 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.

The City is a defendant in various lawsuits as at December 31, 2025. 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.

28. Financial Risk Management

Credit risk

Counterparty credit risk is the risk of loss arising from the failure of a counterparty, debtor or issuer to fully honour its financial obligations with the City. The City is exposed to credit risk on investments and has established an investment policy in compliance with the MGA to limit investments with required minimum credit quality standards. The City's exposure, based on the risk rating of money market holdings and bonds, has not changed significantly year over year.

Credit risk arises from the possibility that tax payers 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. Management has established a provision for receivables and assesses it annually to address any concerns that may arise.

The maximum amount of credit risk exposure is equal to the carrying value of the balances recorded in these consolidated financial statements.

Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, its issuer or general market factors affecting all securities.

Market risk comprises three types of risk: currency rate risk, interest rate risk, and other price risk. The City is mainly exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk that the City's earnings will be affected by the fluctuation and degree of volatility in interest rates. This risk is managed by investment policies that limit the term to maturity of certain fixed income instruments.

(continued)

Notes To The Consolidated Financial Statements

for the year ended December 31, 2025 (IN THOUSANDS OF DOLLARS)

28. Financial Risk Management (continued)

Market price risk (continued)

Interest rate risk (continued)

The City is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities. The City manages exposure through its normal operating and financing activities. The City uses interest rate swap agreements to manage its interest rate exposure. The City specifically designates these agreements as hedges of debt instruments and recognizes interest differentials as adjustments to interest expense in the period the differentials occur. Under interest rate swap agreements, the City agrees with other parties to exchange, at specific intervals, the difference between fixed-rate and floating-rate interest amounts calculated by reference to an agreed-upon notional principal amount. The fair value of the interest rate swap agreements is estimated using quotes from counterparties and represents the cash requirement if the existing agreements had been settled at year end.

Liquidity Risk

Liquidity risk is the risk that the City will encounter difficulty in meeting obligations associated with its financial liabilities.

The City has a revolving credit facility with RBC for \$5 million that bears interest at prime. The City has drawn \$NIL as of December 31, 2025. The City believes, based on assessment of future cash flows, it will have access to sufficient capital through internally generated cash flows, external resources and the remaining undrawn credit facility to meet current spending forecasts. Management continues to monitor the City's liquidity position on a regular basis.

29. Franchise Agreements

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

	<u>2025</u>	<u>2024</u>
Fortis Alberta Inc.	\$ 5,127	\$ 5,091
ATCO Gas	<u>3,566</u>	<u>3,522</u>
	<u>\$ 8,693</u>	<u>\$ 8,613</u>

30. Budget

City Council approved the 2025 - 2027 Corporate Plan on December 2, 2024 which formally approved the interim budget for operating revenue and expenses and capital revenue and expenditures for 2025. The operating budget information presented in these consolidated financial statements is based on the final operating budget for revenues and expenses approved by the Council as part of the 2025 Spring Budget Adjustment process on April 14, 2025. The capital budget presented in these consolidated statements is based on the final capital budget for revenues and expenditures approved by Council on April 14, 2025.

Notes To The Consolidated Financial Statements

for the year ended December 31, 2025 (IN THOUSANDS OF DOLLARS)

31. Approval of the City of Spruce Grove Financial Statements

Council and Management have approved these consolidated financial statements on April 20, 2026.

32. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

33. Restatement

During the current year, management identified an error in the contributed land recorded in the prior period. The error resulted in the recording of contributed land that was not owned by the City.

The impact of the restatement on the previously reported financial statements is as follows:

- Land has decreased \$2,412.
- Contributed tangible capital asset revenue decreased \$2,412.
- Closing accumulated surplus has decreased \$2,412.

Comparative figures have been restated as follows:

	As Previously Stated	Restatement	As Restated
Consolidated Statement of Financial Position			
Tangible Capital Assets	691,790	(2,412)	689,378
Accumulated Surplus from Operations	\$ 651,560	\$ (2,412)	\$ 649,148

Consolidated Statement of Operations and Accumulated Surplus

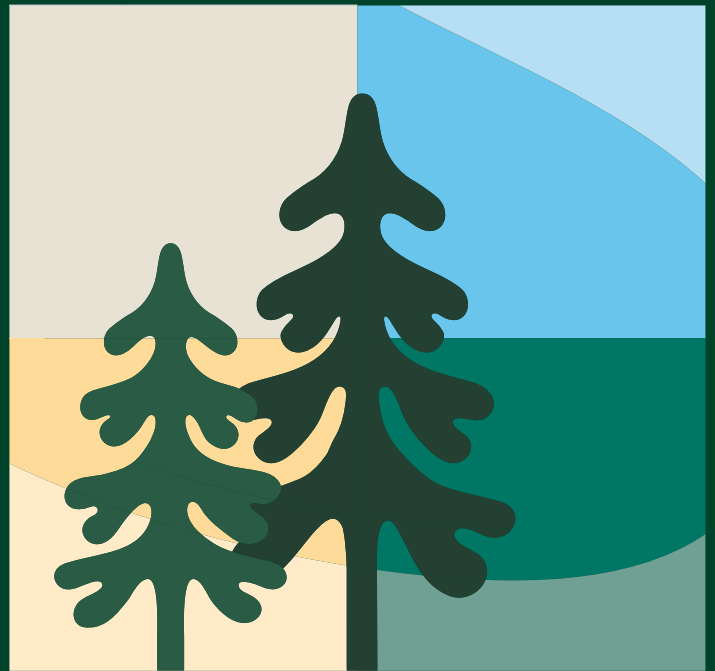
Contributed Tangible Capital Assets	\$ 17,782	\$ (2,412)	\$ 15,370
Annual Surplus (Deficit)	\$ 32,432	\$ (2,412)	\$ 30,020
Accumulated Surplus			
Accumulated Surplus - Beginning of year	619,128	-	619,128
Accumulated Surplus - End of year	\$ 651,560	\$ (2,412)	\$ 649,148

Consolidated Statement of Changes in Net Debt

Annual Surplus (Deficit)	\$ 32,432	\$ (2,412)	\$ 30,020
Contributed Tangible Capital Assets	\$ 17,782	\$ (2,412)	\$ 15,370
Net Financial Debt - Beginning of year	(19,103)	-	(19,103)
Net Financial Debt - End of year	\$ (45,091)	\$ -	\$ (45,091)

Consolidated Statement of Cash Flows

Annual Surplus (Deficit)	\$ 32,432	\$ (2,412)	\$ 30,020
Contributed Tangible Capital Assets	\$ 17,782	\$ (2,412)	\$ 15,370



Statistical Section

CITY OF SPRUCE GROVE

General Statistics

General Statistics	2025	2024	2023	2022	2021
Population	41,039*	40,012*	38,985	38,647*	37,645
Municipal Employees stated in Full Time Equivalents	338.5	317	303.5	290	280.4
Municipal Employees per 1,000 population	8.2	7.9	7.8	7.5	7.4

* Estimated based on regional and provincial population growth projections.

Infrastructure	2025	2024	2023	2022	2021
Municipal Area (in hectares)	3,688	3,676	3,676	3,676	3,676
Number of Dwellings	18,594	17,499	16,862	16,200	15,801
Roads (km)	256	255*	246	243	236
Watermains (km)	187	183*	177	166	161
Wastewater Mains (km)	174	170	168	168	161
Storm Drainage Mains (km)	150	144	142	137	132

*Numbers have been restated

Age Demographics	2025	2024	2023	2021	2016
0 to 14 years	-	-	21.22%	21.64%	22.56%
15 to 29 years	-	-	16.40%	18.58%	20.19%
30 to 44 years	-	-	23.67%	24.04%	24.45%
45 to 59 years	-	-	17.85%	17.98%	17.71%
60 and over	-	-	20.85%	17.73%	15.03%

Source: Municipal Census, 2023 and Statistics Canada, 2021. No census was completed in 2024 or 2025.

CITY OF SPRUCE GROVE

General Statistics

Permit Statistics	2025	2024	2023	2022	2021
<i>Building Permit Construction Value</i>					
New Residential	276,279,778	242,261,244	159,905,551	134,392,350	191,672,670
New Commercial	11,011,075	35,637,401	4,185,432	2,892,338	5,096,109
New Industrial	-	2,575,251	20,742,450	4,505,000	4,728,094
New Institutional	2,340,834	-	58,137,258	-	-
Residential Improvements	13,333,070	12,202,061	9,339,916	7,278,743	5,064,917
Non-Residential Improvements	8,217,731	17,404,447	24,902,294	25,275,660	12,592,358
Other	250,000	635,500	-	1,288,018	1,479,373
Total Value	311,432,488	310,715,904	277,212,901	175,632,109	220,633,521

Permit Statistics	2025	2024	2023	2022	2021
<i>Number of Building Permits</i>					
New Residential	529	478	358	342	386
New Non-Residential	9	9	13	5	9
Residential Improvements	632	633	715	353	434
Non-Residential Improvements	53	50	74	70	78
Other	9	12	14	13	-
Total Number of Permits	1,232	1,182	1,174	783	907

Consumer Price Index Change	2025	2024	2023	2022	2021
Alberta	2.0%	2.9%	3.3%	6.4%	3.2%
Canada	2.1%	2.4%	3.9%	6.8%	3.4%

Figures are based on annual average Consumer Price Index (CPI) data published by Statistics Canada.

CITY OF SPRUCE GROVE
General Statistics



Unemployment Rates	2025	2024	2023	2022	2021
Alberta	6.7%	6.8%	6.3%	5.6%	7.5%
Canada	6.8%	6.7%	5.8%	5.0%	6.0%

List of the city's top 10 largest employers (listed alphabetically)

Cargill Protein	Real Canadian Superstore
City of Spruce Grove	Sobeys/Safeway
Evergreen Catholic School Division	Thompson Construction
Heavy Metal Equipment & Rental	Walmart Supercentre
Parkland School Division	WesTower Communication

Financial Statements

Revenue by Source IN THOUSANDS OF DOLLARS	2025	2024 Restated*	2023	2022 Restated**	2021
Property Taxes	58,871	54,315	49,247	45,235	42,236
Sales & User Fees	38,532	34,079	30,825	28,562	26,371
Sales to Other Governments	3,746	4,279	2,779	2,718	2,828
Franchise Fees	8,693	8,613	7,738	7,444	6,532
Fines	478	698	2,030	2,938	2,434
Government Transfers	17,071	15,679	36,298	16,594	18,490
Licenses & Permits	4,177	3,093	3,038	2,321	2,282
Rentals	3,434	3,095	2,685	2,306	1,768
Penalties	932	867	816	795	1,051
Other	3,897	3,024	2,259	841	959
Investment Income	1,844	1,684	1,232	618	791
Gain (Loss) on Disposal & Transfer of Tangible capital Assets	346	(1,054)	409	(162)	26
Contributed Tangible Capital Assets	21,326	15,370	27,461	6,060	6,737
Developer Contribution & Levies	8,974	6,073	180	5,030	3,384
Total Revenues	172,321	149,815	166,997	121,300	115,889

Expenses by Function IN THOUSANDS OF DOLLARS	2025	2024 Restated*	2023	2022 Restated**	2021
General Government	20,592	18,209	16,474	16,159	16,011
Protective Services	22,291	22,118	21,840	20,828	19,163
Transportation & Roadway Services	35,092	32,253	30,888	29,747	26,734
Utilities	27,525	25,890	23,861	22,610	22,241
Community Services	21,743	17,062	16,165	13,630	11,836
Development Services	4,584	4,263	4,188	3,728	3,234
Total Expense by Function	131,827	119,795	113,416	106,702	99,219

*The City identified an error related to contributed land recorded in a prior period and applied a correction with restatement of prior year (2024) comparative information.

**Effective January 1, 2023, the City adopted Canadian public sector accounting standard PS 3280 Asset Retirement Obligations, and applied the standard using the modified retroactive approach with restatement of prior year comparative information.

Financial Statements

Surplus and Accumulated Surplus IN THOUSANDS OF DOLLARS	2025	2024 Restated*	2023	2022 Restated**	2021
Total Revenue	172,321	149,815	166,997	121,300	115,889
Total Expenses	131,827	119,795	113,416	106,702	99,219
Annual Surplus	40,494	30,020	53,581	14,598	16,670
Accumulated Surplus, Beginning Year	649,148	619,128	565,547	550,949	534,703
Accumulated Surplus, End of Year	689,642	649,148	619,128	565,547	551,373

Expenses by Object IN THOUSANDS OF DOLLARS	2025	2024 Restated*	2023	2022 Restated**	2021
Salaries, Wages & Benefits	49,449	46,407	43,292	39,812	36,456
Contracted & General Services	23,249	22,706	20,500	22,160	19,369
Materials, Goods & Supplies	7,952	7,122	6,694	6,160	5,666
Purchases from other Governments	22,627	20,760	21,067	18,879	18,298
Transfers to Gov't, Agencies & Other Org.	541	253	795	150	139
Bank Charges	284	247	208	177	150
Interest on Long-Term Debt	3,646	1,707	1,118	1,137	1,144
Other	413	376	378	397	224
Amortization	23,634	20,188	19,339	17,805	17,773
Accretion	32	29	25	25	-
Total Expenses by Object	131,827	119,795	113,416	106,702	99,219

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Taxation

Tax Rate (in mills)	2025	2024	2023	2022	2021
Municipal – Residential	0.0065781	0.0066398	0.0064992	0.0065900	0.0066715
Municipal – Residential Multi-Family	0.0092093	0.0092957	0.0090989	0.0092260	0.0093615
Municipal – Non-Residential	0.0107486	0.0104643	0.0098658	0.0096214	0.0093951
Annexed – Residential	0.0044605	0.0044002	0.0043093	0.0042133	0.0042229
Annexed – Non-Residential	0.0092772	0.0089763	0.0086184	0.0084266	0.0084455
School – Residential	0.0025205	0.0024165	0.0023679	0.0024730	0.0026727
School – Non-Residential	0.0038448	0.0035448	0.0034092	0.0038237	0.0038774
Meridian Foundation (Operating Requisition)	0.0000712	0.0000742	0.0000672	0.0000673	0.0000530
Meridian Foundation (Capital Requisition)	0.0000262	0.0000315	-	-	-

Assessment Values IN THOUSANDS OF DOLLARS	2025	2024	2023	2022	2021
Residential and Farmland	6,566,764	6,006,595	5,653,108	5,145,497	4,715,790
Commercial and Industrial	1,296,519	1,230,052	1,141,741	1,050,570	1,007,490
Linear	58,899	52,450	48,633	44,861	42,011
Total Assessment	7,922,182	7,289,097	6,843,482	6,240,929	5,765,291

Collection of Taxes IN THOUSANDS OF DOLLARS	2025	2024	2023	2022	2021
Municipal Taxes	58,871	54,315	49,219	45,207	42,236
Current Year Uncollected	1,766	1,982	1,853	1,785	1,873
More than One Year in Arrears	422	477	589	535	827
% of Current Tax Year Levied Uncollected	3.00%	3.65%	3.76%	3.95%	4.43%

Taxation

Taxation IN THOUSANDS OF DOLLARS	2025	2024	2023	2022	2021
Residential	61,618	56,183	51,319	47,775	45,305
Commercial	15,270	13,950	12,387	11,611	11,052
Industrial	3,852	3,470	2,976	2,729	2,490
Linear and M&E	620	546	462	402	399
Agricultural	14	10	22	21	2
Total Taxes	81,374	74,159	67,166	62,538	59,248

Requisitions IN THOUSANDS OF DOLLARS	2025	2024	2023	2022	2021
Alberta School Foundation Fund	18,901	16,444	15,020	14,509	14,452
Evergreen Catholic Separate	2,824	2,623	2,436	2,370	2,251
Meridian Foundation	774	773	462	420	306
Designated Industrial Property	4	4	4	4	3
Total Requisitions	22,503	19,844	17,922	17,303	17,012
Municipal Taxes	58,871	54,315	49,244	45,235	42,236

List of top 5 largest corporate taxpayers (listed alphabetically)

Property owner	Property commonly known as
ARTIS SPRUCE GROVE LTD.	Century Crossing Commercial
CCP WESTLAND GP LTD.	Westland Market Mall and Highway Commercial
CP REIT ALBERTA PROPERTIES LIMITED	Superstore and Westgrove Commercial
FILECAN PROPERTIES LTD	Highway 16A Commercial
WAL-MART CANADA CORP	Walmart

CITY OF SPRUCE GROVE
Long-Term Debt

Long-Term Debt IN THOUSANDS OF DOLLARS	2025	2024 Restated*	2023	2022	2021
Tax Supported	48,579	42,707	15,451	16,810	18,177
Supported by Utilities	13,477	9,768	9,993	6,319	4,099
Supported by Other	33,429	25,557	11,217	12,036	13,072
Supported by Local Improvements	1,865	2,236	2,596	2,946	3,287
Total Long Term Debt	97,350	80,268	39,257	38,111	38,635
Population	41,039	40,012	38,985	38,647	37,645
Long-Term Debt per Capita	2,372.14	2,006.10	1,006.98	986.13	1,026.30

Debt Limits IN THOUSANDS OF DOLLARS	2025	2024 Restated*	2023	2022	2021
Total Debt Limit	208,380	189,170	161,852	153,983	141,747
Total Debt	97,350	80,267	39,257	38,111	38,635
Total Debt Limit Available	111,030	108,903	122,595	115,872	103,112
Percentage of Debt Limit Used	46.72%	42.43%	24.25%	24.75%	27.26%

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Net Debt and Accumulated Surplus

Net Debt IN THOUSANDS OF DOLLARS	2025	2024 Restated*	2023	2022 Restated**	2021
Annual Surplus	40,494	30,020	53,581	14,598	16,670
Change related to Tangible Capital Assets	(33,698)	(55,251)	(63,588)	(9,229)	(7,650)
Change related to Other Non Financial Assets	(657)	(487)	(145)	(116)	(167)
Change in Accumulated Remeasurement Loss	1,647	(270)	(2,614)	-	-
(Increase) Decrease in Net Debt	7,786	(25,988)	(12,766)	5,253	8,853
Net Debt, Beginning of Year	(45,091)	(19,103)	(6,337)	(11,590)	(19,962)
Net Debt, End of Year	(37,305)	(45,091)	(19,103)	(6,337)	(11,109)

Accumulated Surplus IN THOUSANDS OF DOLLARS	2025	2024 Restated*	2023	2022 Restated**	2021
Municipal Surplus	76,830	36,688	28,679	35,146	39,284
Utility Surplus	12,087	8,344	7,498	7,588	4,585
Developer Deficit	(30,374)	(9,776)	(14,171)	(12,638)	(15,607)
Equity in Tangible Capital Assets	631,099	613,892	597,122	535,451	523,111
Accumulated Remeasurement Gain/(Loss)	(1,237)	(2,884)	(2,614)	-	-
Accumulated Surplus	688,405	646,264	616,514	565,547	551,373

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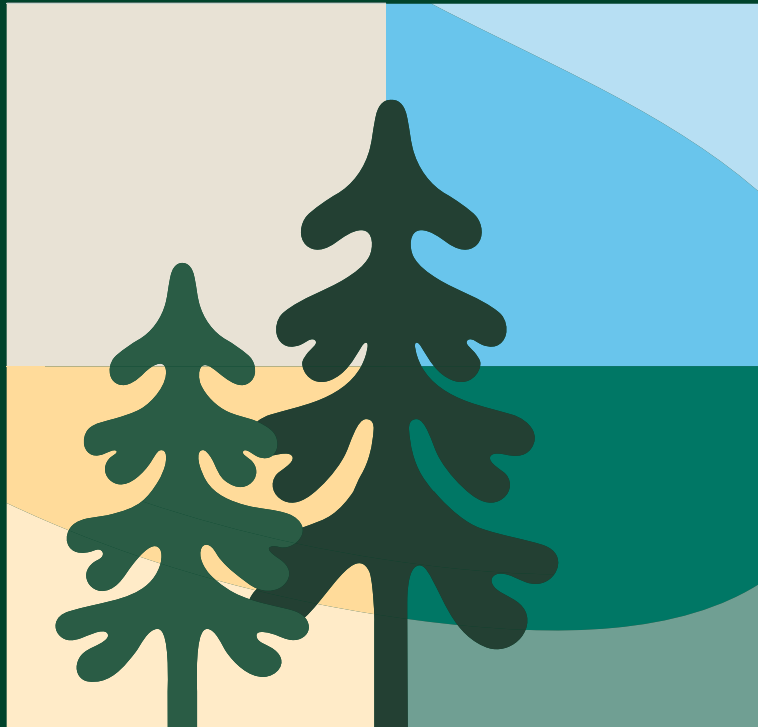
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Tangible Capital Assets Acquisitions



Tangible Capital Asset Acquisitions IN THOUSANDS OF DOLLARS	2025	2024 Restated*	2023	2022	2021
Land	8,977	4,635	15,676	1,681	5,828
Land Improvements	11,710	180	575	473	161
Leasehold Improvements	-	181	-	-	-
Buildings	4,147	201	1,128	108	170
Engineered Structures	19,199	13,494	30,480	7,659	13,606
Machinery & Equipment	6,143	3,104	2,786	1,565	2,574
Vehicles	2,125	962	1,499	186	105
Construction in Progress	5,094	54,082	31,850	15,667	3,808
Total Acquisition of Tangible Capital Assets	57,395	76,839	83,994	27,339	26,252

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CITY HALL

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The City of
**SPRUCE
GROVE**