



Condensed Unconsolidated Financial Statements of

The City of Spruce Grove

For the Six Months Ended June 30, 2017

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MANAGEMENT'S REPORT

The condensed unconsolidated financial statements of the City of Spruce Grove (the "City") are unaudited and are the responsibility of management. These financial statements follow the same accounting policies and methods of computation as the most recent annual 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.

Glen Jarbeau, CPA, CA
Chief Financial Officer

CITY OF SPRUCE GROVE
CONDENSED UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2017
(in thousands of dollars)

	2017 (Unaudited)	2016 (Unaudited)
Financial Assets		
Cash	24,434	15,135
Accounts Receivable	28,092	17,895
Investments (Note 2)	22,319	20,844
Land Held for Resale	1,746	1,746
	<u>76,591</u>	<u>55,620</u>
Liabilities		
Accounts Payable and Accrued Liabilities	19,513	14,453
Deferred Revenue (Note 3)	23,669	27,315
Liability for Contaminated Sites	4,372	4,380
Long-Term Debt	19,316	18,769
	<u>66,870</u>	<u>64,917</u>
Net Financial Assets (Debt)	9,721	(9,297)
Non-Financial Assets		
Inventory and Prepaid Expenses	727	876
Tangible Capital Assets (Note 4)	468,206	464,135
	<u>468,933</u>	<u>465,011</u>
Accumulated Surplus	<u>478,654</u>	<u>455,714</u>

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

For the Six Months Ended June 30, 2017
(in thousands of dollars)

	2017 Budget (Unaudited)	2017 Actual (Unaudited)	2016 Actual (Unaudited)
Revenue			
Property Taxes	35,684	35,590	33,751
Government Transfers - Operating	1,500	1,588	2,416
Sales and User Fees (Schedule 1)	19,375	18,174	17,979
Interest	246	126	136
	<u>56,805</u>	<u>55,478</u>	<u>54,282</u>
Expenses (Schedule 2, 3)			
Council	378	314	311
City Manager	325	317	284
Economic and Business Development	492	513	372
Corporate Communications	464	439	392
Community and Protective Services	13,247	13,300	13,149
Corporate Services	5,464	5,526	4,708
Planning and Infrastructure	12,649	12,286	12,593
Utilities	7,850	7,566	7,004
	<u>40,869</u>	<u>40,261</u>	<u>38,813</u>
Period Surplus Before the Undernoted	<u>15,936</u>	<u>15,217</u>	<u>15,469</u>
Gain on Disposal of Tangible Capital Assets	-	24	-
Government Transfers - Capital	4,909	4,822	955
Contributed Tangible Capital Assets	-	-	3,114
Developer Contributions	1,085	2,877	2,692
	<u>5,994</u>	<u>7,723</u>	<u>6,761</u>
Period Surplus	<u>21,930</u>	<u>22,940</u>	<u>22,230</u>
Accumulated Surplus, Opening	<u>-</u>	<u>455,714</u>	<u>424,733</u>
Accumulated Surplus, Closing	<u>-</u>	<u>478,654</u>	<u>446,963</u>

CITY OF SPRUCE GROVE
CONDENSED UNCONSOLIDATED STATEMENT OF CHANGES IN
NET FINANCIAL ASSETS

For the Six Months Ended June 30, 2017
(in thousands of dollars)

	2017 Budget (Unaudited)	2017 Actual (Unaudited)	2016 Actual (Unaudited)
Period Surplus	21,930	22,940	22,230
Inventory and Prepaid Expenses			
Acquisition	-	(727)	(650)
Consumption	-	876	751
	-	149	101
Tangible Capital Assets			
Contributed	-	-	(3,114)
Purchased	(10,835)	(10,608)	(6,583)
Proceeds on Disposal	-	108	3
Gain on Disposal	-	(24)	-
Amortization	6,103	6,453	5,768
	(4,732)	(4,071)	(3,926)
Change in Net Financial Assets	17,198	19,018	18,405
Net Debt, Opening	-	(9,297)	(5,875)
Net Financial Assets, Closing	-	9,721	12,530

CITY OF SPRUCE GROVE
CONDENSED UNCONSOLIDATED STATEMENT OF CASH FLOWS
For the Six Months Ended June 30, 2017
(in thousands of dollars)

	2017 (Unaudited)	2016 (Unaudited)
Cash Provided by (Used For):		
Operating Activities		
Period Surplus	22,940	22,230
Adjustments:		
Amortization	6,453	5,768
Gain on Disposal of Tangible Capital Assets	(24)	-
Contributed Tangible Capital Assets	-	(3,114)
Increase in Accounts Receivable	(10,197)	(9,944)
Increase in Accounts Payable and Accrued Liabilities	5,060	4,019
Decrease in Deferred Revenue	(3,646)	(3,906)
Decrease in Liability for Contaminated Sites	(8)	(71)
Decrease in Inventory and Prepaid Expenses	148	102
	<u>20,726</u>	<u>15,084</u>
Capital Activities		
Purchased Tangible Capital Assets	(10,608)	(6,583)
Proceeds on Disposal of Tangible Capital Assets	108	3
	<u>(10,500)</u>	<u>(6,580)</u>
Investing Activities		
Purchased Investments	(1,518)	-
Proceeds on Disposal of Investments	43	12,036
	<u>(1,475)</u>	<u>12,036</u>
Financing Activities		
Long-Term Debt Issued	1,000	-
Long-Term Debt Repaid	(452)	(334)
	<u>548</u>	<u>(334)</u>
Increase in Cash	9,299	20,206
Cash, Opening	<u>15,135</u>	<u>4,750</u>
Cash, Closing	<u>24,434</u>	<u>24,956</u>

CITY OF SPRUCE GROVE
NOTES TO THE CONDENSED UNCONSOLIDATED FINANCIAL STATEMENTS
For the Six Months Ended June 30, 2017
(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

	Amortized Cost June 2017	Market Value June 2017	Amortized Cost Dec. 2016	Market Value Dec. 2016
Bonds	10,494	10,646	9,019	9,058
GICs	7,544	7,593	7,544	7,562
Notes	4,250	4,273	4,250	4,305
Other	31	31	31	31
	22,319	22,543	20,844	20,956

Investments in callable bonds have effective interest rates of 2.58% to 9.98% with maturity dates from June 2019 to March 2027. Investments in guaranteed investment certificates (GICs) have effective interest rates of 1.55% to 1.60% with maturity dates ranging from July 2017 to October 2017. Note investments are principal protected and have variable interest rates and maturity dates. Three notes are based on any positive price return of the S&P/TSX 60 Index with maturity dates from May 2020 to November 2022, and other notes are based on a step up rates currently earning between 2.15% to 2.20%, with maturity dates ranging from March 2018 to December 2026. Other investments consists of a high interest notice account which is currently paying 0.85% and requires 31 days notice to redeem.

CITY OF SPRUCE GROVE
NOTES TO THE CONDENSED UNCONSOLIDATED FINANCIAL STATEMENTS
For the Six Months Ended June 30, 2017
(in thousands of dollars)

3. Deferred Revenue

	2016	Amounts Received	Interest Earned	Amounts Recognized	2017
Developer Contributions					
Administration	118	8	1	-	127
Neighborhood Parks	610	28	6	2	642
Municipal Reserve	182	27	2	-	211
Parks - South	1,576	-	19	-	1,595
Roads	-	293	-	293	-
Wastewater	-	62	-	62	-
Water	2,843	100	8	2,520	431
Cash in Lieu of Parking	60	-	1	-	61
Downtown Redevelopment	2	-	-	-	2
	<u>5,391</u>	<u>518</u>	<u>37</u>	<u>2,877</u>	<u>3,069</u>
Government Transfers - Capital					
Gas Tax Fund	1,436	1,727	37	109	3,091
Miscellaneous	-	1,242	-	1,211	31
Sustainability	19,011	-	209	3,502	15,718
	<u>20,447</u>	<u>2,969</u>	<u>246</u>	<u>4,822</u>	<u>18,840</u>
Government Transfers - Operating					
Policing	26	671	-	324	373
Social	-	520	-	411	109
Sustainability	-	241	-	115	126
Other	54	804	-	738	120
	<u>80</u>	<u>2,236</u>	<u>-</u>	<u>1,588</u>	<u>728</u>
Other Revenue					
Donations and Sponsorships	589	35	-	55	569
Property Taxes	238	-	-	143	95
User Fees	570	310	-	512	368
	<u>1,397</u>	<u>345</u>	<u>-</u>	<u>710</u>	<u>1,032</u>
	<u>27,315</u>	<u>6,068</u>	<u>283</u>	<u>9,997</u>	<u>23,669</u>

CITY OF SPRUCE GROVE
NOTES TO THE CONDENSED UNCONSOLIDATED FINANCIAL STATEMENTS
For the Six Months Ended June 30, 2017
(in thousands of dollars)

4. Tangible Capital Assets

	2016	Purchased/ Contributed	Disposals	2017
Cost				
Engineering Structures	334,902	-	-	334,902
Equipment	19,976	599	(226)	20,349
Facilities	65,479	-	-	65,479
Fleet	6,872	1,952	(189)	8,635
Land	145,019	350	-	145,369
Land Improvements	19,852	-	-	19,852
Leasehold Improvements	872	-	-	872
Work in Progress	20,185	7,707	-	27,892
	<u>613,157</u>	<u>10,608</u>	<u>(415)</u>	<u>623,350</u>
Accumulated Amortization				
Engineering Structures	116,033	-	4,278	120,311
Equipment	9,365	(142)	710	9,933
Facilities	12,772	-	723	13,495
Fleet	2,734	(189)	258	2,803
Land Improvements	7,246	-	484	7,730
Leasehold Improvements	872	-	-	872
	<u>149,022</u>	<u>(331)</u>	<u>6,453</u>	<u>155,144</u>
Net Book Value				
Engineering Structures	218,869			214,591
Equipment	10,611			10,416
Facilities	52,707			51,984
Fleet	4,138			5,832
Land	145,019			145,369
Land Improvements	12,606			12,122
Work in Progress	20,185			27,892
	<u>464,135</u>			<u>468,206</u>

CITY OF SPRUCE GROVE
NOTES TO THE CONDENSED UNCONSOLIDATED FINANCIAL STATEMENTS
For the Six Months Ended June 30, 2017
(in thousands of dollars)

5. Segmented Disclosure

	2017			Total (Unaudited)
	Municipal (Unaudited)	Utility (Unaudited)	Development (Unaudited)	
Revenue				
Property Taxes	35,590	-	-	35,590
Government Transfers - Operating	1,588	-	-	1,588
Sales and User Fees	9,391	8,783	-	18,174
Interest	126	-	-	126
	<u>46,695</u>	<u>8,783</u>	<u>-</u>	<u>55,478</u>
Expenses				
Amortization	5,017	1,436	-	6,453
Contracted Services	5,305	5,120	1	10,426
General	3,579	106	-	3,685
Grants	1,579	-	-	1,579
Human Resources	15,179	736	-	15,915
Interest on Long-Term Debt	270	-	43	313
Materials, Equipment and Supplies	1,724	166	-	1,890
	<u>32,653</u>	<u>7,564</u>	<u>44</u>	<u>40,261</u>
Period Surplus (Deficit) Before the Undernoted	14,042	1,219	(44)	15,217
Gain on Disposal of Tangible Capital Assets	24	-	-	24
Government Transfers - Capital Developer Contributions	4,822	-	-	4,822
	<u>-</u>	<u>-</u>	<u>2,877</u>	<u>2,877</u>
	<u>4,846</u>	<u>-</u>	<u>2,877</u>	<u>7,723</u>
Period Surplus	18,888	1,219	2,833	22,940
Transfers	1,132	(1,135)	3	-
Change in Tangible Capital Assets	(2,831)	1,177	(1,872)	(3,526)
Net Change in Surplus	17,189	1,261	964	19,414
Accumulated Surplus (Deficit), Opening	18,463	8,664	(17,229)	9,898
Accumulated Surplus (Deficit), Closing	<u>35,652</u>	<u>9,925</u>	<u>(16,265)</u>	<u>29,312</u>

CITY OF SPRUCE GROVE
NOTES TO THE CONDENSED UNCONSOLIDATED FINANCIAL STATEMENTS
For the Six Months Ended June 30, 2017
(in thousands of dollars)

5. Segmented Disclosure (Continued)

	2016			Total (Unaudited)
	Municipal (Unaudited)	Utility (Unaudited)	Development (Unaudited)	
Revenue				
Property Taxes	33,751	-	-	33,751
Government Transfers - Operating	2,416	-	-	2,416
Sales and User Fees	9,174	8,805	-	17,979
Interest	136	-	-	136
	<u>45,477</u>	<u>8,805</u>	<u>-</u>	<u>54,282</u>
Expenses				
Amortization	4,407	1,361	-	5,768
Contracted Services	5,508	4,732	9	10,249
General	3,270	77	-	3,347
Grants	2,981	-	-	2,981
Human Resources	13,785	681	-	14,466
Interest on Long-Term Debt	247	-	-	247
Materials, Equipment and Supplies	1,609	146	-	1,755
	<u>31,807</u>	<u>6,997</u>	<u>9</u>	<u>38,813</u>
Period Surplus (Deficit) Before the Undernoted	13,670	1,808	(9)	15,469
Government Transfers - Capital	955	-	-	955
Contributed Tangible Capital Assets	-	-	3,114	3,114
Developer Contributions	-	-	2,692	2,692
	<u>955</u>	<u>-</u>	<u>5,806</u>	<u>6,761</u>
Period Surplus	14,625	1,808	5,797	22,230
Transfers	1,050	(1,050)	-	-
Change in Tangible Capital Assets	1,426	897	(6,585)	(4,262)
Net Change in Surplus	17,101	1,655	(788)	17,968
Accumulated Surplus (Deficit), Opening	12,530	7,984	(13,999)	6,515
Accumulated Surplus (Deficit), Closing	<u>29,631</u>	<u>9,639</u>	<u>(14,787)</u>	<u>24,483</u>

CITY OF SPRUCE GROVE
NOTES TO THE CONDENSED UNCONSOLIDATED FINANCIAL STATEMENTS
For the Six Months Ended June 30, 2017
(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.

Development (Deficit) Surplus

	2016	Transfers In	Transfers Out	Long-term Debt Issued	2017
Roads	(7,534)	293	(381)	1,000	(6,622)
Wastewater	(7,093)	62	(10)	-	(7,041)
Water	-	2,520	(2,520)	-	-
Regional Parks	(2,271)	-	-	-	(2,271)
Neighborhood Parks	-	2	(2)	-	-
Cash in Lieu of Parking	41	-	-	-	41
Downtown Redevelopment	(372)	-	-	-	(372)
	<u>(17,229)</u>	<u>2,877</u>	<u>(2,913)</u>	<u>1,000</u>	<u>(16,265)</u>

Amounts Transferred Out

	2017
Arterial Roads	381
Neighborhood Parks	2
Reservoir	2,520
Sanitary Sewer	10
	<u>2,913</u>

CITY OF SPRUCE GROVE
SCHEDULE 1 - SALES AND USER FEES
For the Six Months Ended June 30, 2017
(in thousands of dollars)

	2017 Budget (Unaudited)	2017 Actual (Unaudited)	2016 Actual (Unaudited)
Donations and Sponsorships	105	86	106
Fines and Permits	3,743	3,148	3,271
Electrical Franchise Fees	1,700	1,661	1,926
Gas Franchise Fees	800	835	278
Goods and Services	2,619	2,240	2,263
Other	815	577	622
Rental Revenue	485	586	446
Tax Penalties	310	258	262
Utility Charges	8,798	8,783	8,805
	19,375	18,174	17,979

CITY OF SPRUCE GROVE
SCHEDULE 2 - EXPENSES BY OBJECT
For the Six Months Ended June 30, 2017
(in thousands of dollars)

	2017 Budget (Unaudited)	2017 Actual (Unaudited)	2016 Actual (Unaudited)
Amortization	6,103	6,453	5,768
Contracted Services	11,268	10,426	10,249
General	3,912	3,685	3,347
Grants	1,549	1,579	2,981
Human Resources	15,539	15,915	14,466
Interest on Long-Term Debt	329	313	247
Materials, Equipment and Supplies	2,169	1,890	1,755
	40,869	40,261	38,813

CITY OF SPRUCE GROVE
SCHEDULE 3 - EXPENSES BY DEPARTMENT
For the Six Months Ended June 30, 2017
(in thousands of dollars)

	2017 Budget (Unaudited)	2017 Actual (Unaudited)	2016 Budget (Unaudited)
Council	378	314	311
City Manager	325	317	284
Economic and Business Development	492	513	372
Corporate Communications	464	439	392
Community and Protective Services			
Administration	357	377	422
Agrena/Sports Park	879	822	820
Culture	712	760	762
Family and Community Support Services	859	908	876
Fire	3,529	3,639	4,015
Leisure Centre	1,154	1,112	1,049
Library	635	590	580
Municipal Enforcement and Safe City	2,180	2,041	2,089
Police	2,311	2,239	1,946
Recreation	631	812	590
	13,247	13,300	13,149
Corporate Services			
Administration	412	394	283
City Clerk	1,109	1,003	917
Finance	1,559	1,623	1,479
Human Resources	745	773	725
Information Systems	1,639	1,733	1,304
	5,464	5,526	4,708
Planning and Infrastructure			
Administration	233	237	380
Asset Management	2,459	2,407	2,508
Engineering	772	709	549
Planning and Development	1,027	1,034	2,022
Public Works	7,174	6,940	6,532
Transit and Sustainability	984	959	602
	12,649	12,286	12,593
Utilities			
Waste	1,381	1,329	1,118
Wastewater	2,048	1,880	1,880
Water	4,421	4,357	4,006
	7,850	7,566	7,004
	40,869	40,261	38,813