



Consolidated Financial Statements of

The City of Spruce Grove

For the Year Ended December 31, 2022

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MANAGEMENT'S REPORT

The consolidated financial statements of the City of Spruce Grove (the "City") are the responsibility of management and have been prepared in accordance with Canadian Public Sector Accounting Standards. The consolidated financial statements include amounts that are based on the best estimates and judgements of management. Management has determined such amounts on a reasonable basis to ensure that the consolidated financial statements are presented fairly, in all material aspects.

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 has been appointed by City Council to provide an independent audit opinion on the consolidated financial statements.



Anthony Lemphers, CPA, CGA, BBA
Chief Financial Officer

For: 

Dean Screpnek, CPA, CMA, CLGM
City Manager

April 24, 2023
Spruce Grove, AB



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

INDEPENDENT AUDITOR'S 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, 2022
- 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, 2022, 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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.

Auditor's 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 auditor's 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 auditor's 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 auditor's 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 24, 2023

CITY OF SPRUCE GROVE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2022

(in thousands of dollars)

	2022	2021
Financial Assets		
Cash and Cash Equivalents (Note 2)	\$ 8,408	\$ 21,180
Accounts Receivable (Note 3)	17,574	16,741
Investments (Note 4)	60,203	39,344
Land Held for Resale	868	1,746
	87,053	79,011
Liabilities		
Accounts Payable and Accrued Liabilities (Note 5)	19,777	19,212
Deferred Revenue (Note 6)	33,815	31,065
Liability for Contaminated Sites (Note 7)	1,181	1,208
Long-Term Debt (Note 8)	38,111	38,635
	92,884	90,120
Net Debt	(5,831)	(11,109)
Non-Financial Assets		
Inventory and Prepaid Expenses	1,345	1,229
Tangible Capital Assets (Note 10)	570,485	561,253
	571,830	562,482
Accumulated Surplus (Note 11)	\$ 565,999	\$ 551,373
Contractual Obligations (Note 23)		
Contingent Liabilities (Note 24)		

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, 2022

(in thousands of dollars)

	2022 Budget (Note 27)	2022 Actual	2021 Actual
Revenue			
Property Taxes (Schedule 1)	\$ 45,136	\$ 45,235	\$ 42,236
Sales and User Fees	28,527	28,562	26,371
Sales to Other Governments	2,667	2,718	2,828
Franchise Fees	6,770	7,444	6,532
Fines	2,493	2,938	2,434
Government Transfers - Operating (Schedule 2)	3,537	4,009	3,833
Licenses and Permits	1,698	2,321	2,282
Rentals	2,360	2,306	1,768
Penalties	784	795	1,051
Other	806	841	959
Investment Income	339	618	791
	<u>95,117</u>	<u>97,787</u>	<u>91,085</u>
Expenses (Schedule 3)			
General Government	16,039	16,155	16,011
Protective Services	20,974	20,829	19,163
Transportation and Roadway Services	32,522	29,744	26,734
Utilities	21,651	22,609	22,241
Community Services	13,439	13,610	11,836
Development Services	3,582	3,727	3,234
	<u>108,207</u>	<u>106,674</u>	<u>99,219</u>
Annual Deficit before the Undernoted	<u>(13,090)</u>	<u>(8,887)</u>	<u>(8,134)</u>
(Loss) Gain on Disposal of Tangible Capital Assets	-	(162)	26
Government Transfers - Capital (Schedule 2)	25,815	12,585	14,657
Contributed Tangible Capital Assets	9,723	6,060	6,737
Developer Contribution and Levies	388	5,030	3,384
	<u>35,926</u>	<u>23,513</u>	<u>24,804</u>
Annual Surplus	22,836	14,626	16,670
Accumulated Surplus, Opening	551,373	551,373	534,703
Accumulated Surplus, Closing (Note 11)	<u>\$ 574,209</u>	<u>\$ 565,999</u>	<u>\$ 551,373</u>

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

CITY OF SPRUCE GROVE
CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

For the Year Ended December 31, 2022

(in thousands of dollars)

	2022 Budget (Note 27)	2022 Actual	2021 Actual
Annual surplus	\$ 22,836	\$ 14,626	\$ 16,670
Inventory and Prepaid Expenses			
Purchased	-	(1,345)	(1,229)
Consumed	-	1,229	1,062
Change in Inventory and Prepaid Expenses	-	(116)	(167)
Tangible Capital Assets			
Contributed	(9,723)	(6,060)	(6,737)
Purchased	(37,353)	(21,279)	(19,515)
Proceeds on Disposal	-	143	855
Loss (Gain) on Disposal	-	162	(26)
Amortization	19,127	17,802	17,773
	(27,949)	(9,232)	(7,650)
Change in Net Debt	(5,113)	5,278	8,853
Net Debt, Opening	(11,109)	(11,109)	(19,962)
Net Debt, Closing	\$ (16,222)	\$ (5,831)	\$ (11,109)

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, 2022

(in thousands of dollars)

	2022	2021
Cash Provided by (Used In):		
Operating Activities		
Annual Surplus	\$ 14,626	\$ 16,670
Items not involving cash:		
Amortization	17,802	17,773
Loss (Gain) on Disposal of Tangible Capital Assets	162	(26)
Contributed Tangible Capital Assets	(6,060)	(6,737)
Change in non-cash working capital balances:		
Increase in Accounts Receivable	(833)	(1,562)
Increase in Accounts Payable and Accrued Liabilities	565	4,371
Increase in Deferred Revenue	2,750	3,248
Decrease in Liability for Contaminated Sites	(27)	(42)
Increase in Inventory and Prepaid Expenses	(116)	(167)
Decrease in Land Held for Resale	878	-
	29,747	33,528
Capital Activities		
Purchase of Tangible Capital Assets	(21,279)	(19,515)
Proceeds on Disposal of Tangible Capital Assets	143	855
	(21,136)	(18,660)
Investing Activities		
Purchase of Investments	(35,385)	(51,944)
Proceeds on Disposal of Investments	14,526	55,745
	(20,859)	3,801
Financing Activities		
Long-term Debt Issued	2,400	-
Long-term Debt Repaid	(2,924)	(3,118)
	(524)	(3,118)
(Decrease) Increase in Cash and Cash Equivalents	(12,772)	15,551
Cash and Cash Equivalents, Opening	21,180	5,629
Cash and Cash Equivalents, Closing	\$ 8,408	\$ 21,180

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, 2022

(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, RSA, 2000 cM-26, as amended* ("MGA").

1. Significant Accounting Policies

The consolidated financial statements of the City 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 with original maturities of three months or less. 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. Discounts and premiums arising on the purchase of investments are amortized over the term of the investment. 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, 2022

(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, land improvements, 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 lives as follows:

Asset	Useful Life in Years
Land Improvements	15 - 25
Leasehold Improvements	Life of the Lease
Buildings	25 - 50
Engineered Structures	20 - 75
Machinery & Equipment	4 - 20
Vehicles	8 - 25

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, 2022

(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, 2022

(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 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, 2022

(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, liabilities for contaminated sites, useful lives of tangible capital assets, fair values of contributed tangible capital assets, and provisions for impairment of accounts receivable, investments and tangible capital assets.

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 2023, 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 (December 31, 2023 for the City)
PS3450	Financial Instruments	April 1, 2022 (December 31, 2023 for the City)
PS2601	Foreign Currency Translation	April 1, 2022 (December 31, 2023 for the City)
PS3041	Portfolio Investments	April 1, 2022 (December 31, 2023 for the City)
PS3280	Asset Retirement Obligations	April 1, 2022 (December 31, 2023 for the City)
PS3400	Revenue	April 1, 2023 (December 31, 2024 for the City)
PSG-8	Purchased Intangibles	April 1, 2023 (December 31, 2024 for the City)
PS3160	Public Private Partnerships	April 1, 2023 (December 31, 2024 for the City)

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

(in thousands of dollars)

2. Cash and Cash Equivalents

	2022	2021
Cash	\$ 7,613	\$ 20,405
Cash Equivalents	795	775
	\$ 8,408	\$ 21,180

Cash equivalents include investments that have an effective interest rate of 4.80% (2021 - 0.80%) that mature in less than three months.

3. Accounts Receivable

	2022	2021
Property Taxes		
Current Taxes and Grants in Place of Taxes	\$ 1,776	\$ 1,873
Arrears	534	827
	2,310	2,700
Other		
Government Transfers	663	323
Local Improvements	3,093	3,401
Trade and Other	3,456	4,683
Utility	2,503	2,446
Developer Contributions and Levies	5,079	2,752
Goods and Services Tax	245	233
Interest Receivable	431	348
Allowance for Doubtful Accounts	(206)	(145)
	15,264	14,041
	\$ 17,574	\$ 16,741

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

(in thousands of dollars)

4. Investments

	Amortized Cost 2022	Market Value 2022	Amortized Cost 2021	Market Value 2021
Bonds	\$ 16,558	\$ 14,642	\$ 16,633	\$ 16,495
GIC	51	51	52	52
Notes	13,243	12,167	12,892	12,829
Other	30,351	30,395	9,767	9,767
	\$ 60,203	\$ 57,255	\$ 39,344	\$ 39,143

Investments in bonds have effective interest rates of 1.29% to 2.93% (2021 - 1.29% to 2.93%) with maturity dates from March 2023 to January 2028. The guaranteed investment certificate (GIC) bears interest at 2.00% (2021 - 0.20%) maturing June 2023. Note investments have effective interest rates ranging from 2.00% to 5.66% (2021 - 2.00% to 3.75%) that are linked to the performance of an equity market index with maturity dates from December 2027 to April 2032. Other investments include a callable interest savings account with an effective rate of 4.80% (2021 - 0.80%). No provision for impairment has been made as the decline in the market value of bonds and notes below amortized cost at December 31, 2022 is considered temporary.

5. Accounts Payable and Accrued Liabilities

	2022	2021
Trade and Accrued Liabilities	\$ 11,704	\$ 10,642
Wages and Benefits	4,009	3,627
Holdbacks	486	416
Deposits	1,514	1,316
Developer Commitments	2,030	3,172
Debenture Interest	34	39
	\$ 19,777	\$ 19,212

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

(in thousands of dollars)

6. Deferred Revenue

	2021	Amounts Received and Receivable	Interest and Other	Amounts Recognized	2022
Developer Contributions					
Administration	\$ 145	\$ 72	\$ 7	\$ -	\$ 224
Neighborhood Parks	1,107	293	42	(182)	1,260
Cash in Lieu of MR	194	322	25	-	541
Municipal Reserve	1,728	-	83	-	1,811
District and Regional Parks	-	426	-	(426)	-
Downtown Redevelopment	3	-	-	-	3
Developer Default	-	116	-	(116)	-
Land Acquisition	3	-	-	-	3
	3,180	1,229	157	(724)	3,842
Developer Offsite Levies					
Water	-	113	-	(113)	-
Transportation	-	3,538	-	(3,538)	-
Sanitary Sewer	-	655	-	(655)	-
	-	4,306	-	(4,306)	-
Developer Contributions and Offsite Levies	3,180	5,535	157	(5,030)	3,842
Government Transfers - Capital					
Municipal Sustainability Initiative	20,458	9,602	770	(6,849)	23,981
Canada Community Building Fund	4,014	2,143	116	(2,769)	3,504
GreenTrip	839	-	15	(781)	73
Other	56	2,186	2	(2,187)	57
	25,367	13,931	903	(12,586)	27,615
Government Transfers - Operating					
Municipal Sustainability Initiative	-	260	-	(260)	-
RCMP Policing	-	701	-	(701)	-
Family & Community Support Services	241	616	-	(857)	-
Other	235	2,248	-	(2,191)	292
	476	3,825	-	(4,009)	292

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

(in thousands of dollars)

6. Deferred Revenue (continued)

	2021	Amounts Received and Receivable	Interest and Other	Amounts Recognized	2022
Other Revenue					
Sponsorships	644	416	-	(609)	451
Property Taxes	338	11,422	-	(11,401)	359
User Fees	954	6,126	-	(5,998)	1,082
Cash in Lieu of Parking	106	60	8	-	174
	2,042	18,024	8	(18,008)	2,066
	\$ 31,065	\$ 41,315	\$ 1,068	\$ (39,633)	\$ 33,815

7. Liability for Contaminated Sites

	2022	2021
Historic Public Works Yard - salt impacted soil	\$ 108	\$ 128
Pioneer Cemetery - salt impacted soil	1,073	1,080
	\$ 1,181	\$ 1,208

The net present value of the liability for contaminated sites is estimated using the expected cash flow approach.

The estimated undiscounted value of future remediation expenditures is \$1,224 and a discount rate of 3.00% has been used. The City plans to remediate the sites over a 5-year period with an expected completion date of December 31, 2023.

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

(in thousands of dollars)

8. Long-Term Debt

	2022	2021
Province of Alberta		
Agrena	\$ 304	\$ 496
Library	340	500
Local Improvements	2,946	3,287
Public Works Facility	4,123	4,305
Storm Upgrades	1,940	2,029
TransAlta Tri Leisure Centre	-	41
Protective Services Facility	4,668	5,017
Industrial Watermain	1,979	2,070
	16,300	17,745
CIBC		
Development	11,158	12,122
RCMP Facility	7,375	7,818
City Centre ARP	2,400	-
	20,933	19,940
Other		
Other	426	498
Westwind Land Assembly	452	452
	878	950
	\$ 38,111	\$ 38,635

The required repayments for the Province of Alberta debt and expected repayments for all other debt are as follows:

	Principal	Interest	Total
2023	\$ 2,971	\$ 908	\$ 3,879
2024	2,825	829	3,654
2024	3,035	753	3,788
2025	2,619	686	3,305
2026	2,545	619	3,164
Subsequent	24,116	2,797	26,913
	\$ 38,111	\$ 6,592	\$ 44,703

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

(in thousands of dollars)

8. Long-Term Debt (continued)

Debt repayable to the Province of Alberta bears interest at rates ranging from 1.88% to 6.00% per annum (2021 - 1.88% to 6.00%) and matures in periods 2024 to 2040. This debt is issued on the credit and security of the City.

Infrastructure loan facilities with the Canadian Imperial Bank of Canada ("CIBC") for Development and the RCMP Facility have fixed terms of 20 years, effective interest rates ranging from 3.02% to 3.19% and maturity dates of June 2034 and July 2039 respectively.

In 2022, the City borrowed an additional \$2.4 million from CIBC in the form of an infrastructure loan facility to provide capital funds for the City Centre Area Redevelopment Plan (ARP) project. The loan facility is available as Canadian Dollar Bankers Acceptances ("bankers acceptances") with terms renewable from 1 to 6 months subject to a stamping fee of 0.80% and interest at prime less 0.25% per annum. The loan facility is interest only until October 31, 2023 and can be converted to a fixed term loan for 20 years at that time.

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 credit facility with CIBC for \$5 million that bears interest at prime less 0.25%, which has not been drawn upon as of December 31, 2022.

Interest on long-term debt amounted to \$1,153 (2021 - \$1,156). The City's interest expense for the year is \$1,137 (2021 - \$1,144) while the remaining \$16 (2021 - \$12) 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 2022 is \$1,164 (2021 - \$1,164).

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

(in thousands of dollars)

9. Debt Limits

Section 276 (2) of the Municipal Government Act requires that debt and debt limits are defined by Alberta Regulation 255/2000 for the City be disclosed as follows:

	2022	2021
Total Debt Limit		
(1.5 times revenue, as defined in the regulation)	\$ 153,983	\$ 141,747
Total Debt	(38,111)	(38,635)
Amount of Debt Limit Unused	115,872	103,112
Debt Servicing Limit		
(0.25 times revenue, as defined in the regulation)	25,664	23,625
Debt Servicing	(4,061)	(3,915)
Amount of Debt Servicing Limit Unused	\$ 21,603	\$ 19,710

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. The City has a financial policy that requires maintaining debt to a maximum of 50% of the above provincial debt limit. As of December 31, 2022 the City is in compliance with this internal debt limit.

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2022
(in thousands of dollars)

10. Tangible Capital Assets

2022	Land	Land Improvements	Leasehold Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	Construction in Progress	2022
Cost									
Balance, Opening	\$ 171,244	\$ 26,383	\$ 1,005	\$ 104,254	\$ 437,658	\$ 28,326	\$ 11,679	\$ 5,443	\$ 785,992
Acquired	-	459	-	108	3,322	1,537	186	15,667	21,279
Contributed	1,681	14	-	-	4,337	28	-	-	6,060
Disposals	-	-	-	-	(1,195)	(444)	-	-	(1,639)
Transfers	-	259	-	79	-	158	40	(536)	-
Balance, Closing	172,925	27,115	1,005	104,441	444,122	29,605	11,905	20,574	811,692
Accumulated Amortization									
Balance, Opening	-	13,369	905	22,237	165,341	18,074	4,813	-	224,739
Amortization	-	1,277	11	2,151	11,606	2,061	696	-	17,802
Disposals	-	-	-	-	(983)	(351)	-	-	(1,334)
Balance, Closing	-	14,646	916	24,388	175,964	19,784	5,509	-	241,207
Net Book Value, Closing	\$ 172,925	\$ 12,469	\$ 89	\$ 80,053	\$ 268,158	\$ 9,821	\$ 6,396	\$ 20,574	\$ 570,485

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2022
(in thousands of dollars)

10. Tangible Capital Assets (continued)

2021	Land	Land Improvements	Leasehold Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	Construction in Progress	2021
Cost									
Balance, Opening	\$ 165,736	\$ 26,222	\$ 1,005	\$ 103,668	\$ 425,078	\$ 26,895	\$ 11,690	\$ 2,343	\$ 762,637
Acquired	-	137	-	170	12,737	2,558	105	3,808	19,515
Contributed	5,828	24	-	-	869	16	-	-	6,737
Disposals	(320)	-	-	-	(1,318)	(1,143)	(116)	-	(2,897)
Transfers	-	-	-	416	292	-	-	(708)	-
Balance, Closing	171,244	26,383	1,005	104,254	437,658	28,326	11,679	5,443	785,992
Accumulated Amortization									
Balance, Opening	-	12,126	894	20,045	154,873	16,853	4,242	-	209,033
Amortization	-	1,243	11	2,192	11,441	2,199	687	-	17,773
Disposals	-	-	-	-	(973)	(978)	(116)	-	(2,067)
Balance, Closing	-	13,369	905	22,237	165,341	18,074	4,813	-	224,739
Net Book Value, Closing	\$ 171,244	\$ 13,014	\$ 100	\$ 82,017	\$ 272,317	\$ 10,252	\$ 6,866	\$ 5,443	\$ 561,253

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

(in thousands of dollars)

11. Accumulated Surplus

	Budget (Note 27)	2022	2021
Municipal	\$ 32,905	\$ 38,185	\$ 39,285
Utility	6,523	7,588	4,584
Developer (Note 12)	(16,802)	(12,638)	(15,606)
	22,626	33,135	28,263
Investment in Tangible Capital Assets	551,583	532,864	523,110
	\$ 574,209	\$ 565,999	\$ 551,373

12. Developer Deficit

	2021	Transfer In	Transfer Out	2022
Transportation	\$ (5,137)	\$ 3,538	\$ (1,351)	\$ (2,950)
Sanitary Sewer	(7,341)	655	(222)	(6,908)
Water	(1,001)	113	(127)	(1,015)
District and Regional Parks	(2,127)	426	(64)	(1,765)
	\$ (15,606)	\$ 4,732	\$ (1,764)	\$ (12,638)

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 offsite levies. Long-term debt in the amount of \$11,158 (2021 - \$12,122) was taken out by the City as offsite developer fund balances are currently insufficient to pay for future development's share of these project costs.

13. 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:

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

(in thousands of dollars)

13. Segmented Disclosure (continued)

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, 2022
(in thousands of dollars)

13. Segmented Disclosure (continued)

2022	General Government	Protective Services	Transportation & Roadway Services	Utilities	Community Services	Development Services	Total	Budget (Note 27)
Revenue								
Property Taxes	\$ 45,235	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,235	\$ 45,136
Sales and User Fees	180	1,228	621	23,895	2,119	519	28,562	28,527
Sales to Other Governments	-	2,718	-	-	-	-	2,718	2,667
Franchise Fees	7,444	-	-	-	-	-	7,444	6,770
Fines	-	2,938	-	-	-	-	2,938	2,493
Government Transfers - Operating	42	700	1,238	-	1,989	40	4,009	3,537
Licenses and Permits	-	100	113	-	-	2,108	2,321	1,698
Rentals	-	631	99	-	1,575	1	2,306	2,360
Penalties	672	-	-	123	-	-	795	784
Other	56	28	179	75	370	133	841	806
Investment Income	501	-	14	-	17	86	618	339
	54,130	8,343	2,264	24,093	6,070	2,887	97,787	95,117
Expenses								
Salaries, Wages & Benefits	9,240	10,574	7,887	2,162	7,375	2,555	39,793	41,358
Contracted & General Services	5,681	1,963	6,111	4,152	3,312	960	22,179	20,463
Materials, Goods & Supplies	172	874	3,211	377	1,512	14	6,160	6,244
Purchases from Other Governments	-	6,393	2,155	10,331	-	-	18,879	19,285
Transfers to Government, Agencies & Other Organizations	1	11	-	-	130	10	152	177
Bank Charges	112	-	-	-	4	59	175	136
Interest on Long-Term Debt	4	-	868	139	37	89	1,137	991
Other	350	-	-	14	33	-	397	426
Amortization	596	1,014	9,511	5,434	1,207	40	17,802	19,127
	16,156	20,829	29,743	22,609	13,610	3,727	106,674	108,207
Annual Surplus (Deficit) before Undernoted								
	37,974	(12,486)	(27,479)	1,484	(7,540)	(840)	(8,887)	(13,090)
Loss on Disposal of Tangible Capital Assets	-	-	(162)	-	-	-	(162)	-
Government Transfers - Capital	59	-	12,075	393	58	-	12,585	25,815
Contributed Tangible Capital Assets	-	-	442	3,910	28	1,680	6,060	9,723
Developer Contribution and Levies	116	-	4,146	768	-	-	5,030	388
	175	-	16,501	5,071	86	1,680	23,513	35,926
Annual Surplus (Deficit)	\$ 38,149	\$ (12,486)	\$ (10,978)	\$ 6,555	\$ (7,454)	\$ 840	\$ 14,626	\$ 22,836

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2022
(in thousands of dollars)

13. Segmented Disclosure (continued)

2021	General Government	Protective Services	Transportation & Roadway Services	Utilities	Community Services	Development Services	Total
Revenue							
Property Taxes	\$ 41,927	\$ -	\$ -	\$ -	\$ 309	\$ -	\$ 42,236
Sales and User Fees	177	1,179	711	23,153	923	228	26,371
Sales to Other Governments	-	2,828	-	-	-	-	2,828
Franchise Fees	6,532	-	-	-	-	-	6,532
Fines	6	2,426	-	2	-	-	2,434
Government Transfers - Operating	257	701	958	-	1,876	41	3,833
Licenses and Permits	-	1	79	62	-	2,140	2,282
Rentals	-	528	77	-	1,163	-	1,768
Penalties	924	-	-	127	-	-	1,051
Other	156	4	300	-	334	165	959
Investment Income	747	-	18	-	4	22	791
	50,726	7,667	2,143	23,344	4,609	2,596	91,085
Expenses							
Salaries, Wages & Benefits	8,283	9,544	7,491	2,189	6,709	2,240	36,456
Contracted & General Services	6,211	1,870	4,525	3,685	2,264	814	19,369
Materials, Goods & Supplies	487	773	2,794	400	1,196	16	5,666
Purchases from Other Governments	-	5,886	1,708	10,482	222	-	18,298
Transfers to Government, Agencies & Other Organizations	1	11	-	-	97	30	139
Bank Charges	147	-	-	-	3	-	150
Interest on Long-Term Debt	6	-	854	120	66	98	1,144
Other	197	-	-	12	15	-	224
Amortization	679	1,079	9,362	5,353	1,264	36	17,773
	16,011	19,163	26,734	22,241	11,836	3,234	99,219
Annual Surplus (Deficit) before Undernoted	34,715	(11,496)	(24,591)	1,103	(7,227)	(638)	(8,134)
Gain on Disposal of Tangible Capital Assets	-	-	5	-	-	21	26
Government Transfers - Capital	220	-	10,067	4,252	118	-	14,657
Contributed Tangible Capital Assets	-	-	210	683	16	5,828	6,737
Developer Contribution and Levies	155	-	2,705	524	-	-	3,384
	375	-	12,987	5,459	134	5,849	24,804
Annual Surplus (Deficit)	\$ 35,090	\$ (11,496)	\$ (11,604)	\$ 6,562	\$ (7,093)	\$ 5,211	\$ 16,670

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

(in thousands of dollars)

14. 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.

	2022	2022	2021	2021
	Salaries	Benefits	Salaries	Benefits
Mayor Acker	\$ 112,902	\$ 18,243	\$ 15,867	\$ 4,843
Councillor Carter	63,339	14,340	10,491	3,070
Councillor Gillett	63,601	14,343	10,884	3,004
Councillor Houston	67,575	10,881	11,082	3,855
Councillor MacDonald	62,834	11,993	10,884	2,753
Councillor Oldham	63,584	14,374	50,939	13,626
Councillor Stevenson	66,094	11,288	55,981	10,735
Mayor Houston (i)	-	-	94,703	10,260
Councillor Acker (i)	-	-	49,074	9,889
Councillor Gruhlke (i)	-	-	42,489	10,389
Councillor McKenzie (i)	-	-	44,214	10,497
Councillor Rothe (i)	-	-	42,657	8,118
	499,929	95,462	439,265	91,039
Chief Administrative Officer	244,692	49,923	219,581	49,309
Interim Chief Administrative Officer	-	-	11,887	3,464
	244,692	49,923	231,468	52,773
	\$ 744,621	\$ 145,385	\$ 670,733	\$ 143,812

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.

Councillors also serve on a number of external Committees/Boards for which they receive remuneration directly from those organizations and which are not included in the above Salary and Benefits Disclosure.

(i) Council term ended October 2021.

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

(in thousands of dollars)

15. 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 8.45% (2021 - 9.39%) of eligible pensionable earnings up to the year's maximum pension earnings and 12.80% (2021 - 13.84%) on pensionable earnings above this amount. Employees are required to make current service contributions of 7.45% (2021 - 8.39%) of pensionable salary up to the year's maximum pensionable earnings and 11.80% (2021 - 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 2022 were \$2,329 (2021 - \$2,425). Total current service contributions by the employees of the City to LAPP in 2022 were \$2,091 (2021 - \$2,202). Total optional service contributions by the City to LAPP in 2022 were \$62 (2021 - \$86).

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 2022, the City's potential liability for optional service buy-back is \$58 (2021 - \$60).

According to its latest annual report, at December 31, 2021, LAPP disclosed a surplus of \$11.9 billion.

16. 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% (2021 - 2.61% and 3.85%) respectively of pensionable earnings up to \$175 (2021 - \$162).

Total current service contributions by the City to APEX in 2022 were \$450 (2021 - \$422). Total current service contributions by the employees of the City in 2022 were \$305 (2021 - \$286).

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

(in thousands of dollars)

17. 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% (2021 - 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 \$2,454 (2021 - \$2,381) to support the operations of the TLC, with the City's proportionate share being 49.5% - (2021 - 49.5%).

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

	2022	2021
Financial Position		
Financial Assets	\$ 753	\$ 697
Liabilities	(456)	(423)
Net Financial Assets	297	274
Non Financial Assets	867	964
Accumulated Surplus	1,164	1,238
Operations		
Revenue	3,871	2,845
Expenses	(3,991)	(3,134)
Annual Deficit	\$ (120)	\$ (289)

18. 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.

19. 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, 2022

(in thousands of dollars)

20. Developer Agreements

Developers have entered into agreements with the City 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 \$21,021 to secure the performance by the developers under the agreements.

21. Financial Instruments

The City's financial instruments consist of cash and cash equivalents, accounts receivable, investments, accounts payable and accrued liabilities, and long-term debt.

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 fulfill their obligations. The large number of diversity of taxpayers and customers minimizes the credit risk.

Certain financial assets bear interest at variable interest rates which subject the City to cash flow risks as changes in market interest rates or market indices will result in fluctuations in investment earnings. Certain other financial assets and long-term debt bear interest at fixed interest rates which can subject the City to fair value risks associated with these instruments due to changes in market interest rates. However, the City is not subject to fair value risks when such instruments are held to maturity.

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

22. 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.

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
2023	\$ 992
2024	1,037
2025	1,037
2026	1,037
2027	1,037
Thereafter	5,185
	\$ 10,325

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

(in thousands of dollars)

23. Contractual Obligations

As at December 31, 2022, authorized costs for capital projects and transfers committed through a purchase order or other contractual agreement, but not yet expended, aggregate to \$28,809.

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

Year	Basic Rent
2023	\$ 357
2024	122
2025	122
2026	122
2027	108
Thereafter	244
	<u>\$ 1,075</u>

24. Contingent Liabilities

The City is defendant in various lawsuits as at December 31, 2022. Where the occurrence of a future event 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.

25. Franchise Agreements

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

	2022	2021
Atco Gas	\$ 3,054	\$ 2,440
Fortis Alberta Inc.	4,390	4,092
	<u>\$ 7,444</u>	<u>\$ 6,532</u>

26. Comparative Information

Certain other comparative information has been reclassified to conform with the consolidated financial statement presentation adopted for the current year.

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

(in thousands of dollars)

27. Budget

City Council approved the 2022 - 2024 Corporate Plan on November 29, 2021, which formally approved the interim budget for operating revenue and expenses and capital revenue and expenditures for 2022. The operating budget information presented in these consolidated financial statements is based on the final operating budget for revenues and expenses approved by Council as part of the 2022 Spring Budget Adjustment process on April 11, 2022. The capital budget presented in these consolidated financial statements is based on the final capital budget for revenues and expenditures approved by Council on June 27, 2022.

28. Approval of Consolidated Financial Statements

Council has approved these audited consolidated financial statements.

CITY OF SPRUCE GROVE
SCHEDULE 1 - PROPERTY TAXES
For the Year Ended December 31, 2022
(in thousands of dollars)

	2022 Budget (Note 27)	2022 Actual	2021 Actual
Property Taxes			
Residential	\$ 47,485	\$ 47,775	\$ 45,305
Non-Residential			
Commercial	11,856	11,611	11,052
Industrial	2,774	2,729	2,490
Linear	420	402	399
Agricultural	5	21	2
	62,540	62,538	59,248
Less Requisitions			
Alberta Education	14,825	14,509	14,452
Evergreen Catholic Schools	2,263	2,370	2,251
Meridian Foundation	313	420	306
Designated Industrial Property	3	4	3
	17,404	17,303	17,012
	\$ 45,136	\$ 45,235	\$ 42,236

CITY OF SPRUCE GROVE
SCHEDULE 2 - GOVERNMENT TRANSFERS

For the Year Ended December 31, 2022

(in thousands of dollars)

	2022 Budget (Note 27)	2022 Actual	2021 Actual
Government Transfers - Capital			
Canada Community Building Fund	\$ 3,829	\$ 2,769	\$ 3,028
Municipal Sustainability Initiative	18,811	6,849	6,850
GreenTrip	1,900	781	839
Other	1,275	2,186	3,940
	<u>25,815</u>	<u>12,585</u>	<u>14,657</u>
Government Transfers - Operating			
Municipal Sustainability Initiative	260	260	260
RCMP Policing	720	701	701
Family & Community Support Services	821	857	785
Other	1,736	2,191	2,087
	<u>3,537</u>	<u>4,009</u>	<u>3,833</u>
	<u>\$ 29,352</u>	<u>\$ 16,594</u>	<u>\$ 18,490</u>

CITY OF SPRUCE GROVE
SCHEDULE 3 - EXPENSES BY DEPARTMENT

For the Year Ended December 31, 2022

(in thousands of dollars)

	2022 Budget (Note 27)	2022 Actual	2021 Actual
General Government			
City Clerk	\$ 428	\$ 438	\$ 649
City Manager	759	646	623
Corporate Communications	1,289	1,082	1,012
Corporate Services Administration	328	370	293
Council	857	748	608
Finance	2,458	2,618	2,345
Human Resources	2,017	1,961	1,446
Information Systems	6,031	6,494	7,539
Integrated Planning and Strategic Services	1,872	1,799	1,496
	16,039	16,156	16,011
Protective Services			
Fire	11,082	11,074	10,150
Municipal Enforcement and Safe City	2,900	2,787	2,563
Police	6,992	6,968	6,450
	20,974	20,829	19,163
Transportation and Roadway Services			
Engineering	2,788	2,140	1,916
Facilities and Fleet Management	6,826	6,412	5,797
Planning and Infrastructure Administration	542	502	512
Public Works	19,451	18,220	16,453
Environment and Transit	2,915	2,469	2,056
	32,522	29,743	26,734
Utilities			
Stormwater	1,116	2,620	2,609
Information Systems	3,345	3,241	3,095
Sanitary Sewer	5,573	5,477	5,293
Water	11,617	11,271	11,244
	21,651	22,609	22,241
Community Services			
Agrena/Sports Park	1,839	2,205	1,738
Community and Protective Services Administration	510	563	494
Community Social Development	877	761	645
Culture	1,411	818	888
Family and Community Support Services	1,279	1,240	1,214
Leisure Centre	3,966	4,268	3,426
Library	1,789	1,861	1,882
Recreation	1,768	1,894	1,549
	13,439	13,610	11,836
Development Services			
Economic and Business Development	1,046	1,002	1,075
Planning and Development	2,536	2,725	2,159
	3,582	3,727	3,234
	\$ 108,207	\$ 106,674	\$ 99,219