



Condensed Unconsolidated Financial Statements of

**The City of Spruce Grove**

For the Three Months Ended March 31, 2019



## **CONTENTS**

Management's Report.....	1
Condensed Unconsolidated Statement of Financial Position.....	2
Condensed Unconsolidated Statement of Operations and Accumulated Surplus.....	3
Condensed Unconsolidated Statement of Changes in Net Debt.....	4
Condensed Unconsolidated Statement of Cash Flows.....	5
Notes to the Condensed Unconsolidated Financial Statements.....	6
Schedules:	
Schedule 1 - Sales and User Fees.....	11
Schedule 2 - Expenses by Object.....	11
Schedule 3 - Expenses by Department.....	12

## **MANAGEMENT'S REPORT**

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

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

Louise Frostad, CPA, CMA  
Chief Financial Officer

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

As at March 31, 2019  
(in thousands of dollars)

	March 2019 (Unaudited)	March 2018 (Unaudited)	December 2018 (Unaudited)
<b>Financial Assets</b>			
Cash and Cash Equivalents	16,277	5,363	3,223
Accounts Receivable	13,228	16,303	15,517
Investments (Note 2)	26,733	26,031	36,720
Land Held for Resale	1,746	1,746	1,746
	<u>57,984</u>	<u>49,443</u>	<u>57,206</u>
<b>Liabilities</b>			
Accounts Payable and Accrued Liabilities	13,258	10,790	16,738
Deferred Revenue (Note 3)	41,961	32,626	25,253
Liability for Contaminated Sites	4,180	4,172	4,180
Long-Term Debt	41,777	24,453	38,464
	<u>101,176</u>	<u>72,041</u>	<u>84,635</u>
<b>Net Debt</b>	(43,192)	(22,598)	(27,429)
<b>Non-Financial Assets</b>			
Consumable Inventory and Prepaid Expenses	6,126	4,820	1,040
Tangible Capital Assets (Note 4)	518,868	491,532	516,817
	<u>524,994</u>	<u>496,352</u>	<u>517,857</u>
<b>Accumulated Surplus</b>	<u>481,802</u>	<u>473,754</u>	<u>490,428</u>

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

For the Three Months Ended March 31, 2019  
(in thousands of dollars)

	March 2019 Budget (Unaudited)	March 2019 Actual (Unaudited)	March 2018 Actual (Unaudited)
<b>Revenue</b>			
Property Taxes	-	2	6
Government Transfers - Operating	619	652	498
Sales and User Fees (Schedule 1)	9,838	9,133	9,360
Interest	21	(35)	23
	<u>10,478</u>	<u>9,752</u>	<u>9,887</u>
<b>Expenses (Schedule 2, 3)</b>			
Council	206	195	196
City Manager	128	158	135
Economic and Business Development	329	313	398
Corporate Communications	246	241	228
Community and Protective Services	7,530	7,154	7,535
Corporate Services	3,656	2,952	3,078
Planning and Infrastructure	6,711	7,407	6,461
Utilities	4,830	4,022	4,011
	<u>23,636</u>	<u>22,442</u>	<u>22,042</u>
<b>Deficit before the Undernoted</b>	<u>(13,158)</u>	<u>(12,690)</u>	<u>(12,155)</u>
Gain on Disposal of Tangible Capital Assets	-	79	-
Government Transfers - Capital	1,225	3,959	385
Developer Contributions and Levies	296	26	162
	<u>1,521</u>	<u>4,064</u>	<u>547</u>
<b>Period Deficit</b>	<u>(11,637)</u>	<u>(8,626)</u>	<u>(11,608)</u>
<b>Accumulated Surplus, Opening</b>	<u>490,428</u>	<u>490,428</u>	<u>485,362</u>
<b>Accumulated Surplus, Closing</b>	<u>478,791</u>	<u>481,802</u>	<u>473,754</u>

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

For the Three Months Ended March 31, 2019  
(in thousands of dollars)

	March 2019 Budget (Unaudited)	March 2019 Actual (Unaudited)	March 2018 Actual (Unaudited)
<b>Period Deficit</b>	(11,637)	(8,626)	(11,608)
<b>Consumable Inventory and Prepaid Expenses</b>			
Acquisition	-	(6,126)	(4,820)
Consumption	-	1,040	744
	-	(5,086)	(4,076)
<b>Tangible Capital Assets</b>			
Purchased	(2,374)	(5,759)	(1,488)
Proceeds on Disposal	-	102	-
Gain on Disposal	-	(79)	-
Amortization	3,982	3,685	3,485
	1,608	(2,051)	1,997
<b>Change in Net Debt</b>	(10,029)	(15,763)	(13,687)
<b>Net Debt, Opening</b>	(27,429)	(27,429)	(8,911)
<b>Net Debt, Closing</b>	(37,458)	(43,192)	(22,598)

**CITY OF SPRUCE GROVE**  
**CONDENSED UNCONSOLIDATED STATEMENT OF CASH FLOWS**  
For the Three Months Ended March 31, 2019  
(in thousands of dollars)

	March 2019 (Unaudited)	March 2018 (Unaudited)
<b>Cash Provided by (Used For):</b>		
<b>Operating Activities</b>		
Period Deficit	(8,626)	(11,608)
Adjustments:		
Amortization	3,685	3,485
Gain on Disposal of Tangible Capital Assets	(79)	-
Decrease in Accounts Receivable	2,289	2,658
Decrease in Accounts Payable and Accrued Liabilities	(3,480)	(3,568)
Increase in Deferred Revenue	16,708	9,875
Decrease in Liability for Contaminated Sites	-	(8)
Increase in Consumable Inventory and Prepaid Expenses	(5,086)	(4,076)
	<u>5,411</u>	<u>(3,242)</u>
<b>Capital Activities</b>		
Purchased Tangible Capital Assets	(5,759)	(1,488)
Proceeds on Disposal of Tangible Capital Assets	102	-
	<u>(5,657)</u>	<u>(1,488)</u>
<b>Investing Activities</b>		
Purchased Investments	(16)	(1,210)
Proceeds on Disposal of Investments	10,003	6,025
	<u>9,987</u>	<u>4,815</u>
<b>Financing Activities</b>		
Long-Term Debt Issued	3,400	-
Long-Term Debt Repaid	(87)	(80)
	<u>3,313</u>	<u>(80)</u>
<b>Increase in Cash and Cash Equivalents</b>	13,054	5
<b>Cash and Cash Equivalents, Opening</b>	<u>3,223</u>	<u>5,358</u>
<b>Cash and Cash Equivalents, Closing</b>	<u>16,277</u>	<u>5,363</u>



**CITY OF SPRUCE GROVE**  
**NOTES TO THE CONDENSED UNCONSOLIDATED FINANCIAL STATEMENTS**  
For the Three Months Ended March 31, 2019  
(in thousands of dollars)

**1. Significant Accounting Policies**

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

**2. Investments**

	<b>Cost December 2018</b>	<b>Purchased</b>	<b>Redeemed</b>	<b>Cost March 2019</b>	<b>Market March 2019</b>
Bonds	12,662	-	(3)	12,659	12,720
GICs	12,500	-	(5,000)	7,500	7,539
Notes	6,266	-	-	6,266	6,150
PIA	5,292	16	(5,000)	308	308
	<b>36,720</b>	<b>16</b>	<b>(10,003)</b>	<b>26,733</b>	<b>26,717</b>

Investments in bonds have effective interest rates of 2.30% to 3.33% with maturity dates from June 2021 to July 2028. Investments in guaranteed investment certificates (GICs) have effective interest rates ranging from 2.49% to 3.00% and with maturity dates from July 2019 to September 2019.

Note investments have variable interest rates and maturity dates. Three of these notes are based on any positive price return of the S&P/TSX Comp Index, with maturity dates ranging from May 2022 to July 2023. Another note is auto callable, with an interest rate based on Canadian Growers Index with a maturity date of August 2028. The City also has an investment in a low volatility index principal protected deposit note earning variable returns based on the CDN Equity index, with a maturity date of August 2022.

Premier investment account (PIA), a tiered-rate interest account with interest based on monthly average prime less a percentage based on the average monthly balance held in the account. Included in this balance is a high interest notice account, which is currently paying 0.85% and requires 31 days' notice to redeem.

The market value of fixed income investments is less than amortized cost at March 31, 2019. Management is of the opinion that the decrease in value is temporary. No adjustment was made to change the carrying value of the investments in the current period.

**CITY OF SPRUCE GROVE**  
**NOTES TO THE CONDENSED UNCONSOLIDATED FINANCIAL STATEMENTS**  
For the Three Months Ended March 31, 2019  
(in thousands of dollars)

**3. Deferred Revenue**

	December 2018	Amounts Received	Interest and Other	Amounts Recognized	March 2019
<b>Developer Contributions</b>					
Administration	86	-	1	-	87
Cash in Lieu of Parking	104	-	2	-	106
Downtown Redevelopment	2	-	-	-	2
Neighborhood Parks	970	-	18	-	988
Parks - North	-	-	4	-	4
Municipal Reserve	186	-	-	-	186
Parks - South	1,659	-	35	-	1,694
	<u>3,007</u>	<u>-</u>	<u>60</u>	<u>-</u>	<u>3,067</u>
<b>Developer Levies</b>					
Water	225	-	(8)	(26)	191
	<u>225</u>	<u>-</u>	<u>(8)</u>	<u>(26)</u>	<u>191</u>
<b>Developer Contributions and Levies</b>					
	<u>3,232</u>	<u>-</u>	<u>52</u>	<u>(26)</u>	<u>3,258</u>
<b>Government Transfers - Capital</b>					
Gas Tax Fund	2,072	-	14	(34)	2,052
Sustainability	16,995	14,769	194	(3,925)	28,033
Other	1,319	599	13	-	1,931
	<u>20,386</u>	<u>15,368</u>	<u>221</u>	<u>(3,959)</u>	<u>32,016</u>
<b>Government Transfers - Operating</b>					
Policing	26	169	-	(169)	26
Social	-	369	-	(205)	164
Other	144	270	-	(278)	136
	<u>170</u>	<u>808</u>	<u>-</u>	<u>(652)</u>	<u>326</u>
<b>Other Revenue</b>					
Property Taxes	188	5,522	-	(219)	5,491
Sponsorships	587	18	-	(139)	466
User Fees	690	839	-	(1,125)	404
	<u>1,465</u>	<u>6,379</u>	<u>-</u>	<u>(1,483)</u>	<u>6,361</u>
	<u>25,253</u>	<u>22,555</u>	<u>273</u>	<u>(6,120)</u>	<u>41,961</u>

**CITY OF SPRUCE GROVE**  
**NOTES TO THE CONDENSED UNCONSOLIDATED FINANCIAL STATEMENTS**  
For the Three Months Ended March 31, 2019  
(in thousands of dollars)

**4. Tangible Capital Assets**

	December 2018	Purchased/ Contributed	Disposals	March 2019
<b>Cost</b>				
Engineered Structures	391,036	-	-	391,036
Equipment	21,528	719	(229)	22,018
Facilities	66,676	-	-	66,676
Fleet	8,918	1,254	-	10,172
Land	156,227	-	-	156,227
Land Improvements	24,132	-	-	24,132
Leasehold Improvements	872	-	-	872
Work in Progress	22,621	3,786	-	26,407
	<b>692,010</b>	<b>5,759</b>	<b>(229)</b>	<b>697,540</b>
<b>Accumulated Amortization</b>				
Engineered Structures	134,628	-	2,473	137,101
Equipment	11,164	(206)	407	11,365
Facilities	15,713	-	368	16,081
Fleet	3,225	-	153	3,378
Land Improvements	9,591	-	284	9,875
Leasehold Improvements	872	-	-	872
	<b>175,193</b>	<b>(206)</b>	<b>3,685</b>	<b>178,672</b>
<b>Net Book Value</b>				
Engineered Structures	256,408			253,935
Equipment	10,364			10,653
Facilities	50,963			50,595
Fleet	5,693			6,794
Land	156,227			156,227
Land Improvements	14,541			14,257
Work in Progress	22,621			26,407
	<b>516,817</b>			<b>518,868</b>

**CITY OF SPRUCE GROVE**  
**NOTES TO THE CONDENSED UNCONSOLIDATED FINANCIAL STATEMENTS**  
For the Three Months Ended March 31, 2019  
(in thousands of dollars)

**5. Segmented Disclosure**

	March 2019				Total (Unaudited)
	Municipal (Unaudited)	Utility (Unaudited)	Development (Unaudited)	Investment in TCA (Unaudited)	
<b>Revenue</b>					
Property Taxes	2	-	-	-	2
Government Transfers - Operating	652	-	-	-	652
Sales and User Fees	4,553	4,580	-	-	9,133
Interest	(35)	-	-	-	(35)
	<u>5,172</u>	<u>4,580</u>	<u>-</u>	<u>-</u>	<u>9,752</u>
<b>Expenses</b>					
Amortization	2,877	808	-	-	3,685
Contracted Services	3,304	2,686	-	-	5,990
General	2,229	70	-	-	2,299
Grants	1,463	-	-	-	1,463
Human Resources	7,435	353	-	-	7,788
Interest on Long-Term Debt	226	-	107	-	333
Materials, Equipment and Supplies	779	105	-	-	884
	<u>18,313</u>	<u>4,022</u>	<u>107</u>	<u>-</u>	<u>22,442</u>
<b>Period (Deficit) Surplus Before the Undernoted</b>	(13,141)	558	(107)	-	(12,690)
Gain on Disposal of Tangible Capital Assets	79	-	-	-	79
Government Transfers - Capital	3,959	-	-	-	3,959
Developer Contributions and Levies	-	-	26	-	26
	<u>4,038</u>	<u>-</u>	<u>26</u>	<u>-</u>	<u>4,064</u>
<b>Period (Deficit) Surplus</b>	(9,103)	558	(81)	-	(8,626)
Transfers	683	(603)	(80)	-	-
Change in Tangible Capital Assets	(2,526)	659	(184)	2,051	-
Net Change in Long-Term Debt	1,113	-	2,200	(3,313)	-
<b>Net Change in (Deficit) Surplus</b>	(9,833)	614	1,855	(1,262)	(8,626)
<b>Accumulated Surplus (Deficit), Opening</b>	15,922	8,791	(13,085)	478,800	490,428
<b>Accumulated Surplus (Deficit), Closing</b>	<u>6,089</u>	<u>9,405</u>	<u>(11,230)</u>	<u>477,538</u>	<u>481,802</u>

**CITY OF SPRUCE GROVE**  
**NOTES TO THE CONDENSED UNCONSOLIDATED FINANCIAL STATEMENTS**  
For the Three Months Ended March 31, 2019  
(in thousands of dollars)

**5. Segmented Disclosure (Continued)**

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

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

**Developer Deficit**

	December 2018	Transfers In	Transfers Out	Other Adjustments	March 2019
Regional Parks	(2,305)	-	-	(15)	(2,320)
Transportation	(3,400)	-	(158)	2,078	(1,480)
Sewer	(7,380)	-	-	(50)	(7,430)
Water	-	26	(26)	-	-
	<u>(13,085)</u>	<u>26</u>	<u>(184)</u>	<u>2,013</u>	<u>(11,230)</u>

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

The City front-ended the costs of some transportation and water infrastructure projects. Front-ending represents debt owed by future development to the City for past construction undertaken by the City on behalf of future development. Long-term debt in the amount of \$14.45 million (2018 - \$12.3 million) was taken out by the City as offsite levy reserve balances were insufficient to pay for future development's share of these project costs.

**CITY OF SPRUCE GROVE**  
**SCHEDULE 1 - SALES AND USER FEES**  
For the Three Months Ended March 31, 2019  
(in thousands of dollars)

	March 2019 Budget (Unaudited)	March 2019 Actual (Unaudited)	March 2018 Actual (Unaudited)
Donations and Sponsorships	16	140	16
Fines and Permits	1,475	1,084	1,480
Electrical Franchise Fees	942	956	910
Gas Franchise Fees	741	414	484
Goods and Services	1,130	1,094	1,111
Rental Revenue	317	378	342
Tax Penalties	-	172	171
Utility Charges	5,016	4,580	4,502
Other	201	315	344
	9,838	9,133	9,360

**CITY OF SPRUCE GROVE**  
**SCHEDULE 2 - EXPENSES BY OBJECT**  
For the Three Months Ended March 31, 2019  
(in thousands of dollars)

	March 2019 Budget (Unaudited)	March 2019 Actual (Unaudited)	March 2018 Actual (Unaudited)
Amortization	3,982	3,685	3,485
Contracted Services	6,174	5,990	5,426
General	2,986	2,299	2,329
Grants	1,393	1,463	1,560
Human Resources	8,170	7,788	8,199
Interest on Long-Term Debt	23	333	189
Materials, Equipment and Supplies	908	884	854
	23,636	22,442	22,042

**CITY OF SPRUCE GROVE**  
**SCHEDULE 3 - EXPENSES BY DEPARTMENT**  
For the Three Months Ended March 31, 2019  
(in thousands of dollars)

	March 2019 Budget (Unaudited)	March 2019 Actual (Unaudited)	March 2018 Actual (Unaudited)
<b>Council</b>	206	195	196
<b>City Manager</b>	128	158	135
<b>Economic and Business Development</b>	329	313	398
<b>Corporate Communications</b>	246	241	228
<b>Community and Protective Services</b>			
Administration	102	89	281
Agrena/Sports Park	496	431	645
Culture	315	332	338
Family and Community Support Services	481	438	470
Fire	1,988	1,988	1,950
Leisure Centre	1,209	1,220	1,232
Library	398	346	341
Municipal Enforcement and Safe City	687	583	634
Police	1,492	1,348	1,284
Recreation	362	379	360
	7,530	7,154	7,535
<b>Corporate Services</b>			
Administration	164	163	161
City Clerk	800	701	748
Finance	787	752	790
Human Resources	289	300	323
Information Systems	1,616	1,036	1,056
	3,656	2,952	3,078
<b>Planning and Infrastructure</b>			
Administration	175	154	136
Asset Management	1,178	1,368	1,162
Engineering	306	392	366
Planning and Development	562	549	545
Public Works	3,787	4,351	3,717
Transit and Sustainability	703	593	535
	6,711	7,407	6,461
<b>Utilities</b>			
Waste	840	573	547
Wastewater	1,104	1,032	986
Water	2,886	2,417	2,478
	4,830	4,022	4,011
	23,636	22,442	22,042