



Condensed Unconsolidated Financial Statements of

The City of Spruce Grove

For the Three Months Ended March 31, 2018

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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.

Louise Frostad, CPA, CMA
Chief Financial Officer

CITY OF SPRUCE GROVE
CONDENSED UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

March 31, 2018
(in thousands of dollars)

	March 2018 (Unaudited)	December 2017 (Unaudited)
Financial Assets		
Cash	5,363	5,358
Accounts Receivable	16,303	18,961
Investments (Note 2)	26,031	30,846
Land Held for Resale	1,746	1,746
	<u>49,443</u>	<u>56,911</u>
Liabilities		
Accounts Payable and Accrued Liabilities	10,790	14,358
Deferred Revenue (Note 3)	32,626	22,751
Liability for Contaminated Sites	4,172	4,180
Long-Term Debt	24,453	24,533
	<u>72,041</u>	<u>65,822</u>
Net Debt	(22,598)	(8,911)
Non-Financial Assets		
Inventory and Prepaid Expenses	4,820	744
Tangible Capital Assets (TCA) (Note 4)	491,532	493,529
	<u>496,352</u>	<u>494,273</u>
Accumulated Surplus	<u>473,754</u>	<u>485,362</u>

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

For the Three Months Ended March 31, 2018
(in thousands of dollars)

	March 2018 Budget (Unaudited)	March 2018 Actual (Unaudited)	March 2017 Actual (Unaudited)
Revenue			
Property Taxes	-	6	-
Government Transfers - Operating	537	498	497
Sales and User Fees (Schedule 1)	10,181	9,360	9,278
Interest	22	23	-
	<u>10,740</u>	<u>9,887</u>	<u>9,775</u>
Expenses (Schedule 2, 3)			
Council	145	196	173
City Manager	165	135	167
Economic and Business Development	236	398	289
Corporate Communications	235	228	211
Community and Protective Services	7,311	7,535	6,804
Corporate Services	3,246	3,078	3,050
Planning and Infrastructure	6,668	6,461	5,773
Utilities	4,290	4,011	3,546
	<u>22,296</u>	<u>22,042</u>	<u>20,013</u>
Period Deficit before the Undernoted	<u>(11,556)</u>	<u>(12,155)</u>	<u>(10,238)</u>
Government Transfers - Capital	27	385	1,836
Contributed Tangible Capital Assets	-	-	-
Developer Contributions	-	162	1,794
	<u>27</u>	<u>547</u>	<u>3,630</u>
Period Deficit	<u>(11,529)</u>	<u>(11,608)</u>	<u>(6,608)</u>
Accumulated Surplus, Opening	<u>-</u>	<u>485,362</u>	<u>455,716</u>
Accumulated Surplus, Closing	<u>-</u>	<u>473,754</u>	<u>449,108</u>

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

For the Three Months Ended March 31, 2018
(in thousands of dollars)

	March 2018 Budget (Unaudited)	March 2018 Actual (Unaudited)	March 2017 Actual (Unaudited)
Period Deficit	(11,529)	(11,608)	(6,608)
Inventory and Prepaid Expenses			
Acquisition	-	(4,820)	(4,494)
Consumption	-	744	876
	-	(4,076)	(3,618)
Tangible Capital Assets (TCA)			
Purchased	(3,342)	(1,488)	(5,706)
Amortization	3,661	3,485	3,220
	319	1,997	(2,486)
Change in Net Debt	(11,210)	(13,687)	(12,712)
Net Debt, Opening	-	(8,911)	(9,297)
Net Debt, Closing	-	(22,598)	(22,009)

CITY OF SPRUCE GROVE
CONDENSED UNCONSOLIDATED STATEMENT OF CASH FLOWS
For the Three Months Ended March 31, 2018
(in thousands of dollars)

	March 2018 (Unaudited)	March 2017 (Unaudited)
Cash Provided by (Used For):		
Operating Activities		
Period Deficit	(11,608)	(6,608)
Adjustments:		
Amortization	3,485	3,220
Decrease in Accounts Receivable	2,658	7,305
Decrease in Accounts Payable and Accrued Liabilities	(3,568)	(2,793)
Increase (Decrease) in Deferred Revenue	9,875	(342)
Decrease in Liability for Contaminated Sites	(8)	-
Increase in Inventory and Prepaid Expenses	(4,076)	(3,618)
	(3,242)	(2,836)
Capital Activities		
Purchased Tangible Capital Assets	(1,488)	(5,706)
	(1,488)	(5,706)
Investing Activities		
Purchased Investments	(1,210)	-
Proceeds on Disposal of Investments	6,025	21
	4,815	21
Financing Activities		
Long-Term Debt Issued	-	1,000
Long-Term Debt Repaid	(80)	(76)
	(80)	924
Increase (Decrease) in Cash	5	(7,597)
Cash, Opening	5,358	15,135
Cash, Closing	5,363	7,538

CITY OF SPRUCE GROVE
NOTES TO THE CONDENSED UNCONSOLIDATED FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2018
(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 March 2018	Market Value March 2018	Amortized Cost Dec. 2017	Market Value Dec. 2017
Bonds	6,411	6,294	7,427	7,384
Guaranteed Investment Certificates	2,000	2,020	2,000	2,012
Notes	7,461	7,351	6,311	6,208
Premier Investment Account	10,159	10,159	15,108	15,108
	26,031	25,824	30,846	30,712

Investments in callable bonds have effective interest rates of 2.58% to 6.631% with maturity dates from June 2019 to March 2027. Investments in guaranteed investment certificates (GICs) has effective interest rates of 1.70% with maturity dates of August 2018.

Note investments are principal protected and have variable interest rates and maturity dates. Three of these notes are based on any positive price return of the S&P/TSX 60 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 as of July 2027. Two other notes are based on step up rates currently earning between 2.20% to 2.25%, with maturity dates ranging from June 2018 to December 2026.

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 investment is a high interest notice account, which is currently paying 0.85% and requires 31 days' notice to redeem.

The market value of certain investments is less than amortized cost at March 31, 2018. 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, 2018
(in thousands of dollars)

3. Deferred Revenue

	December 2017	Amounts Received	Interest Earned	Amounts Recognized	March 2018
Developer Contributions					
Administration	72	2	-	-	74
Cash in Lieu of Parking	101	-	1	-	102
Downtown Redevelopment	2	-	-	-	2
Parks, Neighborhood	956	18	5	-	979
Parks, North	182	17	1	(17)	183
Parks, South	1,618	-	12	-	1,630
Roads	-	95	-	(95)	-
Wastewater	-	18	-	(18)	-
Water	-	33	-	(33)	-
	<u>2,931</u>	<u>183</u>	<u>19</u>	<u>(163)</u>	<u>2,970</u>
Government Transfers - Capital					
Gas Tax	2,505	-	19	(9)	2,515
Sustainability (MSI)	15,784	3,846	143	(416)	19,357
Other	-	1,260	-	40	1,300
	<u>18,289</u>	<u>5,106</u>	<u>162</u>	<u>(385)</u>	<u>23,172</u>
Government Transfers - Operating					
Policing	-	162	-	(162)	-
FCSS	-	369	-	(205)	164
Other	169	157	-	(130)	196
	<u>169</u>	<u>688</u>	<u>-</u>	<u>(497)</u>	<u>360</u>
Other Revenue					
Property Tax	208	5,138	-	(152)	5,194
Sponsorships	531	7	-	(15)	523
Other	623	761	-	(977)	407
	<u>1,362</u>	<u>5,906</u>	<u>-</u>	<u>(1,144)</u>	<u>6,124</u>
	<u>22,751</u>	<u>11,883</u>	<u>181</u>	<u>(2,189)</u>	<u>32,626</u>

CITY OF SPRUCE GROVE
NOTES TO THE CONDENSED UNCONSOLIDATED FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2018
(in thousands of dollars)

4. Tangible Capital Assets

	December 2017	Purchased/ Contributed	Disposals	March 2018
Cost				
Engineered Structures	366,068	-	-	366,068
Equipment	21,019	219	-	21,238
Facilities	66,676	-	-	66,676
Fleet	8,855	-	-	8,855
Land	153,434	-	-	153,434
Land Improvements	23,591	-	-	23,591
Leasehold Improvements	872	-	-	872
Work in Progress	14,937	1,269	-	16,206
	655,452	1,488	-	656,940
Accumulated Amortization				
Engineered Structures	125,042	-	2,369	127,411
Equipment	10,592	-	360	10,952
Facilities	14,243	-	368	14,611
Fleet	2,912	-	134	3,046
Land Improvements	8,262	-	254	8,516
Leasehold Improvements	872	-	-	872
	161,923	-	3,485	165,408
Net Book Value				
Engineered Structures	241,026			238,657
Equipment	10,427			10,286
Facilities	52,433			52,065
Fleet	5,943			5,809
Land	153,434			153,434
Land Improvements	15,329			15,075
Work in Progress	14,937			16,206
	493,529			491,532

CITY OF SPRUCE GROVE
NOTES TO THE CONDENSED UNCONSOLIDATED FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2018
(in thousands of dollars)

5. Segmented Disclosure

	Municipal	Utility	Development	Investment in TCA	Total
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue					
Property Taxes	6	-	-	-	6
Operating Grants	498	-	-	-	498
Sales and User Fees	4,858	4,502	-	-	9,360
Interest	23	-	-	-	23
	<u>5,385</u>	<u>4,502</u>	<u>-</u>	<u>-</u>	<u>9,887</u>
Expenses					
Amortization	2,677	808	-	-	3,485
Contracted Services	2,734	2,692	-	-	5,426
General	2,270	59	-	-	2,329
Grants	1,560	-	-	-	1,560
Human Resources	7,817	382	-	-	8,199
Interest on Long Term Debt	121	-	68	-	189
Materials, Equipment and Supplies	791	63	-	-	854
	<u>17,970</u>	<u>4,004</u>	<u>68</u>	<u>-</u>	<u>22,042</u>
Annual Surplus (Deficit) Before the Undernoted	(12,585)	498	(68)	-	(12,155)
Government Transfers - Capital	385	-	-	-	385
Developer Contributions	-	-	162	-	162
	<u>385</u>	<u>-</u>	<u>162</u>	<u>-</u>	<u>547</u>
Annual Surplus	(12,200)	498	94	-	(11,608)
Inter-Surplus Transfer	601	(601)	-	-	-
Net Change in Debt	(80)	-	-	80	-
Change in Tangible Capital Assets	1,529	666	(198)	(1,997)	-
	<u>(10,070)</u>	<u>563</u>	<u>(104)</u>	<u>(1,997)</u>	<u>(11,608)</u>
Accumulated Surplus, Opening	17,978	8,620	(10,684)	469,448	485,362
Closing Accumulated Surplus (Deficit)	<u>7,828</u>	<u>9,183</u>	<u>(10,788)</u>	<u>467,531</u>	<u>473,754</u>

CITY OF SPRUCE GROVE
NOTES TO THE CONDENSED UNCONSOLIDATED FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2018
(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

	December 2017	Transfers In	Transfers Out	March 2018
Parks, North	(2,380)	17	-	(2,363)
Roads	(1,313)	95	(216)	(1,434)
Wastewater	(6,830)	18	(45)	(6,857)
Water	(161)	33	(6)	(134)
	<u>(10,684)</u>	163	<u>(267)</u>	<u>(10,788)</u>

Amounts Transferred Out

	2018
Arterial Roads	216
Reservoir	6
Sanitary Sewer	45
	<u>267</u>

CITY OF SPRUCE GROVE
SCHEDULE 1 - SALES AND USER FEES
For the Three Months Ended March 31, 2018
(in thousands of dollars)

	March 2018 Budget (Unaudited)	March 2018 Actual (Unaudited)	March 2017 Actual (Unaudited)
Donations and Sponsorships	47	16	38
Fines and Permits	1,549	1,480	1,543
Franchise Fees - Electrical	928	910	846
Franchise Fees - Gas	512	484	601
Goods and Services	1,131	1,111	1,154
Rental	296	342	328
Tax Penalties	143	171	139
Utility Charges	5,205	4,502	4,275
Other	370	344	354
	10,181	9,360	9,278

CITY OF SPRUCE GROVE
SCHEDULE 2 - EXPENSES BY OBJECT
For the Three Months Ended March 31, 2018
(in thousands of dollars)

	March 2018 Budget (Unaudited)	March 2018 Actual (Unaudited)	March 2017 Actual (Unaudited)
Amortization	3,661	3,485	3,220
Contracted Services	6,048	5,426	4,433
General	2,184	2,329	2,064
Grants	1,311	1,560	1,312
Human Resources	8,030	8,199	7,912
Interest on Long-Term Debt	-	189	156
Materials, Equipment and Supplies	1,062	854	916
	22,296	22,042	20,013

CITY OF SPRUCE GROVE
SCHEDULE 3 - EXPENSES BY DEPARTMENT
For the Three Months Ended March 31, 2018
(in thousands of dollars)

	March 2018 Budget (Unaudited)	March 2018 Actual (Unaudited)	March 2017 Actual (Unaudited)
Council	145	196	173
City Manager	165	135	167
Economic and Business Development	236	398	289
Corporate Communications	235	228	211
Community and Protective Services			
Administration	280	281	279
Agrena/Sports Park	461	645	431
Culture	310	338	335
Family and Community Support Services	393	470	420
Fire	1,922	1,950	1,850
Leisure Centre	1,215	1,232	1,021
Library	123	341	329
Municipal Enforcement and Safe City	973	634	583
Police	1,257	1,284	1,119
Recreation	377	360	437
	7,311	7,535	6,804
Corporate Services			
Administration	152	161	199
City Clerk	800	748	738
Finance	751	790	800
Human Resources	331	323	417
Information Systems	1,212	1,056	896
	3,246	3,078	3,050
Planning and Infrastructure			
Administration	134	136	111
Asset Management	1,225	1,162	1,190
Engineering	320	366	335
Planning and Development	508	545	503
Public Works	3,786	3,717	3,179
Sustainability and Transit	695	535	455
	6,668	6,461	5,773
Utilities			
Waste	684	547	546
Wastewater	1,080	986	912
Water	2,526	2,478	2,088
	4,290	4,011	3,546
	22,296	22,042	20,013