

**CITY OF GRANDE PRAIRIE**  
**Consolidated Financial Statements**  
**December 31, 2022**

**CITY OF GRANDE PRAIRIE**  
**Index to Consolidated Financial Statements**  
**Year Ended December 31, 2022**

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## INDEPENDENT AUDITORS' REPORT

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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, 2022, and the consolidated statements of financial activities, remeasurement gains and losses, changes in 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, 2022, 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 *Independent 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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*Independent 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 Mundy & LLP*

Grande Prairie, Alberta  
May 1, 2023

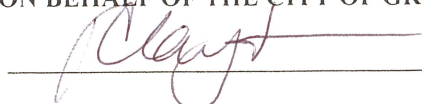
Chartered Professional Accountants

**CITY OF GRANDE PRAIRIE**  
**Consolidated Statement of Financial Position**  
**December 31, 2022**

	2022	2021
<b>FINANCIAL ASSETS</b>		
Cash (Note 2)	\$ 37,754,175	\$ 42,483,259
Portfolio investments (Note 3)	115,518,298	118,277,793
Receivables		
Taxes and grants in place of taxes receivable (Note 4)	10,546,572	9,878,153
Trade and other receivables (Note 5)	26,794,451	39,978,700
Agreements receivable (Note 6)	1,156,373	1,375,462
Assets held for resale	686,716	948,855
Investment in government business enterprise (Note 7)	137,607,338	130,092,980
	<u>330,063,923</u>	<u>343,035,202</u>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 8)	25,567,153	19,208,030
Deferred revenue (Note 9)	20,310,952	40,123,063
Employee benefit obligations (Note 10)	4,887,756	4,424,669
Long-term debt (Note 11)	138,565,262	139,622,256
	<u>189,331,123</u>	<u>203,378,018</u>
<b>NET FINANCIAL ASSETS</b>	<u>140,732,800</u>	<u>139,657,184</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	745,957,569	729,292,227
Inventory for consumption	1,259,534	1,298,187
Prepaid expenses	1,116,304	911,375
	<u>748,333,407</u>	<u>731,501,789</u>
<b>NET ASSETS</b>	<u>\$ 889,066,207</u>	<u>\$ 871,158,973</u>

CONTINGENT LIABILITIES (Note 23)

ON BEHALF OF THE CITY OF GRANDE PRAIRIE

 Mayor

*Please see accompanying notes to financial statements*

An independently owned member  
RSM Canada Alliance



**CITY OF GRANDE PRAIRIE**  
**Consolidated Statement of Financial Activities**  
**Year Ended December 31, 2022**

	<i>Budget (Unaudited - Note 22)</i>		
	2022	2022	2021
<b>REVENUES</b>			
Net municipal taxes ( <i>Schedule 3</i> )	\$ 123,810,756	\$ 121,844,203	\$ 120,607,487
Government transfers for operating ( <i>Schedule 4</i> )	12,904,751	13,602,346	17,828,749
User fees and sales of goods	13,271,839	15,274,767	9,631,075
Interest and investment income	2,852,500	3,685,299	3,672,342
Penalties and cost of taxes	2,046,000	2,331,506	1,701,448
Development levies	-	466,967	336,108
Fines, rentals, licenses and permits	15,122,149	11,881,348	9,316,741
Franchise and concession contracts	15,045,257	15,410,015	13,179,715
Transfers from other organizations	68,000	256,746	1,067,879
Other revenue	786,052	311,969	2,291,311
	<u>185,907,304</u>	<u>185,065,166</u>	<u>179,632,855</u>
<b>EXPENDITURES</b>			
General government and administration	23,930,882	29,790,146	20,287,091
Protective services	52,473,382	53,194,476	50,593,959
Transportation services	36,416,997	70,283,630	61,629,394
Community and social development	9,997,018	10,383,843	15,666,656
Planning and development services	3,264,142	3,684,624	2,996,321
Recreation and cultural services	44,104,512	49,380,213	40,610,156
	<u>170,186,933</u>	<u>216,716,932</u>	<u>191,783,577</u>
<b>EXCESS (SHORTFALL) OF REVENUES OVER EXPENDITURES BEFORE THE FOLLOWING</b>	<u>15,720,371</u>	<u>(31,651,766)</u>	<u>(12,150,722)</u>
<b>OTHER ITEMS</b>			
Contributed tangible capital assets	-	1,260,472	5,081,753
Gain (loss) on disposal of tangible capital assets	-	208,509	(2,048,971)
Gain on disposal of assets held for resale	-	704,279	-
Government transfers for capital ( <i>Schedule 4</i> )	23,442,700	33,650,681	35,397,662
Subsidiary operations ( <i>Note 17</i> )	3,398,050	11,339,090	14,160,874
	<u>26,840,750</u>	<u>47,163,031</u>	<u>52,591,318</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>\$ 42,561,121</u>	<u>\$ 15,511,265</u>	<u>\$ 40,440,596</u>

*Please see accompanying notes to financial statements*

An independently owned member  
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**CITY OF GRANDE PRAIRIE**  
**Consolidated Statement of Remeasurement Gains and Losses**  
**Year Ended December 31, 2022**

	2022	2021
<b>REMEASUREMENT GAINS AND LOSSES - BEGINNING OF YEAR</b>	\$ -	\$ -
Unrealized gains attributable to:		
Fair market value adjustment of interest rate swap	2,395,969	-
<b>ACCUMULATED REMEASUREMENT GAINS AND LOSSES - END OF YEAR</b>	<b>\$ 2,395,969</b>	<b>\$ -</b>

*Please see accompanying notes to financial statements*

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**CITY OF GRANDE PRAIRIE**  
**Consolidated Statement of Changes in Accumulated Surplus**  
**Year Ended December 31, 2022**

	2022	2021
<b>ACCUMULATED SURPLUS - BEGINNING OF YEAR</b>	\$ 871,158,973	\$ 830,718,377
Excess of revenues over expenditures	<u>15,511,265</u>	<u>40,440,596</u>
<b>ACCUMULATED OPERATING SURPLUS</b>	886,670,238	871,158,973
Accumulated remeasurement gains	<u>2,395,969</u>	<u>-</u>
<b>ACCUMULATED SURPLUS - END OF YEAR</b>	<u>\$ 889,066,207</u>	<u>\$ 871,158,973</u>

*Please see accompanying notes to financial statements*

An independently owned member  
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**CITY OF GRANDE PRAIRIE**  
**Consolidated Statement of Changes in Net Financial Assets**  
**Year Ended December 31, 2022**

	<i>Budget (Unaudited - Note 22) 2022</i>	<b>2022</b>	<b>2021</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>\$ 42,561,121</b>	<b>\$ 15,511,265</b>	<b>\$ 40,440,596</b>
Acquisition of tangible capital assets	(48,606,500)	(49,925,427)	(63,067,608)
Contributed tangible capital assets	-	(1,260,472)	(5,081,753)
Proceeds on disposal of tangible capital assets	-	772,938	858,445
Tangible capital assets transferred to other organizations	-	-	1,785,147
Tangible capital assets reclassified as held for resale	-	-	262,139
Assets held for resale transferred to tangible capital assets	-	-	(903,311)
Amortization of tangible capital assets	-	33,956,128	32,428,001
Loss (gain) on disposal of tangible capital assets	-	(208,509)	2,048,971
	(48,606,500)	(16,665,342)	(31,669,969)
Acquisition of inventory for consumption	-	(914,452)	(1,967,387)
Use of inventory for consumption	-	953,105	1,783,677
Acquisition of prepaid expenses	-	(2,541,501)	(2,614,365)
Use of prepaid expenses	-	2,336,572	2,467,821
Unrealized remeasurement gain/loss	-	2,395,969	-
	-	2,229,693	(330,254)
	(48,606,500)	(14,435,649)	(32,000,223)
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	(6,045,379)	1,075,616	8,440,373
<b>NET FINANCIAL ASSETS - BEGINNING OF YEAR</b>	139,657,184	139,657,184	131,216,811
<b>NET FINANCIAL ASSETS - END OF YEAR</b>	<b>\$ 133,611,805</b>	<b>\$ 140,732,800</b>	<b>\$ 139,657,184</b>

*Please see accompanying notes to financial statements*

An independently owned member  
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**CITY OF GRANDE PRAIRIE**  
**Consolidated Statement of Changes in Financial Position**  
**Year Ended December 31, 2022**

	2022	2021
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenditures	\$ 15,511,265	\$ 40,440,596
Items not affecting cash:		
Amortization of tangible capital assets	33,956,128	32,428,001
Fair value adjustment of interest rate swap	2,395,969	-
Contributed tangible capital assets	(1,260,472)	(5,081,753)
Loss (gain) on disposal of tangible capital assets	(208,509)	2,048,971
Subsidiary operations	(11,339,090)	(14,160,874)
	<u>39,055,291</u>	<u>55,674,941</u>
Change in non-cash working capital:		
Taxes and grants in place of taxes receivable	(668,419)	(455,313)
Trade and other receivables	13,184,249	1,217,512
Assets held for resale	262,139	-
Accounts payable and accrued liabilities	6,359,123	2,393,987
Deferred revenue	(19,812,111)	(10,684,424)
Employee benefit obligations	463,087	64,407
Inventory for consumption	38,652	(183,710)
Prepaid expenses	(204,929)	(146,544)
	<u>38,677,082</u>	<u>47,880,856</u>
<b>INVESTING ACTIVITIES</b>		
Agreements receivable repayments	219,090	217,625
Dividends declared by Aquatera Utilities Inc.	3,903,212	3,385,892
Assets transferred to Aquatera Utilities Inc.	(78,480)	(2,142,104)
	<u>4,043,822</u>	<u>1,461,413</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from long term financing	6,600,000	22,500,000
Long-term debt repaid	(7,656,994)	(7,552,776)
	<u>(1,056,994)</u>	<u>14,947,224</u>
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(49,925,427)	(63,067,608)
Proceeds on disposal of tangible capital assets	772,938	858,445
Tangible capital assets transferred to other organizations	-	1,785,147
	<u>(49,152,489)</u>	<u>(60,424,016)</u>
<b>INCREASE (DECREASE) IN CASH</b>	<u>(7,488,579)</u>	<u>3,865,477</u>
<b>CASH - BEGINNING OF YEAR</b>	<u>160,761,052</u>	<u>156,895,575</u>
<b>CASH - END OF YEAR</b>	<u>\$ 153,272,473</u>	<u>\$ 160,761,052</u>

*(continues)*

*Please see accompanying notes to financial statements*

An independently owned member  
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**CITY OF GRANDE PRAIRIE**  
**Consolidated Statement of Changes in Financial Position** *(continued)*  
**Year Ended December 31, 2022**

	2022	2021
<b>CASH CONSISTS OF:</b>		
Cash <i>(Note 2)</i>	\$ 37,754,175	\$ 42,483,259
Portfolio investments <i>(Note 3)</i>	<u>115,518,298</u>	<u>118,277,793</u>
	<u>\$ 153,272,473</u>	<u>\$ 160,761,052</u>

*Please see accompanying notes to financial statements*

An independently owned member  
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**CITY OF GRANDE PRAIRIE**  
**Consolidated Schedule of Changes in Accumulated Operating Surplus**  
**Year Ended December 31, 2022**

(Schedule 1)

	Unrestricted Surplus	Restricted Surplus	Equity in Investments	Equity in Tangible Capital Assets	2022	2021
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 33,334,081	\$ 116,868,326	\$ 130,092,980	\$ 590,863,586	\$ 871,158,973	\$ 830,718,377
Excess of revenues over expenditures	15,511,265	-	-	-	15,511,265	40,440,596
Unrestricted funds designated for future use	(31,011,050)	31,011,050	-	-	-	-
Restricted funds used for operations	7,874,598	(7,874,598)	-	-	-	-
Share of net earnings from subsidiary	(11,339,090)	-	11,339,090	-	-	-
Dividends receivable	3,903,212	-	(3,903,212)	-	-	-
Current year funds used for tangible capital assets	(21,717,974)	-	-	21,717,974	-	-
Restricted funds used for tangible capital assets	-	(28,207,453)	-	28,207,453	-	-
Contributed tangible capital assets	(1,260,472)	-	-	1,260,472	-	-
Annual amortization expense	33,956,128	-	-	(33,956,128)	-	-
Disposal of tangible capital assets	564,429	-	-	(564,429)	-	-
Long-term debt for capital repaid	(7,440,147)	-	-	7,440,147	-	-
Long-term debt issued	6,600,000	-	-	(6,600,000)	-	-
Assets transferred to Aquatera Utilities	(78,406)	-	78,406	-	-	-
Stock dividend (Note 7)	(74)	-	74	-	-	-
<b>BALANCE, END OF YEAR</b>	\$ 28,896,500	\$ 111,797,325	\$ 137,607,338	\$ 608,369,075	\$ 886,670,238	\$ 871,158,973

**CITY OF GRANDE PRAIRIE**  
**Consolidated Schedule of Tangible Capital Assets**  
**Year Ended December 31, 2022**

(Schedule 2)

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Assets Under Construction	2022	2021
<b>COST</b>									
BALANCE, BEGINNING	\$ 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
Acquisition of tangible capital assets	10,880	1,396,996	1,309,278	32,529,194	2,402,352	257,376	13,279,823	51,185,899	68,149,358
Transfers of assets under construction	156,296	3,286,738	-	7,095,893	3,215,088	1,741,293	(15,495,308)	-	-
Other transfers	-	-	-	-	-	-	-	-	(3,086,563)
Disposal of tangible capital assets	-	-	(28,795)	-	(1,648,405)	(1,084,956)	-	(2,762,156)	(7,475,022)
<b>BALANCE, ENDING</b>	92,883,817	83,460,123	297,733,615	579,607,763	40,038,172	27,165,384	5,239,043	1,126,127,916	1,077,704,173
<b>ACCUMULATED AMORTIZATION</b>									
BALANCE, BEGINNING	-	38,681,080	87,880,454	194,042,049	17,053,201	10,755,162	-	348,411,946	322,494,092
Annual amortization	-	3,756,938	6,664,184	18,617,098	3,476,979	1,440,929	-	33,956,128	32,428,001
Accumulated amortization transfers	-	-	-	-	-	-	-	-	(1,942,590)
Accumulated amortization on disposals	-	-	(28,795)	-	(1,320,785)	(848,147)	-	(2,197,727)	(4,567,557)
<b>BALANCE, ENDING</b>	-	42,438,018	94,515,843	212,659,147	19,209,395	11,347,944	-	380,170,347	348,411,946
<b>NET BOOK VALUE, ENDING</b>	\$ 92,883,817	\$ 41,022,105	\$ 203,217,772	\$ 366,948,616	\$ 20,828,777	\$ 15,817,440	\$ 5,239,043	\$ 745,957,569	\$ 729,292,227
2021 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	

**CITY OF GRANDE PRAIRIE**  
**Consolidated Schedule of Property and Other Taxes** *(Schedule 3)*  
**Year Ended December 31, 2022**

	<i>Budget (Unaudited) 2022</i>	<b>2022</b>	2021
<b>Taxation</b>			
Real property taxes	\$ 151,855,769	\$ 150,674,183	\$ 148,660,236
Linear property taxes	2,368,373	2,438,237	2,369,503
Downtown Business Revitalization Zone	360,263	326,794	318,876
Grants in place of taxes	351,417	360,951	363,541
Local improvement	16,672	8,350	16,650
	<u>154,952,494</u>	<u>153,808,515</u>	<u>151,728,806</u>
<b>Requisitions</b>			
Alberta School Foundation Fund	30,311,702	31,165,296	30,349,859
Grande Spirit Foundation	469,773	496,509	468,953
Downtown Business Revitalization Zone	360,263	302,507	302,507
	<u>31,141,738</u>	<u>31,964,312</u>	<u>31,121,319</u>
	<u>\$ 123,810,756</u>	<u>\$ 121,844,203</u>	<u>\$ 120,607,487</u>

*Please see accompanying notes to financial statements*

An independently owned member  
**RSM Canada Alliance**



**CITY OF GRANDE PRAIRIE**  
**Consolidated Schedule of Government Transfers** (Schedule 4)  
**Year Ended December 31, 2022**

	<i>Budget (Unaudited) 2022</i>	2022	2021
<b>Transfers for operating</b>			
Provincial government	\$ 9,951,413	\$ 8,542,243	\$ 10,472,080
Federal government	608,804	1,675,820	3,894,343
Other local governments	2,344,534	3,384,283	3,462,326
	<u>12,904,751</u>	<u>13,602,346</u>	<u>17,828,749</u>
<b>Transfers for capital</b>			
Provincial government	15,250,000	23,118,933	24,046,414
Federal government	8,192,700	10,340,219	11,351,248
Other local governments	-	191,529	-
	<u>23,442,700</u>	<u>33,650,681</u>	<u>35,397,662</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>\$ 36,347,451</u>	<u>\$ 47,253,027</u>	<u>\$ 53,226,411</u>

*Please see accompanying notes to financial statements*

An independently owned member  
**RSM Canada Alliance**



**CITY OF GRANDE PRAIRIE**  
**Consolidated Schedule of Expenditures by Object** *(Schedule 5)*  
**Year Ended December 31, 2022**

	<i>Budget (Unaudited)</i>		
	2022	2022	2021
<b>EXPENDITURES</b>			
Salaries, wages and benefits	\$ 95,012,917	\$ 94,451,653	\$ 85,162,633
Contracted and general services	41,260,313	44,377,447	34,211,519
Materials, goods and utilities	19,252,410	29,960,653	22,184,429
Provision for allowances	-	55,954	51,427
Transfers to individuals, local boards and other organizations	9,509,192	8,966,618	13,172,397
Bank charges and short-term interest	499,715	361,121	434,410
Interest on long-term debt	4,652,386	4,587,358	4,138,761
Amortization expense	-	33,956,128	32,428,001
	<u>\$ 170,186,933</u>	<u>\$ 216,716,932</u>	<u>\$ 191,783,577</u>

*Please see accompanying notes to financial statements*

An independently owned member  
**RSM Canada Alliance**



**CITY OF GRANDE PRAIRIE**  
**Consolidated Schedule of Segment Disclosure**  
**Year Ended December 31, 2022**

(Schedule 6)

	General Government	Protective Services	Transportation Services	Community Development	Planning and Development	Recreation and Culture	Total
<b>REVENUE</b>							
Net municipal taxes	\$ 121,844,203	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 121,844,203
Government transfers	3,314,609	2,336,274	339,040	6,690,867	-	921,556	13,602,346
User fees and sales of goods	399,858	2,164,884	7,787,649	34,238	281,782	4,606,356	15,274,767
Investment income	3,473,341	54,176	117,461	-	3,843	36,478	3,685,299
Other revenue	17,652,842	4,761,124	2,866,513	1,929,143	295,356	3,153,573	30,658,551
	146,684,853	9,316,458	11,110,663	8,654,248	580,981	8,717,963	185,065,166
<b>EXPENSES</b>							
Salaries, wages and benefits	17,455,884	26,668,754	21,123,722	2,188,608	2,925,012	24,089,673	94,451,653
Contracted and general services	7,241,929	22,887,866	7,089,354	836,348	48,033	6,273,917	44,377,447
Materials, goods and utilities	4,153,130	2,037,963	14,447,682	1,778,184	10,399	7,531,295	29,960,653
Transfers to local boards and agencies	99,723	-	19,869	5,556,734	-	3,290,292	8,966,618
Interest on long-term debt	9,227	328,705	1,685,575	-	445,902	2,117,949	4,587,358
Amortization expense	493,480	1,241,701	25,871,367	22,726	255,278	6,071,576	33,956,128
Other expenses	334,773	29,487	46,061	1,243	-	5,511	417,075
	29,790,146	53,194,476	70,283,630	10,383,843	3,684,624	49,380,213	216,716,932
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	\$ 116,894,707	\$ (43,878,018)	\$ (59,172,967)	\$ (1,729,595)	\$ (3,103,643)	\$ (40,662,250)	\$ (31,651,766)
2021 EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ 123,550,689	\$ (40,906,653)	\$ (53,234,494)	\$ (4,257,625)	\$ (2,148,024)	\$ (35,154,615)	\$ (12,150,722)

**CITY OF GRANDE PRAIRIE**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2022**

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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.

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**CITY OF GRANDE PRAIRIE**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2022**

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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 unmatured 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.

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**CITY OF GRANDE PRAIRIE**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2022**

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

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.

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.

*(continues)*

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**CITY OF GRANDE PRAIRIE**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2022**

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

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.

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.

*(continues)*

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**CITY OF GRANDE PRAIRIE**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2022**

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

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.

Future accounting changes

The Public Sector Accounting Board has issued the following accounting standards:

- PS 3280 Asset Retirement Obligations (effective January 1, 2023)  
This standard provides guidance on how to account for and report liabilities for retirement of tangible capital assets.
- PS 3400 Revenue (effective January 1, 2023)  
This standard provides guidance on how to account for and report on revenue and, specifically, it addresses revenue arising from exchange transactions and unilateral transactions.

Management is currently assessing the impact of these standards on the audited consolidated financial statements.

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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 (2021 - prime less 1.85%).

Included in cash and portfolio investments are restricted amounts aggregating \$16,802,290 (2021 - \$36,080,076) 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.

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3. PORTFOLIO INVESTMENTS

Portfolio investments, with a market value of \$106,009,134, are readily convertible to cash, consist of fixed income investments and Canadian treasury bills, have a weighted average investment yield of 2.01% (2021 - 1.59%) per annum and mature between December, 2024 and December, 2032.

Included in cash and portfolio investments are restricted amounts aggregating \$16,802,290 (2021 - \$36,080,076) to be used for specific projects included in deferred revenue (*Note 9*).

In addition, the City holds \$1,299,676 (2021 - \$1,306,358) that is held in trust as described in Note 19.

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**CITY OF GRANDE PRAIRIE**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2022**

4. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2022	2021
Current taxes and grants in place of taxes	\$ 6,857,051	\$ 6,065,036
Arrears	3,689,521	3,813,117
	<u>\$ 10,546,572</u>	<u>\$ 9,878,153</u>

5. TRADE AND OTHER RECEIVABLES

	2022	2021
Trade and other receivables	\$ 7,510,994	\$ 9,616,112
Government grants receivable	9,043,813	25,742,379
Dividends receivable	3,903,212	3,385,892
Fair value adjustment of interest rate swap	2,395,969	-
Goods and services tax	1,158,060	798,386
Accrued investment earnings	2,797,916	1,402,603
Less: allowances for uncollectible trade and other receivables	<u>(15,513)</u>	<u>(966,672)</u>
	<u>\$ 26,794,451</u>	<u>\$ 39,978,700</u>

6. AGREEMENTS RECEIVABLE

	2022	2021
RCMP	\$ 976,768	\$ 1,193,615
Swan City Hockey Association	<u>179,605</u>	<u>181,847</u>
	1,156,373	1,375,462
Agreements receivable due in one year	<u>(269,372)</u>	<u>(231,457)</u>
	<u>\$ 887,001</u>	<u>\$ 1,144,005</u>

*(continues)*

**CITY OF GRANDE PRAIRIE**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2022**

6. AGREEMENTS RECEIVABLE *(continued)*

Estimated principal amounts to be received are as follows:

2023	\$ 269,372
2024	282,118
2025	295,468
2026	<u>309,415</u>
	<u>\$ 1,156,373</u>

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 \$12,267 and matures in 2026.

Capital agreements above consist of the RCMP for a total of \$976,7685 (2021 - \$1,193,615) (*Note 13*).

7. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISE

	2022	2021
Aquatera Utilities Inc. - 72.01% ownership (2021 - 71.96%)		
130,352 common shares (2021 - 122,917)	\$ 1,304	\$ 1,230
139,428 preferred shares (2021 - 131,915)	139,428,716	131,914,866
Cumulative share of earnings	143,762,623	132,423,533
Cumulative share of dividends declared	<u>(145,585,305)</u>	<u>(134,246,649)</u>
	<u>\$ 137,607,338</u>	<u>\$ 130,092,980</u>

On December 31, 2022, the City transferred assets with a carrying value of \$78,406 to Aquatera Utilities Inc. in exchange for 78 preferred shares. Immediately prior to the asset transfer, Aquatera Utilities Inc. declared a stock dividend, under which the City received 7,435 common and 7,435 preferred shares with a carrying value of \$7,435,444 in aggregate.

**CITY OF GRANDE PRAIRIE**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2022**

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2022	2021
Trade payables and other accrued liabilities	\$ 18,216,071	\$ 12,692,020
Construction holdbacks payable	2,919,772	2,385,852
Accrued payroll	3,700,079	3,327,816
Accrued interest payable	731,231	802,342
	<u>\$ 25,567,153</u>	<u>\$ 19,208,030</u>

9. DEFERRED REVENUE

	2022	2021
Operating grants	\$ 3,966,891	\$ 2,379,792
MSI capital grant	4,878,387	20,321,110
CCBF capital grant	5,245,994	9,713,123
ICIP capital grant	734,419	1,697,812
MSP capital grant	494,277	488,614
Other capital grants	1,482,322	1,479,625
	<u>16,802,290</u>	<u>36,080,076</u>
Sales and user charges	3,508,662	4,042,987
	<u>\$ 20,310,952</u>	<u>\$ 40,123,063</u>

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.

**Municipal Sustainability Initiative (MSI)**

Capital funding in the amount of \$7,244,531 (2021 - \$17,864,863) 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 \$4,140,164 (2021 - \$8,089,424) was received in the current year from the Canada Community Building Fund. Unexpended funds related to amounts carried forward from prior periods, 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.

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**CITY OF GRANDE PRAIRIE**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2022**

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9. DEFERRED REVENUE *(continued)*

Investing in Canada Infrastructure Program (ICIP)

No capital funding was committed to the City in the current year from the COVID-19 Resilience Stream. Unexpended funds related to amounts carried forward from prior periods are supported by cash and portfolio investments held exclusively for these projects, which are scheduled for completion in subsequent periods.

Municipal Stimulus Program (MSP)

No capital funding was committed to the City in the current year from the Municipal Stimulus Program. Unexpended funds related to amounts carried forward from prior periods 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.

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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 \$21,397 (2021 - \$26,099).

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**CITY OF GRANDE PRAIRIE**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2022**

**11. LONG-TERM DEBT**

	<u>2022</u>	<u>2021</u>
Tax supported debentures	\$ 109,728,805	\$ 117,122,256
Canadian Imperial Bank of Commerce Infrastructure loan	13,472,841	10,000,000
Canadian Imperial Bank of Commerce Affordable Housing loan	15,363,616	12,500,000
	<u>138,565,262</u>	<u>139,622,256</u>
Long-term debt due in one year	(7,375,094)	(29,893,479)
Long-term debt due thereafter	<u>\$ 131,190,168</u>	<u>\$ 109,728,777</u>

Principal repayment terms are approximately:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 7,375,094	\$ 4,682,800	\$ 12,057,894
2024	7,199,009	4,401,714	11,600,723
2025	6,976,810	4,140,240	11,117,050
2026	6,653,413	3,891,221	10,544,634
2027	6,548,713	3,658,208	10,206,921
Thereafter	103,812,223	42,513,173	146,325,396
	<u>\$ 138,565,262</u>	<u>\$ 63,287,356</u>	<u>\$ 201,852,618</u>

Debenture debt is repayable to the Province of Alberta and bears interest at rates ranging from 2.40% to 6.00% per annum and matures in years 2023 through 2049.

The CIBC Infrastructure loan bears interest at a rate of 2.99% plus a 0.62% stamping fee. The loan revolves quarterly and matures in 2052. This loan includes a Bankers Acceptance Interest Rate Swap (BAIRS).

The CIBC Affordable Housing loan bears interest at a rate of 3.20% plus a 0.72% stamping fee. The loan revolves quarterly and matures in 2052. This loan includes a Bankers Acceptance Interest Rate Swap.

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, 2022, a gain of \$2,395,969 would have been realized. 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 \$4,658,536 (2021 - \$4,186,072).

Included in long-term debt is a loan in the amount of \$11,652,194 (2021 - \$12,698,420) 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, 2022**

**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:

	<u>2022</u>	<u>2021</u>
Total debt limit	\$ 277,597,749	\$ 269,067,800
Total debt	<u>(138,565,262)</u>	<u>(139,622,256)</u>
Amount debt limit remaining	<u>\$ 139,032,487</u>	<u>\$ 129,445,544</u>
Debt servicing limit	\$ 46,266,292	\$ 44,844,633
Debt servicing	<u>(12,057,894)</u>	<u>(33,777,053)</u>
Service on debt limit remaining	<u>\$ 34,208,398</u>	<u>\$ 11,067,580</u>

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.

Borrowing is further limited by the City's policy not to exceed 80% of the above debt limit, and a service on debt limit of not more than 15% of net municipal taxes and grants in place of taxes.

**13. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<u>2022</u>	<u>2021</u>
Tangible capital assets ( <i>Schedule 2</i> )	\$ 745,957,569	\$ 729,292,227
Capital agreements receivable ( <i>Note 6</i> )	976,768	1,193,615
Long-term debt issued for capital purposes	<u>(138,565,262)</u>	<u>(139,622,256)</u>
	<u>\$ 608,369,075</u>	<u>\$ 590,863,586</u>

**CITY OF GRANDE PRAIRIE**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2022**

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	\$ 3,834,935	\$ 254,604	\$ -	\$ 4,089,539
Facility renewal	9,445,934	5,903,804	4,792,767	10,556,971
Financial stabilization	16,611,924	1,666,119	2,147,027	16,131,016
Fleet management system	11,121,197	2,352,192	4,259,929	9,213,460
Future expenditures	52,064,463	16,583,546	19,498,802	49,149,207
Pinnacle Ridge special tax	42,912	429	8,786	34,555
Public	3,115,887	85,927	54,768	3,147,046
Public art	179,022	16,790	-	195,812
Public housing commission	150,222	1,502	-	151,724
Transportation system levies	10,529,240	1,416,786	2,574,481	9,371,545
	<u>107,095,736</u>	<u>28,281,699</u>	<u>33,336,560</u>	<u>102,040,875</u>
Library	1,682,333	16,300	35,388	1,663,245
Airport	8,090,257	2,713,051	2,710,103	8,093,205
	<u>\$ 116,868,326</u>	<u>\$ 31,011,050</u>	<u>\$ 36,082,051</u>	<u>\$ 111,797,325</u>

**CITY OF GRANDE PRAIRIE**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2022**

**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	2022	2021
Mayor:				
J. Clayton	\$ 147,290	\$ 15,041	\$ 162,331	\$ 122,200
B. Given	-	-	-	4,320
Councillors:				
G. Berg	69,863	11,403	81,266	14,942
C. Blackburn	-	-	-	32,587
G. Blackmore	72,863	11,403	84,266	13,360
W. Bosch	69,563	11,403	80,966	14,942
D. Bressey	76,013	11,403	87,416	73,970
E. Friesen	-	-	-	61,037
J. Lehnert	44,392	7,121	51,513	14,312
Y. Minhas	-	-	-	60,869
M. O'Connor	75,863	7,850	83,713	15,429
K. O'Toole	77,363	11,403	88,766	72,497
W. Pilat	13,263	2,065	15,328	61,142
C. Thiessen	77,199	11,403	88,602	72,770
City Manager:	882,670	46,710	929,380	360,557
Designated officers:	529,201	103,247	632,448	593,209

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.

Included in Salary for City Manager is salary continuance paid to the previous City Manager.

Designated officers include the Chief Financial Officer, City Assessor and City Clerk, consisting of three full-time equivalent positions (2021 - 3 FTE).

**CITY OF GRANDE PRAIRIE**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2022**

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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 281,764 people and 435 employers. The LAPP is financed by employer and employee contributions and by investment earnings of 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 8.45% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.80% on pensionable earnings above this amount. Employees of the City are required to make current service contributions of 7.45% of pensionable salary up to the year's maximum pensionable salary and 11.80% on pensionable salary above this amount.

Total current service contributions by the City to the LAPP in 2022 were \$5,782,260 (2021 - \$6,168,635 ). Total current service contributions by the employees of the City to the Local Authorities Pension Plan in 2022 were \$5,194,641 (2021 - \$5,604,842 ).

At December 31, 2021, the LAPP disclosed an actuarial surplus of \$11.9 billion (2020 surplus - \$5.0 billion).

Effective January 1, 2023, member contribution rates will be 8.45% of pensionable earnings up to the year's maximum pensionable earnings and 12.23% thereafter for employers and 7.45% of pensionable earnings up to the year's maximum pensionable earnings and 11.23% 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 1,447 people and 72 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 \$171,000 (2021 - \$162,278) 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 \$171,000 (2021 - \$162,278). No contributions are required on earnings above the maximum threshold.

Total current and past service contributions made by the City to APEX in 2022 were \$487,665 (2021 - \$456,247). The current and past service contributions by employees of the City to APEX in 2022 were \$330,601 (2021 - \$309,300).

At December 31, 2021, the Plan disclosed an actuarial surplus of \$2,063,935 (2020 deficiency - \$2,624,114).

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**CITY OF GRANDE PRAIRIE**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2022**

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 2022 were \$317,320 (2021 - \$314,106). Total current contributions by the employees of the City to the Plan in 2022 were \$259,573 (2021 - \$256,945).

At December 31, 2021, the Plan disclosed an actuarial deficit of \$1,441,269 (2020 non-actuarial surplus - \$117,306). 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, 2022 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, 2022:

	2022	2021
<b>Financial Position:</b>		
Financial assets	\$ 69,567,394	\$ 67,103,265
Physical assets	<u>288,272,348</u>	<u>281,123,189</u>
Total assets	<u>357,839,742</u>	<u>348,226,454</u>
Current liabilities, including callable debt	62,153,584	76,447,137
Deferred revenue of capital contributions	152,613,470	137,311,056
Landfill closure and post-closure liability	<u>5,465,350</u>	<u>4,375,281</u>
Total liabilities	<u>220,232,404</u>	<u>218,133,474</u>
Net assets	<u>\$ 137,607,338</u>	<u>\$ 130,092,980</u>

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**CITY OF GRANDE PRAIRIE**  
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**Year Ended December 31, 2022**

17. SUBSIDIARY OPERATIONS *(continued)*

	2022	2021
<b>Results of Operations:</b>		
Revenue	\$ 51,444,720	\$ 46,052,294
Amortization expense	(7,951,812)	(7,653,928)
Finance costs	1,936,276	994,117
Net subsidiary operations	8,318	57,825
Operating expenses	(34,098,412)	(25,289,434)
	<u>\$ 11,339,090</u>	<u>\$ 14,160,874</u>

Annual dividends were declared in the year in the amount of \$3,903,212 (2021 - \$3,385,892). 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 \$6,418,263 (2021 - \$5,729,443), 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 six 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 582,077 (2021 - 649,203) metric tonnes with an annual estimated utilization of 97,013 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**  
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**Year Ended December 31, 2022**

**18. RELATED PARTY TRANSACTIONS**

The following is a summary of transactions and balances with related and other parties for the year ended December 31, 2022:

	2022	2021
Aquatera Utilities Inc. <i>(a government business enterprise controlled by the City)</i>		
Franchise fee revenue, including amounts in lieu of taxes	\$ 3,500,244	\$ 3,423,817
Cost recovery	77,385	355,228
Utility and other expenses	759,920	720,962
Dividends declared	3,903,212	3,385,892
Trade and other accounts receivable	4,203,404	4,213,833
Trade accounts payable	176,337	33,563

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
Community funds and endowments	\$ 1,306,358	\$ 23,218	\$ 29,900	\$ 1,299,676

**CITY OF GRANDE PRAIRIE**  
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**Year Ended December 31, 2022**

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**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.

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 and Banker's Acceptance Interest Rate Swap agreements.

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

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**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.

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**CITY OF GRANDE PRAIRIE**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2022**

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.

	<u>2022</u>
Budget surplus per consolidated financial statements	\$ 42,561,121
Transfers to reserves	(6,914,282)
Transfers from reserves	4,722,457
Internal charges	(6,395,960)
Internal recoveries	6,395,960
Capital investment income	(10,615,354)
Capital project expenses	291,581
Budgeted capital transfers	(23,442,700)
Debt principal payments	(6,851,858)
Subsidiary budget - Library	9,201
Subsidiary budget - Airport	<u>239,834</u>
City operating budget, approved by Council	<u>\$ -</u>

**CITY OF GRANDE PRAIRIE**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2022**

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**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, 2022. 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.

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**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.

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