



Consolidated Financial Statements of

The City of Spruce Grove

For the Year Ended December 31, 2020



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INDEPENDENT AUDITORS' REPORT

To the Mayor and Members of Council of the City of Spruce Grove

Opinion

We have audited the consolidated financial statements of the City of Spruce Grove (the "Entity"), which comprise:

- the consolidated statement of financial position as at December 31, 2020
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net debt for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2020, and its consolidated results of operations, its consolidated changes in net debt and its consolidated 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 Financial Statements**" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these 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 Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

We also:

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

KPMG LLP

Chartered Professional Accountants

Edmonton, Canada
April 26, 2021

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MANAGEMENT'S REPORT

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

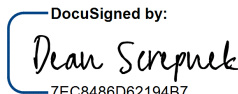
Management maintains systems of accounting and administrative controls to provide reasonable assurance that the transactions are appropriately authorized, accurately recorded, that assets are properly accounted for and safeguarded and that the consolidated financial statements reliably report the City's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

City Council has approved the information contained in the consolidated financial statements.

KPMG LLP, have been appointed by City Council to provide an independent audit opinion on the consolidated financial statements.

DocuSigned by:

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Louise Frostad, CPA, CMA, CLGM
Chief Financial Officer

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Dean Screpnek, CPA, CMA, CLGM
City Manager

April 26, 2021
Spruce Grove, Alberta

CITY OF SPRUCE GROVE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2020
(in thousands of dollars)

	2020	2019
Financial Assets		
Cash and Cash Equivalents (Note 2)	\$ 5,629	\$ 8,539
Accounts Receivable (Note 3)	15,179	17,099
Investments (Note 4)	43,145	32,470
Land Held for Resale (Note 5)	1,746	1,746
	65,699	59,854
Liabilities		
Accounts Payable and Accrued Liabilities (Note 6)	14,881	13,769
Deferred Revenue (Note 7)	27,817	31,579
Liability for Contaminated Sites (Note 8)	1,250	1,300
Long-Term Debt (Note 9)	41,713	42,122
	85,661	88,770
Net Debt	(19,962)	(28,916)
Non-Financial Assets		
Inventory and Prepaid Expenses	1,062	1,082
Tangible Capital Assets (Note 11)	553,603	543,773
	554,665	544,855
Accumulated Surplus (Note 12)	\$ 534,703	\$ 515,939

Impacts of COVID-19 (Note 28)

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

CITY OF SPRUCE GROVE
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the Year Ended December 31, 2020

(in thousands of dollars)

	2020 Budget (Note 27)	2020 Actual	2019 Actual
Revenue			
Property Taxes (Schedule 1)	\$ 41,073	\$ 41,054	\$ 40,372
Sales and User Fees	26,017	23,921	24,183
Sales to Other Governments	2,667	2,667	2,667
Franchise Fees	6,509	6,149	5,443
Fines	3,918	1,542	3,493
Government Transfers - Operating (Schedule 2)	3,241	6,925	3,440
Licenses and Permits	1,735	1,334	1,609
Rentals	2,663	1,506	2,311
Penalties	836	982	970
Other	1,180	903	1,583
Investment Income	222	865	506
	<u>90,061</u>	<u>87,848</u>	<u>86,577</u>
Expenses (Schedule 3)			
General Government	15,215	12,175	11,644
Protective Services	19,579	17,436	17,981
Transportation and Roadway Services	30,591	26,401	29,268
Utilities	19,870	20,533	18,896
Community Services	13,858	11,238	13,623
Development Services	3,746	2,924	3,199
	<u>102,859</u>	<u>90,707</u>	<u>94,611</u>
Annual Deficit before the Undernoted	<u>(12,798)</u>	<u>(2,859)</u>	<u>(8,034)</u>
Gain (Loss) on Disposal and Transfer of Tangible Capital Assets	1,670	512	(2,788)
Government Transfers - Capital (Schedule 2)	19,107	7,178	19,948
Contributed Tangible Capital Assets	6,556	13,668	11,581
Developer Contribution and Levies	3,711	265	1,974
	<u>31,044</u>	<u>21,623</u>	<u>30,715</u>
Annual Surplus	18,246	18,764	22,681
Accumulated Surplus, Opening	515,939	515,939	493,258
Accumulated Surplus, Closing	<u>\$ 534,185</u>	<u>\$ 534,703</u>	<u>\$ 515,939</u>

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

CITY OF SPRUCE GROVE
CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

For the Year Ended December 31, 2020

(in thousands of dollars)

	2020 Budget (Note 27)	2020 Actual	2019 Actual
Annual surplus	\$ 18,246	\$ 18,764	\$ 22,681
Change in Inventory and Prepaid Expenses	(61)	20	15
Tangible Capital Assets			
Contributed	(6,556)	(13,668)	(11,581)
Purchased	(27,227)	(13,611)	(33,858)
Proceeds on Disposal	3,009	701	463
(Gain) Loss on Disposal and Transfer	(1,670)	(512)	2,788
Amortization	16,942	17,260	17,024
	(15,502)	(9,830)	(25,164)
Change in Net Debt	2,683	8,954	(2,468)
Net Debt, Opening	(28,916)	(28,916)	(26,448)
Net Debt, Closing	\$ (26,233)	\$ (19,962)	\$ (28,916)

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

CITY OF SPRUCE GROVE
CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2020

(in thousands of dollars)

	2020	2019
Cash Provided by (Used For):		
Operating Activities		
Annual Surplus	\$ 18,764	\$ 22,681
Items not involving cash:		
Amortization	17,260	17,024
(Gain) Loss on Disposal and Transfer of Tangible Capital Assets	(512)	2,788
Contributed Tangible Capital Assets	(13,668)	(11,581)
Change in non-cash working capital balances:		
Decrease in Accounts Receivable	1,920	13,058
Increase (Decrease) in Accounts Payable and Accrued Liabilities	1,112	(3,173)
Decrease in Deferred Revenue	(3,762)	(8,777)
Decrease in Liability for Contaminated Sites	(50)	(2,880)
Decrease in Inventory and Prepaid Expenses	20	15
	21,084	29,155
Capital Activities		
Purchased Tangible Capital Assets	(13,611)	(33,858)
Proceeds on Disposal of Tangible Capital Assets	701	463
	(12,910)	(33,395)
Investing Activities		
Purchased Investments	(44,126)	(34,276)
Proceeds on Disposal of Investments	33,451	39,320
	(10,675)	5,044
Financing Activities		
Long-term Debt Issued	2,556	5,600
Long-term Debt Repaid	(2,965)	(1,942)
	(409)	3,658
(Decrease) Increase in Cash and Cash Equivalents	(2,910)	4,462
Cash and Cash Equivalents, Opening	8,539	4,077
Cash and Cash Equivalents, Closing	\$ 5,629	\$ 8,539

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

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

(in thousands of dollars)

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

1. Significant Accounting Policies

The consolidated financial statements of the City of Spruce Grove are the representations of management prepared in accordance with Canadian Public Sector Accounting Standards. Significant accounting policies adopted by the City are as follows:

a. Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenses, and accumulated surplus of the reporting entity. The reporting entity is comprised of all organizations which are owned or controlled by the City, and are, therefore, accountable 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. Financial Assets

i. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and cash equivalents that are highly liquid. Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment purposes.

ii. Investments

Investments are recorded at amortized cost. Should there be a loss in value that is not considered temporary, the respective investment is written down to recognize the loss.

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.

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

(in thousands of dollars)

1. Significant Accounting Policies (continued)

b. Financial Assets (continued)

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, 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.

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.

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

Asset	Useful Life in Years
Engineered Structures	20 - 75
Machinery & 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.

ii. 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.

iii. 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. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

(in thousands of dollars)

1. Significant Accounting Policies (continued)

c. Non-Financial Assets (continued)

iv. 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.

v. Inventory

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

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.

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

(in thousands of dollars)

1. Significant Accounting Policies (continued)

d. Revenue Recognition (continued)

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.

f. Liability for Contaminated Sites

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

- (a) an environmental standard exists;
- (b) contaminations exceed the environmental standard;
- (c) the municipality owns the land; or is directly responsible; or accepts responsibility;
- (d) it is expected that future economic benefits will be given up; and
- (e) 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.

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

(in thousands of dollars)

1. Significant Accounting Policies (continued)

g. Use of Estimates

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, liability for 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.

h. Future Accounting Standard Pronouncements

The following summarizes upcoming changes to Canadian public sector accounting standards. In 2021, the City will continue to assess the impact and prepare for the adoption of these standards. While the timing of standard adoption may vary, certain standards must be adopted concurrently. The requirements in Financial Statement Presentation (PS1201), Financial Instruments (PS3450), Foreign Currency Translation (PS2601) and Portfolio Investments (PS3041) must be implemented at the same time.

<u>Standard</u>	<u>Name</u>	<u>Effective Date</u>
PS1201	Financial Statement Presentation	April 1, 2022
PS3450	Financial Instruments	April 1, 2022
PS2601	Foreign Currency Translation	April 1, 2022
PS3041	Portfolio Investments	April 1, 2022
PS3280	Asset Retirement Obligations	April 1, 2022
PS3400	Revenue	April 1, 2023
PSG-8	Purchased Intangibles	April 1, 2023

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

(in thousands of dollars)

2. Cash and Cash Equivalents

	2020	2019
Cash	\$ 4,860	\$ 4,783
Cash Equivalents	769	3,756
	\$ 5,629	\$ 8,539

Cash equivalents include investments that have an effective interest rate of 0.90% (2019 - 2.40%) that mature in less than 3 months.

3. Accounts Receivable

	2020	2019
Property Taxes		
Current Taxes and Grants in Place of Taxes	\$ 2,214	\$ 2,247
Arrears	866	490
	3,080	2,737
Other		
Government Transfers	447	4,174
Local Improvements	3,709	3,991
Trade and Other	4,734	3,215
Utility	2,391	2,194
Developer Contributions and Levies	497	588
Goods and Services Tax	187	251
Interest Receivable	261	223
Allowance for Doubtful Accounts	(127)	(274)
	12,099	14,362
	\$ 15,179	\$ 17,099

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

(in thousands of dollars)

4. Investments

	Amortized Cost 2020		Market Value 2020		Amortized Cost 2019		Market Value 2019
Bonds	\$ 17,049	\$	17,546	\$	13,026	\$	13,134
GICs	52		52		1,190		1,190
Notes	11,881		11,666		6,335		6,377
Other	14,163		14,163		11,919		11,919
	\$ 43,145	\$	43,427	\$	32,470	\$	32,620

Investments in bonds have effective interest rates of 1.23% to 3.36% with maturity dates from June 2021 to March 2031. The guaranteed investment certificate (GIC) bears interest at 0.35% maturing May 2021. Note investments have a variable interest rate and are linked to the performance of an equity market index with maturity dates from February 2027 to November 2030. Other investments include a callable interest savings account with an effective rate of 0.90%.

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2020
(in thousands of dollars)

5. Land Held for Resale

The City holds an interest in lands in the amount of \$1,746 (2019 - \$1,746) representing the costs related to the Westwind land assembly undertaken by the City. The City has entered into an option agreement with the developer to dispose of the assembled land in parcels. That agreement is set to expire on March 21, 2025.

During the year interest on long-term debt in the amount of \$16 (2019 - \$18) was capitalized and subsequently reimbursed by the developer.

6. Accounts Payable and Accrued Liabilities

	2020		2019
Trade and Accrued Liabilities	\$ 7,764	\$	6,256
Wages and Benefits	3,384		3,107
Holdbacks	1,724		2,403
Deposits	924		1,226
Developer Commitments	1,033		729
Debenture Interest	52		48
	\$ 14,881	\$	13,769

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

(in thousands of dollars)

7. Deferred Revenue

	2019	Amount Received and Receivable	Interest and Other	Amounts Recognized	2020
Developer Contributions					
Administration	\$ 90	\$ 4	\$ 1	\$ -	\$ 95
Neighborhood Parks	827	28	8	19	844
Municipal Reserve	190	-	2	-	192
Parks - South	1,699	-	15	-	1,714
Regional Parks	-	26	-	26	-
Cash in Lieu of Parking	105	-	1	-	106
Downtown Redevelopment	3	-	-	-	3
	2,914	58	27	45	2,954
Developer Offsite Levies					
Water	-	11	-	11	-
Transportation	-	189	-	189	-
Sanitary Sewer	-	20	-	20	-
	-	220	-	220	-
Developer Contributions and Offsite Levies	2,914	278	27	265	2,954
Government Transfers - Capital					
Gas Tax Fund	3,194	2,046	25	2,412	2,853
Other	139	944	1	935	149
Sustainability	23,207	-	174	3,831	19,550
	26,540	2,990	200	7,178	22,552
Government Transfers - Operating					
Policing	25	701	-	726	-
Social	-	890	-	821	69
Sustainability	-	254	-	254	-
Other	118	5,289	-	5,124	283
	143	7,134	-	6,925	352
Other Revenue					
Sponsorships	733	578	-	505	806
Property Taxes	464	9,918	-	9,905	477
User Fees	785	3,026	-	3,135	676
	1,982	13,522	-	13,545	1,959
	\$ 31,579	\$ 23,924	\$ 227	\$ 27,913	\$ 27,817

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

(in thousands of dollars)

8. Liability for Contaminated Sites

	2020	2019
Historic Public Works Yard - salt impacted soil	\$ 150	\$ 200
Pioneer Cemetery - salt impacted soil	1,100	1,100
	\$ 1,250	\$ 1,300

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 consumer price index. 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 is \$1,250 and a discount rate of 3.00% (2019 - 3.00%) has been used. The City plans to remediate the sites over a 3-year period with an expected completion date of December 31, 2023 (2019 - December 31, 2023).

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2020
(in thousands of dollars)

9. Long-Term Debt

	2020	2019
Alberta Capital Finance Authority		
Agrena	\$ 679	\$ 855
Library	653	801
Local Improvements	3,619	3,941
Public Works Facility	4,481	4,650
Storm Upgrades	2,116	2,200
TransAlta Tri Leisure Centre	330	601
Protective Services Facility	5,355	5,683
Industrial Watermain	2,160	-
	19,393	18,731
CIBC		
Development	13,085	14,049
RCMP Facility	8,260	8,703
	21,345	22,752
Other		
Other	523	187
Westwind Land Assembly	452	452
	975	639
	\$ 41,713	\$ 42,122

The required repayments for the Alberta Capital Finance Authority debt and expected repayments for all other debt are as follows:

	Principal	Interest	Total
2021	\$ 3,123	\$ 1,129	\$ 4,252
2022	2,924	1,037	3,961
2023	2,926	951	3,877
2024	2,825	829	3,654
2025	3,035	753	3,788
Subsequent	26,880	4,102	30,982
	\$ 41,713	\$ 8,801	\$ 50,514

Debt repayable to the Alberta Capital Finance Authority bears interest at rates ranging from 1.88% to 6.38% per annum and matures in periods 2021 to 2040. This debt is issued on the credit and security of the City.

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

(in thousands of dollars)

9. Long-Term Debt (continued)

The City's development fixed-term loan with Canadian Imperial Bank of Canada ("CIBC") has an effective interest rate of 2.50% and matures June 2034. The City's RCMP facility fixed-term loan with CIBC has an effective interest rate of 2.59% and matures in July 2039.

The Westwind Land Assembly loan, repayable to Versabank, bears interest at prime plus 0.9%. Payments are interest only with the principle due when the land is sold, and due in full no later than March 2025. The City has entered into an agreement with a developer to reimburse any interest incurred on this loan.

The City has a revolving demand facility with CIBC for \$30 million which has not been drawn upon as of December 31, 2020. The limit of this revolving demand facility will be reduced down to \$5 million on March 31, 2021.

Interest on long-term debt amounted to \$1,193 (2019 - \$1,283). The City's interest expense for the year is \$1,177 (2019 - \$1,265) while the remaining \$16 (2019 - \$18) relates to Westwind lands and was capitalized as part of land held for resale during the year. The City's total cash payment for interest in 2020 is \$1,193 (2019 - \$1,294).

10. Debt Limits

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

	2020	2019
Total Debt Limit		
(1.5 times revenue, as defined in the regulation)	\$ 132,937	\$ 128,643
Total Debt	(41,713)	(42,122)
Amount of Debt Limit Unused	91,224	86,521
Debt Servicing Limit		
(0.25 times revenue, as defined in the regulation)	22,156	21,440
Debt Servicing	(4,252)	(4,521)
Amount of Debt Servicing Limit Unused	\$ 17,904	\$ 16,919

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.

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

(in thousands of dollars)

11. Tangible Capital Assets

2020	Land	Land Improvements	Leasehold Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	Construction in Progress	2020
Cost									
Balance, Opening	\$ 156,726	\$ 25,905	\$ 1,005	\$ 100,660	\$ 411,973	\$ 26,564	\$ 11,275	\$ 2,738	\$ 736,846
Acquired	-	105	-	1,833	9,194	520	563	1,396	13,611
Contributed	8,635	126	-	-	4,900	7	-	-	13,668
Disposals and Transfers	-	-	-	-	(1,022)	(195)	(273)	-	(1,490)
Transfers	375	85	-	1,174	33	-	125	(1,792)	-
Balance, Closing	165,736	26,221	1,005	103,667	425,078	26,896	11,690	2,342	762,635
Accumulated Amortization									
Balance, Opening	-	10,879	883	17,864	144,834	14,848	3,765	-	193,073
Amortization	-	1,247	11	2,181	11,029	2,066	726	-	17,260
Disposals and Transfers	-	-	-	-	(992)	(61)	(248)	-	(1,301)
Balance, Closing	-	12,126	894	20,045	154,871	16,853	4,243	-	209,032
Net Book Value, Closing	\$ 165,736	\$ 14,095	\$ 111	\$ 83,622	\$ 270,207	\$ 10,043	\$ 7,447	\$ 2,342	\$ 553,603

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

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11. Tangible Capital Assets (continued)

2019	Land	Land Improvements	Leasehold Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	Construction in Progress	2019
Cost									
Balance, Opening	\$ 156,227	\$ 24,348	\$ 872	\$ 66,675	\$ 391,911	\$ 24,771	\$ 8,917	\$ 22,621	\$ 696,342
Acquired	700	1,011	1	12,504	12,150	2,787	2,052	2,653	33,858
Contributed	2,227	219	-	-	9,061	74	-	-	11,581
Disposals and Transfers	(2,428)	-	-	-	(1,251)	(1,068)	(188)	-	(4,935)
Transfers	-	327	132	21,481	102	-	494	(22,536)	-
Balance, Closing	156,726	25,905	1,005	100,660	411,973	26,564	11,275	2,738	736,846
Accumulated Amortization									
Balance, Opening	-	9,648	872	15,714	134,851	13,424	3,224	-	177,733
Amortization	-	1,231	11	2,150	10,770	2,157	705	-	17,024
Disposals and Transfers	-	-	-	-	(787)	(733)	(164)	-	(1,684)
Balance, Closing	-	10,879	883	17,864	144,834	14,848	3,765	-	193,073
Net Book Value, Closing	\$ 156,726	\$ 15,026	\$ 122	\$ 82,796	\$ 267,139	\$ 11,716	\$ 7,510	\$ 2,738	\$ 543,773

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2020
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12. Accumulated Surplus

	Budget (Note 27)	2020	2019
Municipal	\$ 21,768	\$ 30,113	\$ 21,069
Utility	6,057	7,672	7,778
Developer (Note 13)	(12,231)	(15,424)	(15,011)
	15,594	22,361	13,836
Investment in Tangible Capital Assets	518,591	512,342	502,103
	\$ 534,185	\$ 534,703	\$ 515,939

13. Developer Deficit

	2019	Transfer In	Transfer Out	Other Adjustments	2020
Transportation	\$ (4,773)	\$ 189	\$ (279)	\$ (1,290)	\$ (6,153)
Sanitary Sewer	(7,542)	20	-	1,079	(6,443)
Water	(345)	11	-	(110)	(444)
Regional Parks	(2,351)	26	-	(59)	(2,384)
Neighborhood Parks	-	19	(19)	-	-
	\$ (15,011)	\$ 265	\$ (298)	\$ (380)	\$ (15,424)

Other adjustments include long-term debt issued to fund transportation and water infrastructure projects, as well as associated interest and principal payments. It also includes adjustments made to appropriately present receipts, expenditures and interest charges in the City's offsite levy fund balances. In 2020, an adjustment was made to reduce sanitary sewer project expenditures by 22.8% for a project where a portion of the drainage area resided outside City limits.

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 future developer levies. Long-term debt in the amount of \$13,085 (2019 - \$14,049) was taken out by the City as offsite levy fund balances are currently insufficient to pay for future development's share of these project costs. Future interest charges of \$1,788 (2019 - \$2,061) are expected to be repaid by proceeds received from future developer levies.

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

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14. 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 municipality 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 municipality 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 and Roadway 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.

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 well being 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.

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2020
(in thousands of dollars)

14. Segmented Disclosure (continued)

2020	General Government	Protective Services	Transportation & Roadway Services	Utilities	Community Services	Development Services	Total	Budget (Note 27)
Revenue								
Property Taxes	\$ 40,745	\$ -	\$ -	\$ -	\$ 309	\$ -	\$ 41,054	\$41,073
Sales and User Fees	141	1,343	717	20,648	990	82	23,921	26,017
Sales to Other Governments	-	2,667	-	-	-	-	2,667	2,667
Franchise Fees	6,149	-	-	-	-	-	6,149	6,509
Fines	2	1,539	-	1	-	-	1,542	3,918
Government Transfers - Operating	-	726	4,217	-	1,939	43	6,925	3,241
Licenses and Permits	-	2	54	29	-	1,249	1,334	1,735
Rentals	-	362	105	-	1,039	-	1,506	2,663
Penalties	902	-	-	80	-	-	982	836
Other	141	8	241	70	318	125	903	1,180
Investment Income	732	-	21	-	18	94	865	222
	48,812	6,647	5,355	20,828	4,613	1,593	87,848	90,061
Expenses								
Salaries, Wages & Benefits	7,886	8,987	7,225	2,023	6,567	2,186	34,874	39,351
Contracted & General Services	3,023	1,176	4,569	3,493	1,993	565	14,819	19,694
Materials, Goods & Supplies	403	688	2,631	477	1,032	11	5,242	6,329
Purchases from Other Governments	-	5,494	2,004	9,320	-	-	16,818	18,100
Transfers to Government, Agencies & Other Org	1	11	-	-	231	37	280	346
Bank Charges	107	-	-	-	3	-	110	156
Interest on Long-Term Debt	10	-	886	95	97	89	1,177	1,164
Other	97	-	-	2	28	-	127	777
Amortization	648	1,080	9,086	5,123	1,287	36	17,260	16,942
	12,175	17,436	26,401	20,533	11,238	2,924	90,707	102,859
Annual Surplus (Deficit) before Undernoted								
	36,637	(10,789)	(21,046)	295	(6,625)	(1,331)	(2,859)	(12,798)
Gain on Disposal of Tangible Capital Assets	-	-	7	-	-	505	512	1,670
Government Transfers - Capital	68	-	7,043	-	67	-	7,178	19,107
Contributed Tangible Capital Assets	-	-	4,373	653	7	8,635	13,668	6,556
Developer Contribution and Levies	-	-	234	31	-	-	265	3,711
	68	-	11,657	684	74	9,140	21,623	31,044
Annual Surplus (Deficit)	\$ 36,705	\$ (10,789)	\$ (9,389)	\$ 979	\$ (6,551)	\$ 7,809	\$ 18,764	\$18,246

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2020
(in thousands of dollars)

14. Segmented Disclosure (continued)

2019	General Government	Protective Services	Transportation & Roadway Services	Utilities	Community Services	Development Services	Total
Revenue							
Property Taxes	\$ 40,063	\$ -	\$ -	\$ -	\$ 309	\$ -	\$ 40,372
Sales and User Fees	135	1,071	777	19,821	2,295	84	24,183
Sales to Other Governments	-	2,667	-	-	-	-	2,667
Franchise Fees	5,443	-	-	-	-	-	5,443
Fines	7	3,484	-	2	-	-	3,493
Government Transfers - Operating	-	701	842	-	1,858	39	3,440
Licenses and Permits	-	3	68	34	-	1,504	1,609
Rentals	-	4	393	-	1,913	1	2,311
Penalties	885	-	6	79	-	-	970
Other	350	1	437	35	432	328	1,583
Investment Income	350	-	25	-	33	98	506
	47,233	7,931	2,548	19,971	6,840	2,054	86,577
Expenses							
Salaries, Wages & Benefits	8,465	8,636	7,466	2,093	7,736	2,201	36,597
Contracted & General Services	1,772	2,145	5,306	3,926	3,017	853	17,019
Materials, Goods & Supplies	153	685	2,891	473	1,236	14	5,452
Purchases from Other Governments	-	5,439	2,250	8,832	-	-	16,521
Transfers to Government, Agencies & Other Org	66	26	-	-	84	-	176
Bank Charges	141	-	-	-	26	-	167
Interest on Long-Term Debt	12	-	1,030	2	126	95	1,265
Other	339	-	-	11	40	-	390
Amortization	696	1,050	10,325	3,559	1,358	36	17,024
	11,644	17,981	29,268	18,896	13,623	3,199	94,611
Annual Surplus (Deficit) before Undernoted	35,589	(10,050)	(26,720)	1,075	(6,783)	(1,145)	(8,034)
Loss on Disposal of Tangible Capital Assets	(43)	-	(298)	(28)	-	(2,419)	(2,788)
Government Transfers - Capital	(7)	-	19,954	-	1	-	19,948
Contributed Tangible Capital Assets	-	-	5,751	3,529	74	2,227	11,581
Developer Contribution and Levies	-	-	253	1,721	-	-	1,974
	(50)	-	25,660	5,222	75	(192)	30,715
Annual Surplus (Deficit)	\$ 35,539	\$ (10,050)	\$ (1,060)	\$ 6,297	\$ (6,708)	\$ (1,337)	\$ 22,681

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

(in thousands of dollars)

15. 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.

	2020	2020	2019	2019
	Salaries	Benefits	Salaries	Benefits
Mayor Houston	\$ 114,361	\$ 14,128	\$ 123,285	\$ 16,954
Councillor Gruhlke	53,135	12,581	56,303	13,125
Councillor McKenzie	56,001	12,742	61,139	13,254
Councillor Oldham	53,491	12,707	53,296	13,063
Councillor Rothe	53,397	10,261	52,235	12,879
Councillor Stevenson	55,890	11,263	56,751	10,311
Councillor Turton	-	-	13,943	3,741
Councillor Acker	51,541	12,486	23,427	5,995
	437,816	86,168	440,379	89,322
Former Chief Administrative Officer	-	-	129,016	25,826
Interim Chief Administrative Officer	25,595	6,761	31,532	6,963
Current Chief Administrative Officer	225,936	36,244	134,291	19,370
	251,531	43,005	294,839	52,159
	\$ 689,347	\$ 129,173	\$ 735,218	\$ 141,481

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 death and dismemberment insurance, dependent life insurance, a home office expense allowance, car allowance, and WCB coverage. 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 contribution of up to 4% of their annual salary.

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

(in thousands of dollars)

16. 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 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 9.39% (2019 - 9.39%) of eligible pensionable earnings up to the year's maximum pension earnings and 13.84% (2019 - 13.84%) on pensionable earnings above this amount. Employees are required to make current service contributions of 8.39% (2019 - 8.39%) of pensionable salary up to the year's maximum pensionable earnings and 12.84% (2019 - 12.84%) on 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 by the City to LAPP in 2020 were \$2,446 (2019 - \$2,340). Total current service contributions by the employees of the City to LAPP in 2020 were \$2,223 (2019 - \$2,128). Total optional service contributions by the City to LAPP in 2020 were \$75 (2019 - \$73).

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 2020, the City's potential liability for optional service buy-back is \$27 (2019 - \$48).

At December 31, 2019, LAPP disclosed a surplus of \$7.9 billion.

17. 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 Pensions Plans Act commenced on January 1, 2003 and provides supplementary pension benefits to a prescribed class of employees (approximately 124 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 2.61% and 3.85% respectively of pensionable earnings up to \$154 (2019 - \$151).

Total current service contributions by the City to APEX in 2020 were \$431 (2019 - \$394). Total current service contributions by the employees of the City in 2020 were \$292 (2019 - \$296).

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

(in thousands of dollars)

18. 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 (the "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 42.0% (2019 - 42.0%).

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 \$2,357 (2019 - \$2,442) to support the operations of the TLC, with the City's proportionate share being 49.5% - (2019 - 49.5%).

The City's proportionate share (49.5%) of the financial position and operations of the TLC is as follows:

	2020	2019
Financial Position		
Financial Assets	\$ 904	\$ 1,385
Liabilities	(474)	(693)
Net Financial Assets	430	692
Non Financial Assets	1,097	1,211
Accumulated Surplus	1,527	1,903
Operations		
Revenue	2,708	4,370
Expenses	(3,083)	(4,255)
Annual (Deficit)/Surplus	\$ (375)	\$ 115

19. 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.

20. Alberta Municipal Insurance Exchange

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

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

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21. Developer Agreements

Developers have entered into agreements with the City in the amount of approximately \$177,725 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 \$16,782 to secure the performance by the developers under the agreements.

22. Financial Instruments

The City's financial instruments consist of accounts receivable, investments, accounts payable and accrued liabilities, liability for contaminated sites, and long-term debt. It is management's opinion that the City is not exposed to significant interest or currency risks arising from these financial instruments.

The City is subject to credit risk with respect to accounts receivable. Credit risk arises from the possibility that taxpayers 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.

Unless otherwise noted, the carrying values of all the City's financial instruments approximate their fair value.

23. 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.

In 2020, the City was allocated \$7,654 in Municipal Sustainability Initiative (MSI) Capital funding and \$4,251 in Municipal Stimulus Program (MSP) funding. The future receipt of these assets is dependent on submission and approval of project applications and satisfying subsequent reporting requirements.

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

Year	Leases and Contracts
2021	\$ 630
2022	593
2023	594
2024	595
2025	548
Thereafter	8,823
	\$ 11,783

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

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24. Contractual Obligations

As at December 31, 2020, authorized costs for capital projects and transfers committed through a purchase order or other contractual agreement, but not yet expended, amounts to \$1,617.

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

Year	Basic Rent
2021	\$ 230
2022	230
2023	122
2024	68
2025	68
Thereafter	338
	<u>\$ 1,056</u>

25. Contingent Liabilities

The City is defendant in various lawsuits as at December 31, 2020. 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.

26. Franchise and Concession Contracts

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

	<u>2020</u>	<u>2019</u>
Atco Gas	\$ 2,328	\$ 1,710
Fortis Alberta Inc.	3,821	3,733
	<u>\$ 6,149</u>	<u>\$ 5,443</u>

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

(in thousands of dollars)

27. Budget

City Council approved the 2020 - 2022 Corporate Plan on November 25, 2019, which formally approved revenues, expenses and tangible capital asset acquisitions for 2020. Revenues, expenses and tangible capital asset acquisitions were subsequently amended on approval of spring budget adjustments April 14, 2020.

	Original Budget	Spring Budget Adjustments Increase/(Decrease)	Final Budget
Revenue			
Property Taxes	\$ 42,365	\$ (1,292)	\$ 41,073
Sales and User Fees	26,305	(288)	26,017
Sales to Other Governments	2,667	-	2,667
Franchise Fees	6,509	-	6,509
Fines	3,918	-	3,918
Government Transfers - Operating	3,241	-	3,241
Licenses and Permits	1,735	-	1,735
Rentals	2,663	-	2,663
Penalties	836	-	836
Other	1,526	(346)	1,180
Investment Income	222	-	222
	91,987	(1,926)	90,061
Expenses			
General Government	15,395	(180)	15,215
Protective Services	19,983	(404)	19,579
Transportation and Roadway Services	31,485	(894)	30,591
Utilities	20,731	(861)	19,870
Community Services	13,858	-	13,858
Development Services	3,908	(162)	3,746
	105,360	(2,501)	102,859
Annual Deficit before the Undernoted	(13,373)	575	(12,798)
Gain on Disposal of Tangible Capital Assets	1,670	-	1,670
Government Transfers - Capital	18,136	971	19,107
Contributed Tangible Capital Assets	6,556	-	6,556
Developer Contributions and Levies	3,711	-	3,711
	30,073	971	31,044
Annual Surplus	16,700	1,546	18,246
Accumulated Surplus, Opening	515,939	-	515,939
Accumulated Surplus, Closing	\$ 532,639	\$ 1,546	\$ 534,185

Acquisition of tangible capital assets original budget was increased by \$971 for a final budget of \$27,227.

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

(in thousands of dollars)

28. Impacts of COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 (coronavirus) a pandemic. The City has experienced significant financial impacts due to the COVID-19 pandemic. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the the City in 2021.

The City has experienced the following indicators of financial implications and undertaken the following activities in 2020 in relation to the COVID-19 pandemic:

- Deferred utility and tax payments without penalty for up to 90 days.
- Eliminated 3.9% tax increase included in the 2020 approved budget.
- The 2020 approved budget was adjusted by way of a spring budget adjustment in an effort to better manage the anticipated financial impacts of COVID-19 and was approved by Council April 14, 2020.
- Temporarily closed all facilities for walk-in service from March 20, 2020 indefinitely.
- Experienced temporary decline in the fair value of investments and investment income.
- Working from home requirements have been setup for those able to do so, as well as segregated work units.
- Temporarily suspended fares on Spruce Grove Transit routes; with one route being permanently cancelled.
- Some part-time and seasonal employees have been temporarily or permanently terminated.
- Government of Alberta and Government of Canada provided COVID-9 support funding through the Municipal Operating Support Transfer (MOST) Program, and Investing in Canada Infrastructure Program (ICIP).

CITY OF SPRUCE GROVE
SCHEDULE 1 - PROPERTY TAXES
For the Year Ended December 31, 2020
(in thousands of dollars)

	2020 Budget (Note 27)	2020 Actual	2019 Actual
Property Taxes			
Residential	\$ 44,369	\$ 44,405	\$ 43,644
Non-Residential			
Commercial	10,813	10,876	10,673
Industrial	2,340	2,341	2,360
Linear	338	350	334
Agricultural	2	2	2
	<u>57,862</u>	<u>57,974</u>	<u>57,013</u>
Less Requisitions			
Alberta Education	12,522	14,365	13,996
Evergreen Catholic Schools	3,954	2,241	2,341
Meridian Foundation	310	311	301
Designated Industrial Property	3	3	3
	<u>16,789</u>	<u>16,920</u>	<u>16,641</u>
	<u>\$ 41,073</u>	<u>\$ 41,054</u>	<u>\$ 40,372</u>

CITY OF SPRUCE GROVE
SCHEDULE 2 - GOVERNMENT TRANSFERS

For the Year Ended December 31, 2020
(in thousands of dollars)

	2020 Budget (Note 27)	2020 Actual	2019 Actual
Government Transfers - Capital			
Gas Tax Fund	\$ 2,781	\$ 2,412	\$ 2,946
Other	1,857	935	2,549
Sustainability	14,469	3,831	14,453
	19,107	7,178	19,948
Government Transfers - Operating			
Policing	701	726	701
Social	821	821	821
Sustainability	239	254	239
Other	1,480	5,124	1,679
	3,241	6,925	3,440
	\$ 22,348	\$ 14,103	\$ 23,388

CITY OF SPRUCE GROVE
SCHEDULE 3 - EXPENSES BY DEPARTMENT

For the Year Ended December 31, 2020

(in thousands of dollars)

	2020 Budget (Note 27)	2020 Actual	2019 Actual
General Government			
City Clerk	\$ 471	\$ 382	\$ 613
City Manager	677	683	620
Corporate Communications	1,208	957	1,028
Corporate Services Administration	315	253	553
Council	760	656	690
Finance	2,639	2,067	938
Human Resources	1,959	1,356	1,663
Information Services	5,538	4,357	4,463
Integrated Planning and Strategic Services	1,648	1,464	1,076
	15,215	12,175	11,644
Protective Services			
Fire	9,554	9,556	8,965
Municipal Enforcement and Safe City	3,328	1,868	2,896
Police	6,697	6,012	6,120
	19,579	17,436	17,981
Transportation and Roadway Services			
Engineering	1,765	1,648	1,851
Facilities and Fleet Management	6,477	5,618	6,158
Planning and Infrastructure Administration	788	617	680
Public Works	18,767	16,259	18,064
Transit and Sustainability	2,794	2,259	2,515
	30,591	26,401	29,268
Utilities			
Stormwater	1,253	2,591	1,153
Waste	2,743	2,999	2,752
Sanitary Sewer	4,846	4,768	4,543
Water	11,028	10,175	10,448
	19,870	20,533	18,896
Community Services			
Agrena/Sports Park	1,816	1,604	1,758
Community and Protective Services Administration	516	432	302
Community Social Development	609	516	578
Culture	1,598	971	1,540
Family and Community Support Services	1,344	1,294	1,368
Leisure Centre	4,321	3,392	4,580
Library	1,719	1,652	1,785
Recreation	1,935	1,377	1,712
	13,858	11,238	13,623
Development Services			
Economic and Business Development	1,528	921	1,055
Planning and Development	2,218	2,003	2,144
	3,746	2,924	3,199
	\$ 102,859	\$ 90,707	\$ 94,611