



Condensed Unconsolidated Financial Statements of

**The City of Spruce Grove**

For the Three Months Ended March 31, 2017



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## **MANAGEMENT'S REPORT**

The condensed unconsolidated financial statements of the City of Spruce Grove 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**  
 March 31, 2017  
 (in thousands of dollars)

	2017 (Unaudited)	2016 (Unaudited)
<b>Financial Assets</b>		
Cash	7,538	15,135
Accounts Receivable	13,155	17,895
Investments (Note 2)	20,823	20,844
Land Held for Resale	1,746	1,746
	<u>43,262</u>	<u>55,620</u>
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities	11,661	14,453
Deferred Revenue (Note 3)	29,537	27,315
Liability for Contaminated Sites	4,380	4,380
Long-Term Debt	19,693	18,769
	<u>65,271</u>	<u>64,917</u>
<b>Net Debt</b>	(22,009)	(9,297)
<b>Non-Financial Assets</b>		
Inventory and Prepaid Expenses	4,494	876
Tangible Capital Assets (Note 4)	466,621	464,135
	<u>471,115</u>	<u>465,011</u>
<b>Accumulated Surplus</b>	<u>449,106</u>	<u>455,714</u>

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

For the Three Months Ended March 31, 2017  
(in thousands of dollars)

	2017 Budget (Unaudited)	2017 Actual (Unaudited)	2016 Actual (Unaudited)
<b>Revenue</b>			
Government Transfers - Operating	747	497	557
Sales and User Fees (Schedule 1)	9,521	9,278	8,735
Interest	88	-	14
	<u>10,356</u>	<u>9,775</u>	<u>9,306</u>
<b>Expenses (Schedule 2, 3)</b>			
Council	220	173	161
City Manager	165	167	157
Economic and Business Development	218	289	190
Corporate Communications	235	211	189
Community and Protective Services	6,888	6,804	6,455
Corporate Services	3,031	3,050	2,679
Planning and Infrastructure	5,844	5,773	5,939
Utilities	3,726	3,546	3,085
	<u>20,327</u>	<u>20,013</u>	<u>18,855</u>
<b>Period Deficit Before the Undernoted</b>	<u>(9,971)</u>	<u>(10,238)</u>	<u>(9,549)</u>
Government Transfers - Capital	1,648	1,836	107
Contributed Tangible Capital Assets	-	-	3,773
Developer Contributions	571	1,794	1,547
	<u>2,219</u>	<u>3,630</u>	<u>5,427</u>
<b>Period Deficit</b>	<u>(7,752)</u>	<u>(6,608)</u>	<u>(4,122)</u>
<b>Accumulated Surplus, Opening</b>	<u>-</u>	<u>455,714</u>	<u>424,733</u>
<b>Accumulated Surplus, Closing</b>	<u>-</u>	<u>449,106</u>	<u>420,611</u>

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

For the Three Months Ended March 31, 2017  
(in thousands of dollars)

	2017 Budget (Unaudited)	2017 Actual (Unaudited)	2016 Actual (Unaudited)
<b>Period Deficit</b>	(7,752)	(6,608)	(4,122)
<b>Inventory and Prepaid Expenses</b>			
Acquisition	-	(4,494)	(3,994)
Consumption	-	876	753
	-	(3,618)	(3,241)
<b>Tangible Capital Assets</b>			
Contributed	-	-	(3,773)
Purchased	(5,587)	(5,706)	(1,739)
Amortization	3,046	3,220	2,953
	(2,541)	(2,486)	(2,559)
<b>Change in Net Debt</b>	(10,293)	(12,712)	(9,922)
<b>Net Debt, Opening</b>	-	(9,297)	(5,875)
<b>Net Debt, Closing</b>	-	(22,009)	(15,797)

**CITY OF SPRUCE GROVE**  
**CONDENSED UNCONSOLIDATED STATEMENT OF CASH FLOWS**  
For the Three Months Ended March 31, 2017  
(in thousands of dollars)

	2017	2016
	(Unaudited)	(Unaudited)
<b>Cash Provided by (Used For):</b>		
<b>Operating Activities</b>		
Period Deficit	(6,608)	(4,122)
Adjustments:		
Amortization	3,220	2,953
Contributed Tangible Capital Assets	-	(3,773)
Decrease in Accounts Receivable	7,305	5,789
Decrease in Accounts Payable and Accrued Liabilities	(2,793)	(3,608)
Decrease in Deferred Revenue	(342)	(1,503)
Increase in Inventory and Prepaid Expenses	(3,618)	(3,242)
	(2,836)	(7,506)
<b>Capital Activities</b>		
Purchased Tangible Capital Assets	(5,706)	(1,739)
	(5,706)	(1,739)
<b>Investing Activities</b>		
Purchased Investments	-	-
Proceeds on Disposal of Investments	21	6,011
	21	6,011
<b>Financing Activities</b>		
Long-Term Debt Issued	1,000	-
Long-Term Debt Repaid	(76)	(72)
	924	(72)
<b>Decrease in Cash</b>	(7,597)	(3,306)
<b>Cash, Opening</b>	15,135	4,750
<b>Cash, Closing</b>	7,538	1,444



**CITY OF SPRUCE GROVE**  
**NOTES TO THE CONDENSED UNCONSOLIDATED FINANCIAL STATEMENTS**  
For the Three Months Ended March 31, 2017  
(in thousands of dollars)

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**1. Significant Accounting Policies**

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

**2. Investments**

	<b>Amortized Cost March 2017</b>	<b>Market Value March 2017</b>	<b>Amortized Cost Dec. 2016</b>	<b>Market Value Dec. 2016</b>
Bonds	8,998	9,198	9,019	9,058
GICs	7,544	7,577	7,544	7,562
Notes	4,250	4,334	4,250	4,305
Other	31	31	31	31
	<b>20,823</b>	<b>21,140</b>	<b>20,844</b>	<b>20,956</b>

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 Three Months Ended March 31, 2017  
(in thousands of dollars)

**3. Deferred Revenue**

	2016	Amounts Received	Interest Earned	Amounts Recognized	2017
<b>Developer Contributions</b>					
Administration	118	-	1	-	119
Neighborhood Parks	610	-	4	-	614
Municipal Reserve	182	-	1	-	183
Parks - South	1,576	-	9	-	1,585
Water	2,843	-	5	1,794	1,054
Cash in Lieu of Parking	60	-	1	-	61
Downtown Redevelopment	2	-	-	-	2
	<u>5,391</u>	<u>-</u>	<u>21</u>	<u>1,794</u>	<u>3,618</u>
<b>Government Transfers - Capital</b>					
Gas Tax Fund	1,436	1,727	19	26	3,156
Miscellaneous	-	1,227	-	1,211	16
Sustainability	19,011	-	110	599	18,522
	<u>20,447</u>	<u>2,954</u>	<u>129</u>	<u>1,836</u>	<u>21,694</u>
<b>Government Transfers - Operating</b>					
Policing	26	162	-	162	26
Social	-	369	-	205	164
Other	54	142	1	130	67
	<u>80</u>	<u>673</u>	<u>1</u>	<u>497</u>	<u>257</u>
<b>Other Revenue</b>	<u>1,397</u>	<u>3,188</u>	<u>-</u>	<u>617</u>	<u>3,968</u>
	<u>27,315</u>	<u>6,815</u>	<u>151</u>	<u>4,744</u>	<u>29,537</u>

**CITY OF SPRUCE GROVE**  
**NOTES TO THE CONDENSED UNCONSOLIDATED FINANCIAL STATEMENTS**  
For the Three Months Ended March 31, 2017  
(in thousands of dollars)

**4. Tangible Capital Assets**

	2016	Purchased/ Contributed	Disposals	2017
<b>Cost</b>				
Engineering Structures	334,902	35	-	334,937
Equipment	19,976	273	-	20,249
Facilities	65,479	-	-	65,479
Fleet	6,872	1,806	-	8,678
Land	145,019	350	-	145,369
Land Improvements	19,852	-	-	19,852
Leasehold Improvements	872	-	-	872
Work in Progress	20,185	3,242	-	23,427
	<b>613,157</b>	<b>5,706</b>	<b>-</b>	<b>618,863</b>
<b>Accumulated Amortization</b>				
Engineering Structures	116,033	-	2,139	118,172
Equipment	9,365	-	352	9,717
Facilities	12,772	-	362	13,134
Fleet	2,734	-	125	2,859
Land Improvements	7,246	-	242	7,488
Leasehold Improvements	872	-	-	872
	<b>149,022</b>	<b>-</b>	<b>3,220</b>	<b>152,242</b>
<b>Net Book Value</b>				
Engineering Structures	218,869			216,765
Equipment	10,611			10,532
Facilities	52,707			52,345
Fleet	4,138			5,819
Land	145,019			145,369
Land Improvements	12,606			12,364
Work in Progress	20,185			23,427
	<b>464,135</b>			<b>466,621</b>

**CITY OF SPRUCE GROVE**  
**NOTES TO THE CONDENSED UNCONSOLIDATED FINANCIAL STATEMENTS**  
For the Three Months Ended March 31, 2017  
(in thousands of dollars)

**5. Segmented Disclosure**

	2017			Total (Unaudited)
	Municipal (Unaudited)	Utility (Unaudited)	Development (Unaudited)	
<b>Revenue</b>				
Government Transfers - Operating	497	-	-	497
Sales and User Fees	5,003	4,275	-	9,278
	5,500	4,275	-	9,775
<b>Expenses</b>				
Amortization	2,502	718	-	3,220
Contracted Services	2,072	2,361	-	4,433
General	2,017	47	-	2,064
Grants	1,312	-	-	1,312
Human Resources	7,567	345	-	7,912
Interest on Long-Term Debt	135	-	21	156
Materials, Equipment and Supplies	841	75	-	916
	16,446	3,546	21	20,013
<b>Period (Deficit) Surplus Before the Undernoted</b>	(10,946)	729	(21)	(10,238)
Government Transfers - Capital	1,836	-	-	1,836
Developer Contributions	-	-	1,794	1,794
	1,836	-	1,794	3,630
<b>Period (Deficit) Surplus</b>	(9,110)	729	1,773	(6,608)
<b>Transfers</b>	530	(532)	2	-
<b>Change in Tangible Capital Assets</b>	(500)	565	(1,628)	(1,563)
<b>Net Change in (Deficit) Surplus</b>	(9,080)	762	147	(8,171)
<b>Accumulated Surplus (Deficit), Opening</b>	18,463	8,664	(17,229)	9,898
<b>Accumulated Surplus (Deficit), Closing</b>	9,383	9,426	(17,082)	1,727

**CITY OF SPRUCE GROVE**  
**NOTES TO THE CONDENSED UNCONSOLIDATED FINANCIAL STATEMENTS**  
For the Three Months Ended March 31, 2017  
(in thousands of dollars)

**5. Segmented Disclosure (Continued)**

	2016			Total (Unaudited)
	Municipal (Unaudited)	Utility (Unaudited)	Development (Unaudited)	
<b>Revenue</b>				
Government Transfers - Operating	557	-	-	557
Sales and User Fees	4,736	3,999	-	8,735
Interest	14	-	-	14
	<u>5,307</u>	<u>3,999</u>	<u>-</u>	<u>9,306</u>
<b>Expenses</b>				
Amortization	2,278	675	-	2,953
Contracted Services	2,635	2,007	-	4,642
General	1,982	13	-	1,995
Grants	1,227	-	-	1,227
Human Resources	6,775	313	-	7,088
Interest on Long-Term Debt	123	-	-	123
Materials, Equipment and Supplies	756	71	-	827
	<u>15,776</u>	<u>3,079</u>	<u>-</u>	<u>18,855</u>
<b>Period (Deficit) Surplus Before the Undernoted</b>	(10,469)	920	-	(9,549)
Government Transfers - Capital	107	-	-	107
Contributed Tangible Capital Assets	-	-	3,773	3,773
Developer Contributions	-	-	1,547	1,547
	<u>107</u>	<u>-</u>	<u>5,320</u>	<u>5,427</u>
<b>Period (Deficit) Surplus</b>	(10,362)	920	5,320	(4,122)
<b>Transfers</b>	(42)	(138)	180	-
<b>Change in Tangible Capital Assets</b>	1,140	540	(4,308)	(2,628)
<b>Net Change in (Deficit) Surplus</b>	(9,264)	1,322	1,192	(6,750)
<b>Accumulated Surplus (Deficit), Opening</b>	12,530	7,984	(13,999)	6,515
<b>Accumulated Surplus (Deficit), Closing</b>	<u>3,266</u>	<u>9,306</u>	<u>(12,807)</u>	<u>(235)</u>

**CITY OF SPRUCE GROVE**  
**NOTES TO THE CONDENSED UNCONSOLIDATED FINANCIAL STATEMENTS**  
For the Three Months Ended March 31, 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)	-	(243)	1,000	(6,777)
Sewer	(7,093)	-	-	-	(7,093)
Water	-	1,794	(1,794)	-	-
Regional Parks	(2,271)	-	(610)	-	(2,881)
Cash in Lieu of Parking	41	-	-	-	41
Downtown Redevelopment	(372)	-	-	-	(372)
	<u>(17,229)</u>	<u>1,794</u>	<u>(2,647)</u>	<u>1,000</u>	<u>(17,082)</u>

**Amounts Transferred Out**

	2017
Arterial Road	243
Jubilee Park	610
Reservoir	1,794
	<u>2,647</u>

**CITY OF SPRUCE GROVE**  
**SCHEDULE 1 - SALES AND USER FEES**  
For the Three Months Ended March 31, 2017  
(in thousands of dollars)

	2017 Budget (Unaudited)	2017 Actual (Unaudited)	2016 Actual (Unaudited)
Donations and Sponsorships	34	38	35
Fines and Permits	1,721	1,543	1,533
Electrical Franchise Fees	847	846	968
Gas Franchise Fees	541	601	279
Goods and Services	1,282	1,154	1,066
Other	267	354	428
Rental Revenue	276	328	277
Tax Penalties	163	139	150
Utility Charges	4,390	4,275	3,999
	9,521	9,278	8,735

**CITY OF SPRUCE GROVE**  
**SCHEDULE 2 - EXPENSES BY OBJECT**  
For the Three Months Ended March 31, 2017  
(in thousands of dollars)

	2017 Budget (Unaudited)	2017 Actual (Unaudited)	2016 Actual (Unaudited)
Amortization	3,046	3,220	2,953
Contracted Services	4,883	4,433	4,642
General	2,272	2,064	1,995
Grants	1,316	1,312	1,227
Human Resources	7,559	7,912	7,088
Interest on Long-Term Debt	162	156	123
Materials, Equipment and Supplies	1,089	916	827
	20,327	20,013	18,855

**CITY OF SPRUCE GROVE**  
**SCHEDULE 3 - EXPENSES BY DEPARTMENT**  
For the Three Months Ended March 31, 2017  
(in thousands of dollars)

	2017 Budget (Unaudited)	2017 Actual (Unaudited)	2016 Budget (Unaudited)
<b>Council</b>	220	173	161
<b>City Manager</b>	165	167	157
<b>Economic and Business Development</b>	218	289	190
<b>Corporate Communications</b>	235	211	189
<b>Community and Protective Services</b>			
Administration	252	279	241
Agrena/Sports Park	423	431	411
Culture	332	335	410
Family and Community Support Services	442	420	424
Fire	1,769	1,850	1,707
Leisure Centre	1,042	1,021	947
Library	364	329	320
Municipal Enforcement and Safe City	813	583	895
Police	1,141	1,119	804
Recreation	310	437	296
	6,888	6,804	6,455
<b>Corporate Services</b>			
Administration	191	199	148
City Clerk	804	738	662
Finance	772	800	781
Human Resources	386	417	382
Information Systems	878	896	706
	3,031	3,050	2,679
<b>Planning and Infrastructure</b>			
Administration	117	111	114
Asset Management	1,085	1,190	1,461
Engineering	352	335	264
Planning and Development	516	503	600
Public Works	3,318	3,179	3,200
Transit and Sustainability	456	455	300
	5,844	5,773	5,939
<b>Utilities</b>			
Waste	576	546	354
Wastewater	1,007	912	874
Water	2,143	2,088	1,857
	3,726	3,546	3,085
	20,327	20,013	18,855