

CITY OF GRANDE PRAIRIE
Consolidated Financial Statements
December 31, 2021



CITY OF GRANDE PRAIRIE
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Year Ended December 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the Members of Council of the City of Grande Prairie

Opinion

We have audited the accompanying consolidated financial statements of the City of Grande Prairie (the City), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statements of financial activities and accumulated surplus, changes in net financial assets and changes in financial position for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2021, and the results of its financial activities and accumulated surplus, changes in net financial assets and its financial position 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 Consolidated Financial Statements* section of our report. We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those 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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the City's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the City or to cease operations, or has no realistic alternative but to do so.

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

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Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 these consolidated 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 consolidated 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 City'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 City'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 consolidated 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 City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We 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.

Fletcher Moody & LLP

Grande Prairie, Alberta
April 18, 2022

Chartered Professional Accountants



CITY OF GRANDE PRAIRIE
Consolidated Statement of Financial Position
December 31, 2021

	2021	2020
FINANCIAL ASSETS		
Cash <i>(Note 2)</i>	\$ 42,483,259	\$ 22,674,721
Portfolio investments <i>(Note 3)</i>	118,277,793	134,220,854
Receivables		
Taxes and grants in place of taxes receivable <i>(Note 4)</i>	9,878,153	9,422,840
Trade and other receivables <i>(Note 5)</i>	39,978,700	41,196,212
Agreements receivable <i>(Note 6)</i>	1,375,462	1,593,087
Assets held for resale	948,855	1,590,027
Investment in government business enterprise <i>(Note 7)</i>	130,092,980	117,175,894
	343,035,202	327,873,635
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities <i>(Note 8)</i>	19,208,030	16,814,043
Deferred revenue <i>(Note 9)</i>	40,123,063	50,807,487
Employee benefit obligations <i>(Note 10)</i>	4,424,669	4,360,262
Long-term debt <i>(Note 11)</i>	139,622,256	124,675,032
	203,378,018	196,656,824
NET FINANCIAL ASSETS	139,657,184	131,216,811
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Schedule 2)</i>	729,292,227	697,622,308
Inventory for consumption	1,298,187	1,114,427
Prepaid expenses	911,375	764,831
	731,501,789	699,501,566
NET ASSETS <i>(Schedule 1)</i>	\$ 871,158,973	\$ 830,718,377

CONTINGENT LIABILITIES *(Note 23)*

ON BEHALF OF THE CITY OF GRANDE PRAIRIE


 _____ Mayor

Please see accompanying notes to financial statements



CITY OF GRANDE PRAIRIE

Consolidated Statement of Financial Activities and Accumulated Surplus

Year Ended December 31, 2021

	<i>Budget (Unaudited - Note 22)</i>	2021	2020
	2021		
REVENUES			
Net municipal taxes <i>(Schedule 3)</i>	\$ 120,970,452	\$ 120,607,487	\$ 118,070,415
Government transfers for operating <i>(Schedule 4)</i>	6,433,401	17,828,749	21,257,423
User fees and sales of goods	15,691,489	9,631,075	9,203,345
Interest and investment income	3,702,500	3,672,342	5,030,019
Penalties and cost of taxes	1,900,000	1,701,448	1,030,622
Development levies	-	336,108	1,125,876
Fines, rentals, licenses and permits	11,955,080	9,316,741	8,284,775
Franchise and concession contracts	13,917,896	13,179,715	12,860,099
Transfers from other organizations	97,500	1,067,879	1,114,934
Other revenue	1,400,963	2,291,311	1,225,899
	<u>176,069,281</u>	<u>179,632,855</u>	<u>179,203,407</u>
EXPENDITURES			
General government and administration	23,003,689	20,287,091	21,371,034
Protective services	49,889,680	50,593,959	48,287,121
Transportation services	42,849,827	61,629,394	63,701,664
Community and social development	4,551,768	15,666,656	10,347,049
Planning and development services	3,467,912	2,996,321	3,084,520
Recreation and cultural services	42,540,200	40,610,156	38,379,241
	<u>166,303,076</u>	<u>191,783,577</u>	<u>185,170,629</u>
EXCESS (SHORTFALL) OF REVENUES OVER EXPENDITURES BEFORE THE FOLLOWING	<u>9,766,205</u>	<u>(12,150,722)</u>	<u>(5,967,222)</u>
OTHER ITEMS			
Contributed tangible capital assets	-	5,081,753	8,654,561
Loss on disposal of tangible capital assets	-	(2,048,971)	(2,684,612)
Loss on disposal of assets held for resale	-	-	(219,776)
Government transfers for capital <i>(Schedule 4)</i>	32,103,160	35,397,662	28,217,418
Subsidiary operations <i>(Note 17)</i>	3,673,050	14,160,874	11,952,884
	<u>35,776,210</u>	<u>52,591,318</u>	<u>45,920,475</u>
EXCESS OF REVENUES OVER EXPENDITURES	45,542,415	40,440,596	39,953,253
ACCUMULATED SURPLUS - BEGINNING	<u>830,718,377</u>	<u>830,718,377</u>	<u>790,765,124</u>
ACCUMULATED SURPLUS - ENDING	<u>\$ 876,260,792</u>	<u>\$ 871,158,973</u>	<u>\$ 830,718,377</u>

Please see accompanying notes to financial statements



CITY OF GRANDE PRAIRIE
Consolidated Statement of Changes in Net Financial Assets
Year Ended December 31, 2021

	<i>Budget (Unaudited - Note 22) 2021</i>	2021	2020
EXCESS OF REVENUES OVER EXPENDITURES	\$ 45,542,415	\$ 40,440,596	\$ 39,953,253
Acquisition of tangible capital assets	(41,932,491)	(63,067,608)	(38,291,704)
Contributed tangible capital assets	-	(5,081,753)	(8,654,561)
Proceeds on disposal of tangible capital assets	-	858,445	570,940
Tangible capital assets transferred to other organizations	-	1,785,147	-
Tangible capital assets reclassified as held for resale	-	262,139	1,284,727
Assets held for resale transferred to tangible capital assets	-	(903,311)	-
Amortization of tangible capital assets	-	32,428,001	30,495,966
Loss on disposal of tangible capital assets	-	2,048,971	2,684,612
	(41,932,491)	(31,669,969)	(11,910,020)
Acquisition of inventory for consumption	-	(1,967,387)	(1,837,703)
Use of inventory for consumption	-	1,783,677	1,701,721
Acquisition of prepaid assets	-	(2,614,365)	(1,846,639)
Use of prepaid assets	-	2,467,821	1,740,676
	-	(330,254)	(241,945)
	(41,932,491)	(32,000,223)	(12,151,965)
INCREASE IN NET FINANCIAL ASSETS	3,609,924	8,440,373	27,801,288
NET FINANCIAL ASSETS - BEGINNING OF YEAR	131,216,811	131,216,811	103,415,523
NET FINANCIAL ASSETS - END OF YEAR	\$ 134,826,735	\$ 139,657,184	\$ 131,216,811

Please see accompanying notes to financial statements



CITY OF GRANDE PRAIRIE
Consolidated Statement of Changes in Financial Position
Year Ended December 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 40,440,596	\$ 39,953,253
Items not affecting cash:		
Amortization of tangible capital assets	32,428,001	30,495,966
Contributed tangible capital assets	(5,081,753)	(8,654,561)
Loss on disposal of tangible capital assets	2,048,971	2,684,612
Subsidiary operations	(14,160,874)	(11,952,884)
	<u>55,674,941</u>	<u>52,526,386</u>
Change in non-cash working capital:		
Taxes and grants in place of taxes receivable	(455,313)	(1,911,677)
Trade and other receivables	1,217,512	(27,078,616)
Assets held for resale	-	300,950
Accounts payable and accrued liabilities	2,393,987	(2,035,513)
Deferred revenue	(10,684,424)	6,159,042
Employee benefit obligations	64,407	767,920
Inventory for consumption	(183,710)	(135,982)
Prepaid expenses	(146,544)	(105,963)
	<u>47,880,856</u>	<u>28,486,547</u>
INVESTING ACTIVITIES		
Agreements receivable repayments	217,625	315,202
Dividends declared by Aquatera Utilities Inc.	3,385,892	3,294,086
Assets transferred to Aquatera Utilities Inc.	(2,142,104)	(86)
	<u>1,461,413</u>	<u>3,609,202</u>
FINANCING ACTIVITIES		
Proceeds from long term financing	22,500,000	-
Long-term debt repaid	(7,552,776)	(7,696,771)
	<u>14,947,224</u>	<u>(7,696,771)</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(63,067,608)	(38,291,704)
Proceeds on disposal of tangible capital assets	858,445	570,940
Tangible capital assets transferred to other organizations	1,785,147	-
	<u>(60,424,016)</u>	<u>(37,720,764)</u>
INCREASE (DECREASE) IN CASH	3,865,477	(13,321,786)
CASH - BEGINNING OF YEAR	156,895,575	170,217,361
CASH - END OF YEAR	160,761,052	156,895,575

(continues)

Please see accompanying notes to financial statements



CITY OF GRANDE PRAIRIE

Consolidated Statement of Changes in Financial Position *(continued)*

Year Ended December 31, 2021

	2021	2020
CASH CONSISTS OF:		
Cash <i>(Note 2)</i>	\$ 42,483,259	\$ 22,674,721
Portfolio investments <i>(Note 3)</i>	<u>118,277,793</u>	<u>134,220,854</u>
	<u>\$ 160,761,052</u>	<u>\$ 156,895,575</u>

Please see accompanying notes to financial statements



CITY OF GRANDE PRAIRIE
Consolidated Schedule of Changes in Accumulated Surplus
Year Ended December 31, 2021

(Schedule 1)

	Unrestricted Surplus	Restricted Surplus	Equity in Investments	Equity in Tangible Capital Assets	2021	2020
BALANCE, BEGINNING OF YEAR	\$ 24,997,548	\$ 114,186,420	\$ 117,175,894	\$ 574,358,515	\$ 830,718,377	\$ 790,765,124
Excess of revenues over expenditures	40,440,596	-	-	-	40,440,596	39,953,253
Unrestricted funds designated for future use	(28,463,216)	28,463,216	-	-	-	-
Restricted funds used for operations	4,442,573	(4,442,573)	-	-	-	-
Share of net earnings from subsidiary	(14,160,874)	-	14,160,874	-	-	-
Dividends receivable	3,385,892	-	(3,385,892)	-	-	-
Current year funds used for tangible capital assets	(41,728,868)	-	-	41,728,868	-	-
Restricted funds used for tangible capital assets	-	(21,338,737)	-	21,338,737	-	-
Contributed tangible capital assets	(5,081,753)	-	-	5,081,753	-	-
Annual amortization expense	32,428,001	-	-	(32,428,001)	-	-
Disposal of tangible capital assets	4,051,439	-	-	(4,051,439)	-	-
Long-term debt for capital repaid	(7,335,153)	-	-	7,335,153	-	-
Long-term debt issued	22,500,000	-	-	(22,500,000)	-	-
Assets transferred to Aquatera Utilities	(2,141,974)	-	2,141,974	-	-	-
Stock dividend <i>(Note 7)</i>	(130)	-	130	-	-	-
BALANCE, END OF YEAR	\$ 33,334,081	\$ 116,868,326	\$ 130,092,980	\$ 590,863,586	\$ 871,158,973	\$ 830,718,377

Please see accompanying notes to financial statements



CITY OF GRANDE PRAIRIE
Consolidated Schedule of Tangible Capital Assets
Year Ended December 31, 2021

(Schedule 2)

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Assets Under Construction	2021	2020
COST									
BALANCE, BEGINNING	\$ 87,587,644	\$ 76,941,999	\$ 287,974,485	\$ 504,481,276	\$ 31,228,466	\$ 24,964,099	\$ 6,938,432	\$ 1,020,116,400	\$ 992,278,759
Acquisition of tangible capital assets	6,116,162	2,397,253	11,927,201	34,925,184	4,759,585	3,098,334	4,925,639	68,149,358	46,946,265
Transfers of assets under construction	-	-	37,214	1,516,374	2,805,461	50,494	(4,409,543)	-	-
Other transfers	(987,165)	-	(2,099,398)	-	-	-	-	(3,086,563)	(1,284,727)
Disposal of tangible capital assets	-	(562,863)	(1,386,370)	(940,158)	(2,724,375)	(1,861,256)	-	(7,475,022)	(17,823,897)
BALANCE, ENDING	92,716,641	78,776,389	296,453,132	539,982,676	36,069,137	26,251,671	7,454,528	1,077,704,173	1,020,116,400
ACCUMULATED AMORTIZATION									
BALANCE, BEGINNING	-	34,765,511	83,710,467	177,457,223	15,888,165	10,672,726	-	322,494,092	306,566,471
Annual amortization	-	4,029,541	6,612,870	17,230,027	3,159,325	1,396,238	-	32,428,001	30,495,966
Accumulated amortization transfers	-	-	(1,942,590)	-	-	-	-	(1,942,590)	-
Accumulated amortization on disposals	-	(113,972)	(500,293)	(645,201)	(1,994,289)	(1,313,802)	-	(4,567,557)	(14,568,345)
BALANCE, ENDING	-	38,681,080	87,880,454	194,042,049	17,053,201	10,755,162	-	348,411,946	322,494,092
NET BOOK VALUE, ENDING	\$ 92,716,641	\$ 40,095,309	\$ 208,572,678	\$ 345,940,627	\$ 19,015,936	\$ 15,496,509	\$ 7,454,528	\$ 729,292,227	\$ 697,622,308
2020 NET BOOK VALUE, ENDING	\$ 87,587,644	\$ 42,176,488	\$ 204,264,018	\$ 327,024,053	\$ 15,340,301	\$ 14,291,373	\$ 6,938,432	\$ 697,622,308	

Please see accompanying notes to financial statements



CITY OF GRANDE PRAIRIE

Consolidated Schedule of Property and Other Taxes

(Schedule 3)

Year Ended December 31, 2021

	<i>Budget (Unaudited) 2021</i>	2021	2020
Taxation			
Real property taxes	\$ 148,192,905	\$ 148,660,236	\$ 145,541,568
Linear property taxes	2,143,076	2,369,503	2,171,311
Downtown Business Revitalization Zone	360,263	318,876	371,596
Grants in place of taxes	564,258	363,541	325,181
Local improvement	-	16,650	16,700
	<u>151,260,502</u>	<u>151,728,806</u>	<u>148,426,356</u>
Requisitions			
Alberta School Foundation Fund	29,451,671	30,349,859	29,519,007
Grande Spirit Foundation	478,116	468,953	476,671
Downtown Business Revitalization Zone	360,263	302,507	360,263
	<u>30,290,050</u>	<u>31,121,319</u>	<u>30,355,941</u>
	<u>\$ 120,970,452</u>	<u>\$ 120,607,487</u>	<u>\$ 118,070,415</u>

Please see accompanying notes to financial statements



CITY OF GRANDE PRAIRIE
Consolidated Schedule of Government Transfers *(Schedule 4)*
Year Ended December 31, 2021

	<i>Budget (Unaudited) 2021</i>	2021	2020
Transfers for operating			
Provincial government	\$ 3,940,315	\$ 10,472,080	\$ 18,210,878
Federal government	57,800	3,894,343	861,282
Other local governments	2,435,286	3,462,326	2,185,263
	<u>6,433,401</u>	<u>17,828,749</u>	<u>21,257,423</u>
Transfers for capital			
Provincial government	20,650,000	24,046,414	22,909,048
Federal government	11,453,160	11,351,248	5,308,370
	<u>32,103,160</u>	<u>35,397,662</u>	<u>28,217,418</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 38,536,561</u>	<u>\$ 53,226,411</u>	<u>\$ 49,474,841</u>

Please see accompanying notes to financial statements



CITY OF GRANDE PRAIRIE
Consolidated Schedule of Expenditures by Object *(Schedule 5)*
Year Ended December 31, 2021

	<i>Budget (Unaudited)</i> 2021	2021	2020
EXPENDITURES			
Salaries, wages and benefits	\$ 92,568,011	\$ 85,162,633	\$ 85,566,436
Contracted and general services	38,720,825	34,211,519	32,808,736
Materials, goods and utilities	23,525,716	22,184,429	20,338,062
Provision for allowances	-	51,427	48,353
Transfers to individuals, local boards and other organizations	6,463,672	13,172,397	11,122,982
Bank charges and short-term interest	482,933	434,410	440,738
Interest on long-term debt	4,541,919	4,138,761	4,349,356
Amortization expense	-	32,428,001	30,495,966
	\$ 166,303,076	\$ 191,783,577	\$ 185,170,629

Please see accompanying notes to financial statements



CITY OF GRANDE PRAIRIE
Consolidated Schedule of Segment Disclosure
Year Ended December 31, 2021

(Schedule 6)

	General Government	Protective Services	Transportation Services	Community Development	Planning and Development	Recreation and Culture	Total
REVENUE							
Net municipal taxes	\$ 120,607,487	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 120,607,487
Government transfers	3,441,584	2,248,820	1,415,200	9,442,163	276,801	1,004,181	17,828,749
User fees and sales of goods	358,393	2,145,904	4,149,758	41,913	329,813	2,605,294	9,631,075
Investment income	3,376,221	-	242,700	24,517	-	28,904	3,672,342
Other revenue	16,054,095	5,292,582	2,587,242	1,900,438	241,683	1,817,162	27,893,202
	<u>143,837,780</u>	<u>9,687,306</u>	<u>8,394,900</u>	<u>11,409,031</u>	<u>848,297</u>	<u>5,455,541</u>	<u>179,632,855</u>
EXPENSES							
Salaries, wages and benefits	14,279,418	26,536,972	19,366,732	2,372,502	2,923,179	19,683,830	85,162,633
Contracted and general services	4,079,964	21,028,331	3,282,356	1,651,306	65,510	4,104,052	34,211,519
Materials, goods and utilities	434,000	1,430,975	12,532,101	2,210,119	5,632	5,571,602	22,184,429
Transfers to local boards and agencies	784,257	41,291	16,385	9,108,746	-	3,221,718	13,172,397
Interest on long-term debt	21,820	379,885	1,428,288	45,158	-	2,263,610	4,138,761
Amortization expense	493,854	1,171,936	24,725,595	278,004	-	5,758,612	32,428,001
Other expenses	193,778	4,569	277,937	821	2,000	6,732	485,837
	<u>20,287,091</u>	<u>50,593,959</u>	<u>61,629,394</u>	<u>15,666,656</u>	<u>2,996,321</u>	<u>40,610,156</u>	<u>191,783,577</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	<u>\$ 123,550,689</u>	<u>\$ (40,906,653)</u>	<u>\$ (53,234,494)</u>	<u>\$ (4,257,625)</u>	<u>\$ (2,148,024)</u>	<u>\$ (35,154,615)</u>	<u>\$ (12,150,722)</u>
2020 EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	<u>\$ 120,590,436</u>	<u>\$ (37,330,489)</u>	<u>\$ (56,971,085)</u>	<u>\$ (271,919)</u>	<u>\$ (808,882)</u>	<u>\$ (31,175,283)</u>	<u>\$ (5,967,222)</u>

Please see accompanying notes to financial statements



CITY OF GRANDE PRAIRIE
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the City of Grande Prairie (the "City") are the representations of management prepared in accordance with accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the City are as follows:

Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in net assets and changes in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the City and are, therefore, accountable to the City for the administration of their financial affairs and resources. Included within the reporting entity of the City are the following:

Grande Prairie Public Library
Grande Prairie Airport Commission

Aquatera Utilities Inc., a subsidiary corporation controlled by the City of Grande Prairie, is accounted for on a modified equity basis, consistent with the Canadian public sector accounting treatment for government business enterprises. Under the modified equity basis, the business enterprise is not consolidated, its accounting policies are not adjusted to conform with those of the City and inter-organizational transactions and balances are not eliminated.

The schedule of taxes levied also includes requisitions for education, health, social and senior foundations that are not part of the City's reporting entity.

Interdepartmental and organizational transactions and balances have been eliminated.

The consolidated financial statements also exclude trust assets that are administered for the benefit of external parties as described in Note 19.

Basis of accounting

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

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. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

(continues)



CITY OF GRANDE PRAIRIE
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Inventories for resale

Assets held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and leveling charges. Related development costs incurred to provide infrastructure such as storm sewers, roads, sidewalks and street lighting are recorded as physical assets under their respective function.

Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

Agreements receivable

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long-term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the un-matured long-term debt, less actuarial requirements for the retirement of any sinking fund debentures.

Requisition over-levy and under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and the property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

Employee future benefits

Certain employees of the City are members of the Local Authorities Pension Plan (LAPP), a multi-employer defined benefit pension plan. The President of the Alberta Treasury Board and the Minister of Finance are the legal trustees and administrators of the Plan, which is governed by a Board of Trustees. Since the Plan is a multi-employer plan, it is accounted for as a defined contribution plan and, accordingly, the City does not recognize its share of any plan surplus or deficit.

Qualifying employees of the City are members of the APEX Supplementary Pension Plan (APEX), a multi-employer defined benefit pension plan. The trustee of the plan is the Alberta Municipal Services Corporation, a subsidiary of the Alberta Urban Municipalities Association and the plan is administered by a Board of Trustees. Since the Plan is a multi-employer plan, it is accounted for as a defined contribution plan and, accordingly, the City does not recognize its share of any plan surplus or deficit.

Employees of the Grande Prairie Firefighters Association, a department of the City of Grande Prairie, are members of the Grande Prairie Firefighters Supplementary Pension Plan, a defined benefit pension plan. The plan is administered by a Board of Trustees made up of representatives of the City, the Association and independent trustees.

(continues)



CITY OF GRANDE PRAIRIE
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Contaminated sites liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring. At this time, no contaminated sites liabilities have been identified and, thus, no liability has been recorded.

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 normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets for the year.

Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life, in years, as follows:

Buildings	25 - 50
Land improvements	15 - 45
Engineered structures	5 - 75
Machinery and equipment	5 - 25
Vehicles	5 - 25

In the year of acquisition, a full year of amortization is applied. Assets under construction are not amortized until the asset is available for productive use.

The City regularly reviews its tangible capital assets for sold or scrapped assets, at which time the cost and the related accumulated amortization are removed from the accounts and any resulting gain or loss on disposal is reflected in income. No amortization is recorded in the year an asset is disposed of.

Tangible capital assets received as contributions are recorded at fair market value at the date of receipt and are also recorded as revenue.

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.

Impairment of long-lived assets

The City tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

(continues)



CITY OF GRANDE PRAIRIE
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Asset retirement obligations

The City recognizes a liability for the future environmental remediation of certain properties and for future removal and handling costs for contamination. At this time, no asset retirement obligations have been identified and, thus, no liability has been recorded.

Inventory held for consumption

Inventories of materials and supplies held for consumption are recorded at the lower of cost and replacement cost. Cost is determined on a first-in, first-out basis.

Reserves for future expenditures

Reserves are established at the discretion of Council to set aside funds for future expenditures and capital projects.

Tax revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

Requisitions operate as a flow through and are excluded from municipal revenue.

Government transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the consolidated financial statements as revenue in the period in which 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.

Measurement uncertainty

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenditures during the period. Where measurement uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. Actual results could differ from these estimates.

Significant estimates made by management in these consolidated financial statements include the provision for amortization of tangible capital assets and provisions for uncollectible trade and other receivables.

Budget

The budget amounts are presented for information purposes and have not been audited.



CITY OF GRANDE PRAIRIE
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

2. CASH

Cash held in bank accounts bears interest at rates ranging between prime less 1.89% and prime less 1.85% depending on the cash balance (2020 - prime less 1.80%).

Included in cash and portfolio investments are restricted amounts aggregating \$36,080,076 (2020 - \$46,839,314) to be used for specific projects included in deferred revenue (*Note 9*).

The City has entered into a credit facility agreement which encompasses a revolving line of credit with a maximum limit of \$5,000,000 bearing interest at the bank prime rate less 0.25% and secured by borrowing by-laws and approvals as required to be in compliance with the Alberta Municipal Government Act and its Regulations. At year-end, no amounts were withdrawn against the available balance.

3. PORTFOLIO INVESTMENTS

Portfolio investments, with a market value of \$117,446,552, are readily convertible to cash, consist of fixed income investments and Canadian treasury bills, have a weighted average investment yield of 1.59% (2020 - 2.02%) per annum and mature between July, 2022 and July, 2035.

Included in cash and portfolio investments are restricted amounts aggregating \$36,080,076 (2020 - \$46,839,314) to be used for specific projects included in deferred revenue (*Note 9*).

In addition, the City holds \$1,306,358 (2020 - \$1,614,904) that is held in trust as described in Note 19.

4. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2021	2020
Current taxes and grants in place of taxes	\$ 6,065,036	\$ 5,607,976
Arrears	3,813,117	3,814,864
	\$ 9,878,153	\$ 9,422,840

5. TRADE AND OTHER RECEIVABLES

	2021	2020
Trade and other receivables	\$ 9,616,112	\$ 7,064,386
Government grants receivable	25,742,379	29,780,460
Dividends receivable	3,385,892	3,294,086
Goods and services tax	798,386	328,845
Accrued investment earnings	1,402,603	1,667,106
Less: allowances for uncollectible trade and other receivables	(966,672)	(938,671)
	\$ 39,978,700	\$ 41,196,212



CITY OF GRANDE PRAIRIE
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

6. AGREEMENTS RECEIVABLE

	2021	2020
RCMP	\$ 1,193,615	\$ 1,400,511
Swan City Hockey Association	181,847	181,847
Army, Navy and Airforce Veterans Unit #389	-	10,729
	1,375,462	1,593,087
Agreements receivable due in one year	(231,457)	(222,030)
	\$ 1,144,005	\$ 1,371,057

Estimated principal amounts to be received are as follows:

2022	\$ 231,457
2023	269,353
2024	282,070
2025	295,388
2026	297,194
	\$ 1,375,462

The RCMP agreement receivable is for a portion of the costs of the RCMP facility as agreed to by the parties. The amount is based on a proportion of specific debentures issued by the City to the Province of Alberta, is unsecured, bears interest at a weighted average rate equal to the corresponding ACFA debentures of 4.00% per annum, with repayment to be proportionate to the total annual principal and interest repayments on the specific debentures and matures in 2026. The actual amount receivable will be determined annually based on certain criteria established between the parties. Management has determined this estimate based on the best information available at year-end date. Any change to the estimate will be accounted for as a current transaction in the period the change becomes known.

The Swan City Hockey Association agreement receivable is secured by a seat on the Board of Directors, bears interest at a rate of 4.25%, with quarterly blended payments of \$12,105 and matures in 2026. During the year, the City agreed to defer the quarterly payments with repayment commencing in 2022.

Capital agreements above consist of the RCMP and the Army, Navy and Airforce Veterans Unit #389 for a total of \$1,193,615 (2020 - \$1,411,239) (*Note 13*).



CITY OF GRANDE PRAIRIE
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

7. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISE

	2021	2020
Aquatera Utilities Inc. - 71.96% ownership (2020 - 71.85%)		
122,918 common shares (2020 - 110,001)	\$ 1,230	\$ 1,100
131,915 preferred shares (2020 - 118,998)	131,914,866	118,997,910
Cumulative share of earnings	132,423,533	118,262,659
Cumulative share of dividends declared	(134,246,649)	(120,085,775)
	\$ 130,092,980	\$ 117,175,894

On December 31, 2021, the City transferred assets with a carrying value of \$2,141,974 to Aquatera Utilities Inc. in exchange for 2,142 common and 2,142 preferred shares. Immediately prior to the asset transfer, Aquatera Utilities Inc. declared a stock dividend, under which the City received 10,775 common and 10,775 preferred shares with a carrying value of \$10,775,053 in aggregate.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021	2020
Trade payables and other accrued liabilities	\$ 12,692,020	\$ 10,759,482
Construction holdbacks payable	2,385,852	865,894
Accrued payroll	3,327,816	4,307,793
Accrued interest payable	802,342	880,874
	\$ 19,208,030	\$ 16,814,043

9. DEFERRED REVENUE

	2021	2020
Deferred sales and user charges	\$ 4,042,987	\$ 3,968,173
Deferred operating grants	2,379,792	4,883,057
Deferred MSI capital grant	20,321,110	16,353,807
Deferred CCBF capital grant	9,713,123	6,730,277
Deferred ICIP capital grant	1,697,812	7,310,182
Deferred MSP capital grant	488,614	8,033,826
Other deferred capital grants	1,479,625	3,528,165
	\$ 40,123,063	\$ 50,807,487

Deferred sales and user charges consist of amounts received by or committed to the City which are taken into revenue in the period in which they are earned and corresponding expenditures incurred. Unexpended funds related to deferred grants are fully supported by cash and portfolio investments held exclusively for these projects.

Deferred operating grants consist of restricted amounts for specific affordable housing and homelessness initiatives.

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CITY OF GRANDE PRAIRIE
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

9. DEFERRED REVENUE *(continued)*

Municipal Sustainability Initiative (MSI)

Capital funding in the amount of \$17,864,863 (2020 - \$14,190,806) was committed to the City in the current year from the Municipal Sustainability Initiative, as approved under the funding agreement. Unexpended funds related to this advance, and amounts from prior periods carried forward are supported by cash and portfolio investments held exclusively for these projects, which are scheduled for completion in subsequent periods.

Canada Community Building Fund (CCBF, formerly the Federal Gas Tax Fund)

Capital funding in the amount of \$8,089,424 (2020 - \$3,951,953) was received in the current year from the Canada Community Building Fund. Unexpended funds related to this advance, and amounts from prior periods carried forward are supported by cash and portfolio investments held exclusively for these projects, which are scheduled for completion in subsequent periods.

Investing in Canada Infrastructure Program (ICIP)

Capital funding in the amount of \$NIL (2020 - \$7,310,182) was committed to the City in the current year from the COVID-19 Resilience Stream. Unexpended funds related to this advance are supported by cash and portfolio investments held exclusively for these projects, which are scheduled for completion in subsequent periods.

Municipal Stimulus Program (MSP)

Capital funding in the amount of \$NIL (2020 - \$8,212,428) was committed to the City in the current year from the Municipal Stimulus Program. Unexpended funds related to this advance are supported by cash and portfolio investments held exclusively for these projects, which are scheduled for completion in subsequent periods.

Other deferred capital grants consist of restricted amounts for specific capital projects.

10. EMPLOYEE BENEFIT OBLIGATIONS

Vacation and overtime

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year.

Post-employment benefits

The City pays 100% of the premiums for retiree life insurance benefits to qualifying retirees for a two-year period after termination of employment. The City's cost of these benefits is recognized as a program expenditure as the coverage is incurred.

Total benefit payments on behalf of retirees during the year were \$26,099 (2020 - \$30,244).



CITY OF GRANDE PRAIRIE
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

11. LONG-TERM DEBT

	2021	2020
Tax supported debentures	\$ 117,122,256	\$ 124,675,032
Canadian Imperial Bank of Commerce Infrastructure loan	10,000,000	-
Canadian Imperial Bank of Commerce Bankers' Acceptance	12,500,000	-
	139,622,256	124,675,032
Long-term debt due in one year	(29,893,479)	(7,552,804)
Long-term debt due thereafter	\$ 109,728,777	\$ 117,122,228

Principal repayment terms are approximately:

	Principal	Interest	Total
2022	\$ 29,893,479	\$ 3,883,574	\$ 33,777,053
2023	6,832,855	3,595,680	10,428,535
2024	6,635,917	3,335,447	9,971,364
2025	6,392,062	3,095,629	9,487,691
2026	6,046,173	2,869,102	120,291,823
Thereafter	83,821,770	27,284,778	111,106,548
	\$ 139,622,256	\$ 44,064,210	\$ 295,063,014

Debenture debt is repayable to the Province of Alberta and bears interest at rates ranging from 2.18% to 6.25% per annum and matures in years 2022 through 2049.

The CIBC Infrastructure loan is payable in interest only payments bearing interest at a rate of prime less 0.25% with a Banker's Acceptance Interest Rate Swap (BAIRS) window of June 1 to August 31, 2022. During that window the City may choose to swap the interest only loan for a loan between \$13,500,000 and \$14,000,000 bearing interest at a rate of 2.59% plus a 0.60% stamping fee.

The CIBC Bankers' Acceptance is a 30 day rolling loan with a 0.72% stamping fee. Subsequent to year-end, the City entered into a BAIRS with an effective date of June 30 for a loan amount of \$12,500,000 bearing interest at a rate of 2.94% plus a 0.72% stamping fee.

BAIRS have the ability to be terminated by the City and would result in the need to repay both the outstanding loan amount (notional value) and settle up the potential breakage cost/benefit of the BAIRS. The potential breakage cost/benefit is dependent upon prevailing interest rates and can fluctuate from a loss to a gain dependent upon the market interest rates. If the City were to have terminated these loans as at December 31, 2021, a loss of \$483,509 would have been incurred. The City does not have any plans to terminate these products and intends to carry them for the full term.

Debenture debt is issued on the credit and security of the City at large.

Cash paid for interest on long-term debt amounted to \$4,186,072 (2020 - \$4,505,382).

Included in long-term debt is a loan in the amount of \$12,698,420 (2020 - \$13,705,911) that was entered into on behalf of the Grande Prairie Airport Commission and is being repaid by the Commission.



CITY OF GRANDE PRAIRIE
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

12. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the City of Grande Prairie be disclosed as follows:

	2021	2020
Total debt limit	\$ 269,067,800	\$ 269,688,351
Total debt	(139,622,256)	(124,675,032)
Amount debt limit remaining	\$ 129,445,544	\$ 145,013,319
Debt servicing limit	\$ 44,844,633	\$ 44,948,059
Debt servicing	(33,777,053)	(11,738,876)
Service on debt limit remaining	\$ 11,067,580	\$ 33,209,183

The debt limit is calculated at 1.5 times revenue of the City (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the consolidated financial statements must be interpreted as a whole.

13. EQUITY IN TANGIBLE CAPITAL ASSETS

	2021	2020
Tangible capital assets (<i>Schedule 2</i>)	\$ 729,292,227	\$ 697,622,308
Capital agreements receivable (<i>Note 6</i>)	1,193,615	1,411,239
Long-term debt issued for capital purposes	(139,622,256)	(124,675,032)
	\$ 590,863,586	\$ 574,358,515



CITY OF GRANDE PRAIRIE
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

14. RESTRICTED SURPLUS

Council has set aside funds as an internal allocation of accumulated surplus as follows:

	Balance Beginning	Additions	Reductions	Balance Closing
Cemetery perpetual care	\$ 3,531,763	\$ 303,172	\$ -	\$ 3,834,935
Facility renewal	7,507,735	7,744,309	5,806,110	9,445,934
Financial stabilization	16,877,009	334,915	600,000	16,611,924
Fleet management system	11,281,660	3,576,137	3,736,600	11,121,197
Future expenditures	50,361,342	13,727,102	12,023,981	52,064,463
Pinnacle Ridge special tax	33,174	9,738	-	42,912
Public	3,054,192	61,695	-	3,115,887
Public art	161,912	18,407	1,297	179,022
Public housing commission	295,748	4,474	150,000	150,222
Transportation system levies	10,355,488	1,329,905	1,156,153	10,529,240
	<u>103,460,023</u>	<u>27,109,854</u>	<u>23,474,141</u>	<u>107,095,736</u>
Library	1,906,626	17,699	241,992	1,682,333
Airport	8,819,771	1,335,663	2,065,177	8,090,257
	<u>\$ 114,186,420</u>	<u>\$ 28,463,216</u>	<u>\$ 25,781,310</u>	<u>\$ 116,868,326</u>



CITY OF GRANDE PRAIRIE
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

15. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	Salary	Benefits and Allowances	2021	2020
Mayor:				
B. Given	\$ 4,104	\$ 216	\$ 4,320	\$ 123,271
J. Clayton	108,876	13,324	122,200	-
Councillors:				
G. Berg	12,982	1,960	14,942	-
C. Blackburn	28,982	3,605	32,587	71,053
G. Blackmore	11,482	1,878	13,360	-
W. Bosch	12,982	1,960	14,942	-
D. Bressey	65,272	8,698	73,970	72,753
J. Clayton	-	-	-	72,153
E. Friesen	53,987	7,050	61,037	67,919
J. Lehnrs	12,982	1,330	14,312	-
Y. Minhas	53,987	6,882	60,869	71,753
M. O'Connor	14,182	1,247	15,429	-
K. O'Toole	63,799	8,698	72,497	73,753
W. Pilat	54,087	7,055	61,142	71,753
C. Thiessen	64,072	8,698	72,770	73,753
City Manager:	313,711	46,846	360,557	364,631
Designated officers:	495,028	98,181	593,209	558,330

Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

Benefits and allowances includes employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.

Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, travel allowances and car allowances.

Designated officers include the Chief Financial Officer, City Assessor and City Clerk, consisting of three full-time equivalent positions (2020 - 3 FTE).



CITY OF GRANDE PRAIRIE
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

16. EMPLOYEE FUTURE BENEFITS

a) 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 Alberta Public Sector Pension Plans Act. The LAPP serves about 275,863 people and 433 employers. The LAPP is financed by employer and employee contributions and by investment earnings from the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

The City is required to make current service contributions to the LAPP of 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% on pensionable earnings above this amount. Employees of the City are required to make current service contributions of 8.39% of pensionable salary up to the year's maximum pensionable salary and 12.84% on pensionable salary above this amount.

Total current service contributions by the City to the LAPP in 2021 were \$6,168,635 (2020 - \$6,052,000). Total current service contributions by the employees of the City to the Local Authorities Pension Plan in 2021 were \$5,604,842 (2020 - \$5,501,166).

At December 31, 2020, the LAPP disclosed an actuarial surplus of \$5.0 billion (2019 surplus - \$7.9 billion).

Effective January 1, 2022, member contribution rates will be reduced to 7.45% of pensionable earnings up to the year's maximum pensionable earnings and 11.80% thereafter for employees and to 8.45% of pensionable earnings up to the year's maximum pensionable earnings and 12.80% thereafter for employees.

b) APEX Supplementary Pension Plan

Eligible employees may also elect to participate in the voluntary APEX Supplementary Pension Plan offered through the Alberta Urban Municipalities Association, which is covered by the Public Sector Pension Plans Act. The plan serves about 1,382 people and 71 employers. It is funded by employer and employee contributions and investment earnings on the APEX fund.

The City is required to make current service contributions of 3.85% of pensionable earnings up to the year's maximum pensionable earnings of \$162,278 (2020 - \$154,611) for those employees who have elected to participate in the Plan. No contributions are required on earnings above the maximum threshold.

Employees of the City electing to participate in the Plan are required to make current service contributions of 2.61% of pensionable earnings up to the year's maximum pensionable earnings of \$162,278 (2020 - \$154,611). No contributions are required on earnings above the maximum threshold.

Total current and past service contributions made by the City to APEX in 2021 were \$456,247 (2020 - \$433,356). The current and past service contributions by employees of the City to APEX in 2021 were \$309,300 (2020 - \$293,784).

At December 31, 2020, the Plan disclosed an actuarial deficiency of \$2,624,114 (2019 deficiency - \$605,073).

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CITY OF GRANDE PRAIRIE
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

16. EMPLOYEE FUTURE BENEFITS *(continued)*

c) Grande Prairie Firefighters Supplementary Pension Plan

Effective January 1, 2004, the City initiated a defined benefit pension plan on behalf of employees of the Grande Prairie Firefighters Association.

The City is required to make current service contributions to the Plan of 2.808% of pensionable earnings, with no annual maximum limit. Plan members are required to make current service contributions of 2.297% of pensionable earnings with no annual maximum limit and are responsible for 100% of past service contributions.

Total current service contributions made by the City to the Firefighters Supplementary Pension Plan in 2021 were \$314,106 (2020 - \$299,409). Total current contributions by the employees of the City to the Plan in 2021 were \$256,945 (2020 - \$244,924).

At December 31, 2020, the Plan disclosed a non-actuarial surplus of \$117,306 (2019 actuarial surplus - \$117,444). The City and the plan members have agreed to share the cost of future service and future additional unfunded liabilities 55% by the City and 45% by plan members. It is management's opinion that the City's proportionate share of any such unfunded liability as at December 31, 2021 would not have significant impact on the financial position of the City.

17. SUBSIDIARY OPERATIONS

Aquatera Utilities Inc. was established in 2003 by the City of Grande Prairie to provide water, wastewater and solid waste management services to the City, County of Grande Prairie No. 1, Town of Sexsmith, other municipalities and commercial users.

The following is a summary of condensed financial information related to the City's proportionate share in Aquatera Utilities Inc. for the year ended December 31, 2021:

	2021	2020
Financial Position:		
Financial assets	\$ 67,103,265	\$ 72,710,742
Physical assets	281,123,189	266,213,979
Total assets	348,226,454	338,924,721
Current liabilities, including callable debt	76,447,137	84,217,485
Deferred revenue of capital contributions	137,311,056	132,726,055
Landfill closure and post-closure liability	4,375,281	4,805,287
Total liabilities	218,133,474	221,748,827
Net assets	\$ 130,092,980	\$ 117,175,894

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CITY OF GRANDE PRAIRIE
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

17. SUBSIDIARY OPERATIONS *(continued)*

	2021	2020
Results of Operations:		
Revenue	\$ 46,052,294	\$ 44,862,753
Amortization expense	(7,653,928)	(7,505,184)
Finance costs	994,117	709,981
Net subsidiary operations	57,825	(1,052,560)
Operating expenses	(25,289,434)	(25,062,106)
	\$ 14,160,874	\$ 11,952,884

Annual dividends were declared in the year in the amount of \$3,385,892 (2020 - \$3,294,086). At year-end, the dividends declared had not been received.

Aquatera Utilities Inc. has recognized a decommissioning liability for the estimated expected costs for closure and post-closure activities of the landfill site. These estimated costs are based on estimates and assumptions related to future events and using information currently available to management. Future events may result in significant changes to the estimated total costs and the estimated liability.

Aquatera Utilities Inc. estimates the discounted amount of cash required to settle its decommissioning liability to be approximately \$5,729,443 (2020 - \$6,063,872), calculated using inflation rates of 2.00% and a long-term discount rate of 5.00% per annum.

The majority of closure costs are related to cells 1 - 9 of the landfill and are expected to occur in approximately ten years dependent upon future usage rates. Annual post-closure costs are expected to extend to 25 years beyond closure of the landfill in accordance with Alberta Environment regulations. The expected capacity remaining is 649,203 (2020 - 719,777) metric tonnes with an annual estimated utilization of 64,920 metric tonnes. The current year liability and capacity reflects cells 1 - 9 with a total further capacity of approximately 7.5 million metric tonnes and a total lifespan of approximately 50 years once cells 10 - 17 are completed.



CITY OF GRANDE PRAIRIE
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

18. RELATED PARTY TRANSACTIONS

The following is a summary of transactions and balances with related and other parties for the year ended December 31, 2021:

	2021	2020
Aquatera Utilities Inc. <i>(a government business enterprise controlled by the City)</i>		
Franchise fee revenue, including amounts in lieu of taxes	\$ 3,423,817	\$ 3,414,204
Cost recovery	355,228	-
Utility and other expenses	720,962	1,040,585
Dividends declared	3,385,892	3,294,086
Trade and other accounts receivable	4,213,833	3,549,326
Trade accounts payable	33,563	87,867

Transactions and balances with Aquatera Utilities Inc. are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The summary of specific transactions with regional municipalities is not intended to be representative of all transactions undertaken with these or other municipalities, but is intended to identify only specific transactions that management has identified as relevant to the users of these consolidated financial statements.

19. FUNDS HELD IN TRUST

The City administers the following trusts on behalf of third parties. As related trust assets are not owned by the City, the trusts have been excluded from the consolidated financial statements. The following table provides a summary of the transactions within these trusts during the year:

	Balance Beginning	Receipts	Disbursements	Balance Closing
Facility deposits and registrations	\$ 11,814	\$ 93,646	\$ 105,460	\$ -
Community funds and endowments	1,481,518	58,615	233,775	1,306,358
Advance ticket sales	121,572	403,761	525,333	-
	\$ 1,614,904	\$ 556,022	\$ 864,568	\$ 1,306,358



CITY OF GRANDE PRAIRIE
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

20. FINANCIAL INSTRUMENTS

The City's financial instruments consist of cash and portfolio investments, accounts receivable, investments, agreements receivable, accounts payable and accrued liabilities, deposit liabilities and long-term debt. It is management's opinion that the City is not exposed to significant currency risks arising from these financial instruments.

The City is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. 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 and diversity of taxpayers and customers minimizes this credit risk.

The City is subject to interest rate risk with respect to Bankers' Acceptance Interest Rate Swap agreements.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk; currency rate risk, interest rate risk and other price risk. The City is mainly exposed to interest rate risk and other price risk with respect to its portfolio investments.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

21. SEGMENTED DISCLOSURE

The City of Grande Prairie is a diversified municipal government that provides a wide range of services to its citizens. The Schedule of Segmented Disclosure (Schedule 6) has been prepared in accordance with PS 2700 Segmented Disclosures and is intended to help users of the consolidated financial statements identify the resources allocated to support major activities of the City and allow users to make more informed judgments regarding the government reporting entity.

Segmented information has been identified based on functional activities provided by the City. For each reported segment, revenues and expenses represent amounts that are directly attributable to the segments and amounts that are allocated on a reasonable basis. The functional areas that have been separately disclosed in the segmented information, along with services they provide are as follow:

General Government

General Government is comprised of Council, City Manager, Corporate Communications, Information Technology, Financial Services, Assessment and Taxation, Procurement, Human Resources, Legislative Services, Insurance and Risk Management, Organizational Efficiency and other corporate functions that provide for the overall operation of the City.

Protective Services

Protective Services is comprised of Fire, Police, Emergency Management, Bylaw Enforcement, Business Licenses, Animal Control and Building Inspections.

Transportation Services

Transportation Services is comprised of Engineering Services, Roads, Public Transit, Fleet, Storm Water and Airport Operations.

(continues)



CITY OF GRANDE PRAIRIE
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

21. SEGMENTED DISCLOSURE *(continued)*

Community Development

Community Development is comprised of Family and Community Support Services, Cemetery and other community supports.

Planning and Development

Planning and Development is comprised of Economic Development, Municipal Planning and Land Development.

Recreation and Culture

Recreation and Culture is comprised of Parks Operations, Arenas, Community Knowledge Campus, Library, and other activities related to providing recreational and cultural opportunities in the City.

22. BUDGETED ANNUAL SURPLUS

The annual operating budget is prepared based upon the City's annual fiscal plan, therefore, a reconciliation of the budgeted surplus as disclosed in these consolidated financial statements to the budget as approved by Council is required under Public Sector Accounting Board standards.

	2021
Budget surplus per consolidated financial statements	\$ 45,542,415
Transfers to reserves	(6,679,731)
Transfers from reserves	2,370,510
Internal charges	(5,795,033)
Internal recoveries	5,795,033
Capital investment income	(10,000,000)
Capital project expenses	6,775,193
Budgeted capital transfers	(32,103,160)
Debt principal payments	(8,027,319)
Subsidiary budget - Library	73,100
Subsidiary budget - Airport	567,891
Budgeted revenue earned from subsidiaries	1,481,101
City operating budget, approved by Council (November 30, 2020)	\$ -



CITY OF GRANDE PRAIRIE
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

23. CONTINGENT LIABILITIES

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.

The City has been named defendant in various lawsuits as at December 31, 2021. While it is not possible to estimate the ultimate liability with respect to the pending litigation, based on evaluation and correspondence with the City's various legal counsel, management indicates that it is unlikely that there will be a materially adverse effect on the financial position of the City. The ultimate settlement of these lawsuits, if any, will be recorded in the period the details become known.

24. COMMITMENTS

The City has entered into various leases and other agreements as part of its on-going operations. It is the opinion of management that there are no commitments that will have a materially adverse effect on the financial position of the City.

25. COVID-19

On March 11, 2020, COVID-19 was declared a global pandemic. There continues to be significant financial impact to the local, national and global economies. The pandemic is on-going and the future impacts on the City's operations remains uncertain and management continues to take measures to protect its operations and mitigate the market and credit risks that have arisen.

26. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.



202112 City of Grande Prairie FS

Final Audit Report

2022-05-16

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