

City of Grande Prairie
Consolidated Financial Statements
December 31, 2025

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Management's Responsibility

To the Members of Council of the City of Grande Prairie:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. Council is also responsible for recommending the appointment of the City's external auditors.

MNP LLP is appointed by the Members to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

April 27, 2026



Chief Financial Officer

To the Members of Council of the City of Grande Prairie:

Opinion

We have audited the consolidated financial statements of the City of Grande Prairie and its subsidiaries (the "City"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of revenue and expenses and accumulated operating surplus, remeasurement gains and losses, changes in net financial assets, cash flows and the related schedules for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2025, and the results of its consolidated operations, its consolidated remeasurement gains and losses, changes in its consolidated net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the 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 related 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.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 auditor's 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 auditor's 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the City as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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.

Grande Prairie, Alberta

April 27, 2026

MNP LLP

Chartered Professional Accountants

City of Grande Prairie
Consolidated Statement of Financial Position
As at December 31, 2025

	2025	<i>2024</i> <i>Restated</i> <i>(Note 30)</i>
Financial assets		
Cash (Note 2)	24,360,222	22,089,207
Portfolio investments (Note 3)	105,309,260	114,250,269
Trade and other receivables		
Taxes receivable (Note 4)	7,580,257	7,126,484
Trade and other receivables (Note 5)	28,477,789	28,990,683
Agreements receivable (Note 6)	3,787,481	670,076
Assets held for resale	76,200	686,716
Investment in government business enterprise (Note 7)	176,389,258	162,536,392
Derivative financial instruments (Note 8)	2,583,881	913,045
	348,564,348	337,262,872
Financial liabilities		
Accounts payable and accruals (Note 9)	14,890,505	23,195,711
Deferred revenue (Note 10)	19,883,475	20,910,159
Employee benefit obligations (Note 11)	5,553,427	4,918,003
Long-term debt (Note 12)	120,986,002	123,991,160
Asset retirement obligations (Note 14)	30,225,519	29,934,776
	191,538,928	202,949,813
Net financial assets	157,025,420	134,313,059
Non-financial assets		
Tangible capital assets (Schedule 2)	751,976,976	751,112,640
Inventory for consumption	1,572,474	1,480,503
Prepaid expenses	1,120,980	1,024,659
	754,670,430	753,617,802
Accumulated surplus	911,695,850	887,930,861
Accumulated surplus is comprised of:		
Accumulated operating surplus (Schedule 1)	909,111,969	887,017,816
Accumulated remeasurement gains	2,583,881	913,045
	911,695,850	887,930,861
Contingencies (Note 23)		
Commitments (Note 26)		

Approved on behalf of the Council



Mayor

City of Grande Prairie

Consolidated Statement of Revenue and Expenses and Accumulated Operating Surplus

For the year ended December 31, 2025

	2025	2025	2024
	<i>Budget</i>		<i>Restated (Note 30)</i>
Revenue			
Net municipal property taxes <i>(Schedule 3)</i>	134,333,714	134,638,755	131,071,106
Government transfers for operating <i>(Schedule 4)</i>	23,907,444	22,726,287	20,860,633
User fees and sales of goods	23,477,195	20,123,710	20,027,756
Franchise fees	15,825,000	15,921,060	15,812,385
Fines, rentals, licenses and permits	14,297,675	11,797,292	10,812,390
Interest and investment income	3,730,500	4,837,835	6,042,971
Penalties and interest on taxes	2,200,000	2,194,115	2,105,954
Development levies	-	860,685	133,414
Transfers from other organizations	-	398,297	518,597
Other revenue	274,960	397,706	1,749,671
	218,046,488	213,895,742	209,134,878
Program expenses			
General Government & Administration	27,363,855	26,000,296	27,099,033
Protective Services	66,197,794	65,817,851	61,461,712
Transportation Services	42,952,734	70,004,535	70,618,525
Community & Social Development	9,378,187	7,770,524	13,071,251
Planning & Development Services	3,787,304	4,870,810	3,992,006
Recreation & Cultural Services	49,846,554	56,597,076	58,576,904
	199,526,428	231,061,092	234,819,431
Excess (deficiency) of revenue over expense before other items	18,520,060	(17,165,350)	(25,684,554)
Other items			
Income from government business enterprise <i>(Note 7)</i>	4,208,050	17,967,985	16,161,907
Government transfers for capital <i>(Schedule 4)</i>	17,215,000	15,884,441	17,472,181
Concessionary items revenue	-	3,064,494	3,712,322
Contributed tangible capital assets	-	2,309,733	72,000
Gain on disposal of capital assets	-	32,850	527,179
Subsidiary repayment - pandemic emergency response	-	-	(2,805,850)
	21,423,050	39,259,503	35,139,739
Operating surplus	39,943,110	22,094,153	9,455,185
Accumulated operating surplus, beginning of year	-	887,017,816	877,562,631
Accumulated operating surplus, end of year	39,943,110	909,111,969	887,017,816

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

City of Grande Prairie
Consolidated Statement of Remeasurement Gains and Losses
For the year ended December 31, 2025

	2025	2024
Accumulated remeasurement gains, beginning of year	913,045	961,800
Change in remeasurement gains (losses), for the year	1,670,836	(48,755)
Accumulated remeasurement gains, end of year	2,583,881	913,045

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

City of Grande Prairie
Consolidated Statement of Change in Net Financial Assets
For the year ended December 31, 2025

	2025	2025	2024
	<i>Budget</i>		<i>Restated (Note 30)</i>
Operating surplus	39,943,110	22,094,153	9,455,185
Acquisition of tangible capital assets	(38,044,428)	(36,630,016)	(30,718,755)
Contributed tangible capital assets	-	(2,309,733)	(72,000)
Amortization of tangible capital assets <i>(Schedule 2)</i>	-	37,435,661	36,456,768
Gain on sale of tangible capital assets	-	(32,850)	(527,179)
Proceeds on sale of tangible capital assets	-	672,602	319,066
Gift in kind on capital transfers	-	-	2,545,097
Asset retirement obligation liabilities extinguished	-	-	1,087,991
Change in estimate - asset retirement obligation	-	-	(4,683,928)
	(38,044,428)	(864,336)	4,407,060
Change in remeasurement gains (losses)	-	1,670,836	(48,755)
Decrease in prepaid expenses	-	(96,321)	(262,294)
Decrease in inventory for consumption	-	(91,971)	(31,016)
Change in estimated cashflows of asset retirement obligation	-	-	(137,737)
	-	1,482,544	(479,802)
Increase in net financial assets	1,898,682	22,712,361	13,382,443
Net financial assets, beginning of year	-	134,313,059	120,930,616
Net financial assets, end of year	1,898,682	157,025,420	134,313,059

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

City of Grande Prairie
Consolidated Statement of Cash Flows
For the year ended December 31, 2025

	2025	2024 <i>Restated (Note 30)</i>
Operating activities		
Operating surplus	22,094,153	9,455,185
Non-cash items		
Amortization	37,435,661	36,456,768
Accretion	290,743	294,046
Fair value adjustment of interest rate swap	-	48,755
Contributed tangible capital assets	(2,309,733)	(72,000)
Gift in kind on capital transfers	-	2,545,097
Gain on disposal of capital assets	(32,850)	(527,829)
Change in government business enterprise	(17,967,985)	(16,161,907)
	39,509,989	32,038,115
Changes in working capital accounts		
Taxes and grants in place of taxes receivable	(453,773)	3,170,188
Trade and other receivables	718,334	(5,439,256)
Inventory for consumption	(91,971)	31,056
Prepaid expenses and deposits	(96,321)	262,294
Assets held for resale	610,516	324,066
Accounts payable and accruals	(8,305,217)	1,005,126
Deferred revenue	(1,026,685)	(5,543,270)
Employee benefit obligations	635,424	(23,032)
Asset retirement obligation	-	(828,761)
Cash from operating activities	31,500,296	24,996,526
Financing activities		
Advances of long-term debt	3,971,653	-
Long-term debt repayments	(6,976,810)	(7,199,009)
	(3,005,157)	(7,199,009)
Capital activities		
Purchases of tangible capital assets	(36,630,016)	(30,718,753)
Proceeds from disposal of tangible capital assets	672,602	319,066
	(35,957,414)	(30,399,687)
Investing activities		
Agreements receivable repayments	177,158	238,201
Loans receivable issued	(3,500,000)	(331,104)
Dividends declared by Aquatera Utilities Inc.	4,115,119	4,071,110
	792,277	3,978,207
Decrease in cash resources	(6,669,998)	(8,623,963)
Cash resources, beginning of year	136,339,480	144,963,439
Cash resources, end of year	129,669,482	136,339,476
Cash resources are composed of:		
Cash (Note 2)	24,360,222	22,089,207
Portfolio investments (Note 3)	105,309,260	114,250,269
	129,669,482	136,339,476

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

The City of Grande Prairie
Schedule 1 - Schedule of Changes in Accumulated Operating Surplus
For the year ended December 31, 2025

	Unrestricted Surplus (Note 17)	Restricted Surplus (Note 15) (Note 17)	Equity in Investments (Note 17)	Equity in Tangible Capital Assets (Note 15) (Note 17)	2025	2024 <i>Restated</i> (Note 30)
Balance, beginning of year, as previously stated	24,968,533	101,814,893	162,536,392	600,357,409	889,677,227	880,134,594
Correction of an error (Note 30)	(2,659,409)	-	-	-	(2,659,409)	(2,571,963)
Balance, beginning of year, as restated	22,309,122	101,814,893	162,536,392	600,357,409	887,017,816	877,562,631
Excess of revenue over expenses, as restated	22,094,153	-	-	-	22,094,153	9,455,185
Unrestricted funds designated for future use	(34,675,840)	34,675,840	-	-	-	-
Restricted funds used for operations	6,169,146	(6,169,146)	-	-	-	-
Share of net earnings from subsidiary	(17,967,985)	-	17,967,985	-	-	-
Dividends receivable	4,115,119	-	(4,115,119)	-	-	-
Funds transferred from reserves for capital	24,155,409	(24,155,409)	-	-	-	-
Funds used for tangible capital assets	(38,939,751)	-	-	38,939,751	-	-
Disposal of tangible capital assets (NBV)	639,752	-	-	(639,752)	-	-
Annual amortization expense	37,435,661	-	-	(37,435,661)	-	-
Annual accretion expense	290,743	-	-	(290,743)	-	-
Annual accretion expense - sewage lagoon (Note 14)	(66,485)	-	-	66,485	-	-
Long term debt repaid	(5,313,340)	(1,486,312)	-	6,799,652	-	-
Change in accumulated surplus	(2,063,418)	2,864,973	13,852,866	7,439,732	22,094,153	9,455,185
Balance, end of year	20,245,704	104,679,866	176,389,258	607,797,141	909,111,969	887,017,816

City of Grande Prairie
Schedule 2 - Consolidated Schedule of Tangible Capital Assets
For the year ended December 31, 2025

	Land improvements	Land	Buildings	Engineered structures	Machinery and equipment	Vehicles	Assets under construction	2024	2025
Cost									
Balance, beginning of year	90,902,414	87,402,053	328,001,817	621,228,747	45,990,904	30,342,954	1,472,066	1,179,707,754	1,205,340,955
Acquisition of tangible capital assets	1,973,247	1,500,357	612,064	20,123,619	5,809,419	3,032,292	5,888,751	33,368,746	38,939,749
Disposal of tangible capital assets	-	(117,773)	(70,476)	-	(843,801)	(725,114)	-	(6,982,556)	(1,757,164)
Net assets transferred into usage	-	-	-	-	-	-	-	(2,577,991)	-
Change in estimate - asset retirement obligation asset	-	-	-	-	-	-	-	1,825,002	-
Balance, end of year	92,875,661	88,784,637	328,543,405	641,352,366	50,956,522	32,650,132	7,360,817	1,242,523,540	1,205,340,955
Accumulated amortization									
Balance, beginning of year	-	49,975,973	112,928,387	251,704,771	24,870,310	14,748,874	-	422,053,529	454,228,315
Annual amortization	-	3,952,042	7,687,981	20,330,162	3,497,601	1,967,875	-	36,456,768	37,435,661
Accumulated amortization on disposals	-	(74,432)	(39,775)	-	(464,695)	(538,510)	-	(4,281,982)	(1,117,412)
Balance, end of year	-	53,853,583	120,576,593	272,034,933	27,903,216	16,178,239	-	454,228,315	490,546,564
Net book value of tangible capital assets	92,875,661	34,931,054	207,966,812	369,317,433	23,053,306	16,471,893	7,360,817	751,976,976	751,112,640
Net book value of tangible capital assets 2024	90,902,414	37,426,080	215,073,430	369,523,976	21,120,594	15,594,080	1,472,066	751,112,640	751,112,640

City of Grande Prairie
Schedule 3 - Consolidated Schedule of Net Municipal Taxes

For the year ended December 31, 2025

	<i>2025 Budget</i>	<i>2025</i>	<i>2024</i>
Taxation			
Real property taxes	165,463,446	168,465,070	162,149,987
Business improvement area taxes	332,700	326,634	319,951
Special recreational services tax	8,375	8,350	8,350
Local improvement area tax	-	-	69,910
	165,804,521	168,800,054	162,548,198
Requisitions			
Provincial Education Requisition	30,157,152	32,813,447	30,163,437
Grande Spirit Foundation	993,006	1,028,002	993,006
Downtown Business Revitalization Zone	302,507	302,500	302,507
Designated Industrial Property	18,142	17,350	18,142
	31,470,807	34,161,299	31,477,092
Net municipal property taxes	134,333,714	134,638,755	131,071,106

City of Grande Prairie
Schedule 4 - Consolidated Schedule of Government Transfers

For the year ended December 31, 2025

	2025 Budget	2025	2024
Operating			
Federal government	1,159,653	1,460,208	1,962,085
Provincial government	17,183,909	15,127,067	15,176,802
Other local governments	5,443,091	6,139,012	3,721,746
	23,786,653	22,726,287	20,860,633
Capital			
Federal government	3,467,000	2,193,567	6,578,139
Provincial government	13,748,000	13,690,874	10,840,518
Other local governments	-	-	53,524
	17,215,000	15,884,441	17,472,181
Total government transfers	41,001,653	38,610,728	38,332,814

City of Grande Prairie
Schedule 5 - Consolidated Schedule of Expenses by Object

For the year ended December 31, 2025

	2025	2025	2024
	Budget		<i>Restated (Note 30)</i>
Consolidated expenses by object			
Salaries, wages and benefits	115,743,270	115,980,743	107,720,814
Contract & general services	43,523,022	39,229,232	42,562,176
Amortization	130,000	37,435,661	36,456,768
Materials, goods and utilities	25,051,627	22,701,635	25,036,362
Transfers to individuals, local boards and other organizations	10,233,429	10,363,164	17,530,283
Interest on long-term debt	4,539,010	4,189,338	4,347,624
Bank charges and short-term interest	306,070	526,096	437,450
Provision for allowances	-	344,480	433,908
Accretion	-	290,743	294,046
	199,526,428	231,061,092	234,819,431

City of Grande Prairie
Schedule 6 - Consolidated Schedule of Segmented Disclosure
For the year ended December 31, 2025

	General Government	Protective Services	Transportation Services	Community Development	Planning & Development	Recreation & Culture	2025
Revenue							
Net municipal property taxes	134,630,405	-	8,350	-	-	-	134,638,755
Government transfers for operating	6,277,643	10,343,778	452,956	4,671,867	-	980,043	22,726,287
User fees and sales of goods	1,489,832	3,033,956	8,915,827	371,045	26,576	6,286,474	20,123,710
Franchise fees	15,741,448	-	-	-	-	179,612	15,921,060
Fines, rentals, licenses and permits	95,775	2,248,136	3,159,618	1,284,474	2,416,623	2,592,666	11,797,292
Interest and investment income	4,352,945	-	408,262	-	-	76,628	4,837,835
Penalties and interest on taxes	2,179,062	-	14,759	-	294	-	2,194,115
Development levies	-	-	-	-	860,685	-	860,685
Transfers from other organizations	68,765	57,603	551	30,476	-	240,902	398,297
Other revenue	117,472	89,311	10,600	31,778	1,000	147,545	397,706
	164,953,347	15,772,784	12,970,923	6,389,640	3,305,178	10,503,870	213,895,742
Expenses							
Salaries, wages, and benefits	18,594,853	41,237,408	22,447,144	2,657,274	3,014,611	28,029,453	115,980,742
Contracted and general services	5,157,562	20,067,376	6,575,520	1,394,564	392,704	5,641,506	39,229,232
Amortization expense	501,565	1,587,147	27,679,021	751	823,503	6,843,674	37,435,661
Materials	711,382	2,543,750	11,480,105	789,654	26,693	7,150,051	22,701,634
Transfers to other organizations	337,845	-	95	2,926,779	-	7,098,445	10,363,165
Interest on long-term debt	91,630	170,281	1,553,484	-	598,584	1,775,359	4,189,338
Bank and short-term interest	458,316	72	63,670	-	-	4,038	526,096
Provision for allowances	139,043	205,437	-	-	-	-	344,481
Accretion	8,100	6,380	205,496	1,502	14,715	54,550	290,743
	26,000,296	65,817,851	70,004,535	7,770,524	4,870,810	56,597,076	231,061,092
Surplus (deficiency) of revenue over expenses before other items	138,953,051	(50,045,067)	(57,033,612)	(1,380,884)	(1,565,632)	(46,093,206)	(17,165,350)
Other items							
Income from government business enterprise	17,967,985	-	-	-	-	-	17,967,985
Government transfers for capital	41,000	1,634,876	13,920,566	-	-	287,999	15,884,441
Concessionary items revenue	-	-	-	93,735	-	2,970,759	3,064,494
Contributed capital	-	-	1,305,062	-	-	1,004,671	2,309,733
Gain (loss) on disposal of capital assets	-	27,229	(188,231)	-	219,543	(25,691)	32,850
Surplus (deficiency) of revenue over expenses	156,962,036	(48,382,962)	(41,996,215)	(1,287,149)	(1,346,089)	(41,855,468)	22,094,153

1. Significant accounting policies

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

Reporting entity consolidated

The consolidated financial statements reflect the financial activities of the reporting entity. This entity is comprised of the municipal operations plus all organizations that are owned or controlled by the City and are, therefore, accountable to Council for the administration of their financial affairs and resources.

The City has consolidated the assets, liabilities, revenue and expenses of the following entities:

- Grande Prairie Airport Commission 100% (2024 - 100%)
- Grande Prairie Public Library 100% (2024 - 100%)

All inter-entity balances have been eliminated on consolidation. Transactions between departments have also been eliminated.

The consolidated financial statements also exclude trust assets that are administered for the benefit of external parties as described in Note 25.

Government business entities, owned or controlled by the City's Council but not dependent on the City for their continuing operations, are included in the financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the government business entity accounting principles are not adjusted to conform to those of the City. Thus, the City's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- Aquatera Utilities Inc.

Basis of accounting

These consolidated financial statements have been 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.

Cash and cash equivalents

Cash and cash equivalent include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is disclosed as restricted cash in Note 16.

Land held for resale

Land 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, and stripping and leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks, and street lighting are recorded as physical assets under the respective function.

1. **Significant accounting policies** *(Continued from previous page)*

Investments

Investments are recorded at amortized cost, except investments in government business enterprises explained below. 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.

The City's investment in Aquatera Utilities Inc. is accounted for on a modified equity basis, consistent with the public sector accounting standards treatment for government business enterprises. Under the modified equity basis, the business enterprise's accounting policies are not adjusted to conform with those of the City and the inter-organizational transactions and balances are not eliminated.

Derivative financial instruments

Derivative financial instruments are financial contracts whose value changes in response to a change in an underlying variable, such as specified interest rate, financial instrument, commodity price, or foreign exchange rate. The City enters into derivative contracts to manage its exposure to interest rate risks associated with its portfolio investments and long-term debt.

Agreements receivable

Agreements receivable consist of amounts that are recoverable from other governments or local organizations 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.

Property tax requisition over-levy and under-levy

Over-levies and under-levies arise from the difference between the actual 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 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

Qualifying employees of the City are members of the Local Authority Pension Plan (LAPP), a multi-employer defined benefit pension plan. The trustee of this plan is the Alberta Treasurer 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.

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 Association of Alberta Municipalities (ABMunis) 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.

Employees of the Grande Prairie Police Service, a department of the City of Grande Prairie, are members of the Special Forces Pension Plan (SFPP), a multi-employer defined benefit pension plan. The SFPP Corporation is the legal trustee and administrator of the plan, which is governed by a Board of Directors. 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.

1. **Significant accounting policies** *(Continued from previous page)*

Liability for contaminated site

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the City is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at December 31, 2025.

At each financial reporting date, the City reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The City continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Tax sale proceeds

Tax sale proceeds and the associated liabilities consist of the excess funds collected on the sale of seized properties put up for tax auction after outstanding property taxes were recovered by the City. Under the *Municipal Government Act*, the City is required to hold these funds for up to 10 years and attempt to disperse them to the former property owner.

Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets, inventory for consumption, and prepaid expenses.

Tangible capital assets

Tangible capital assets are initially recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset.

Tangible capital assets are capitalized based on the following thresholds:

- Land improvements, machinery & equipment, and vehicles - \$10,000 or greater
- Buildings and engineered structures - \$100,000 or greater
- Land - No minimum threshold for capitalization

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

When conditions indicate that a tangible capital asset no longer contributes to the City's ability to provide goods and services, or that the value of future economic benefits associated with a tangible capital asset is less than its net book value, the City reduces the cost of the asset to reflect the decline in its value. Write-downs of tangible capital assets are not reversed.

Amortization

Tangible capital assets are amortized annually using the straight-line method at the following rates intended to amortize the cost of the assets over their estimated useful lives:

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

1. **Significant accounting policies** *(Continued from previous page)*

Tangible capital assets *(Continued from previous page)*

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.

Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Impairment of long-lived assets

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The City performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using quoted market prices. Any impairment is included in surplus for the year.

Asset retirement obligations

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date when there is a legal obligation for the City to incur retirement costs in relation to a tangible capital asset (or component thereof), the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at December 31, 2025. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset.

At each financial reporting date, the City reviews the carrying amount of the liability. The City recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

The City continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Prepaid expenses

Prepaid expenses include pre-payments on goods and services which will be utilized in the following fiscal year.

1. **Significant accounting policies** *(Continued from previous page)*

Revenue recognition

Government transfers

The City recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the City recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Externally restricted revenue

The City recognizes externally restricted inflows as revenue in the period the resources are used for the purpose specified in accordance with an agreement or legislation. Until this time, the City records externally restricted inflows in deferred revenue.

Tax revenue

The City recognizes taxes as assets and revenue when they meet the definition of an asset; are authorized by a legislature, council, or legislative convention; and the taxable event has occurred.

Tax revenue is initially measured at management's best estimate of the amount resulting from the original taxable event in accordance with tax legislation. The related tax receivable is initially recognized at its realizable value at the date of acquisition. At each financial reporting date, the City evaluates the tax receivable for collectability and records a valuation allowance to reflect the tax receivable at its net recoverable amount, if necessary.

Fines and penalties

Traffic fine revenue is recorded based on the actual fines paid as well as the balance of outstanding fines as provided by the Government of Alberta.

Other Revenue

Other sources of revenue are recorded when received or receivable.

Segments

The City provides a range of services to its residents. For each reported segment, revenue and expenses represent only amounts that are directly attributable to the segment, no other amounts are allocated between segments. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

Refer to the Schedule of Segmented Disclosure (Schedule 6).

Segments of the financial statements are broken out as follows:

General government includes council, administrative and legislative services

Protective Services includes police, fire, emergency management, and bylaw enforcement

Transportation Services includes fleet, engineering, transit, storm water, and airport operations

Community Development includes family and community support services and cemetery

Planning and Development includes municipal planning, land use, development services, and public housing

Recreation and Culture includes recreation boards, parks, recreational facilities and related programs, library, museum and other cultural programs.

1. **Significant accounting policies** (Continued from previous page)

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets. Property tax revenues are based on property tax assessment values provided by the City of Grande Prairie.

Liability for contaminated site

Expenditures that relate to on-going environmental and remediation programs are charged against operating surplus as incurred. A liability for a contaminated site reflects management's best estimate of the amount required to remediate the contaminated site. The best estimate of the liability is based upon assumptions and estimates related to the amount and timing of costs for future site remediation.

Changes to the underlying assumptions and estimates or legislative changes in the near term could have a material impact on the provision recognized.

Asset retirement obligation

A liability for an asset retirement obligation reflects management's best estimate of the amount required to retire the related tangible capital asset (or component thereof). The best estimate of the liability is based upon assumptions and estimates related to the amount and timing of costs for future asset retirement.

Changes to the underlying assumptions and estimates or legislative changes in the near term could have a material impact on the provision recognized.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the consolidated financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the year in which they become known.

Financial instruments

The City recognizes its financial instruments when the City becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the City may irrevocably elect to subsequently measure any financial instrument at fair value. The City has not made such an election during the year.

The City subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses, with the exception of gains and losses on externally restricted financial assets measured at fair value, which are recognized as an increase or decrease to the associated liability until the resources are used in accordance with their specified purpose. Interest income is recognized in the statement of operations; however, interest income on externally restricted financial assets is recognized as an increase or decrease to the associated liability until the resources are used in accordance with their specified purpose. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operating surplus. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

City of Grande Prairie
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025

1. Significant accounting policies (Continued from previous page)

Financial instruments (Continued from previous page)

All financial assets except derivatives are tested annually for impairment. Management considers whether the investee has experienced continued losses for a period of years, and recent collection experience in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

2. Cash and equivalents

	2025	2024
Cash and equivalents	24,360,222	22,089,207

Cash held in bank accounts bear interest at rates ranging from prime less 1.85% and prime less 1.89% based on balances maintained in the accounts (2024 - prime less 1.85% and prime less 1.89%).

Guaranteed investment certificates bear interest at rates between 2.26% and 2.85% (2024 - 4.60% and 5.45%), mature March 7, 2026 and March 9, 2026 (2024 - February 17, 2025 and March 7, 2025) respectively and are recorded at amortized cost, which includes accrued interest.

Included in cash and equivalents, and portfolio investments are restricted amounts aggregating \$12,187,642 (2024 - \$13,629,990) to be used for specific projects included in deferred revenue.

The City has entered into a credit facility agreement which encompasses a revolving line of credit with a maximum limit of \$15,000,000 (2024 - \$15,000,000) bearing interest at prime less 0.25% secured by borrowing bylaws and approvals as required to be in compliance with the Alberta Municipal Government Act and its regulations. At year-end, no amounts were drawn against the available balance.

3. Portfolio investments

Portfolio investments are readily convertible to cash, consist of fixed income investments and Canadian treasury bills, have a weighted average investment yield as of December 31, 2025 of 2.66% (2024 - 2.27%) per annum and mature between June 2026 and November 2035.

Market value of portfolio investments as at December 31, 2025 is \$106,002,181 (2024 - \$111,263,425).

4. Taxes receivables

	2025	2024
Current taxes and grants in place of taxes	4,255,266	4,075,560
Arrears	3,324,991	3,050,924
	7,580,257	7,126,484

City of Grande Prairie
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025

5. Trade and other receivables

	2025	2024
Trade and other receivable	9,968,532	8,258,092
Government grants receivable	9,622,261	12,554,978
Dividends receivable	4,115,119	4,071,110
Goods and services tax receivable	235,986	526,442
Accrued investment earnings	4,070,094	3,464,891
CEIP Receivable	1,034,121	546,182
<hr/>		
	29,046,113	29,421,695
Less: allowances for uncollectible trade and other receivables	(568,324)	(431,009)
<hr/>		
	28,477,789	28,990,683

Clean Energy Improvement Program (CEIP) loans included in trade and other receivables consist of amounts receivable from individual taxpayers for amounts relating to clean energy projects completed within the City through the CEIP administered by AB Munis. These loans are to be repaid in conjunction with property tax payments, include interest at 3% per annum and are repayable in terms of between 15-20 years.

6. Agreements receivable

	2025	2024
RCMP	128,703	511,298
Swan City Hockey Association	158,778	158,778
Maskwa Medical Center Canada Inc.	3,500,000	-
<hr/>		
	3,787,481	670,076
Agreements receivable due in one year	(128,703)	(249,655)
<hr/>		
	3,294,563	420,421

Estimated net principal amounts to be received are as follows:

2026	149,984
2027	43,917
2028	3,545,813
2029	47,767
<hr/>	
	\$ 3,787,481

Agreements receivable bear no interest and matures in years 2026 through 2029.

City of Grande Prairie
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025

7. Investment in government business enterprise

	2025	2024
Aquatera Utilities Inc. 70.6129% ownership (2024 - 70.8040%)		
167,337 common shares (2024 - 153,484)	1,673	1,534
176,389 preferred shares (2024 - 162,536)	176,387,508	162,534,631
Cumulative share of earnings	178,569,992	176,763,914
Cumulative share of dividends declared	(178,569,915)	(176,763,687)
	<hr/> 176,389,258	<hr/> 162,536,392

On December 31, 2025, Aquatera Utilities Inc. declared a stock dividend, under which the City will receive 13,853 common and 13,853 preferred shares with a carrying value of \$13,852,866 in aggregate on January 1, 2026.

Aquatera Utilities Inc. was established in 2003 by the City 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.

Non-cumulative annual dividends were declared in the year in the amount of \$4,115,199 (2024 - \$4,071,110) consisting of:
- Mandatory dividends calculated as 5% of preferred Class D shares totalling \$1,808,033 (2024 - \$1,808,033)
- Discretionary dividends based on preferred Class H shares totalling \$2,307,086 (2024 - \$2,263,077).

All of the dividends declared for 2025 are receivable at year end. These dividends are included as an expense in other income (expense) in Aquatera Utilities Inc.'s financial results, therefore, the City's share of these dividends are added back in the above reconciliation of the City's share of earnings.

Aquatera Utilities Inc. has recognized a decommissioning liability for the estimated expected costs for closure and post-closure activities for a landfill site. The 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. estimated the discounted amount of cash flow required to settle its decommissioning liability is approximately \$8,164,132 (2024 - \$6,901,669), calculated using inflation rates of 2.3% (2024 - 2%) and a long-term discount rate of 4.5% (2024 - 5%).

The majority of closure costs related to cells one to nine (2024 - one to nine) of the landfill are expected to commence in 2036, approximately five years after reaching capacity in 2031. Annual post-closure costs are expected to extend 25 years beyond closure of the landfill. The expected capacity remaining is 517,106 (2024 - 615,066) metric tonnes with an estimated annual utilization of 84,000 (2024 - 84,000) metric tonnes. The current year liability and capacity reflects cells 1 thru 9.

City of Grande Prairie
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025

Investment in government business enterprise *(Continued from previous page)*

Summary financial information for Aquatera Utilities Inc., accounted for using the modified equity method, for the respective year-end is as follows:

	December 31, 2025	December 31, 2024
Assets		
Financial assets	45,406,251	58,388,332
Physical assets	310,612,278	300,465,466
Total assets	356,018,529	358,853,798
Liabilities		
Current liabilities, including callable debt	18,076,841	27,112,819
Deferred revenue of capital contributions	156,397,083	154,762,889
Landfill closure and post-closure liability	6,116,049	5,375,085
Total liabilities	180,589,973	187,250,793
Net assets	175,428,556	171,603,005
Total revenue	65,743,254	60,389,349
Total expenses	(47,392,034)	(43,749,508)
Net income before other expenses	18,351,220	16,639,841
Other expenses	(4,498,354)	(4,549,044)
Net income	13,852,866	12,090,797

During the year, Aquatera Utilities Inc. had transactions with the City which are outlined in Note 20.

8. Derivative financial instrument asset

The City directly holds derivative financial instruments that serve to manage interest rate risk. The derivatives consist of long-term debt amounts with interest rate swaps and portfolio investments with interest earnings linked to a actively quoted index fund. These derivatives allow the City to exchange interest rate cash flows (fixed, floating and bond index) based on a notional amount.

9. Accounts payable and accruals

	2025	2024
Trade payables and other accrued liabilities	9,478,425	16,713,233
Construction holdbacks payable	1,040,013	2,063,922
Accrued payroll	4,372,067	4,418,560
	14,890,505	23,195,711

City of Grande Prairie
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025

10. Deferred revenue

	2025	2024
Operating grants	5,420,600	6,798,953
CCBF capital grant	4,844,625	2,653,345
LGFF capital grant	358,864	1,819,337
Other capital grants	1,473,413	1,773,517
MSI capital grant	90,140	578,838
Sales and user charges	7,695,833	7,286,169
	19,883,475	20,910,159

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/or corresponding expenditures are incurred. Unexpended funds related to the deferred grants are fully supported by cash and portfolio investments held exclusively for these projects.

Operating Grants

Deferred operating grants consists of balances which remain unspent and will be recognized when corresponding expenditures are incurred.

Local Government Fiscal Framework (LGFF)

Capital funding in the amount of \$9,140,129 (2024 - \$7,878,359) was committed to the City in the current year from the LGFF program, as approved under the funding agreement. At December 31, 2025 the funds had not yet been received and will be received once the total amount that has been committed to the City has been appropriated to projects that are expected to be completed in 2026.

Canada Community Building Fund (CCBF)

Capital funding in the amount of \$4,324,946 (2024 - \$3,882,545) was received in the current year from the CCBF. 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 Capital Grants

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

11. 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 payment on behalf of retirees during the year were \$30,018 (2024 - \$21,397).

City of Grande Prairie
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025

12. Long-term debt

	2025	2024
Tax supported debentures	81,602,992	86,822,879
Tax supported bankers acceptance interest rate swaps	27,146,379	27,731,127
Agreement supported debentures	8,736,631	9,437,154
Agreement supported bankers acceptance interest rate swaps	3,500,000	-
	120,986,002	123,991,160
Less: principal amounts due within the next year	6,653,413	6,976,810
Long-term debt due thereafter	114,332,589	117,014,350

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

	Principal	Interest	Total
2026	6,653,413	4,038,045	10,691,458
2027	6,562,188	3,806,531	10,368,719
2028	10,153,564	3,494,107	13,647,671
2029	6,145,289	3,212,561	9,357,850
2030	6,002,355	3,012,001	9,014,356
	35,516,809	17,563,245	53,080,054
Thereafter	85,469,193	29,048,309	114,517,502
Total	120,986,002	46,611,554	167,597,556

Interest on long-term debt amounted to \$4,231,435 (2024 - \$4,347,624).

Debenture debt of \$93,367,970 (2024 - \$96,260,033) is repayable to the Province of Alberta, bears interest at rates ranging from 2.79% to 5.15% (2024 - 1.46% to 2.57%) per annum and matures in years 2026 through 2049.

Debenture debt of \$471,653 is repayable to the Federation of Canadian Municipalities, bears interest at 2.00% per annum and matures in 2044.

Bankers acceptance interest rate swaps (BAIRS) are repayable to CIBC and consist of facilities bearing combined interest and stamping fees of 3.61% to 3.96% (2024 - 3.61% to 3.96%) revolving quarterly which mature from 2028 - 2052 (2024 - mature from 2051 and 2052).

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 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 at December 31, 2025 a gain of \$1,886,050 (2024 - \$913,045) 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.

Included in long-term debt is a loan in the amount of \$8,264,978 (2024 - \$9,437,154) that was entered into on behalf of the Grande Prairie Airport Commission. Payments for this loan are made by the Airport Commission to the City who then pays the debtor on the Commission's behalf.

City of Grande Prairie
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025

13. Debt limits

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

	2025	2024
Total debt limit	320,843,613	313,782,599
Total debt	120,514,349	123,991,160
<hr/>		
Amount of debt limit unused	200,329,264	189,791,439
<hr/>		
Debt servicing limit	53,473,936	52,297,100
Debt servicing	11,203,567	11,588,665
<hr/>		
Amount of debt servicing limit unused	42,270,369	40,708,435

The debt limit is calculated as 1.5 times the consolidated revenue of the City (as defined in Alberta Regulation 255/2000) and the debt service limit is calculated as 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 which could be at financial risk if further debt is acquired. The calculation alone does not represent the financial stability of the City. Rather, the consolidated financial statements must be interpreted as a whole.

Borrowing is further limited by the City's policy to not 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.

14. Asset retirement obligations

Hazardous materials abatement

The City owns buildings which contain hazardous materials including asbestos. The City recognized a liability for the asset retirement obligation and a corresponding amount has been capitalized as an asset retirement cost and added to the carrying value of the buildings. The asset retirement cost is amortized on a straight-line basis over the useful life of the buildings.

The City estimated the amount of the liability using the discounted cash flow method. The significant assumptions used to determine the estimate are the inflationary rate which has been estimated using the Consumer Price Index (CPI) long-rate of 3.15%, and the average borrowing rate of the City which has been calculated using 4%.

The estimated total liability of \$14,951,554 (2024 - \$14,829,852) relating to the buildings is based on the expected undiscounted cashflows of \$90,135,508 (2024 - \$96,038,303) that will be settled over the next 76 years. The estimated liability at December 31, 2025 has been discounted based on the average borrowing rate of the City which is 4% (2024 - 4%) and inflation of 3.15% (2024 - 3.15%). The City has not designated or reserved assets for settling the abatement and demolition activities.

Bear Creek Reservoir, Dam, and Control Structure

The City operates a licensed dam and is legally required to perform closure activities upon the retirement of the structure. Closure activities include, but are not limited to, removal of the control structure and dam, sediment management, regrading and reconstruction of the creek, and armouring of the creek banks downstream to ensure creek stability and erosion control. The estimated total liability of \$12,548,071 (2024 - \$12,445,515) relating to the dam is based on the expected undiscounted cashflows of \$53,556,294 (2024 - \$55,243,317) that will be settled in an estimated 38 years.

The estimated liability at December 31, 2025 has been discounted based on the average borrowing rate of the City which is 4% (2024 - 4%) and inflation of 3.15% (2024 - 3.15%). The City has not designated or reserved assets for settling the abatement and demolition activities.

Grande Prairie Airport Commission - Sewage Lagoon

The Grande Prairie Airport Commission has recognized a liability for the asset retirement obligation of a sewage lagoon on the airport grounds. As the sewage lagoon does not have a tangible capital asset associated with it, the original amount was expensed and is therefore included in opening accumulated surplus.

The estimated total liability of \$2,725,894 (2024 - \$2,659,409) was estimated using a servicing study conducted by management's expert. The significant assumptions used to determine the best estimate of the liability are based on decommissioning costs, adjusted for inflation in Alberta using a present value model. Accretion expense of \$66,485 (2024 - \$87,447) has been recorded to account for the inflation. The City has not designated or reserved assets for settling the abatement and demolition activities.

	2025	<i>2024 Restated (Note 30)</i>
Balance, beginning of year	29,934,776	28,624,259
Liabilities settled	-	(1,095,490)
Accretion	290,743	294,046
Change in estimated cash flows	-	2,111,961
Balance, end of year	30,225,519	29,934,776

City of Grande Prairie
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025

15. Equity in tangible capital assets

	2025	<i>2024</i> <i>Restated</i> <i>(Note 30)</i>
Tangible capital assets (<i>Schedule 2</i>)	751,976,976	751,112,640
Long-term debt (<i>Note 12</i>)	(120,986,002)	(123,991,160)
Long-term debt for operating	4,305,792	511,294
Asset retirement obligations (<i>Note 14</i>)	(30,225,519)	(29,934,778)
Grande Prairie Airport Commission - Sewage Lagoon	2,725,894	2,659,410
	607,797,141	600,357,409

16. Reserves

	2025	<i>2024</i>
Grande Prairie Public Library	1,991,058	1,973,349
Grande Prairie Airport Commission	9,650,763	8,619,468
Cemetery perpetual care	4,926,047	4,652,528
Council strategic initiatives	2,512,037	-
Facility renewal	13,365,472	12,274,114
Financial stabilization	16,740,700	18,024,647
Fleet management system	8,710,645	9,918,240
Future expenditures	33,647,526	32,809,731
Pinnacle Ridge special tax reserve	29,363	29,965
Public art	595,467	219,605
Public housing	157,108	155,548
Public	1,664,020	3,226,180
Transportation system levy	10,689,660	9,911,515
	104,679,866	101,814,893
Total Cash		
Cash and temporary investments (<i>Note 2</i>)	24,360,222	22,089,207
Portfolio investments (<i>Note 3</i>)	105,309,260	114,250,269
Deferred revenue (<i>Note 10</i>)	(12,187,642)	(13,629,990)
Reserves	(104,679,866)	(101,814,890)
Unrestricted cash	12,801,974	20,894,596

Unrestricted cash above represents cash amounts available for use that is not restricted either externally or internally. The City has sufficient cash to cover its restricted funds including deferred revenue (*Note 10*), and reserves identified above.

City of Grande Prairie
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025

17. Accumulated operating surplus

Accumulated operating surplus consists of the following:

	2025	<i>2024 Restated (Note 30)</i>
Unrestricted surplus	20,245,704	22,309,122
Reserves (Note 16)	104,679,866	101,814,893
Equity in tangible capital assets (Note 15)	607,797,141	600,357,409
Equity in investments	176,389,258	162,536,392
	909,111,969	887,017,816

18. Franchise fee revenue

The City has franchise agreements with ATCO Electric Ltd., ATCO Gas and Pipelines Ltd., and Aquatera Utilities Inc. that provide the utilities with the right to construct, operate, and maintain distribution systems within municipal rights-of-way for the purpose of delivering natural gas, electricity, water, sewer, landfill, and recycling services to the City. These agreements are authorized under the Municipal Government Act and established through municipal bylaws.

	2025	<i>2024</i>
ATCO Electric Ltd.	4,827,461	6,651,934
ATCO Gas and Pipelines Ltd.	6,649,707	4,960,182
Aquatera Utilities Inc.	4,264,280	4,036,951
	15,741,448	15,649,067

City of Grande Prairie
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025

19. Salaries and benefits disclosure

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

	<i>Salary/ remuneration</i>	<i>Benefits & allowances</i>	2025	2024
Mayor:				
J. Clayton	155,361	18,938	174,299	168,099
Councillors:				
G. Berg	78,694	15,398	94,092	92,429
G. Blackmore	70,028	14,306	84,334	90,329
W. Bosch	17,897	9,354	27,251	92,429
D. Bressey	78,394	15,443	93,837	93,073
M. O'Connor	82,289	10,908	93,197	88,012
K. O'Toole	81,994	15,398	97,392	97,079
W. Pilat	81,994	15,398	97,392	89,579
C. Thiessen	81,794	15,398	97,192	95,329
L. Auger	10,694	8,648	19,342	-
J. Flach	13,894	4,904	18,798	-
City manager	383,257	25,189	408,446	399,841
Designated officers	608,873	116,086	724,959	719,718

Salary/remuneration 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 include the employer's share of costs of additional taxable benefits including special leave with pay, travel allowances, and car allowances.

The City Manager position represents one full-time equivalent in 2025 (2024 - one FTE).

Designated officers include the Chief Financial Officer, City Assessor, and City Clerk, consisting of three full-time equivalent positions (2024 - three FTE).

20. Related party transactions

During the year, the City conducted the following transactions with a related entity. The transactions were recorded at fair value at the date of transaction.

	2025	2024
Aquatera Utilities Inc. (a government business enterprise controlled by the City)		
Franchise fee revenue, including amounts in lieu of taxes	4,264,280	4,036,951
Cost recovery	847,649	380,970
Utility and other expenses	834,498	845,676
Dividends declared	4,115,119	4,071,110
Trade and other accounts receivable	5,227,250	4,657,018
Trade accounts payable	-	78,048

21. Employee future benefits

The City participates in several multi-employer benefit plans on behalf of its employees.

a) Local Authorities Pension Plan

Employees of the City participate in the Local Authorities Pension Plan ("LAPP"), a multi-employer defined benefit pension plan governed by the *Alberta Public Sector Pension Plans Act*. The LAPP serves about 316,938 members and 453 employers. The LAPP is funded through employer and employee contributions and investment income earned by the LAPP Fund.

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

For current service contributions to the Local Authorities Pension Plan the City contributed 8.45% of pensionable earnings up to the Year's Maximum Pensionable Earnings under the Canada Pension Plan, and 11.65% of pensionable earnings above this amount. Employees of the City contributed 7.45% of pensionable earnings up to the Year's Maximum Pensionable Earnings and 10.65% on pensionable earnings above this threshold.

Total current service contributions by the City to the LAPP in 2025 were \$6,315,091 (2024 - \$6,154,076). Total current service contributions by the employees of the City to the LAPP in 2025 were \$5,644,373 (2024 - \$5,500,512).

Based on the latest actuarial funding valuation included in the 2024 Annual Report, the Plan's going-concern funded status as of December 31, 2024, was approximately 114%, indicating that on a funding valuation basis there were more assets than actuarial liabilities at that valuation date.

For accounting purposes, the funded status of a defined benefit pension plan may differ from the actuarial funding position due to differing measurement bases and assumptions. According to the 2024 Annual Report highlights LAPP's net assets available for benefits of approximately \$70,699,000,000 (2023 - \$63,338,000,000) exceeded accounting-basis liabilities, resulting in an estimated actuarial surplus of \$19,557,000,000 (2023 - surplus of \$15,057,000,000). The 2025 LAPP annual report was not available at the date of these financial statements.

b) APEX Supplementary Pension Plan

Eligible employees may also elect to participate in the voluntary APEX Supplementary Pension Plan offered through Alberta Municipalities Association, which is covered by the *Public Sector Pension Plans Act*. The plan serves about 2,782 members and 171 employers. The plan is financed by employer and employee contributions and by investment earnings of the APEX Fund.

The City is required to make current service contributions to the plan of 2.96% of pensionable earnings above the LAPP maximum pensionable earnings up to the year's maximum pensionable earnings of \$187,834 (2024 - \$180,500) 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 2.45% of pensionable earnings above the LAPP maximum pensionable earnings up to the year's maximum pensionable earnings of \$187,834, with no contributions on earnings above the maximum threshold.

Total current service contributions by the City to the APEX in 2025 were \$506,908 (2024 - \$453,553). Total current service contributions by the employees of the City to the APEX in 2025 were \$414,433 (2024 - \$370,810).

At December 31, 2024, the date of the most recent actuarial valuation, the APEX disclosed an actuarial surplus of \$17,157,288 (2023 - surplus of \$10,306,413). The 2025 APEX annual report was not available at the date of these financial statements.

21. Employee future benefits (Continued from previous page)

c) Grande Prairie Firefighters Supplementary Pension Plan

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

Total current service contributions by the City to the plan in 2025 were \$449,501 (2024 - \$440,864). Total current service contributions by the employees of the City to the plan in 2025 were \$367,730 (2024 - \$360,662).

The City and plan members have agreed to share the cost of future service and any 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, 2025, would not have a significant impact on the financial position of the City.

A triennial actuarial valuation was completed as of December 31, 2024, to assess the Plan's financial position. The valuation identified a going concern unfunded liability of \$490,000, representing a funded ratio of 95.6% (previous valuation at December 31, 2021, reported an actuarial deficit of \$1,464,000).

The minimum contribution requirements under the Employment Pension Plans Act for the Plan years 2025 to 2027 are 4.901% of pensionable earnings, with the City contributing 2.697% and plan members contributing 2.204%. As an acceptable alternative, contribution rates will be applied as:

- Prior to November 1, 2025: 6.836% of pensionable earnings (City 3.760%; members 3.076%).
- On and after November 1, 2025: 4.138% of pensionable earnings (City 2.276%; members 1.862%).

The actuary reported no subsequent events that would materially affect the valuation results. The next actuarial valuation is required no later than December 31, 2027.

d) Special Forces Pension Plan

Effective October 1, 2023, the City joined the Special Forces Pension Plan ("SFPP") to accommodate sworn officers. The SFPP is jointly governed under the *Joint Governance of Public Sector Pension Plans Act in 2018* and by the *Employment Pension Plans Act ("EPPA")*. Since the SFPP Corporation became a public agency on November 2, 2019, they are subject to the *Alberta Public Agencies Governance Act ("APAGA")*, the *Financial Administration Act*, and the *Fiscal Planning and Transparency Act*.

According to the SFPP Annual Report as at December 31, 2024, the Plan serves approximately 8,269 members and 8 participating employers. The SFPP is funded through a combination of employer and employee contributions and investment income earned by the SFPP Fund.

For current service contributions, the City contributed 14.30% of pensionable earnings up to the Year's Maximum Pensionable Earnings (YMPE), while employees contributed 13.20% of pensionable earnings up to the YMPE. Total current service contributions by the City to the SFPP amounted to \$547,457 in 2025 (2024 - \$199,674). Total current service contributions by employees of the City to the SFPP amounted to \$505,345 in 2025 (2024 - \$184,578).

The latest actuarial funding valuation was completed in 2024 for the year ended December 31, 2023. Based on the most recent SFPP funding valuation, the funding value of the Plan's assets increased to approximately \$4,290,000,000 as at December 31, 2023, compared to \$3,920,000,000 at the end of the previous valuation period ended December 31, 2021.

21. Employee future benefits *(Continued from previous page)*

Based on the SFPP 2024 Annual Report, the following information relates to the overall financial position of the Plan as at December 31, 2024:

- The market value of net assets available for benefits was approximately \$4,760,000,000.
- The pension obligation measured on an accounting basis was approximately \$4,130,000,000.

As a result, the Plan reported an accounting surplus of approximately \$624,000, with assets representing approximately 115% of accounting liabilities.

The funded position on an actuarial funding basis differs from the accounting basis due to the use of different assumptions and methodologies. Based on the most recent actuarial valuation included in the 2024 Annual Report (as at December 31, 2023), the Plan was 99.9% (2021 - 100%) funded.

22. Financial Instruments

The City financial instruments consist of cash and portfolio investments, accounts receivable, investments, debt charges recoverable, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities, requisition over-levy, and long-term debt. It is management's opinion that the City is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. In seeking to minimize the risks from interest rate fluctuations, the City manages exposure through interest rate swaps, which modify the repricing characteristics of financial assets and liabilities.

The City is exposed to interest rate risk with respect to principal protected notes included in portfolio investments, which are subject to floating interest rates ranging from 4.61% to 6.88%, maturing between 2032 and 2035 (2024 - 2031 and 2034).

The City's long-term debt includes swap rate loans which bear combined interest and stamping fees of 3.61% to 3.96% (2024 - 3.61% to 3.96%), maturing between 2028 and 2052 (2024 - 2051 and 2052).

Credit Risk

The City is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other accounts 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 the credit risk.

23. Contingencies

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 annually reviews any potential environmental liabilities resulting from its operations and properties, as well as any potential reclamation obligations. The City has identified sites that have the potential to result in remediation obligations, but the sites have not exceeded any existing environmental standard. A liability will be recorded for these sites when an environmental standard has been exceeded, the likelihood of the City becoming responsible for the site is determinable and the amount of the liability can be reasonably estimated.

The City has been named defendant in various lawsuits at December 31, 2025. 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 counsels, 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.

City of Grande Prairie
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025

24. Budget reconciliation

The disclosed budget information has been approved by the Mayor and Council of The City of Grande Prairie at the council meeting held December 2, 2024.

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.

Annual surplus/deficit is comprised of the following:

	2025	2024
Budget surplus per consolidated financial statements	39,943,110	34,506,802
Transfers to reserves	(19,326,343)	(6,871,714)
Transfers from reserves	5,646,679	5,140,900
Internal charges	(8,033,047)	(8,564,884)
Internal recoveries	8,033,047	8,564,884
Budgeted capital transfers	(17,215,000)	(22,078,875)
Debt principal payments	(5,384,646)	(7,338,341)
Subsidiary Budget - Library	136,200	181,200
Subsidiary Budget - Airport	(3,800,000)	(3,539,972)
	-	-

25. 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:

	<i>Opening balance</i>	<i>Receipts</i>	<i>Disbursements</i>	<i>Closing balance</i>
Community funds and endowments	1,348,004	31,300	(72,307)	1,306,998

26. Commitments

At December 31, 2025, the City has entered into various agreements for goods and services that extend past the current fiscal year. These contractual obligations will become liabilities to the City in subsequent years when the terms of the agreements are met.

The City has entered into an agreement with the Royal Canadian Mounted Police (RCMP) to provide policing services which is billed based on actual utilization of RCMP services. The agreement is anticipated to expire on October 21, 2026.

The City has entered into an agreement with Alberta Municipal Services Corporation (AMSC) and ATCO, which expires December 31, 2026, to purchase electricity and natural gas at a fixed price and volume per hour to meet its estimated annual consumption requirements.

City of Grande Prairie
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025

26. Commitments *(Continued from previous page)*

The City has entered into other various agreements for the 2026 fiscal year with estimated minimum annual payments as follows:

	2026	2025
Capital construction	21,660,156	4,089,058
Equipment purchases	3,185,605	2,104,080
Contracted services	773,489	3,068,246
Loan agreements		3,500,000
Funding agreements	2,257,961	2,028,950
Leases space	480,000	480,000
Balance, end of year	28,357,211	15,270,334

27. Approval of financial statements

Council and Management have approved these financial statements.

28. Subsequent event

Subsequent to year end, the City entered into the following new financing agreements with RBC:

- \$7,200,000 one year term loan bearing interest at RBC Prime less 1%, which will convert into a bankers acceptance interest rate swap on Feb 11, 2027. The interest rate swap bears combined interest and stamping fees at an all in rate of 4.52% and matures in 2047.

- \$3,347,000 one year term loan bearing interest at RBC Prime less 1%, which will convert into a bankers acceptance interest rate swap on Feb 11, 2027. The interest rate swap bears combined interest and stamping fees at an all in rate of 4.62% and matures in 2052.

29. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation.

30. Correction of an error

During the year, the Grande Prairie Airport Commission determined that an asset retirement obligation liability was understated. For 2024, the impact of this correction has resulted in a decrease of 2024 opening unrestricted surplus of \$2,571,963, an increase in asset retirement obligation liability of \$2,659,409, and an increase in 2024 accretion expense of \$87,447.

This change also resulted in an opening unrestricted surplus decrease of \$2,659,409 in 2025.