



ANNUAL REPORT

MOVING FORWARD, LOOKING BACK

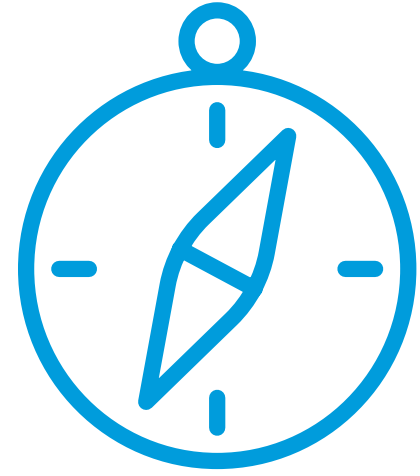


City of Spruce Grove, Alberta
2020 Annual Report for the year ended December 31, 2020
Prepared by: Finance and Corporate Communications

315 Jespersen Ave., Spruce Grove
AB, Canada T7X 3E8
780-962-2611
sprucegrove.org

© 2021 City of Spruce Grove
All rights reserved.

TABLE OF CONTENTS



Introduction

City Profile and Vision Statement	2
Spruce Grove City Council	3
Governance Structure	4
Mayor’s message	5
City Manager’s message	6

Looking Back on 2020

Response to COVID-19	9
Strategic Priority Areas	13
Keeping our Community Safe	20
Growing Together	23
Environmental Stewardship	25
Planning for the Future	28

Financial Reporting, Financial Statements, Statistics	30
Financial Statement Discussion and Analysis	32
Financial Summary	41
Independent Auditors’ Report	44
Management’s Report	47
Consolidated statement of financial position	49
Consolidated statement of operations and accumulated surplus	50
Consolidated statement of changes in net debt	51
Consolidated statement of cash flows	52
Notes to the consolidated financial statements	53
Schedule 1 – Property taxes	78
Schedule 2 – Government transfers	79
Schedule 3 – Expenses by department	80
General statistics	82
Financial statements	83
Taxation	84
Long-term debt	85
Acquisition of tangible capital assets	86

CITY PROFILE



THE CITY OF SPRUCE GROVE IS
A VIBRANT, DYNAMIC COMMUNITY
OF MORE THAN 35,000 PEOPLE.

Located just 11 kilometres west of Edmonton, the City offers housing options for everyone, excellent schools, sports, culture and recreation facilities, and a mix of businesses ranging from national retailers, shops, locally owned and chain restaurants, and professional services.

The City's plans, services and ongoing operations are carried out by a workforce of more than 300 employees who are overseen by three general managers and a City Manager who reports to Spruce Grove City Council.

OUR PURPOSE

To build an exceptional city through innovation, leadership and committed public service.

OUR VISION

As outlined in Building an Exceptional City, the City's 2018–2035 Strategic Plan, the vision for the future of Spruce Grove is that it's the best place to live, to experience community and to grow a strong, successful business.

■ **Where people choose to live**

A dynamic city with an exceptional quality of life

Through high quality municipal services, Spruce Grove is a safe, dynamic and affordable urban centre with an exceptional quality of life and is an inclusive, sustainable place through all ages and stages of life.

■ **Where people choose to experience community**

A vibrant place for community involvement and social wellness

Spruce Grove provides opportunities for engagement and participation in diverse and high quality arts and culture, leisure, recreation and sports activities.

■ **Where people choose to grow a business**

A strong, diversified business centre

Through innovation and supportive business development, Spruce Grove is a growing economic home to successful small business, commercial and industrial companies.

OUR VALUES

- Leadership
- Openness and responsiveness
- Service excellence
- Accountability
- Honesty and integrity

OUR PRINCIPLES

- Sustainability through sound economic development
- Leadership in affordable quality and service delivery
- Affordability through prudent fiscal management
- Leadership in collaboration to ensure best value for all
- Building a complete community for all
- Sustainability through environmental stewardship



SPRUCE GROVE CITY COUNCIL

SERVING THE COMMUNITY OF CHOICE

The City of Spruce Grove is governed by an elected council of a mayor and six councillors. Spruce Grove City Council is responsible for identifying the overall vision for the community and developing a long-term strategic plan for the city. Council also reviews and approves new or amended policies, procedures, and bylaws and approves the annual corporate plan, which is the City’s principal guiding document for providing residents with a high quality of life at an affordable rate, while also staying the strategic course of municipal economic sustainability.

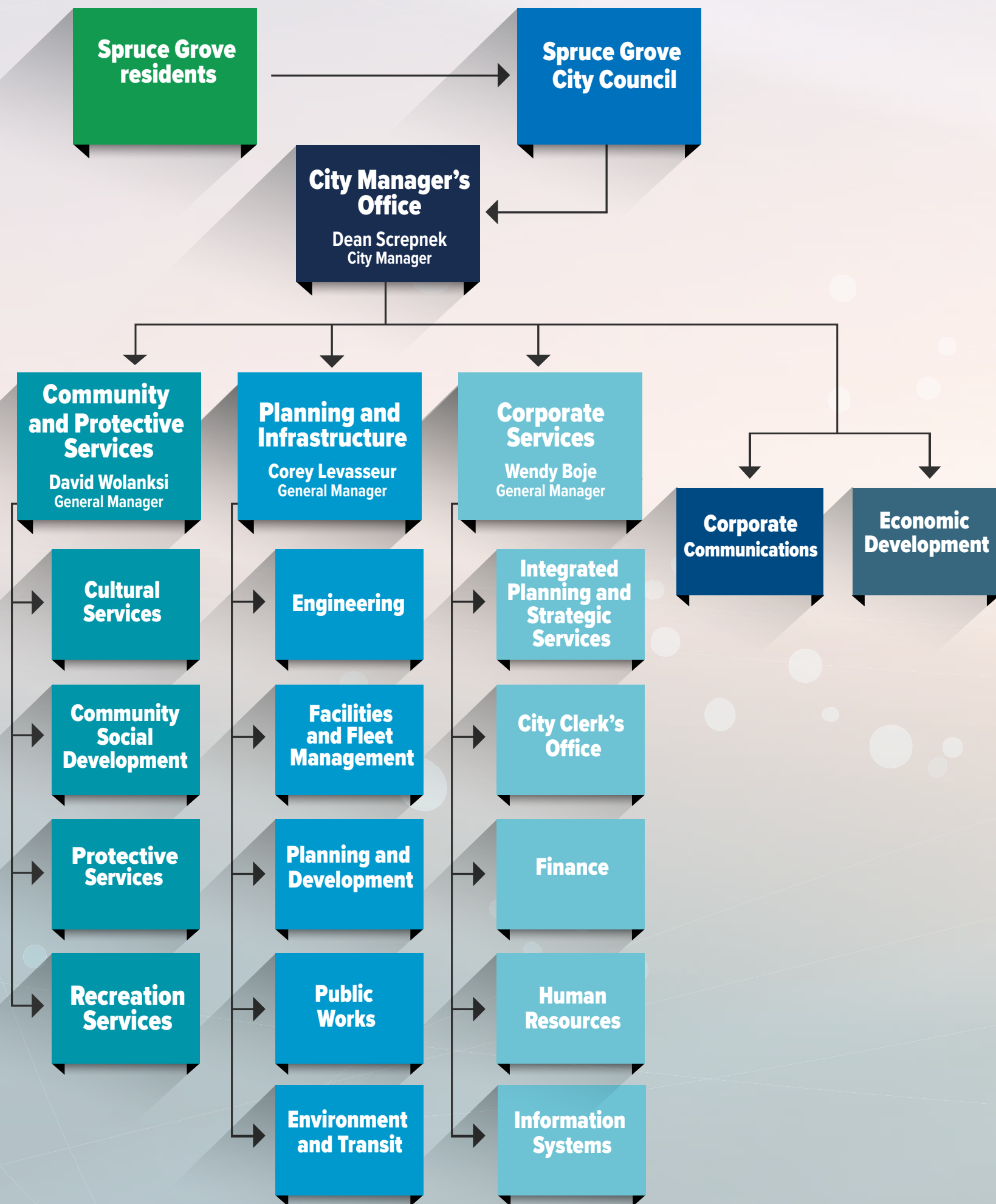


 Mayor and Council – 780-962-7604  council@sprucegrove.org

Pictured left to right: Councillor Chantal McKenzie, Councillor Dave Oldham, Councillor Erin Stevenson, Councillor Jeff Acker, Mayor Stuart Houston, Councillor Michelle Gruhlke, Councillor Wayne Rothe

IF WE HAVE SEVEN PEOPLE **EMPOWERING EACH OTHER...**
JUST IMAGINE WHAT WE CAN ACCOMPLISH TOGETHER.

GOVERNANCE STRUCTURE



City Manager's Office

The City Manager's Office includes the City Manager who is responsible for the overall administration of the City of Spruce Grove and provides a key administrative leadership role to the organization. The City Manager acts as a liaison between Spruce Grove City Council and Administration and ensures the implementation of City policies and programs. Corporate Communications and Economic and Business Development are also part of this area. Corporate Communications leads communications planning and consulting, branding and visual identity, writing and editing, issues management, crisis communications and media relations for the organization and supports the communication needs of other departments within the City. Economic and Business Development is responsible for facilitating programs and services intended to help local businesses prosper and grow, and attract new business and investment to Spruce Grove.

Corporate Services

Corporate Services is comprised of several areas that focus on integrated strategic planning, legislative and policy administration, information management, insurance, risk and legal administration, election and census administration and customer service program coordination. Other responsibilities include human resource management, labour and employee relations, financial planning and reporting, information technology and network administration, corporate planning and asset management.

Community and Protective Services

Community and Protective Services is comprised of several areas with responsibilities including preventative social programming, counselling, indoor and outdoor facility management, open space planning, recreation, community events, Horizon Stage, volunteer development, Enforcement Services and integrated Fire/EMS. In addition, Community and Protective Services works as the City's administrative liaison to the Spruce Grove Public Library, RCMP Officer in Charge, TransAlta Tri Leisure Centre, Specialized Transit Service, Yellowhead Regional Library and Allied Arts Council, and facilitates a number of boards and committees including the Community Police Advisory Committee, Horizon Stage Theatre Advisory Board, and the Joint Use Committee.

Planning and Infrastructure

Planning and Infrastructure is comprised of several areas that are responsible for long-range planning, construction-related projects, monitoring the construction of new infrastructure by private interests, sustainability initiatives, and the ongoing maintenance of most of the City's traditional servicing infrastructure and physical assets. In addition, Planning and Infrastructure is responsible for providing a number of primary services through contract arrangements, including Spruce Grove Transit, solid waste, organics and recyclable materials collection, and all building, plumbing, electrical and gas inspections for new construction.

MAYOR'S MESSAGE



2020 was a year unlike any our community has ever seen before. And while there were certainly challenges, I am so proud of how we collectively responded to COVID-19 and the tremendous impact it had on residents, businesses, and our entire region.

Spruce Grove City Council's shared vision for our city is to be a place where people choose to live, experience community, and grow a business. Executing that vision during a global pandemic is a tall order, but one I truly believe we have been able to deliver with the support of Administration. There's no question there have been challenges, but when I look back at last year, what stands out for me is the creativity, resiliency, and community spirit that I've seen within our City's operations and our entire community.

We listened to our residents and found ways to support our community as we navigated this new terrain. We made the decision to temporarily defer tax and utility payments

without penalty. We embraced technology as we shifted areas of our service delivery to an online format. We offered new supports and funding to residents and community groups. We found ways to come together and celebrate virtually – reminding each other that we are still here for one another.

People are continuing to choose to make Spruce Grove their home and new businesses are still opening their doors, showing continued confidence in our economy. Collectively, we all play a role in our city's continued success – whether it's being a good neighbour to a new resident down the block, checking out a new restaurant, or simply talking about our city with pride. If this past year has taught us anything, it's that we are stronger together.

Within this year's annual report, you will find summaries of some of last year's milestones, project highlights, and other successes. It is my pleasure to share these stories with

you on behalf of Council. They illustrate the strength and resiliency of our community and drive home that we are all part of making Spruce Grove such a great place to live.

As we look back on 2020, both within this annual report and in other aspects of our lives, I would encourage all of us to remember and appreciate the things worth celebrating. Together, we will move forward and continue building our community into the best that it can be. We should all be proud of where Spruce Grove is today and hopeful for where it will be in the future.

I know I am.

**STUART
HOUSTON**

MAYOR

*WHAT STANDS OUT FOR ME IS THE
CREATIVITY, RESILIENCY, AND COMMUNITY SPIRIT
THAT I'VE SEEN WITHIN OUR CITY'S OPERATIONS
AND OUR ENTIRE COMMUNITY.*

CITY MANAGER'S MESSAGE



On behalf of the City of Spruce Grove, I am proud to present our 2020 Annual Report to the community we serve every day. This document highlights many of our accomplishments from last year, as well as our audited financial statements.

I officially joined the City in the role of City Manager in early 2021, so while I wasn't here for the work that happened in 2020, I can say that I am truly impressed by what the organization achieved during an incredibly challenging time.

Part of my role is guiding City Administration to deliver on Spruce Grove City Council's vision for our community, which is captured in our strategic plan. Connecting this high-level vision to the work our staff do every day helps ensure our activities move both our organization and our community forward in a positive direction.

To this end, I am pleased to share stories from 2020 within this report that showcase some of the City's projects and initiatives that have supported our residents and

businesses during a difficult time. We found ways to celebrate events and connect with our neighbours virtually. We adapted our corporate planning and budget process to be more holistic and strategically aligned as we continue to grow. We helped support new and existing businesses, increased our use of renewable energy, and enhanced our online presence to connect with our community.

This year's annual report also includes our COVID-19 response and recovery efforts, such as Council's decision to provide options to defer utility and tax payments, and eliminate the planned 2020 property tax increase, saving taxpayers \$1.6 million last year. Although City revenues were impacted by this decision, you will see in our transparent financial reporting section that we have managed expenses responsibly, and are in a strong position going into 2021. Administration created opportunities for community groups and non-profits to strengthen their services by offering a one-time Community Recovery Grant

and helped promote local business through a #SupportLocal campaign.

Council's vision for 2021 is to continue delivering all the services and amenities that make Spruce Grove such an amazing place to live and work. City Administration is dedicated to exploring all possible ways to bring this vision, and the best parts of this city, to life.

The leadership and guidance of your elected officials is reflected in everything we are sharing in the 2020 Annual Report, and will help Spruce Grove continue to be a place we are all proud to call home. I am so proud of what has already been accomplished, and I look forward to all the new places our journey will take us.

**DEAN
SCREPNEK**

CPA, CMA, CLGM
CITY MANAGER

LOOKING BACK ON 2020



COVID-19

A GLOBAL PANDEMIC
SHOWS OUR
COMMUNITY'S STRENGTH



HELPING RESIDENTS AND BUSINESSES THROUGH CHALLENGING TIMES



The City had to respond quickly, innovate, and work differently to balance the needs of residents, businesses, and staff.

Financial relief

As the financial and economic impacts from the global pandemic started to emerge, Council decided to provide the community with options for short-term financial relief to those who needed it.

NO TAX INCREASE

The planned 3.9% property tax increase was cancelled, saving taxpayers \$1.6 million.

TAX PAYMENT DEFERRALS

Residents who found themselves financially impacted by COVID-19 could apply to have their tax payments deferred until the fall.

PENALTY DEFERRALS

Utility disconnections and disconnection warnings were temporarily suspended and utility penalties were delayed until June, giving residents and businesses some temporary relief during times of economic uncertainty.

Helping businesses

As provincial health restrictions forced some businesses to close for a while, the City responded by temporarily changing some regulations when it came time to open again.

Businesses were allowed to promote their re-opening more freely with on-street signage and the City relaxed the patio restrictions, allowing restaurants to safely expand seating options.

The #SupportLocal campaign encouraged residents to support our economy. From sharing a kind word with family and friends or through an online review, to purchasing products or a gift card to use later, every action helped to support our favourite local stores and restaurants.

Community Recovery Grant

The City created opportunities for community groups and non-profits to strengthen their services by offering a one-time Community Recovery Grant. The funding was allocated across three organizations who are focused on social well-being, helping vulnerable populations, and creating neighbourhood connections:

CommunityAIM - Empowering Citizens with Disabilities Society is using funding to develop a new program that focuses on diverse needs of a vulnerable population through a peer program which fosters community inclusion, healthy living and well-being, and support. The program also offers free resources that helps participants to stay resilient in the face of adversity.

Boys and Girls Club Big Brothers Big Sisters of Edmonton and Area is putting their grant towards expanding their volunteer recruitment efforts.

And, Change Health Alberta is using their funds for education programming for women, children, and youth in Spruce Grove on healthy living skills while building important community connections.

KEEPING RESIDENTS INFORMED

News about COVID-19 emerged and changed at a rapid rate. The City embraced technology to keep residents up to date with accurate and timely information.

COVID-19 WEB PAGE

A part of the City's website was devoted to all the latest COVID-19 information and was updated as news became available.



57,000
VISITS

BETWEEN MAY AND DECEMBER

MAYOR FACEBOOK LIVE UPDATES

Mayor Stuart Houston used Facebook Live to connect with the community while providing important updates and information.



12
LIVESTREAMS



21,000
VIEWS

BETWEEN APRIL AND DECEMBER



2,600
VIEWS



21
LIVESTREAMS

ONLINE COUNCIL MEETINGS

Council shifted their meetings to an online format allowing residents to tune in and continue to participate.

BETWEEN MARCH AND DECEMBER

GOING DIGITAL

As provincial public health measures required the City to close facilities and significantly change operations, technology played a major part in continuing to provide services and programs for residents – just a little differently.

Virtual programs

As City facilities closed this meant staff had to work differently, including remotely. Wherever they were located, employees were focused on developing innovative methods that helped the City continue to provide important community programs and services.

Spruce Grove Community and Social Development launched an Instagram account, @sprucegrovecssyouth, to connect with local youth and promote awareness of their new online programs. Activities like mental health clinics and healthy relationship education were held virtually and helped promote social connections and mental well-being during difficult times.

Virtual, free mental wellness programs were also offered to adults to help increase their ability to cope and manage anxiety.

Free, online community development workshops were also offered and helped people who run non-profits build their skills in areas including social media and marketing.

SeniorConnect Tri-Region was also an important online training program designed to empower residents to be able to recognize and respond to seniors in need.

In 2020, 144 community members completed the free online training.



And, Parkland Connect, a free single session counselling service was made available for Tri-Municipal Region residents to connect with a local mental health professional over the phone or online.

Digital connections

The City worked with partners across the Tri-Municipal Region to deliver a pilot project bringing the HelpSeeker app to residents.

There were 2,373 unique searches in the app, with the top categories being COVID-19, food security, mental health, and counselling. Local services were accessed 332 times by people using the app.

HelpSeeker is a directory for social services including mental health supports, crisis helplines, food delivery services and more. Residents are able to search for the specific support they need and the app connects them with local resources quickly and easily.

For details, visit sprucegrove.org/helpseeker.



Online registrations

The City redesigned operations for some favourite summertime spots like the Ken Morrison/REMAX Excellence Spray Park.

Online registrations were used to safely manage the number of guests visiting the spray park. Over the summer, nearly 7,000 residents went online to book their visit and were able to enjoy some active, outdoor fun while still following public health orders.



THE PATH TO RECOVERY

Out of adversity, a more resilient and sustainable city will emerge.

The City's path to recovery is built on a strategic framework, feedback from residents, and dedicated working groups.



Foundations

The City developed a recovery framework that serves as the foundation for the community's path to recovery.

The framework is focused on achieving a range of short and long-term goals based around three key themes:

- **Easing regulatory burdens and red tape**
- **Stimulating economic activity**
- **Strengthening the social fabric of the community**

Engagement

During 2020, the City engaged with residents to better understand what is important to them and where the City should focus its recovery efforts.

Between August and September, residents completed a COVID-19 Recovery Survey and results indicated their main concerns were mental health supports, access to community spaces, and supporting local businesses. The responses also highlighted that many residents have been accessing a wide range of programs as a means of support, indicating that while challenged, people are continuing to persevere and are finding what they need to get through.

The learnings from the survey and other forms of engagement were used to help guide policy and program development.

Working groups

The City created two teams made up of employees from across the organization to help support the community and staff through the pandemic.

The Recovery team took an active role in supporting local businesses and community organizations by providing direct assistance and guidance. This team worked within the public health measures to continue to provide innovative social, cultural, and recreation activities.

The Relaunch team was focused on preparing the administration for new ways of working and operating in a post-pandemic world including how City facilities will be used, health and safety procedures, and remote working policies.

Next steps

In 2021 and beyond, Spruce Grove will continue to focus on business retention and attraction, barrier-free access to social supports, community capacity building, and regional collaboration. Additionally, to maintain a healthy community, the City will expand its recovery focus to include environmental sustainability, a social procurement policy, a community recovery grant program, and a digital adoption program from business.

STRATEGIC PRIORITY AREAS:

LIVE

EXPERIENCE COMMUNITY

GROW A BUSINESS





Where People Choose to Live:
A dynamic city with an exceptional quality of life

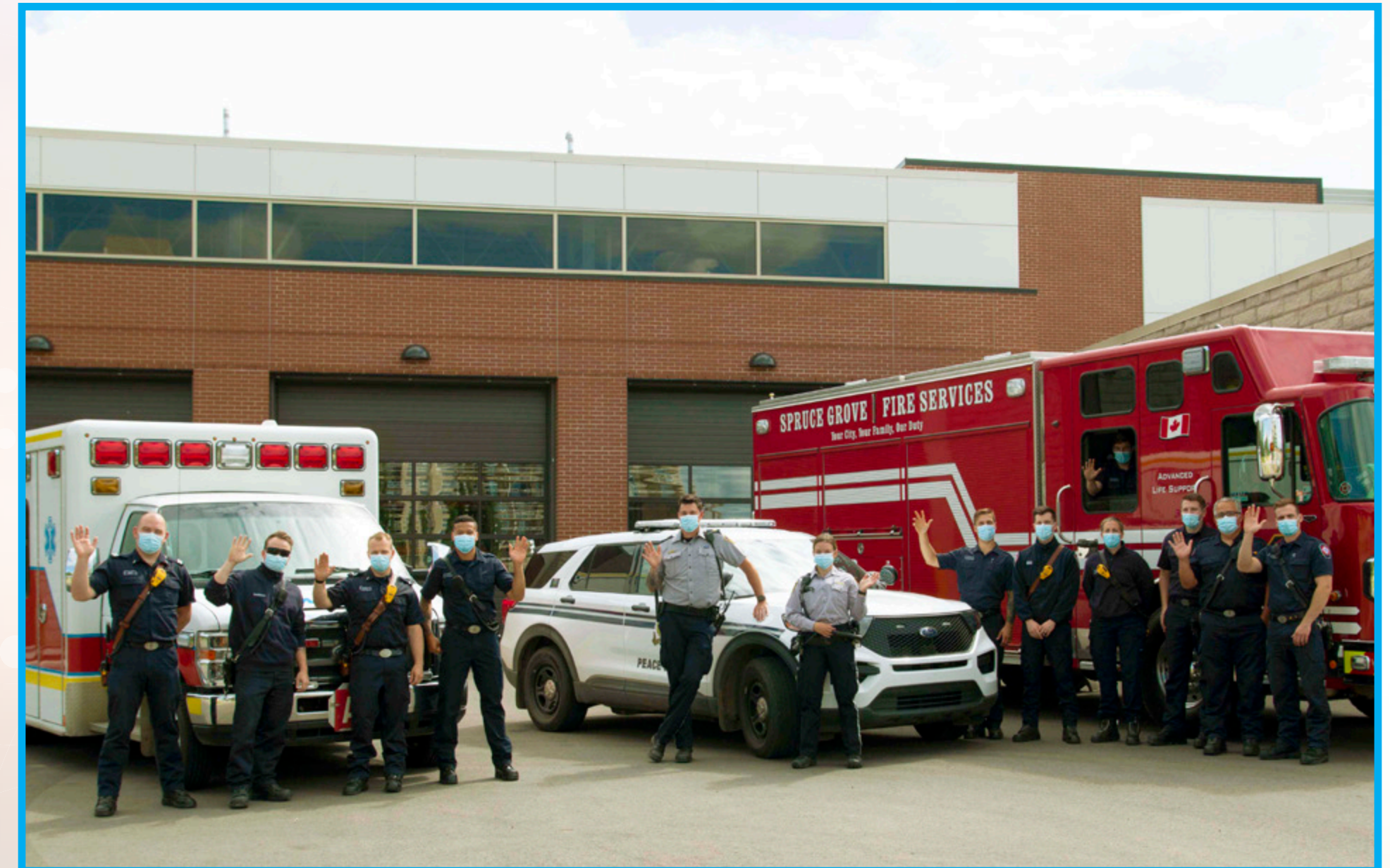
FINDING NEW WAYS TO CELEBRATE

There's no question that COVID-19 had an impact on celebrations of all shapes and sizes in 2020, but despite those challenges, both the City and residents found ways to safely celebrate together.

Protective Services and local RCMP helped celebrate 102 birthdays in Spruce Grove

Last summer, the City's Protective Services staff and local RCMP helped make 102 birthdays in Spruce Grove special by driving by in emergency response vehicles with the lights flashing and sirens ringing.

Offered in response to COVID-19, the birthday drive-by program ran from April 15–June 29 and primarily celebrated the birthdays of children ages 12 and under.



The City's Protective Services staff and local RCMP attended 102 birthdays in Spruce Grove.



*THIS WAS SOMETHING WE COULD DO TO **HELP BRING SOME SMILES TO THE FACES OF RESIDENTS** WHO WEREN'T ABLE TO CELEBRATE THEIR BIRTHDAYS WITH FAMILY AND FRIENDS, SAID FIRE CHIEF ROBERT KOSTERMAN. OUR MEMBERS **REALLY ENJOYED OFFERING THIS PROGRAM TO THE COMMUNITY.***

Events go virtual

With gatherings being impacted by the pandemic, communities, including Spruce Grove, got creative to celebrate special events in a virtual format.

For Canada Day, that involved the City partnering with seven neighbouring communities to provide residents with a virtual Canada Day celebration, which included virtual activities and an online concert series with performances from George Canyon, Dan Davidson, Nuela Charles, River Poets and Kym Simon.

A special Remembrance Day video message from Mayor Stuart Houston and members of the Spruce Grove Branch No. 281 of the Royal Canadian Legion was filmed and shared with the community to remember and honour members of the Canadian Forces, past and present, who have served the country during times of war, conflict and peace. Watch the video at sprucegrove.org/RemembranceDay2020.

Lighting up Central Park also went virtual last year. These lights have always been a symbol of community spirit in Spruce Grove, as each winter they light up the park and capture the magic of the season, so it was important to mark the occasion, even if it looked different from previous years. Members of Spruce Grove City Council participated in a special video message, which included a virtual countdown and light up of Central Park, which marked when the lights were officially turned on for the winter season. Watch the light up at sprucegrove.org/LightUp2020.



Supporting our community's creativity

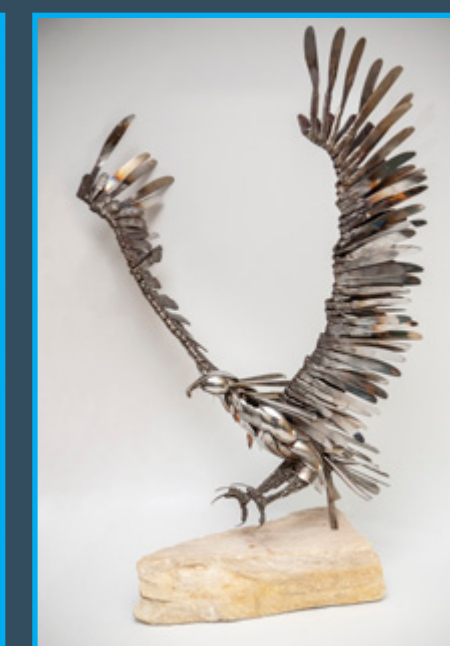
Spruce Grove City Council celebrated and supported local art last year by expanding the City's Municipal Art Collection.

Members of Council selected six new pieces of art for the collection, bringing the total collection to 241 original works of Alberta art.

The new pieces were acquired through the Allied Arts Council's annual Open Art Competition and span a variety of media, including a paper collage, two paintings, two sculptures and one photograph.

They were added to the collection through a sponsorship with Reynolds Mirth Richards & Farmer LLP (RMRF), an Edmonton-based law firm.

The City's full municipal art collection can be viewed online at sprucegrove.org/artcollection.



STAYING CONNECTED







Finding ways to connect online was more important than ever in 2020, as many programs and services shifted to a virtual format and residents looked for information and updates on their desktops, tablets and smartphones. The City used a variety of ways to connect online with community members in 2020.



Where People Choose to Experience Community:
A vibrant place for community involvement and social wellness



Follow us and stay informed

 sprucegrove.org	 @cityofsprucegrove
 @sprucegrove	 City of Spruce Grove
 @citysprucegrove	 City of Spruce Grove



Where People Choose to Experience Community:
A vibrant place for community involvement
and social wellness

Keeping out the cold

*Partnerships provide Community
Winter Emergency Response*



Initiated by the City, a collaborative effort between community stakeholders delivered the first Community Winter Emergency Response in Spruce Grove for the 2019/2020 winter season.

Developed to mitigate risk for individuals who are vulnerable to serious, critical, or potentially fatal health

impacts as a result of extreme cold weather exposure, the response primarily focused on unsheltered persons experiencing homelessness and ran between Nov. 18, 2019, and March 31, 2020.

During periods of extreme cold, community partners came together to provide outreach, warming locations, transportation, and cold weather kits to those at risk.

Partners in the 2019/2020 Community Winter Emergency Response were the City's Community Social Development department and Protective Services, Neighbourlink Parkland, Engage Church, Spruce Grove Community Church, Tri Region Pay Forward Kindness Society, TransAlta Tri Leisure Centre, Primary Care Network, Spruce Grove Public Library, and the RCMP.

During the response timeframe, there were three activations of the cold weather alert totalling 12 days. Fifty cold weather kits were assembled and distributed through the response.

For more information visit sprucegrove.org/WER.

Connecting the block

A new initiative to help build and support positive neighbour-to-neighbour relationships was launched by the City in the fall of 2020.

Connect the Block was developed as a way to help residents strengthen their neighbourhoods and make connections with those who live around them.

"We wanted to encourage people to get to know their neighbours and create a sense of belonging on their block," said Community Developer Karyn Hurlbut, adding there are many benefits to knowing those who live in your neighbourhood.

When people know their neighbours, it helps create safer neighbourhoods, allows people to feel connected, and increases the likelihood that they will help provide social supports to one another during difficult times.

The initiative also includes the Spruce Grove Neighbour Network, which is a group residents can join to connect with other people interested in creating connections with their neighbours.

For more information, visit sprucegrove.org/ConnectTheBlock.

PathwaysHOME

PathwaysHOME, Spruce Grove's five-year strategy to reduce poverty, continued work to reduce and address the issues of poverty and homelessness in the Tri-Municipal Region.

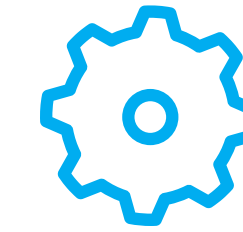
The City, in partnership with Stony Plain FCSS, received federal funding through the ReachingHome Grant. This funding allowed for the development of the Regional Housing Program, which includes establishing a regional housing coordinator and subsidies to support housing breakdown prevention and rapid re-housing.

A Champions Table was also formed in March 2020 with stakeholders across the region vested in addressing poverty and homelessness through the following actions:

- **Convene and coordinate collective action for systems change**
- **Develop strategy and prioritization of actions regionally**
- **Build capacity for change in the community**
- **Identify, monitor, and evaluate outcomes**
- **Reporting and disseminating trusted information**
- **Acquiring and allocating resources in the tri-municipal region**

For details visit sprucegrove.org/PathwaysHOME.





Where people choose to grow a business:
A strong, diversified business centre

GROWING TOGETHER

Spruce Grove has consistently enjoyed healthy growth, and 2020 was no exception. The City welcomed new families and businesses to the community, continuing to grow together, even during a challenging time.



2020 HIGHLIGHTS



694
BUILDING PERMITS
ISSUED



3.8%

INCREASE
FROM 2019



375
RESIDENTIAL
IMPROVEMENT
BUILDING PERMITS
ISSUED

This included 213 residential building permits and 67 commercial, industrial, and institutional building permits

COMBINED TOTAL BUILDING PERMIT VALUE: \$80.6 MILLION

TOTAL BUILT-OUT SQUARE FOOTAGE IN SPRUCE GROVE

(AT THE END OF 2020):



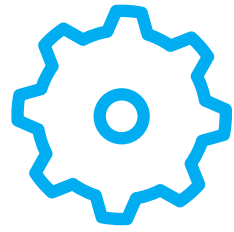
INDUSTRIAL
2.7M SQ. FT.



RETAIL
2M SQ. FT.



OFFICE
435K SQ. FT.



Where people choose to grow a business:
A strong, diversified business centre

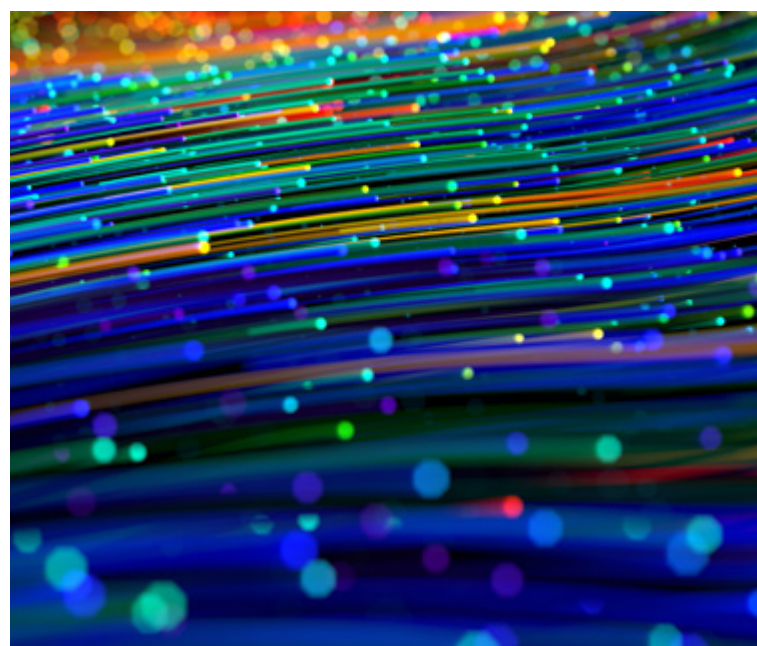
New businesses and development

The City also welcomed a number of new businesses, commercial development, and expansion throughout Spruce Grove last year, including:

- Restaurants, micro-breweries, and taprooms
- Clothing and beauty boutiques
- Pet services
- Transport and trucking services
- Construction and energy solutions
- Industrial services and fabrication
- Hospitality



There were a total of
1,773 active businesses
operating in Spruce Grove in 2020.



Improving our connectivity

A new Fibre-Optic Broadband Strategy was developed for Spruce Grove last year. This strategy, which was presented to City Council, helped determine the desired infrastructure and Internet service requirements for the community, as well as options for achieving this objective. Implementation of the strategy will start in 2021.

Revitalizing the City Centre

Last year Spruce Grove City Council passed the City Centre Area Redevelopment Plan (ARP). This plan provides a framework for guiding redevelopment and revitalization of the City Centre through consideration of land use, mobility, urban design, building guidelines, and implementation.

The implementation plan for the ARP started in 2020 with detailed design work to prepare for the anticipated start of construction in 2021.

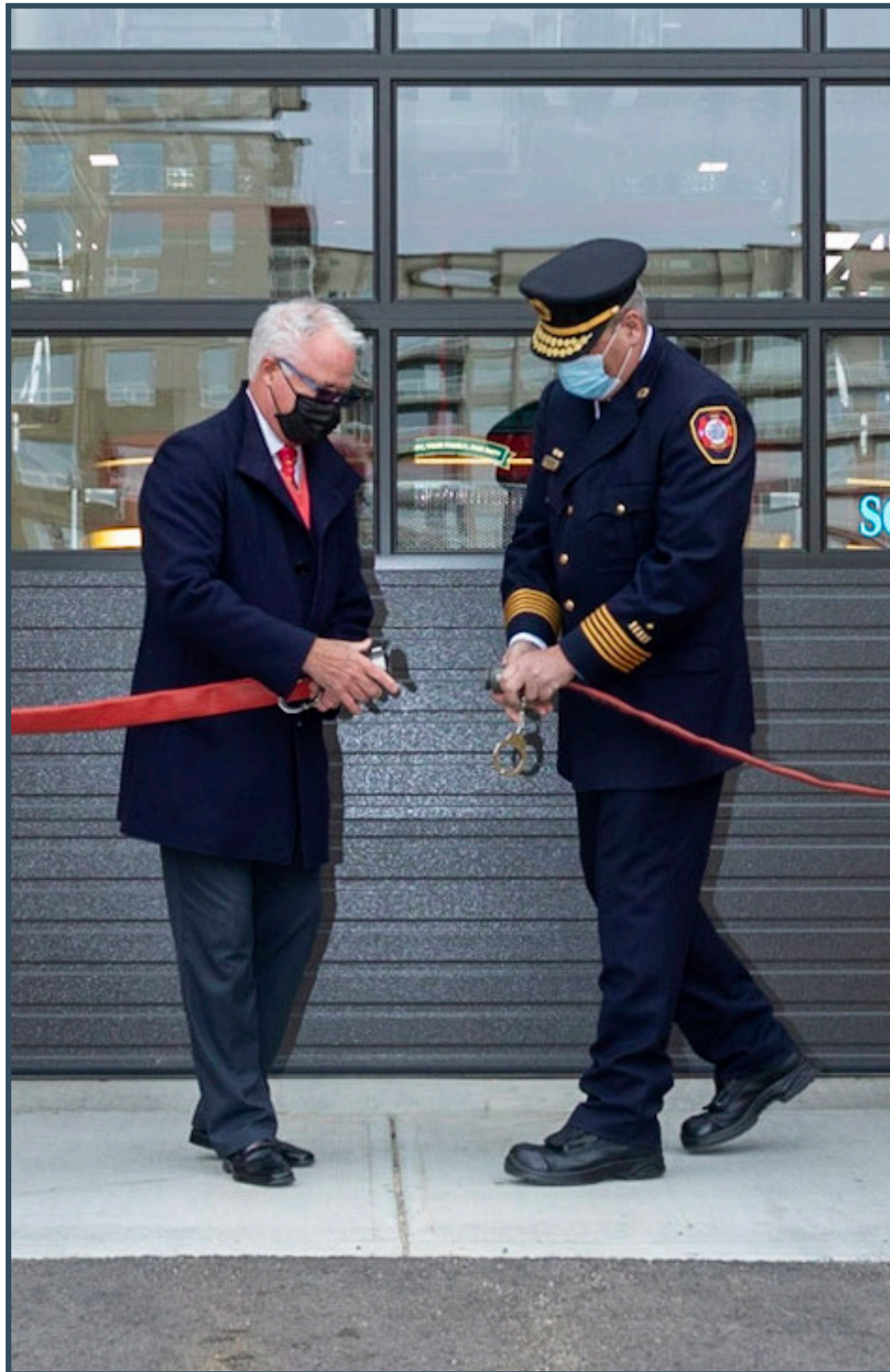
A City Centre Parking Management Plan was also completed to look at how redevelopment may impact the demand and supply of parking in the City Centre and consider the broader issue of mobility in the area. The final plan was presented to Council in early 2021.



KEEPING OUR COMMUNITY SAFE



A SAFE COMMUNITY FOR EVERYONE TO CALL HOME



Celebrating a new space

In October, a traditional hose uncoupling ceremony was held to celebrate the completed renovation and expansion of the Protective Services Facility in Spruce Grove. However, this ceremony featured a unique addition, since the \$23.6 million facility is home to both Spruce Grove Fire Services and Enforcement Services. A pair of handcuffs was attached to each hose and clasped together, then unlocked alongside the hose uncoupling, showcasing the collaboration of these two essential services.

The facility features:

- An additional 50,278 square feet of space;
- Administrative and training spaces;
- Equipment bays with room for 18 emergency vehicles;
- A three-storey training tower;
- A dedicated area for exercise equipment;
- Private dormitories for the City's firefighters;
- Electric vehicle charging stations and bicycle storage to promote alternative transportation; and
- A custom kitchen table constructed by students from Spruce Grove Composite High School during the 2018–2019 school year.



RCMP partnerships

Two new programs were launched in partnership with the RCMP in 2020.

Safe Internet Exchange Zone

The Parkland RCMP detachment now runs a Safe Internet Exchange Zone program to help provide a safe place for people to meet when buying and selling items online. The zone is located in the front parking lot of the detachment in Spruce Grove.



Online crime reporting tool

Spruce Grove has also partnered with the Alberta RCMP to implement an online crime reporting tool that provides people the ability to report certain property crimes in a convenient and accessible way, without calling 9-1-1.

More information on both these partnerships is available at sprucegrove.org/RCMP.

SPRUCE GROVE FIRE SERVICES



2,746
TOTAL
RESPONSES
IN 2020
WITHIN SPRUCE GROVE

(5,249 TOTAL REGIONAL RESPONSES)



HIGHLIGHTS

Garbage or
grass fires:
26

Fires causing
dollar loss:
25

Motor vehicle
collisions:
95

Public hazard/
service calls:
68

Medical
calls:
2,223

False
alarms:
308

Other: **1**

SPRUCE GROVE ENFORCEMENT SERVICES



HIGHLIGHTS

Public
assistance:
1,110

Property bylaw
complaints:
675

Animal control
complaints:
721

Traffic related
complaints:
1,290

Calls to assist
RCMP/
Fire Services:
141

Public
Health Act:
308

Other: **135**



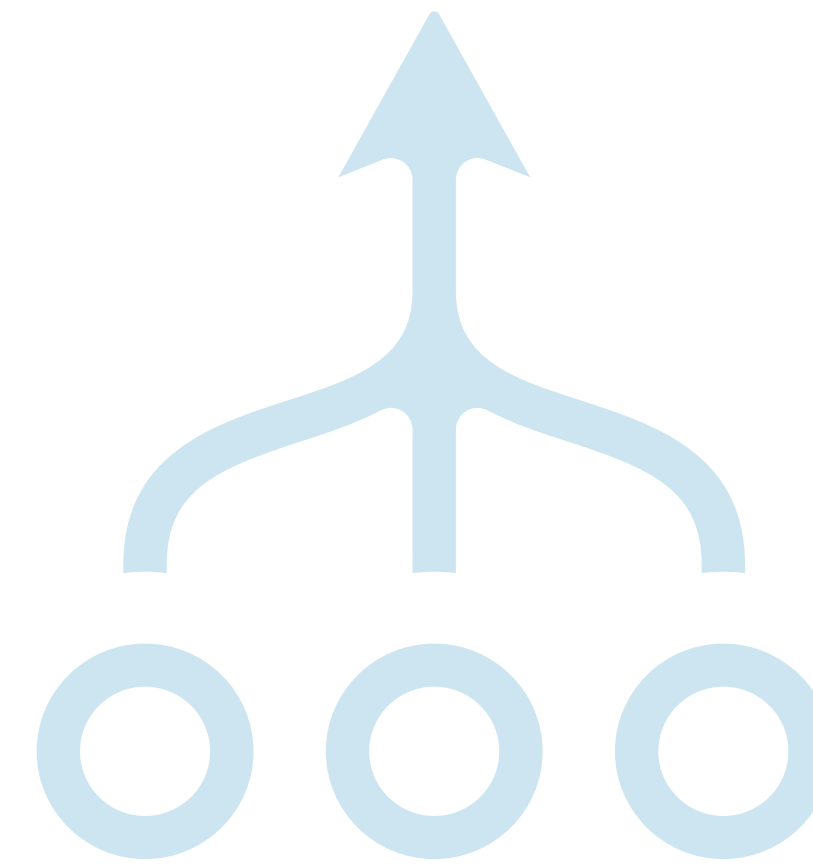
4,266
TOTAL
RESPONSES
IN 2020

GROWING TOGETHER



REGIONAL PARTNERSHIPS IGNITE MUTUAL SUCCESS

The City of Spruce Grove partnered with a number of different municipalities and organizations throughout 2020 to further the goals of the community and the region.



Tri-Municipal Region

Work continued on the Tri-Municipal Regional Plan, which aims to improve governance, service delivery, fiscal capacity, and economic prosperity for the benefit of the citizens in the region. Through working in collaboration on this initiative, the City, along with the Town of Stony Plain and Parkland County, are seeking to foster a vibrant, growing, diverse, and inclusive Tri-Municipal Region.

A new collaborative project that launched in 2020 was the Accessible Transportation Service (ATS). Spruce Grove's Specialized Transit Services (STS) merged with the Town of Stony Plain's HandiBus program to establish a single, streamlined service. This service offers door-to-door transportation between the two communities for seniors and persons with mobility or cognitive disabilities. More information about this program can be found at sprucegrove.org/ATS.

In September, an agreement was reached with the Town of Stony Plain and Parkland County that they would become partners in the existing commuter transit service that connects Spruce Grove and Edmonton, contributing financially to its operation and receiving their share of fare revenue.

Edmonton Metropolitan Region

As Spruce Grove has grown, so has the City's need to further expand its partnerships within the Edmonton Metropolitan Region. Participating in the Edmonton Metropolitan Region Board and Edmonton Global connects Spruce Grove with neighbouring municipalities with the goal of mutual investment for shared benefit.

One tangible example of these broader partnerships is a new regional transit commission. Last year Spruce Grove joined eight other neighbouring municipalities, including Stony Plain, St. Albert, and Edmonton, as a founding partner of the Edmonton Metropolitan Transit Services Commission, which is a collaborative effort to create an accessible and integrated regional transit program. Work will continue through 2021 to set up this commission, and integrated transit services are expected to begin in 2022.

ENVIRONMENTAL STEWARDSHIP



ENVIRONMENTAL STEWARDSHIP: LEAVING AS LITTLE IMPACT AS POSSIBLE BEHIND ON OUR JOURNEY FORWARD

The City's environmental initiatives aim to monitor our impacts on the environment and implement new, innovative ways to reduce our footprint and preserve our community for years to come.

Reducing greenhouse gas emissions

During the past year, the City updated its Greenhouse Gas (GHG) Inventory and Analysis, which is a formal report that reviews energy use and GHG emissions. This report summarizes data from 2018 and 2019, reviews trends, and assesses progress towards long-term emission reduction goals. Highlights include:

- **Between 2015 and 2019, energy use per resident declined by approximately five per cent.**
- **GHG emissions from all sources in 2019 remained consistent with 2015 levels, despite Spruce Grove's population increasing by approximately 16 per cent.**
- **Although progress has been made towards City targets, there is still much work to be done.**

Visit sprucegrove.org/GHGinventory to see the full report.



Sustainable construction



Public Works Facility

Back in 2019, a solar panel array with 992 individual panels was added to the LEED Certified Public Works Facility. 2020 was the first full year of operation, and these panels were responsible for significant environmental benefits:

- Total solar energy produced: 390.15 MWh
- CO2 emissions saved – 156,840 kg
- Equivalent trees planted – 4,565 trees

Protective Services Facility

In October 2020, the City celebrated the grand opening of a newly renovated and expanded Protective Services Facility. The facility is currently under review for LEED certification, and several green initiatives were a part of this project, including:

- Electric vehicle charging stations.
- Bicycle storage and changing facilities to promote alternative transportation.
- Using low flow fixtures and fittings to realize indoor water savings of 32 per cent.
- Strategic placement of light sources to reduce light pollution.
- Using materials and products with recycled content, as well as responsibly forested wood and millwork.
- Choosing manufacturers and products who showcase transparency in their material ingredients and environmental impacts.
- Diverting 70 per cent of construction waste from landfill.



2020 WASTE AND RECYCLING STATISTICS


TOTAL CURBSIDE WASTE
14,200
tonnes


ORGANICS DIVERTED FROM LANDFILL
3,849
tonnes


RECYCLING DIVERTED FROM LANDFILL
2,016
tonnes


41.3%
DIVERSION RATE
(% of waste not sent to landfill)


ECO-CENTRE VISITORS
32,760


ECO-CENTRE COLLECTION

Waste:	596 tonnes	Tires:	1,676
Compost:	350 tonnes	Propane tanks:	475
Recycling:	368 tonnes	Batteries:	781
E-waste:	66.77 tonnes		

TRIM YOUR TRASH MOBILE APP


418
NEW DOWNLOADS
17,710
TOTAL APP SESSIONS
29,071
TOTAL SEARCHES

POPULAR ITEMS SEARCHED IN THE APP:

 Clear glass food jar
Cardboard
Shredded paper
Plastic container (soft/flexible)

RESPONSIBLE PLANNING FOR **FUTURE GROWTH**



CHARTING THE COURSE FORWARD

Corporate Plan 2021-2023

The City of Spruce Grove takes a multi-layered strategic approach to planning, with a long-term strategic plan, capital plan, and short-term corporate plan. It's important to plan ahead so the work accomplished now aligns with future goals and objectives.



In 2020, the City changed the approach to its planning process to be more strategic, holistic, and transparent. All new projects and business cases now deliver on one of three strategic portfolios:

- **Investing in Our Growth and Prosperity**
- **Investing in Our Interconnectivity**
- **Investing in Our Service Supports**

These three new strategic portfolios paved the way for a more aligned project planning process that resulted in the development of the 2021-2023 Corporate Plan. The plan tells the story of key shifts within the City, how organizational decisions were made, and learnings and adaptations due to the COVID-19 pandemic. It also includes several new, Council-approved projects for 2021 and beyond that will benefit and support the community, such as:

- **City Centre Area Redevelopment Plan** – Revitalize the City Centre to stimulate new investment and reflect the vibrancy of the community.
- **Fibre Optic Broadband Strategy Implementation** – Increase the City's Internet connectivity and competitiveness in the tech-based industry.
- **PathwaysHOME** – Align community partners towards capacity building strategies to address poverty and homelessness.
- **Climate Change Action Plan** – Reduce the City's impact on the environment and mitigate climate change effects in the community.

The Corporate Plan also details budget and revenue forecasts for the coming years. The following sections in this annual report provide an in-depth look at the City's financial performance in 2020, which plays a significant role in our planning process and future assumptions.

The full document is available to read online at sprucegrove.org/corporateplan.

FINANCIAL REPORTING, FINANCIAL STATEMENTS, STATISTICS



FINANCIAL REPORTING



FINANCIAL STATEMENT DISCUSSION & ANALYSIS

DECEMBER 31, 2020

This Financial Statement Discussion & Analysis is provided for inclusion in the City of Spruce Grove 2020 Annual report and provides readers with information regarding recent financial performance and speaks to the City's financial practices and evolving strategies. Section 276 of the Municipal Government Act outlines financial reporting requirements for municipalities. The financial statements in this document ensure the City of Spruce Grove meets those requirements. An equally important goal is to provide openness and transparency of financial reporting for all stakeholders as striving for ongoing openness and transparency will help to foster stakeholder trust in the governance decisions of City Council and the financial management of the City. Analysis of the financial statements also provides insight into financial condition to inform future decision making.

The City is engaged in many relationships that have an impact on financial decisions. The City's closest relationships exist with its tri-municipal region partners, the Town of Stony Plain and Parkland County. There are joint service agreements and shared commitments to capital projects. One facility that has showcased that tri-municipal relationship is the TransAlta Tri-Leisure Centre; jointly built and operated by the municipalities through a Part IX company. The City's proportionate share of that facility's operation is consolidated in the financial statements being discussed. The Spruce Grove Public Library is also consolidated within these statements.

This discussion should be read in conjunction with the audited consolidated financial statements and accompanying notes. The City's 2020 consolidated Financial Statements include:

- **Consolidated Statement of Financial Position**
This statement reports on the City's financial assets, liabilities, net debt, non-financial assets and accumulated surplus at December 31 year-end. This statement can be used to analyze the City's ability to finance future activities and fulfill past commitments.
- **Consolidated Statement of Operations and Accumulated Surplus**
This statement reports the revenues earned and expenses incurred in the year with the resulting annual surplus (deficit) and summarizes the change in the resulting accumulated surplus.
- **Consolidated Statement of Changes in Net Debt**
This statement reports the City's net debt position and changes to that position at year-end.
- **Consolidated Statement of Cash Flows**
This statement reports the cash resources provided by operations and financing and how those resources were used during the reporting period. Net changes to cash and cash equivalents since the last reporting period are evidenced in this statement.

**OUR GOAL IS TO PROVIDE OPENNESS AND TRANSPARENCY
OF FINANCIAL REPORTING FOR ALL STAKEHOLDERS**

ROLES AND RESPONSIBILITIES

Management bears full responsibility for the preparation of this discussion and the consolidated financial statements, paying close attention to the integrity, relevance and comparability of the data within the statements. These statements are prepared in accordance with the Canadian Generally Accepted Accounting Principles (GAAP) and standards established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. The external audit firm of KPMG LLP is appointed by City Council to express an audit opinion on the financial statements. The auditors issued an unqualified opinion on these statements; an indication of no reason to withhold an audit opinion.

2020 FINANCIAL HIGHLIGHTS & TREND ANALYSIS

The year 2020 began with strategic intent to develop a fiscal sustainability framework that would ensure prudent and sustainable growth. The City also undertook a Reframe 2020 exercise that was intended to provide greater clarity to service delivery and ensure value for money for citizens. The budget deliberation leading into 2020 began with a pause on capital spending and a review of operational spending. As 2020 unfolded, the realities created by the COVID-19 pandemic resulted in further direction to pause spending and to implement measures that would provide financial relief for citizens.

The City deferred the application of penalties on outstanding utility accounts and provided a process for residents to seek deferral of tax penalty application if they had been financially impacted by the pandemic. Council also elected to forego a 3.9% tax increase previously approved in budget and instead reduced this impact to 0%. The implementation of the new Storm Utility rate was delayed from April 1 to October 1, 2020 to provide additional relief from financial pressure. One time stimulus funding was provided by the province to municipalities to help mitigate some of these challenges. The City received \$3,714,381 in operational funding under this Municipal Operating Stimulus Transfer program. The year concluded with the pandemic being an ongoing reality and some service levels in the municipality still being delivered in a reduced format.

FINANCIAL ASSETS

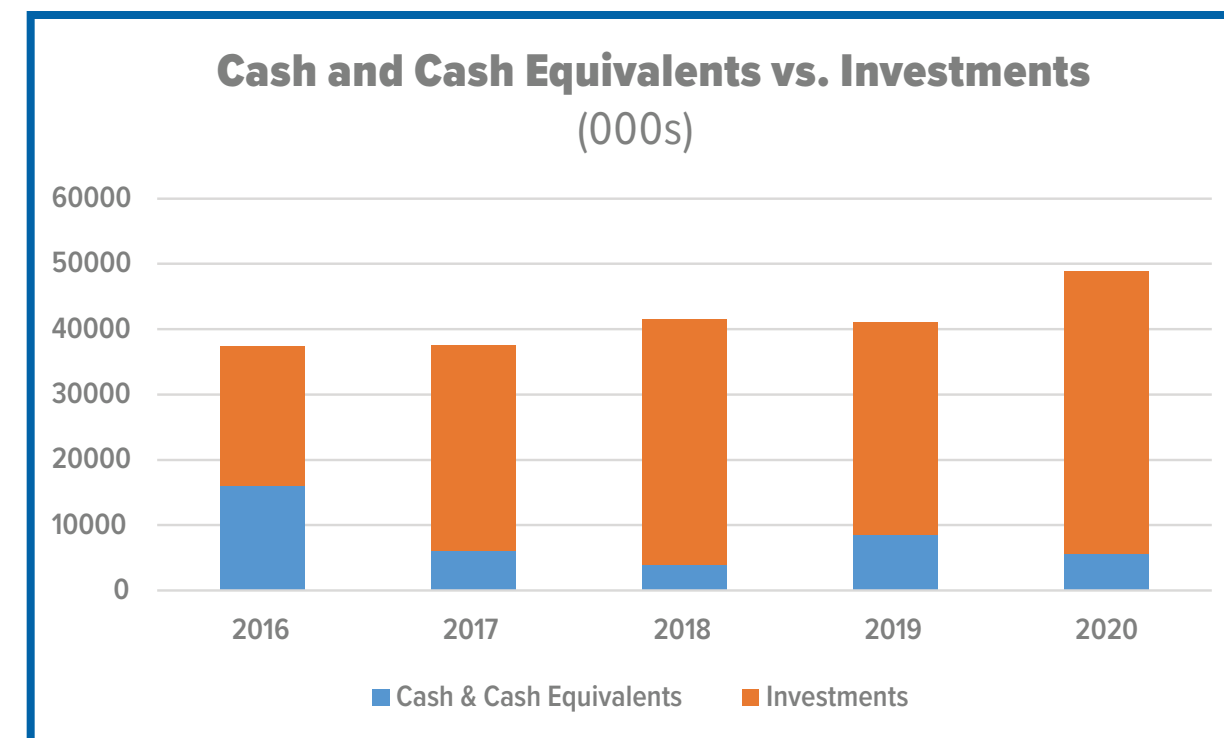
The Financial Assets of the municipality are made up of cash and cash equivalents, accounts receivable, investments and land held for resale. In comparison to 2019, overall financial investments increased by \$5.8 million in large part due to increased funds available for investment. Land held for resale remained unchanged at year end with a balance of \$1.7 million. Having a higher cash and cash equivalents level in 2020 improved the stability of the City’s overall financial position resulting in a reduction of the net debt position.

Cash, Cash Equivalents, and Investment Position

During 2020, the City’s changes in cash and investment position were due to:

- \$21 million generated from City operations;
- \$13.6 million invested in capital assets and offset by \$0.7 million received proceeds from disposal of tangible capital assets;
- \$10.7 million applied in net acquisition of investments;
- \$2.5 million received from financing activities and \$2.9 million paid for loan principal.

At December 31, 2020, cash flows decreased by \$2.9 million, ending at \$5.6 million. The City’s cash activities are summarized on the Consolidated Statement of Cash Flows. The following graph depicts cash & cash equivalents vs. investments over the last five years.



Receivables

Receivables decreased by \$1.9 million to \$15.2 million in 2020, indicating that less funds were owing to the City. Year-end receivables reduced closer to 2018 levels and were the lowest they had been in five years. Receivables are subject to timing on payments and do not present a substantial risk to the City. Note 3 in the consolidated financial statements provides details of the Accounts Receivable.

Investments

The City’s investments range from short term investments to longer term bonds with maturity dates ranging from 2021 to 2031. These investments generate additional revenues for the City and contribute to fiscal sustainability.

In comparison with 2019, the carrying value of investments ended higher by \$10.7 million due to moving amounts from cash and cash equivalents. Note 4 in the consolidated financial statements provides details of the Investments. The investment income earned in the year was \$0.86 million, an increase of \$0.36 million over 2019.

LIABILITIES

The City's liabilities are made up of accounts payable and accrued liabilities, deferred revenues, liabilities for contaminated sites, and Long-Term Debt. Overall liabilities were reduced by \$3.1 million in 2020 mostly due to reductions in deferred revenue and repayment of long-term debt.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are short term payable amounts for the expenses incurred by the City. The payments to these vendors are current in nature and will be paid within the year. At the close of 2020, this account increased by \$1.1 million over 2019 due to timing of payments to vendors. Note 6 in the consolidated financial statements provides details of the Accounts Payable and Accrued Liabilities.

Deferred Revenue

Deferred revenues represent amounts paid to the municipality but not yet earned as revenues due to restrictions on grant usage or development contribution requirements. The deferred revenue balance decreased by \$4 million in 2020 mostly related to recognition of grants for capital projects. Note 7 of the consolidated financial statements provides details of the Deferred Revenues.

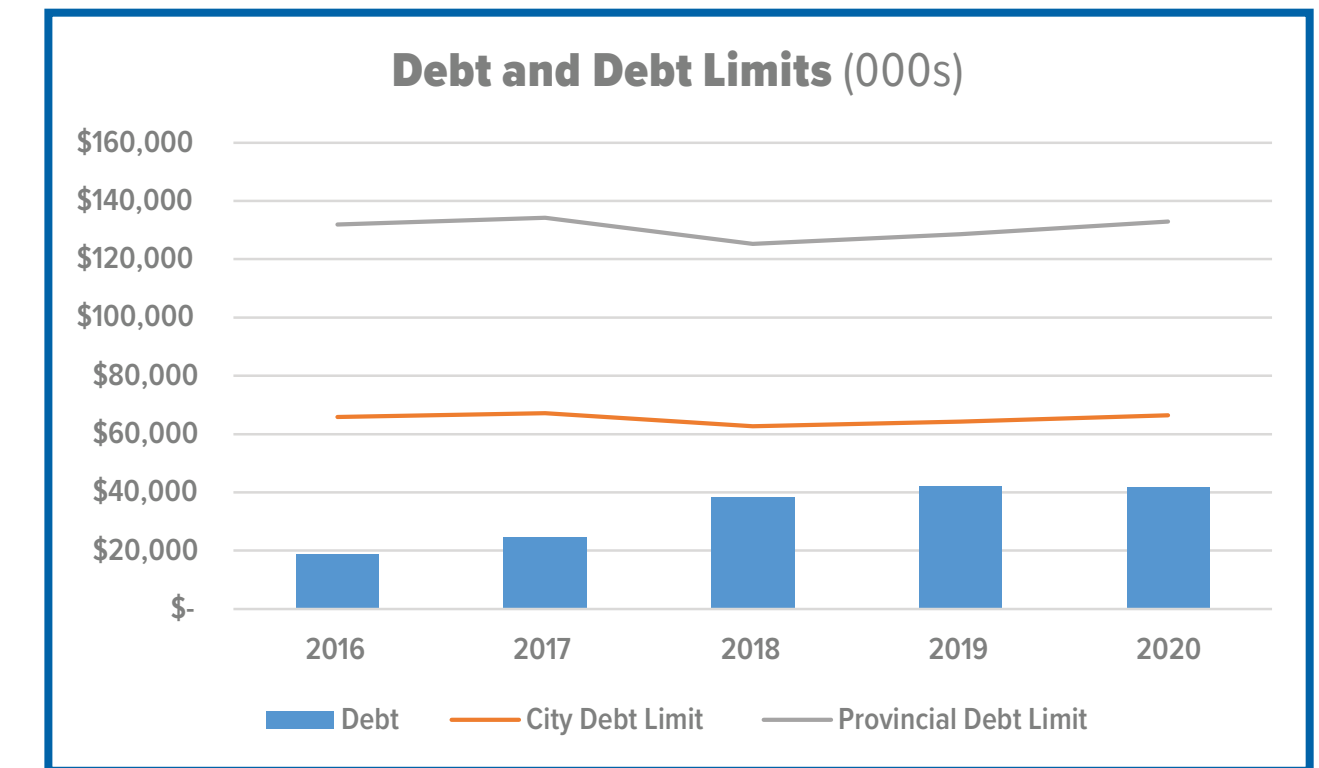
Liabilities for Contaminated Sites

The City maintains a liability for contaminated sites to reflect that an environmental standard for remediation exists for lands owned by the City and the projected and estimated contaminations exceed the environmental standard. There is an expectation that future economic benefits will be required to remediate these contaminations. A slight reduction in the liability from \$1.3 million to \$1.25 million occurred in 2020 due to some remediation of the historic public works yard. Details of the Liabilities for Contaminated Sites can be found in note 8 of the consolidated financial statements.

Debt

The actual debt of the municipality is \$41.7 million in 2020, down slightly from \$42.1 million in 2019. The allowable long-term debt under section 276(2) of the Municipal Government Act for the City of Spruce Grove is \$132.9 million. By City policy, the self-imposed debt limit is 50 per cent of the provincial limit, therefore \$66.45 million. With the City's 2020 borrowing balance of \$41.7 million, it is currently below both of these limits. Actual borrowing represents 31.4 per cent of the provincial limit and 62.8 per cent of the municipal limit. Notes 9 and 10 in the consolidated financial statements provide details related to Long Term Debt and Debt Limits. The following graph

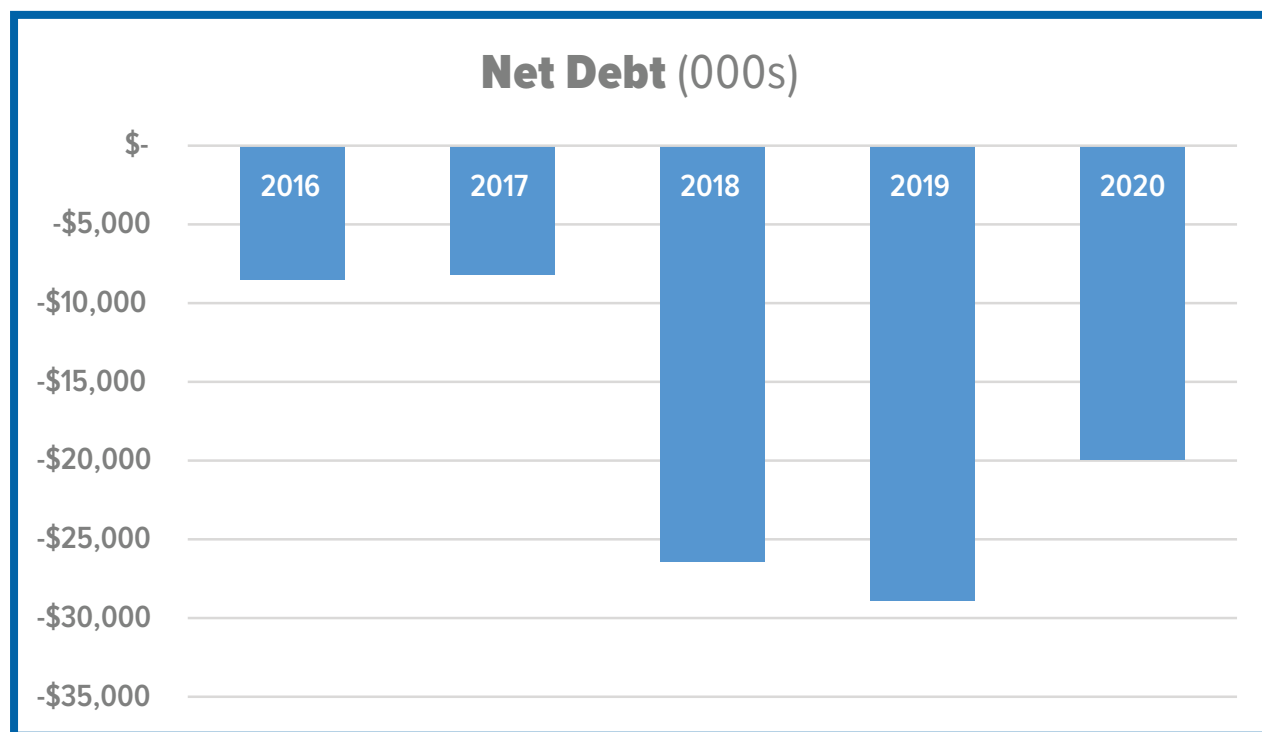
shows the City's debt borrowing as it relates to debt limits over the last five years:



Debt per capita has decreased from \$1,178 in 2019 to \$1,166 in 2020. The change in the ratio of financial assets to liabilities reflects the decreased net debt position. At the close of 2019, the ratio of financial assets to liabilities was 0.67. This ratio has increased to 0.77. This means that for every dollar of overall liabilities, the City currently has seventy-seven cents available for repayment of the liabilities. If long-term debt were taken out of this ratio, the City would have \$1.58 for every dollar of liabilities in 2020 compared to \$1.20 for every dollar of liabilities in 2019. This reflects that currently available assets are able to cover current liabilities and future dollars are only required for debt repayment, which is to be expected.

NET DEBT

The City of Spruce Grove’s overall fiscal position has shifted upward from a net debt position in 2019 of \$28.9 million to a net debt position of \$19.9 million in 2020. Being in a net debt position implies that future dollars will be required to pay for past decisions. As the net debt is less than actual long-term debt (48%), the future dollars required at this time are for future debt payments and not for operations. The improvement in the net debt position is related to the annual surplus in 2020. The following graph shows the progression of the Net Debt position over the last five years:



NON-FINANCIAL ASSETS

These assets are predominantly made up of Tangible Capital Assets (TCA) but also include Inventory and Prepaid Expenses. These assets are used to provide services to citizens. Overall Non-Financial Assets increased by \$9.8 million in 2020 which is attributed to increases in TCA. The Consolidated Statement of Financial Position demonstrates the non-financial asset balances.

Tangible Capital Assets

The City accumulates assets through purchase and through contribution from developers. Contributed assets are received from developers upon completion and approval of neighborhoods. Once assets are contributed, the City takes on the responsibility and liability for future maintenance and replacement of these assets. These contributions are recorded as revenue and an increase to accumulated surplus for the City and constitute a future benefit to citizens.

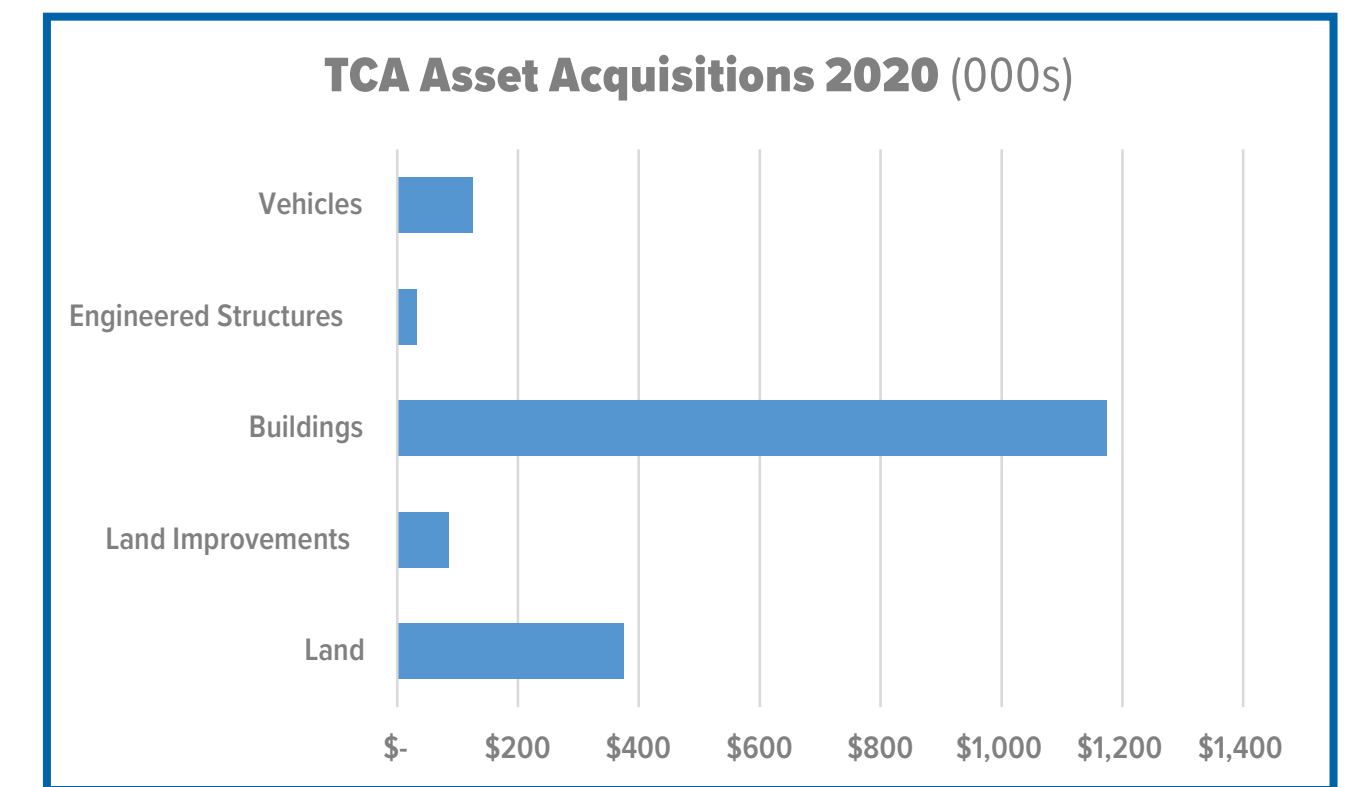
For the year, the changes in value of the City’s TCA are comprised of:

- \$27.3 million increase in TCA acquisitions including \$13.7 million in contributed TCA;
- \$17.3 million amortization expense; and
- \$0.5 million gain on sale of net of amortization and \$0.7 million proceeds on disposal.

Net tangible capital assets increased by \$9.8 million, ending the year at \$553.6 million. Note 11 of the consolidated

financial statements provides details related to Tangible Capital Assets.

Capital acquisitions in 2020 were mainly on engineered structures, contributed land, and the completion of the RCMP building. The following graphic depicts the asset acquisition categories in 2020:

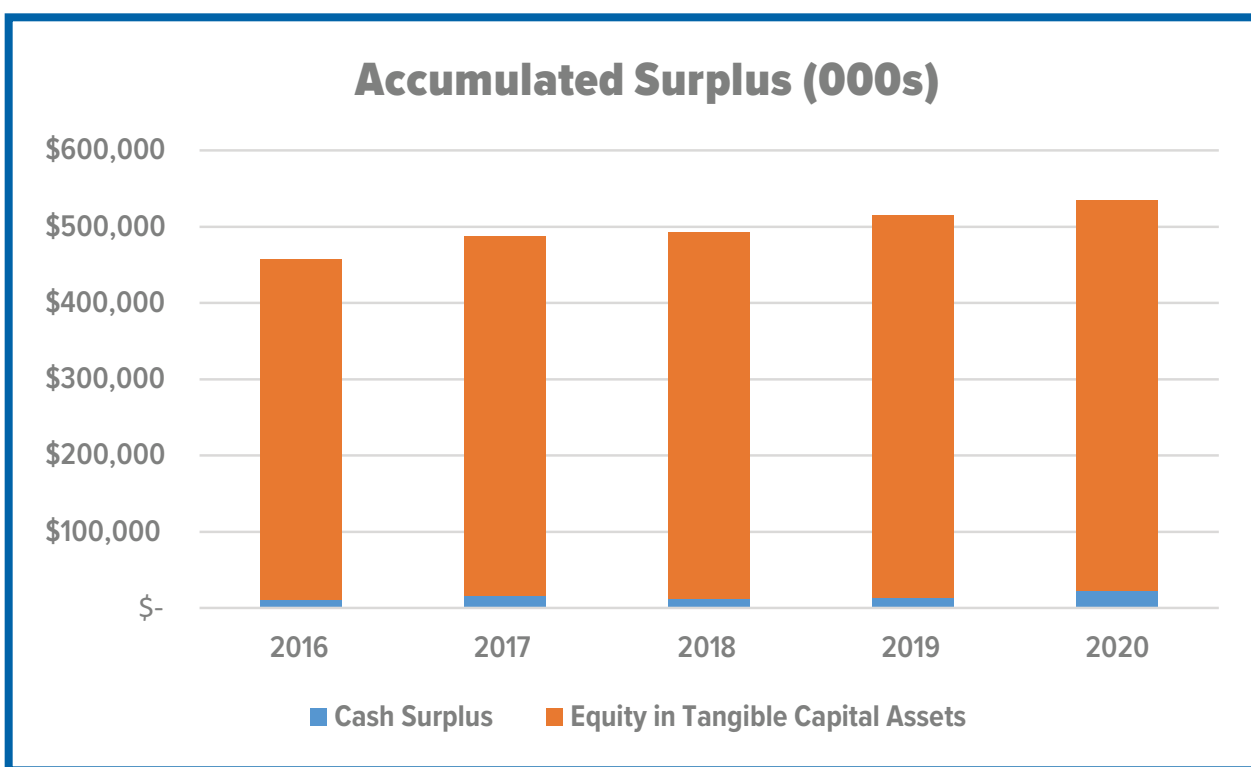


Accumulated Surplus

The accumulated surplus of the municipality is \$534.7 million of which investment in tangible capital assets represents \$512.3 million; the cash surplus position of the municipality is therefore \$22.4 million or 4.2% of overall surplus.

The cash surplus position has increased from 2019 to 2020. With this cash position, the City falls within the Government Finance Officers Association recommended cash flow management and emergency preparedness range of two

to three months of expenses (\$17 to \$26 million). The current cash surplus position of \$22.4 million is made up of a municipal surplus of \$30.1 million (2019 - \$21 million), a utility surplus of \$7.7 million (2019 - \$8 million), and a developer deficit of \$15.4 million (2019 - \$15 million). By City policy the municipal surplus is to be 20 per cent of expenses. The actual expenses for 2020 were \$90.7 million. By policy the municipal surplus should therefore be \$18.1 million. As spending was significantly reduced in 2020, a comparison to budgeted expenses may be more appropriate. Budgeted expenses for 2020 were \$102.8 million which would require municipal surplus to be \$20.6 million. The current municipal surplus is \$30.1 million which is 33% of actual expenses and 29% of budgeted expenses. The policy directive is currently being met and there is room within the municipal surplus to create opening balances for reserves as approved by Council in the 2021 Corporate Plan. The following graph shows the City's accumulated surplus over the last five years with the breakdown between the cash surplus portion and equity in tangible capital assets:



REVENUES AND EXPENSES

Operating results in 2020 show a deficit of \$2.8 million before other capital items of \$21.6 million, resulting in an overall annual surplus of \$18.8 million. This surplus is due in large part to decisions related to the pandemic to reduce spending and close facilities. There were also reduced operating revenues, but provincial one time stimulus funding and reduced overall spending allowed the municipality to stay the course. The overall annual surplus is \$518,000 over the budgeted surplus of \$18.3 million.

The following comments are relevant to this discussion:

- Operating Revenues were under budget by \$2.2 million. The pandemic resulted in reduced transit service and the closure of recreation and culture facilities and reduced programming. The Automated Traffic Enforcement Program was discontinued for a portion of the year resulting in revenues being under budget. A downturn in economic activity also resulted in a decline in building and development permits. Government transfers, however, were over budget due to the Municipal Operating Stimulus Transfer (MOST) grant funding provided prior to year-end 2020.
- Operating Expenses were under budget by \$12.2 million predominantly related to reductions in spending related to the pandemic. Key budget variances are explained as follows: Salaries and benefits were lower than planned by \$4.4 million due to temporary and permanent layoffs of staff and judicious hiring or delayed hiring of seasonal and vacant positions. Contracted & General Services

were \$4.9 million under budget due to reduced spending related to the Automated Traffic Enforcement Program and deferred Storm Management work due to later implementation of the Storm Utility rate. Other contracted work was delayed in economic development, planning, and information systems to reduce spending in light of the pandemic. To lessen the impact of the pandemic on City operations, Materials, Goods and Supplies spending was \$1.1 million under budget as spending was restricted to critical project work only.

- Contributed Tangible Capital Assets came in over budget in 2020 related to \$7.2 million in contributed land on Pioneer Road.
- Due to the timing of capital projects, the amount of Government Transfers – Capital accessed in the 2020 year came in \$12 million under budget.
- Developer Contributions and Levies collected in 2020 were \$3.5 million less than budgeted due to the effects of the economy and the pandemic on the development industry.

Note 14 of the consolidated financial statements provides detail by organizational segment of the revenues and expenses of the organization for 2020.

Overall revenue per capita increased from \$2,420 in 2019 to \$2,456 in 2020. Part of this revenue is property taxes; the per capita property taxes rose from \$1,129 in 2019 to \$1,148 in 2020. Expenses per capita in 2020 decreased from \$2,645 to \$2,535. Expenses per capita exceeded revenues per capita, hence the deficit from operations before other capital items.

LOOKING FORWARD

In 2021, the pandemic is still expected to continue affecting the financial picture for the municipality for a good portion of the year. Variants of the COVID virus and the timing uncertainty related to full vaccination roll-out require agility of response to recovery in the community.

The City will continue development of a fiscal sustainability framework through the development of a “Fiscal Policies,

Practices and Procedures” document and preparation of a Long Term Capital Plan. The Long Term Capital Plan will continue to be refined through the ongoing development of asset management information and the securement of reserves for capital funding. The fiscal sustainability work will also involve the creation and review of necessary financial policies. The City will develop a revised Property

Tax Distribution policy and a new Reserves Policy and will have policy discussions on Debt and the City’s position on front ending development. Implementation and progressive growth of Reserves through dedicated funding sources will enable the City to maintain a healthy cash position to mitigate operational risk as well as for future capital spending.

Through the implementation of a new budgeting system, the City will experience the integration of budgeting and corporate planning systems that will allow for scenario analysis and enhanced real-time decision-making. Combined with the maturation of the City’s asset management system, these projects will pave the way for better long term planning and evidence based decision making.

The City continues to mature its planning and decision making framework and to create stronger sustainability, transparency, equity and competitiveness in outcomes for its stakeholders. Financial literacy for all decision makers and accountability for financial condition remain priorities for the City in its effort to create a sustainable financial future for the residents of Spruce Grove.



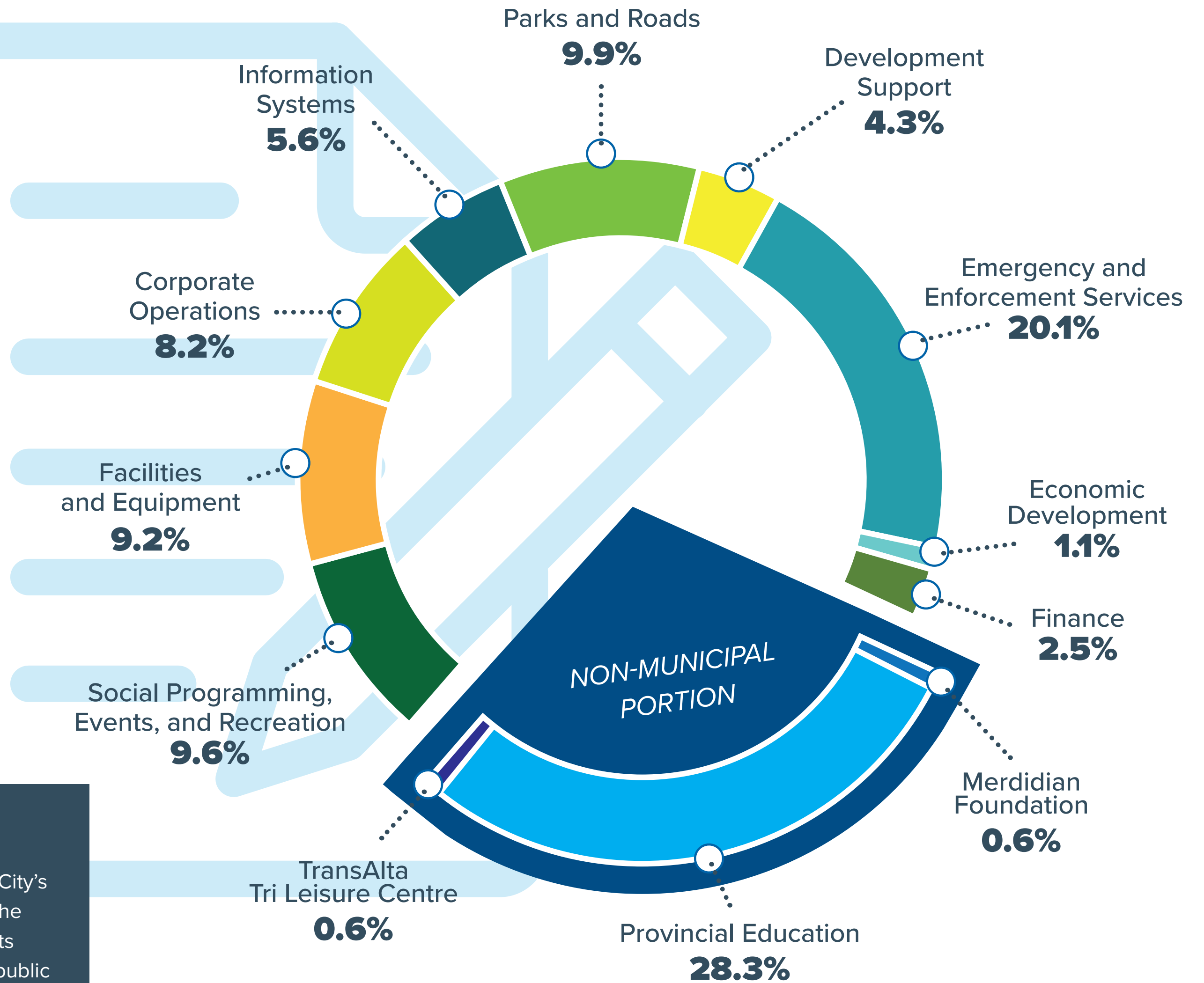
**LOUISE
FROSTAD**

MBA, CPA (CMA), CLGM
CHIEF FINANCIAL OFFICER

FINANCIAL SUMMARY

2020 Financial Summary

This financial summary is intended to assist with understanding the management of the City of Spruce Grove's resources. It provides an overview of the 2020 financial statements, including the Spruce Grove Public Library and TransAlta Tri Leisure Centre. Unless indicated, all information is presented on a consolidated basis.



DISTRIBUTION OF TAX DOLLARS

(On a non-consolidated basis)

The municipal portion of your property taxes is based on the City's budgeted revenue requirements. This portion is retained by the City and is used to pay for amenities and services for residents and the community as a whole, such as roads, public transit, public safety, parks and open spaces, programming, and much more! The distribution of tax dollars is illustrated in this chart.

FINANCIAL SUMMARY



City revenue sources

The City of Spruce Grove's 2020 revenue came from a variety of sources:

- **38% Property Tax:** Paid by Spruce Grove property owners to help cover the costs of the services they use within the City. Residents paid approximately 76 per cent of the total property taxes, while businesses pay the remaining 24 per cent.
- **34% Sales and User Fees:** This includes sales to other governments, franchise fees, fines, licenses and permits, rentals and other.
- **12% Contributed Tangible Capital Assets:** Items such as roads and sewers, which are put in by developers and then transferred to the City to own and manage.
- **7% Government Transfers – Capital:** Funds the City receives from the provincial and federal government, as well as neighbouring municipalities which are used for the construction or acquisition of tangible capital assets.
- **6% Government Transfers – Operating:** Funds the City receives from the provincial and federal governments, as well as neighbouring municipalities which are used for operating programs.
- **3% Other Revenues:** This includes penalties on taxes and utilities, investment income and gain on disposal of tangible capital assets.

The City also collects levies on behalf of the provincial government for education and on behalf of the Meridian Foundation for local seniors housing. The City does not use this funding and passes it on directly to both the Province of Alberta and Meridian Foundation. The City also does not set or control the amount of these levies.

FINANCIAL SUMMARY



Financial position

At the end of 2020, future revenues of \$20 million were required to pay for past transactions or events.

Surplus funds have accumulated over the history of the City to \$535 million. Virtually all surplus funds (\$512 million) have been used to buy or build roads, utilities, buildings and other capital assets used to deliver municipal services.

Financial position (\$ millions)	2020	2019
Financial assets	66	60
Liabilities	86	89
Net debt	-20	-29
Non-financial assets	555	545
Accumulated surplus	535	516

Financial activities

The City's financial activities include revenue, operating expenses and capital projects. The result of 2020 operations is an annual surplus of \$19 million and \$28 million was used in the acquisition of capital assets.

The budget tries to predict actual results as accurately as possible. Both 2020 operations and capital projects were under budget.

Financial activities (\$ millions)	Budget	2020	2019
Revenue – operations	90	88	87
Expenses – operations	103	91	95
Annual deficit from operations	-13	-3	-8
Revenue – capital	31	22	31
Annual surplus	18	19	23
Capital asset acquisitions			
Purchased capital assets	27	14	34
Contributed capital assets	7	14	12
Total acquisitions	34	28	45

FINANCIAL STATEMENTS





**CONSOLIDATED
FINANCIAL STATEMENTS OF**
CITY OF SPRUCE GROVE
For the Year Ended
December 31, 2020



KPMG LLP
2200, 10175 – 101 Street
Edmonton, AB T5J 0H3
Telephone (780) 429-7300
Fax (780) 429-7379
www.kpmg.ca

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

CONTENTS

MANAGEMENT’S REPORT	47
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	49
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS	50
CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT	51
CONSOLIDATED STATEMENT OF CASH FLOWS.....	52
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	53
SCHEDULE 1 – PROPERTY TAXES.....	78
SCHEDULE 2 – GOVERNMENT TRANSFERS.....	79
SCHEDULE 3 – EXPENSES BY DEPARTMENT	80


MANAGEMENT'S REPORT

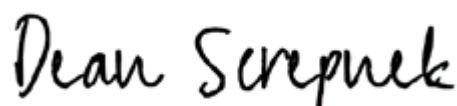
The consolidated financial statements of the City of Spruce Grove (the "City") are the responsibility of management and have been prepared in accordance with Canadian Public Sector Accounting Standards. The consolidated financial statements include amounts that are based on the best estimates and judgements 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:

FA6DE6593A1B46E...
Louise Frostad, CPA, CMA, CLGM
Chief Financial Officer

DocuSigned by:

7EC8486D62194B7...
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
	90,061	87,848	86,577
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
	102,859	90,707	94,611
Annual Deficit before the Undernoted	(12,798)	(2,859)	(8,034)
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
	31,044	21,623	30,715
Annual Surplus	18,246	18,764	22,681
Accumulated Surplus, Opening	515,939	515,939	493,258
Accumulated Surplus, Closing	\$ 534,185	\$ 534,703	\$ 515,939

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.

Standard	Name	Effective Date
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
(in thousands of dollars)

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

(in thousands of dollars)

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
(in thousands of dollars)

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

(in thousands of dollars)

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
	<u>\$ 11,783</u>

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

(in thousands of dollars)

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:

	2020	2019
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
	57,862	57,974	57,013
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
	16,789	16,920	16,641
	\$ 41,073	\$ 41,054	\$ 40,372

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

STATISTICS

(unaudited)



- General statistics82**
- Financial statements83**
- Taxation84**
- Long-term debt85**
- Acquisition of tangible capital assets86**



GENERAL STATISTICS

(unaudited)



General Statistics	2020	2019	2018	2017	2016
Population	37,081	36,012	35,766	34,881	33,640
Municipal Employees stated in Full Time Equivalents	304	305	285	289	272
Municipal Employees per 1,000 population	8.20	8.58	7.97	8.29	8.09

Infrastructure	2020	2019	2018	2017	2016
Municipal Area (in hectares)	3161	3161	3165	3165	3165
Number of Dwellings	14011	13814	13581	13269	12966
Roads (KM)	238.81	209.21	209.21	197.74	227.11
Watermains (KM)	179.71	190.33	187.63	186.48	183.77
Wastewater Mains (KM)	173.86	173.73	171.76	168.26	164.59
Storm Drainage Mains (KM)	138.54	130.27	128.3	123.6	122

Source: Government of Alberta Municipal Affairs

Permit Statistics	2020	2019	2018	2017	2016
<i>Development and Building Permits Value</i>					
Residential	62,214,965	62,802,005	90,267,062	84,577,093	89,341,023
Commerical	1,620,500	2,214,000	23,985,187	20,862,396	10,635,600
Industrial	5,281,601	6,768,897	3,577,047	3,700,000	1,100,000
Institutional	-	-	19,845,693	16,309,780	4,602,768
Alterations/Additions Value	11,246,181	31,294,284	12,826,368	10,086,905	8,480,330
Electrical	102,833	114,860	131,948	121,563	143,219
Gas	63,330	65,313	82,318	79,719	92,241
Plumbing	50,450	51,871	75,499	66,599	89,933
Total Value	80,579,859	103,311,231	150,791,123	135,804,055	114,485,114

Permit Statistics	2020	2019	2018	2017	2016
<i>Number of Permits</i>					
New Construction Permits	219	222	307	331	467
Permits for Alteration/Addition	475	446	466	425	345
Electrical	1308	1241	1320	1208	1412
Gas	666	668	784	814	943
Plumbing	315	279	432	393	523
Total Number of Permits	2,983	2,856	3,309	3,171	3,690

Consumer Price Index Change	2020	2019	2018	2017	2016
Alberta	3.0%	1.2%	1.4%	2.5%	2.1%
Canada	2.4%	1.4%	1.7%	2.1%	2.0%

Unemployment Rates	2020	2019	2018	2017	2016
Alberta	11.1%	7.0%	6.4%	7.8%	7.0%
Canada	8.8%	5.6%	5.6%	6.3%	8.1%

CPI and Unemployment Rates obtained from Statistics Canada

FINANCIAL STATEMENTS

in thousands of dollars (unaudited)



Revenue by Source	2020	2019	2018	2017	2016
Property Taxes	41,054	40,372	37,961	35,563	33,860
Sales & User Fees	23,921	24,183	23,996	23,653	22,946
Sales to Other Governments	2,667	2,667	2,665	2,695	2,614
Franchise Fees	6,149	5,443	4,578	4,597	4,330
Fines	1,542	3,484	3,939	4,889	5,442
Government Transfers	14,103	23,388	9,084	10,987	10,647
Licenses & Permits	1,334	1,609	1,736	1,918	1,810
Rentals	1,506	2,311	2,091	1,120	959
Penalties	982	970	868	814	781
Other	903	1,592	1,197	4,424	1,679
Investment Income	865	506	115	388	169
Local Improvement Levies	-	-	6	60	126
Gain (Loss) on Disposal & Transfer of Tangible capital Assets	512	-2,788	-106	17	1,741
Contributed Tangible Capital Assets	13,668	11,581	9,651	16,432	19,808
Developer Contribution & Levies	265	1,974	905	6,050	7,344
Total Revenues	109,471	117,292	98,686	113,607	114,256

Expenses by Function	2020	2019	2018	2017	2016
General Government	12,175	11,644	12,972	11,938	11,134
Protective Services	17,436	17,981	16,031	15,562	16,405
Transportation & Roadway Services	26,401	29,268	28,237	24,529	23,202
Utilities	20,533	18,896	17,664	16,009	15,102
Community Services	11,238	13,623	14,404	12,726	13,290
Development Services	2,924	3,199	3,558	3,043	4,146
Total Expense by Function	90,707	94,611	92,866	83,807	83,279
Annual Surplus	18,764	22,681	5,820	29,800	30,977
Accumulated Surplus, Beginning Year	515,939	493,258	487,438	457,638	426,661
Accumulated Surplus, End of Year	534,703	515,939	493,258	487,438	457,638

Expenses by Object	2020	2019	2018	2017	2016
Salaries, Wages & Benefits	34,874	36,597	34,910	33,267	31,717
Contracted & General Services	14,819	17,019	19,025	15,835	18,317
Materials, Goods & Supplies	5,242	5,452	5,402	4,966	4,826
Purchases from other Governments	16,818	16,521	15,856	14,013	12,477
Transfers to Gov't, Agencies & Other Org.	280	176	843	250	1,779
Bank Charges	110	167	164	165	156
Interest on Long-Term Debt	1,177	1,265	898	634	494
Other	127	390	318	261	251
Amortization	17,260	17,024	15,450	14,416	13,262
Total Expenses by Object	90,707	94,611	92,866	83,807	83,279

TAXATION

in thousands of dollars (unaudited)

Tax Rate (in mills)	2020	2019	2018	2017	2016
Municipal – Residential	0.0063141	0.0062247	0.0059158	0.0055652	0.0052042
Municipal – Non-Residential	0.0087179	0.0088484	0.0084727	0.0084886	0.0079486
Annexed – Residential	0.0041383	0.0040878	0.0039673	0.0038728	0.0037755
Annexed – Non-Residential	0.0082765	0.0081755	0.0079345	0.0077455	0.0075509
School – Residential	0.0025860	0.0025721	0.002559	0.0025319	0.0022844
School – Non-Residential	0.0037620	0.0036674	0.0037096	0.0036922	0.0033545
TransAlta Tri Leisure Centre	0.0000518	0.0000524	0.0000526	0.0000719	0.0001164
Meridian Foundation	0.0000522	0.000051	0.0000472	0.0000446	0.0000393

Assessment Values	2020	2019	2018	2017	2016
Residential and Farmland	4,918,053	4,847,462	4,772,741	4,781,632	4,328,086
Commercial and Industrial	1,044,460	1,007,846	978,088	978,884	876,090
Linear and M&E	52,459	49,886	49,046	49,550	44,025
Total Assessment	6,014,972	5,905,194	5,799,875	5,810,066	5,248,201

Collection of Taxes	2020	2019	2018	2017	2016
Municipal Taxes	41,054	40,372	37,961	35,563	33,860
Current Year Uncollected	2,213	1,806	1,692	1,882	1,894
More than One Year in Arrears	866	490	618	450	487
% of Current Tax Year Levied Uncollected	5.39%	4.47%	4.46%	5.29%	5.59%

Taxation	2020	2019	2018	2017	2016
Residential	44,405	43,641	41,648	39,262	36,894
Commercial	10,876	10,673	10,024	9,546	8,789
Industrial	2,341	2,360	2,274	2,270	2,163
Linear	350	334	318	291	291
Agricultural	2	2	2	2	2
Total Taxes	57,974	57,010	54,266	51,371	48,139
Requisitions					
Alberta School Foundation Fund	14,365	13,993	13,734	13,256	11,939
Evergreen Catholic Separate	2,241	2,341	2,296	2,298	2,114
Meridian Foundation	311	301	275	254	226
Designated Industrial Property	3	3	-	-	-
Total Requisitions	16,920	16,638	16,305	15,808	14,279
Municipal Taxes	41,054	40,372	37,961	35,563	33,860

LONG-TERM DEBT

in thousands of dollars (unaudited)



Long-Term Debt	2020	2019	2018	2017	2016
Tax Supported	11,498	12,590	13,637	19,333	13,091
Supported by Utilities	2,160	-	-	-	-
Supported by Other	24,436	25,591	20,572	452	452
Supported by Local Improvements	3,619	3,941	4,255	4,748	5,226
Total Long Term Debt	41,713	42,122	38,464	24,533	18,769
Population	37,081	36,012	35,766	34,881	34,066
Long-Term Debt per Capita	1,124.92	1,169.67	1,075.43	703.33	550.96
Debt Limits	2020	2019	2018	2017	2016
Total Debt Limit	132,937	128,643	125,224	134,259	131,868
Total Debt	41,713	42,122	38,464	24,533	18,769
Total Debt Limit Available	91,224	86,521	86,760	109,726	113,099
Percentage of Debt Limit Used	31.38%	32.74%	30.72%	18.27%	14.23%

Net Financial Debt	2020	2019	2018	2017	2016
Annual Surplus	18,764	22,681	5,820	29,800	30,977
Change related to Tangible Capital Assets	-9,830	-25,164	-23,736	-29,644	-34,759
Change related to Other Non Financial Assets	20	15	-306	139	-132
(Increase) Decrease in Net Financial Assets	8,954	-2,468	-18,222	294	-3,914
Net Financial Debt, Beginning of Year	-28,916	-26,448	-8,226	-8,521	-4,607
Net Financial Debt, End of Year	-19,962	-28,916	-26,448	-8,226	-8,521

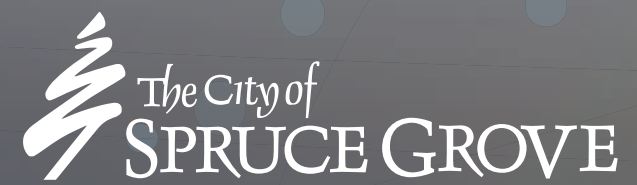
Accumulated Surplus	2020	2019	2018	2017	2016
Municipal Surplus	30,113	21,069	16,954	18,712	15,319
Utility Surplus	7,672	7,778	8,792	8,620	7,948
Developer Deficit	-15,424	-15,011	-13,084	-10,684	-12,542
Equity in Tangible Capital Assets	512,342	502,103	480,596	470,790	446,913
Accumulated Surplus	534,703	515,939	493,258	487,438	457,638

TANGIBLE CAPITAL ASSETS ACQUISITIONS

in thousands of dollars (unaudited)

Tangible Capital Asset Acquisitions	2020	2019	2018	2017	2016
Land	8,635	2,927	2,793	8,688	5,468
Land Improvements	231	1,230	594	2,848	590
Leasehold Improvements	-	1	-	-	-
Buildings	1,833	12,504	-	1,174	12,764
Engineered Structures	14,094	21,211	16,806	19,821	20,939
Machinery & Equipment	527	2,861	2,278	1,970	3,112
Vehicles	563	2,052	335	2,362	2,107
Construction in Progress	1,396	2,653	16,691	7,775	3,623
Total Acquisition of Tangible Capital Assets	27,279	45,439	39,497	44,638	48,603

“TRANSPARENT FINANCIAL REPORTING AND THE DEVELOPMENT OF A SUSTAINABLE FISCAL POLICY FRAMEWORK SETS THE CITY AND THE COMMUNITY UP FOR SUCCESS FOR MANY YEARS TO COME.”



2020 ANNUAL REPORT

CITY OF SPRUCE GROVE

SPRUCEGROVE.ORG