

**CITY OF GRANDE PRAIRIE**  
**Consolidated Financial Statements**  
**December 31, 2020**



**CITY OF GRANDE PRAIRIE**  
**Index to Consolidated Financial Statements**  
**Year Ended December 31, 2020**

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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, 2020, and the consolidated statements of financial activities and accumulated surplus, changes in net financial assets and changes in financial position for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2020, and the results of its financial activities and accumulated surplus, changes in net financial assets and its financial position for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

(continues)

*Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Fletcher Moody & LLP*

Grande Prairie, Alberta  
April 19, 2021

Chartered Professional Accountants



**CITY OF GRANDE PRAIRIE**  
**Consolidated Statement of Financial Position**  
**December 31, 2020**

	<b>2020</b>	<b>2019</b> <i>(Restated - Note 23)</i>
<b>FINANCIAL ASSETS</b>		
Cash <i>(Note 2)</i>	\$ 22,674,721	\$ 35,398,610
Portfolio investments <i>(Note 3)</i>	134,220,854	134,818,751
Receivables		
Taxes and grants in place of taxes receivable <i>(Note 4)</i>	9,422,840	7,511,163
Trade and other receivables <i>(Note 5)</i>	41,196,212	14,117,596
Agreements receivable <i>(Note 6)</i>	1,593,087	1,908,289
Land held for resale inventory	1,590,027	606,250
Investment in government business enterprise <i>(Note 7)</i>	117,175,894	108,517,010
	<b>327,873,635</b>	<b>302,877,669</b>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities <i>(Note 8)</i>	16,814,043	18,849,556
Deferred revenue <i>(Note 9)</i>	50,807,487	44,648,445
Employee benefit obligations <i>(Note 10)</i>	4,360,262	3,592,342
Long-term debt <i>(Note 11)</i>	124,675,032	132,371,803
	<b>196,656,824</b>	<b>199,462,146</b>
<b>NET FINANCIAL ASSETS</b>	<b>131,216,811</b>	<b>103,415,523</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets <i>(Schedule 2)</i>	697,622,308	685,712,288
Inventory for consumption	1,114,427	978,445
Prepaid expenses	764,831	658,868
	<b>699,501,566</b>	<b>687,349,601</b>
<b>NET ASSETS <i>(Schedule 1)</i></b>	<b>\$ 830,718,377</b>	<b>\$ 790,765,124</b>

CONTINGENT LIABILITIES *(Note 24)*

**ON BEHALF OF THE CITY OF GRANDE PRAIRIE**

\_\_\_\_\_ *Mayor*

*Please see accompanying notes to financial statements*



**CITY OF GRANDE PRAIRIE**

**Consolidated Statement of Financial Activities and Accumulated Surplus**

**Year Ended December 31, 2020**

	<i>Budget (Unaudited - Note 22)</i>		
	2020	2020	2019
<b>REVENUES</b>			
Net municipal taxes <i>(Schedule 3)</i>	\$ 119,438,005	\$ <b>118,070,415</b>	\$ 115,798,134
Government transfers for operating <i>(Schedule 4)</i>	6,822,672	<b>21,257,423</b>	13,377,671
User fees and sales of goods	24,138,599	<b>9,203,345</b>	22,042,442
Interest and investment income	2,613,892	<b>5,030,019</b>	4,048,707
Penalties and cost of taxes	1,900,000	<b>1,030,622</b>	2,047,603
Development levies	-	<b>1,125,876</b>	772,770
Fines, rentals, licenses and permits	15,800,581	<b>8,284,775</b>	14,035,133
Franchise and concession contracts	13,323,413	<b>12,860,099</b>	12,774,515
Transfers from other organizations	104,000	<b>1,114,934</b>	169,005
Other revenue	1,866,198	<b>1,225,899</b>	2,824,972
	<u>186,007,360</u>	<u><b>179,203,407</b></u>	<u>187,890,952</u>
<b>EXPENDITURES</b>			
General government and administration	28,723,694	<b>21,371,034</b>	20,582,734
Protective services	47,675,819	<b>48,287,121</b>	49,108,401
Transportation services	49,639,972	<b>63,701,664</b>	65,026,450
Community and social development	3,103,255	<b>10,347,049</b>	8,581,146
Planning and development services	3,606,710	<b>3,084,520</b>	3,497,497
Recreation and cultural services	42,656,845	<b>38,379,241</b>	52,676,004
	<u>175,406,295</u>	<u><b>185,170,629</b></u>	<u>199,472,232</u>
<b>EXCESS (SHORTFALL) OF REVENUES OVER EXPENDITURES BEFORE THE FOLLOWING</b>	<u>10,601,065</u>	<u><b>(5,967,222)</b></u>	<u>(11,581,280)</u>
<b>OTHER ITEMS</b>			
Contributed tangible capital assets	-	<b>8,654,561</b>	16,094,124
Loss on disposal of tangible capital assets	-	<b>(2,684,612)</b>	(729,500)
Loss on disposal of land held for resale	-	<b>(219,776)</b>	-
Government transfers for capital <i>(Schedule 4)</i>	37,715,351	<b>28,217,418</b>	16,569,560
Subsidiary operations <i>(Note 17)</i>	3,679,882	<b>11,952,884</b>	9,743,909
	<u>41,395,233</u>	<u><b>45,920,475</b></u>	<u>41,678,093</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	51,996,298	<b>39,953,253</b>	30,096,813
ACCUMULATED SURPLUS - BEGINNING	<u>790,765,124</u>	<u><b>790,765,124</b></u>	<u>760,668,311</u>
<b>ACCUMULATED SURPLUS - ENDING</b>	<u>\$ 842,761,422</u>	<u><b>\$ 830,718,377</b></u>	<u>\$ 790,765,124</u>

*Please see accompanying notes to financial statements*



**CITY OF GRANDE PRAIRIE**  
**Consolidated Statement of Changes in Net Financial Assets**  
**Year Ended December 31, 2020**

	<i>Budget (Unaudited - Note 22) 2020</i>	<b>2020</b>	2019 <i>(Restated - Note 23)</i>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	\$ 51,996,298	<b>\$ 39,953,253</b>	\$ 30,096,813
Acquisition of tangible capital assets	(37,715,351)	<b>(38,291,704)</b>	(29,838,117)
Contributed tangible capital assets	-	<b>(8,654,561)</b>	(16,094,124)
Proceeds on disposal of tangible capital assets	-	<b>570,940</b>	1,385,738
Amortization of tangible capital assets	-	<b>30,495,966</b>	29,214,103
Loss on disposal of tangible capital assets	-	<b>2,684,612</b>	729,500
Land reclassified as held for resale	-	<b>1,284,727</b>	157,500
	<u>(37,715,351)</u>	<u><b>(11,910,020)</b></u>	<u>(14,445,400)</u>
Acquisition of inventory for consumption	-	<b>(1,837,703)</b>	(2,485,157)
Use of inventory for consumption	-	<b>1,701,721</b>	2,600,240
Acquisition of prepaid assets	-	<b>(1,846,639)</b>	(1,898,708)
Use of prepaid assets	-	<b>1,740,676</b>	1,489,687
	<u>-</u>	<u><b>(241,945)</b></u>	<u>(293,938)</u>
	<u>(37,715,351)</u>	<u><b>(12,151,965)</b></u>	<u>(14,739,338)</u>
<b>INCREASE IN NET FINANCIAL ASSETS</b>	14,280,947	<b>27,801,288</b>	15,357,475
<b>NET FINANCIAL ASSETS - BEGINNING OF YEAR</b>	103,415,523	<b>103,415,523</b>	88,058,048
<b>NET FINANCIAL ASSETS - END OF YEAR</b>	<u>\$ 117,696,470</u>	<u><b>\$ 131,216,811</b></u>	<u>\$ 103,415,523</u>

*Please see accompanying notes to financial statements*



**CITY OF GRANDE PRAIRIE**  
**Consolidated Statement of Changes in Financial Position**  
**Year Ended December 31, 2020**

	2020	2019
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenditures	\$ 39,953,253	\$ 30,096,813
Items not affecting cash:		
Amortization of tangible capital assets	30,495,966	29,214,103
Contributed tangible capital assets	(8,654,561)	(16,094,124)
Loss on disposal of tangible capital assets	2,684,612	729,500
Subsidiary operations	(11,952,884)	(9,743,909)
	<u>52,526,386</u>	<u>34,202,383</u>
Change in non-cash working capital:		
Taxes and grants in place of taxes receivable	(1,911,677)	1,614,734
Trade and other receivables	(27,078,616)	(3,172,382)
Accounts payable and accrued liabilities	(2,035,513)	1,898,156
Deferred revenue	6,159,042	3,209,259
Employee benefit obligations	767,920	(254,842)
Land held for resale	300,950	303,550
Inventory for consumption	(135,982)	115,083
Prepaid expenses	(105,963)	(409,021)
	<u>28,486,547</u>	<u>37,506,920</u>
<b>INVESTING ACTIVITIES</b>		
Issuance of agreements receivable	-	(200,000)
Agreements receivable repayments	315,202	235,177
Dividends declared by Aquatera Utilities Inc.	3,294,086	3,398,065
Acquisition of investment on asset transfer	(86)	(64)
	<u>3,609,202</u>	<u>3,433,178</u>
<b>FINANCING ACTIVITY</b>		
Long-term debt repaid	(7,696,771)	(7,767,715)
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(38,291,704)	(29,838,117)
Proceeds on disposal of tangible capital assets	570,940	1,385,738
	<u>(37,720,764)</u>	<u>(28,452,379)</u>
<b>INCREASE (DECREASE) IN CASH</b>	<b>(13,321,786)</b>	<b>4,720,004</b>
<b>CASH - BEGINNING OF YEAR</b>	<b>170,217,361</b>	<b>165,497,357</b>
<b>CASH - END OF YEAR</b>	<b>156,895,575</b>	<b>170,217,361</b>
<b>CASH CONSISTS OF:</b>		
Cash (Note 2)	\$ 22,674,721	\$ 35,398,610
Portfolio investments (Note 3)	134,220,854	134,818,751
	<u>\$ 156,895,575</u>	<u>\$ 170,217,361</u>

*Please see accompanying notes to financial statements*





**CITY OF GRANDE PRAIRIE**  
**Consolidated Schedule of Changes in Accumulated Surplus**  
**Year Ended December 31, 2020**

*(Schedule 1)*

	Unrestricted Surplus	Restricted Surplus	Equity in Investments	Equity in Tangible Capital Assets	2020	2019
BALANCE, BEGINNING OF YEAR	\$ 31,418,863	\$ 75,497,939	\$ 108,517,010	\$ 553,465,540	<b>\$ 768,899,352</b>	\$ 738,802,539
Prior period adjustments <i>(Note 23)</i>	-	20,273,516	-	1,592,256	<b>21,865,772</b>	21,865,772
BALANCE, AS RESTATED	31,418,863	95,771,455	108,517,010	555,057,796	<b>790,765,124</b>	760,668,311
Excess of revenues over expenditures	39,953,253	-	-	-	<b>39,953,253</b>	30,096,813
Unrestricted funds designated for future use	(37,980,560)	37,980,560	-	-	-	-
Restricted funds used for operations	2,951,962	(2,951,962)	-	-	-	-
Share of net earnings from subsidiary	(11,952,884)	-	11,952,884	-	-	-
Dividends received	3,294,086	-	(3,294,086)	-	-	-
Current year funds used for tangible capital assets	(21,678,071)	-	-	21,678,071	-	-
Restricted funds used for tangible capital assets	-	(16,613,633)	-	16,613,633	-	-
Contributed tangible capital assets	(8,654,561)	-	-	8,654,561	-	-
Annual amortization expense	30,495,966	-	-	(30,495,966)	-	-
Disposal of tangible capital assets	4,540,279	-	-	(4,540,279)	-	-
Long-term debt for capital repaid	(7,390,699)	-	-	7,390,699	-	-
Stock dividend <i>(Note 7)</i>	(86)	-	86	-	-	-
<b>BALANCE, END OF YEAR</b>	<b>\$ 24,997,548</b>	<b>\$ 114,186,420</b>	<b>\$ 117,175,894</b>	<b>\$ 574,358,515</b>	<b>\$ 830,718,377</b>	<b>\$ 790,765,124</b>

*Please see accompanying notes to financial statements*



**CITY OF GRANDE PRAIRIE**  
**Consolidated Schedule of Tangible Capital Assets**  
**Year Ended December 31, 2020**

*(Schedule 2)*

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Assets Under Construction	2020	2019
<b>COST</b>									
BALANCE, BEGINNING	\$ 86,164,539	\$ 74,154,580	\$ 287,974,485	\$ 480,791,480	\$ 28,932,220	\$ 24,056,992	\$ 8,612,208	\$ 990,686,503	\$ 953,641,111
Prior period adjustment (Note 23)	1,592,256	-	-	-	-	-	-	1,592,256	1,592,256
AS RESTATED	87,756,795	74,154,580	287,974,485	480,791,480	28,932,220	24,056,992	8,612,208	992,278,759	955,233,367
Acquisition of tangible capital assets	1,115,576	5,262,749	-	30,523,251	3,498,531	2,616,578	3,929,580	46,946,265	45,932,241
Transfers of assets under construction	-	-	-	4,911,646	691,710	-	(5,603,356)	-	-
Other transfers	(1,284,727)	-	-	-	-	-	-	(1,284,727)	(157,500)
Disposal of tangible capital assets	-	(2,475,330)	-	(11,745,101)	(1,893,995)	(1,709,471)	-	(17,823,897)	(8,729,349)
<b>BALANCE, ENDING</b>	<b>87,587,644</b>	<b>76,941,999</b>	<b>287,974,485</b>	<b>504,481,276</b>	<b>31,228,466</b>	<b>24,964,099</b>	<b>6,938,432</b>	<b>1,020,116,400</b>	<b>992,278,759</b>
<b>ACCUMULATED AMORTIZATION</b>									
BALANCE, BEGINNING	-	33,247,628	77,314,693	170,611,662	14,517,801	10,874,687	-	306,566,471	283,966,479
Annual amortization	-	3,929,703	6,395,774	15,919,505	2,839,101	1,411,883	-	30,495,966	29,214,103
Accumulated amortization on disposals	-	(2,411,820)	-	(9,073,944)	(1,468,737)	(1,613,844)	-	(14,568,345)	(6,614,111)
<b>BALANCE, ENDING</b>	<b>-</b>	<b>34,765,511</b>	<b>83,710,467</b>	<b>177,457,223</b>	<b>15,888,165</b>	<b>10,672,726</b>	<b>-</b>	<b>322,494,092</b>	<b>306,566,471</b>
<b>NET BOOK VALUE, ENDING</b>	<b>\$ 87,587,644</b>	<b>\$ 42,176,488</b>	<b>\$ 204,264,018</b>	<b>\$ 327,024,053</b>	<b>\$ 15,340,301</b>	<b>\$ 14,291,373</b>	<b>\$ 6,938,432</b>	<b>\$ 697,622,308</b>	<b>\$ 685,712,288</b>
2019 NET BOOK VALUE, ENDING	\$ 87,756,795	\$ 40,906,952	\$ 210,659,792	\$ 310,179,818	\$ 14,414,419	\$ 13,182,305	\$ 8,612,208	\$ 685,712,288	

Please see accompanying notes to financial statements



CITY OF GRANDE PRAIRIE

Consolidated Schedule of Property and Other Taxes

(Schedule 3)

Year Ended December 31, 2020

	<i>Budget (Unaudited) 2020</i>	<b>2020</b>	2019
<b>Taxation</b>			
Real property taxes	\$ 146,937,630	<b>\$ 145,541,568</b>	\$ 142,446,736
Linear property taxes	2,143,076	<b>2,171,311</b>	2,129,352
Downtown Business Revitalization Zone	360,263	<b>371,596</b>	373,724
Grants in place of taxes	289,157	<b>325,181</b>	395,640
Local improvement	16,700	<b>16,700</b>	16,675
	<u>149,746,826</u>	<u><b>148,426,356</b></u>	<u>145,362,127</u>
<b>Requisitions</b>			
Alberta School Foundation Fund	29,470,442	<b>29,519,007</b>	28,749,058
Grande Spirit Foundation	478,116	<b>476,671</b>	454,672
Business revitalization zone	360,263	<b>360,263</b>	360,263
	<u>30,308,821</u>	<u><b>30,355,941</b></u>	<u>29,563,993</u>
	<u>\$ 119,438,005</u>	<u><b>\$ 118,070,415</b></u>	<u>\$ 115,798,134</u>

Please see accompanying notes to financial statements



**CITY OF GRANDE PRAIRIE**  
**Consolidated Schedule of Government Transfers** *(Schedule 4)*  
**Year Ended December 31, 2020**

	<i>Budget (Unaudited) 2020</i>	<b>2020</b>	2019
<b>Transfers for operating</b>			
Provincial government	\$ 4,077,008	\$ <b>18,210,878</b>	\$ 10,612,532
Federal government	55,000	<b>861,282</b>	599,518
Other local governments	2,690,664	<b>2,185,263</b>	2,165,621
	6,822,672	<b>21,257,423</b>	13,377,671
<b>Transfers for capital</b>			
Provincial government	28,815,351	<b>28,005,773</b>	15,624,525
Federal government	8,900,000	<b>211,645</b>	945,035
	37,715,351	<b>28,217,418</b>	16,569,560
<b>TOTAL GOVERNMENT TRANSFERS</b>	\$ 44,538,023	\$ <b>49,474,841</b>	\$ 29,947,231

*Please see accompanying notes to financial statements*



**CITY OF GRANDE PRAIRIE**  
**Consolidated Schedule of Expenditures by Object** *(Schedule 5)*  
**Year Ended December 31, 2020**

	<i>Budget (Unaudited)</i>		
	2020	2020	2019
<b>EXPENDITURES</b>			
Salaries, wages and benefits	\$ 96,463,280	\$ <b>85,566,436</b>	\$ 94,110,613
Contracted and general services	38,830,520	<b>32,808,736</b>	33,634,694
Materials, goods and utilities	28,951,103	<b>20,338,062</b>	21,482,269
Provision for allowances	-	<b>48,353</b>	915,672
Transfers to individuals, local boards and other organizations	6,033,434	<b>11,122,982</b>	10,048,004
Bank charges and short-term interest	235,751	<b>440,738</b>	534,745
Interest on long-term debt	4,892,207	<b>4,349,356</b>	9,532,132
Amortization provision	-	<b>30,495,966</b>	29,214,103
	<b>\$ 175,406,295</b>	<b>\$ 185,170,629</b>	<b>\$ 199,472,232</b>

*Please see accompanying notes to financial statements*



**CITY OF GRANDE PRAIRIE**  
**Consolidated Schedule of Segment Disclosure**  
**Year Ended December 31, 2020**

*(Schedule 6)*

	General Government	Protective Services	Transportation Services	Planning and Development	Community Development	Recreation and Culture	Total
<b>REVENUE</b>							
Net municipal taxes	\$ 118,070,415	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 118,070,415
Government transfers	4,211,853	4,218,497	758,610	990,411	7,346,646	3,731,406	21,257,423
User fees and sales of goods	492,942	1,975,586	3,769,110	240,493	39,808	2,685,406	9,203,345
Investment income	4,719,927	-	262,119	-	15,122	32,851	5,030,019
Other revenue	14,466,333	4,762,549	1,940,740	1,044,734	2,673,554	754,295	25,642,205
	<u>141,961,470</u>	<u>10,956,632</u>	<u>6,730,579</u>	<u>2,275,638</u>	<u>10,075,130</u>	<u>7,203,958</u>	<u>179,203,407</u>
<b>EXPENSES</b>							
Salaries, wages and benefits	14,774,971	26,255,767	20,388,520	2,917,973	1,928,338	19,300,867	85,566,436
Contracted and general services	3,878,290	18,515,536	4,447,630	131,739	862,191	4,973,350	32,808,736
Materials, goods and utilities	1,802,963	1,542,021	12,128,105	9,141	1,188,395	3,667,437	20,338,062
Transfers to local boards and agencies	332,709	371,387	1,667,170	-	6,147,884	2,603,832	11,122,982
Interest on long-term debt	40,994	363,696	1,481,087	-	50,563	2,413,016	4,349,356
Amortization expense	453,205	1,217,799	23,300,299	-	163,415	5,361,248	30,495,966
Other expenses	87,902	20,915	288,853	25,667	6,263	59,491	489,091
	<u>21,371,034</u>	<u>48,287,121</u>	<u>63,701,664</u>	<u>3,084,520</u>	<u>10,347,049</u>	<u>38,379,241</u>	<u>185,170,629</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES BEFORE OTHER ITEMS</b>	<u>\$ 120,590,436</u>	<u>\$ (37,330,489)</u>	<u>\$ (56,971,085)</u>	<u>\$ (808,882)</u>	<u>\$ (271,919)</u>	<u>\$ (31,175,283)</u>	<u>\$ (5,967,222)</u>
<b>2019 EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES BEFORE OTHER ITEMS</b>	<u>\$ 116,989,260</u>	<u>\$ (34,933,127)</u>	<u>\$ (49,717,295)</u>	<u>\$ (1,005,765)</u>	<u>\$ (1,785,882)</u>	<u>\$ (41,128,471)</u>	<u>\$ (11,581,280)</u>

*Please see accompanying notes to financial statements*



**CITY OF GRANDE PRAIRIE**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2020**

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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.

*(continues)*



**CITY OF GRANDE PRAIRIE**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2020**

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

Inventories 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, 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 their respective function.

Investments

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

Agreements receivable

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

Requisition over-levy and under-levy

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

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

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

Employee future benefits

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

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

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

*(continues)*





**CITY OF GRANDE PRAIRIE**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2020**

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

Contaminated sites liability

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

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets for the year.

Tangible capital assets

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

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

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

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

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

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

Impairment of long-lived assets

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

*(continues)*



**CITY OF GRANDE PRAIRIE**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2020**

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

Asset retirement obligations

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

Inventory held for consumption

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

Reserves for future expenditures

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

Tax revenue

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

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

Government transfers

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

Government transfers are recognized in the consolidated financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be determined.

Measurement uncertainty

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

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

Budget

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

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**CITY OF GRANDE PRAIRIE**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2020**

2. CASH

Cash consists primarily of amounts held in bank accounts, which bear interest at a rate of prime minus 1.8% (2019 - prime minus 1.8%) per annum on balances over \$1,000,000.

Included in cash and portfolio investments are restricted amounts aggregating \$46,839,314 (2019 - \$39,369,102) to be used for specific projects included in deferred revenue (*Note 9*).

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

3. PORTFOLIO INVESTMENTS

Portfolio investments are readily convertible to cash, consist of fixed income investments and Canadian treasury bills, have a weighted average investment yield of 2.02% (2019 - 2.76%) per annum and mature between February, 2021 and July, 2035.

Included in cash and portfolio investments are restricted amounts aggregating \$46,839,314 (2019 - \$39,369,102) to be used for specific projects included in deferred revenue (*Note 9*).

In addition, the City holds \$1,614,904 (2019 - \$1,964,929) that is held in trust as described in Note 19.

4. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2020	2019
Current taxes and grants in place of taxes	\$ 5,607,976	\$ 5,380,808
Arrears	3,814,864	2,235,873
Allowance for doubtful accounts	-	(105,518)
	\$ 9,422,840	\$ 7,511,163

5. TRADE AND OTHER RECEIVABLES

	2020	2019
Trade and other receivables	\$ 7,064,386	\$ 8,812,623
Government grants receivable	29,780,460	1,426,672
Dividend receivable	3,294,086	3,398,065
Goods and services tax	328,845	148,948
Accrued investment earnings	1,667,106	1,246,497
Less: allowances for uncollectible trade and other receivables	(938,671)	(915,209)
	\$ 41,196,212	\$ 14,117,596



**CITY OF GRANDE PRAIRIE**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2020**

6. AGREEMENTS RECEIVABLE

	2020	2019
RCMP	\$ 1,400,511	\$ 1,597,916
Canadian Mental Health Association	-	108,672
Swan City Hockey Association	181,847	190,972
Army, Navy and Airforce Veterans Unit #389	10,729	10,729
	1,593,087	1,908,289
Agreements receivable due in one year	(222,030)	(274,111)
	\$ 1,371,057	\$ 1,634,178

Estimated principal amounts to be received are as follows:

2021	\$ 222,030
2022	262,586
2023	269,365
2024	282,082
2025	295,401
To maturity	261,623
	\$ 1,593,087

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.

During the year, the City forgave the remaining balance due from the Canadian Mental Health Association.

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 \$11,153 and matures in 2025. During the year, the City agreed to defer the quarterly payments with repayment commencing July 1, 2021.

The Army, Navy, Airforce Veterans Unit #389 agreement receivable is unsecured and non-interest bearing with annual principal repayments of \$5,364 and matures in 2022. During the year, the City agreed to defer the annual payment with repayment commencing in 2021.

Capital agreements above consist of the RCMP and the Army, Navy and Airforce Veterans Unit #389 for a total of \$1,411,239 (2019 - \$1,608,645) (*Note 13*).



**CITY OF GRANDE PRAIRIE**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2020**

7. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISE

	2020	2019
Aquatera Utilities Inc. - 71.85% ownership (2019 - 72.86%)		
110,001 common shares (2019 - 101,342)	\$ 1,100	\$ 1,014
118,998 preferred shares (2019 - 110,339)	118,997,910	110,339,112
Cumulative share of earnings	118,262,659	106,309,775
Cumulative share of dividends declared	(120,085,775)	(108,132,891)
	<u>117,175,894</u>	<u>108,517,010</u>
	<u>\$ 117,175,894</u>	<u>\$ 108,517,010</u>

On December 31, 2020, Aquatera Utilities Inc. declared a stock dividend, under which the City received 8,659 common and 8,659 preferred shares with a carrying value of \$8,658,798 in aggregate.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2020	2019
Trade payables and other accrued liabilities	\$ 10,759,482	\$ 11,818,985
Construction holdbacks payable	865,894	739,168
Accrued payroll	4,307,793	5,033,800
Accrued interest payable	880,874	963,284
Annexation liability	-	294,319
	<u>\$ 16,814,043</u>	<u>\$ 18,849,556</u>

9. DEFERRED REVENUE

	2020	2019
		<i>(Restated - Note 23)</i>
Requisition over-levy	\$ -	\$ 1,162,382
Deferred sales and user charges	3,968,173	4,116,961
Deferred operating grants	4,883,057	4,711,424
Deferred MSI capital grant	16,353,807	22,566,601
Deferred FGTF capital grant	6,730,277	7,887,105
Deferred ICIP capital grant	7,310,182	-
Deferred MSP capital grant	8,033,826	-
Other deferred capital grants	3,528,165	4,203,972
	<u>\$ 50,807,487</u>	<u>\$ 44,648,445</u>

*(continues)*



**CITY OF GRANDE PRAIRIE**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2020**

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9. DEFERRED REVENUE *(continued)*

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 \$14,190,806 (2019 - \$9,783,797) 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.

Federal Gas Tax Fund (FGTF)

Capital funding in the amount of \$3,951,953 (2019 - \$7,806,981) was received in the current year from the Federal Gas Tax Fund. Unexpended funds related to this advance, and amounts from prior periods carried forward are supported by cash and portfolio investments held exclusively for these projects, which are scheduled for completion in subsequent periods.

Investing in Canada Infrastructure Program (ICIP)

Capital funding in the amount of \$7,310,182 (2019 - \$NIL) was committed to the City in the current year from the COVID-19 Resilience Stream. Unexpended funds related to this advance are supported by cash and portfolio investments held exclusively for these projects, which are scheduled for completion in subsequent periods.

Municipal Stimulus Program (MSP)

Capital funding in the amount of \$8,212,428 (2019 - \$NIL) was committed to the City in the current year from the Municipal Stimulus Program. Unexpended funds related to this advance are supported by cash and portfolio investments held exclusively for these projects, which are scheduled for completion in subsequent periods.

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

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**CITY OF GRANDE PRAIRIE**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2020**

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 \$30,244 (2019 - \$30,422).

11. LONG-TERM DEBT

	2020	2019
Tax supported debentures	<b>\$ 124,675,032</b>	\$ 132,371,803
Long-term debt due in one year	<b>(7,552,804)</b>	(7,696,771)
	<b><u>\$ 117,122,228</u></b>	<b><u>\$ 124,675,032</u></b>

Principal repayment terms are approximately:

	Principal	Interest	Total
2021	\$ 7,552,804	\$ 4,186,072	\$ 11,738,876
2022	7,393,451	3,883,574	11,277,025
2023	6,832,855	3,595,680	10,428,535
2024	6,635,917	3,335,447	9,971,364
2025	6,392,062	3,095,629	9,487,691
Thereafter	<u>89,867,943</u>	<u>30,423,880</u>	<u>120,291,823</u>
	<b><u>\$ 124,675,032</u></b>	<b><u>\$ 48,520,282</u></b>	<b><u>\$ 173,195,314</u></b>

Debenture debt is repayable to the Province of Alberta and bears interest at rates ranging from 2.18% to 6.50% per annum and matures in years 2021 through 2049.

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

Cash paid for interest on long-term debt amounted to \$4,505,382 (2019 - \$4,796,442 plus stop loss payments related to debt refinancing).

Included in long-term debt is a loan in the amount of \$13,705,911 (2019 - \$14,676,179) 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, 2020**

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:

	2020	2019
Total debt limit	\$ 269,688,351	\$ 281,836,428
Total debt	(124,675,032)	(132,371,803)
Amount debt limit remaining	\$ 145,013,319	\$ 149,464,625
Debt servicing limit	\$ 44,948,059	\$ 46,972,738
Debt servicing	(11,738,876)	(12,126,790)
Service on debt limit remaining	\$ 33,209,183	\$ 34,845,948

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

13. EQUITY IN TANGIBLE CAPITAL ASSETS

	2020	2019
		<i>(Restated - Note 23)</i>
Tangible capital assets ( <i>Schedule 2</i> )	\$ 697,622,308	\$ 685,712,288
Capital agreements receivable ( <i>Note 6</i> )	1,411,239	1,608,645
Long-term debt issued for capital purposes	(124,675,032)	(132,263,137)
	\$ 574,358,515	\$ 555,057,796





**CITY OF GRANDE PRAIRIE**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2020**

14. RESTRICTED SURPLUS

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

	Balance Beginning <i>(Restated - Note 23)</i>	Additions	Reductions	Balance Closing
Cemetery perpetual care	\$ 3,197,328	\$ 334,435	\$ -	\$ 3,531,763
Facility renewal	3,696,044	8,465,503	4,653,812	7,507,735
Financial stabilization	14,041,395	4,135,614	1,300,000	16,877,009
Fleet management system	12,779,733	3,146,049	4,644,122	11,281,660
Future expenditures	37,749,637	19,079,293	6,467,588	50,361,342
Pinnacle Ridge special tax	22,985	10,189	-	33,174
Public	2,950,483	103,709	-	3,054,192
Public art	94,367	67,545	-	161,912
Public housing commission	260,887	34,861	-	295,748
Transportation system levies	8,106,565	2,410,923	162,000	10,355,488
	<u>82,899,424</u>	<u>37,788,121</u>	<u>17,227,522</u>	<u>103,460,023</u>
Library	1,916,913	172,445	182,732	1,906,626
Airport	10,955,118	1,398,744	3,534,091	8,819,771
	<u>\$ 95,771,455</u>	<u>\$ 39,359,310</u>	<u>\$ 20,944,345</u>	<u>\$ 114,186,420</u>



**CITY OF GRANDE PRAIRIE**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2020**

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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	<b>2020</b>	2019
Mayor:				
B. Given	\$ 115,480	\$ 7,791	<b>\$ 123,271</b>	\$ 123,575
Councillors:				
C. Blackburn	63,257	7,796	<b>71,053</b>	65,047
D. Bressey	64,957	7,796	<b>72,753</b>	75,190
J. Clayton	64,357	7,796	<b>72,153</b>	71,390
E. Friesen	60,123	7,796	<b>67,919</b>	66,466
Y. Minhas	63,957	7,796	<b>71,753</b>	70,690
K. O'Toole	65,957	7,796	<b>73,753</b>	76,190
W. Pilat	63,957	7,796	<b>71,753</b>	71,589
C. Thiessen	65,957	7,796	<b>73,753</b>	73,989
City Manager:	319,712	44,919	<b>364,631</b>	321,967
Designated officers:	464,870	93,460	<b>558,330</b>	1,059,183

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

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

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

Designated officers include the Chief Financial Officer, City Assessor and City Clerk, consisting of three full-time equivalent positions (2019 - 3 FTE).

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**CITY OF GRANDE PRAIRIE**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2020**

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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 274,151 people and 420 employers. The LAPP is financed by employer and employee contributions and by investment earnings from the LAPP Fund.

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

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

Total current service contributions by the City to the LAPP in 2020 were \$6,052,000 (2019 - \$5,977,986). Total current service contributions by the employees of the City to the Local Authorities Pension Plan in 2020 were \$5,501,166 (2019 - \$5,435,971).

At December 31, 2019, the LAPP disclosed an actuarial surplus of \$7.9 billion (2018 surplus - \$3.5 billion).

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 1,422 people and 70 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 \$154,611 (2019 - \$151,278) 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 \$154,611 (2019 - \$151,278). No contributions on earnings above the maximum threshold.

Total current and past service contributions made by the City to APEX in 2020 were \$433,356 (2019 - \$458,930). The current and past service contributions by employees of the City to APEX in 2020 were \$293,784 (2019 - \$344,802).

At December 31, 2019, the Plan disclosed an actuarial deficiency of \$605,073 (2018 deficiency - \$7,899,642).

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**CITY OF GRANDE PRAIRIE**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2020**

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 2020 were \$299,409 (2019 - \$290,397). Total current contributions by the employees of the City to the Plan in 2020 were \$244,924 (2019 - \$236,932).

At December 31, 2019, the Plan disclosed a non-actuarial deficiency of \$166,595 (2018 actuarial deficiency - \$203,129). 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, 2020 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, 2020:

	2020	2019
<b>Financial Position:</b>		
Financial assets	\$ 72,710,742	\$ 73,341,480
Physical assets	266,213,979	256,284,066
Total assets	338,924,721	329,625,546
Current liabilities, including callable debt	84,217,485	88,948,309
Deferred revenue of capital contributions	132,726,055	127,293,631
Landfill closure and post-closure liability	4,805,287	4,866,596
Total liabilities	221,748,827	221,108,536
Net assets	\$ 117,175,894	\$ 108,517,010

*(continues)*



**CITY OF GRANDE PRAIRIE**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2020**

17. SUBSIDIARY OPERATIONS *(continued)*

	2020	2019
<b>Results of Operations:</b>		
Revenue	\$ 44,862,753	\$ 46,750,286
Amortization expense	(7,505,184)	(7,016,833)
Finance costs	709,981	(219,450)
Net subsidiary operations	(1,052,560)	(2,833,622)
Operating expenses	(25,062,106)	(26,936,472)
	\$ 11,952,884	\$ 9,743,909

Annual dividends were declared in the year in the amount of \$3,294,086 (2019 - \$3,398,065). 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 \$6,063,872 (2019 - \$5,888,208), 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 eight 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 719,777 (2019 - 793,532) metric tonnes with an annual estimated utilization of 89,972 metric tonnes. The current year liability and capacity reflects cells 1 - 9 with a total further capacity of approximately 7.5 million metric tonnes and a total lifespan of approximately 50 years once cells 10 - 17 are completed.



**CITY OF GRANDE PRAIRIE**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2020**

18. RELATED PARTY TRANSACTIONS

The following is a summary of transactions and balances with related and other parties for the year ended December 31, 2020:

	2020	2019
Aquatera Utilities Inc. <i>(a government business enterprise controlled by the City)</i>		
Franchise fee revenue, including amounts in lieu of taxes	\$ 3,414,204	\$ 3,408,537
Utility and other expenses	1,040,585	1,105,409
Dividends declared	3,294,086	3,398,065
Trade and other accounts receivable	3,549,326	3,401,262
Trade accounts payable	87,867	539

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

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

19. FUNDS HELD IN TRUST

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

	Balance Beginning	Receipts	Disbursements	Balance Closing
Facility deposits and registrations	\$ 43,628	\$ 135,679	\$ 167,493	\$ 11,814
Community funds and endowments	1,402,735	131,264	52,481	1,481,518
Advance ticket sales	518,566	844,767	1,241,761	121,572
	\$ 1,964,929	\$ 1,111,710	\$ 1,461,735	\$ 1,614,904



**CITY OF GRANDE PRAIRIE**  
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**Year Ended December 31, 2020**

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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 interest or 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.

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, 2020**

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21. SEGMENTED DISCLOSURE *(continued)*

Planning and Development

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

Community Development

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

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.

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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.

	<b>2020</b>
Budget surplus per consolidated financial statements	<b>\$ 51,996,298</b>
Transfers to reserves	<b>(8,085,060)</b>
Transfers from reserves	<b>2,297,000</b>
Internal charges	<b>(5,933,426)</b>
Internal recoveries	<b>5,933,426</b>
Capital investment income	<b>(8,262,250)</b>
Capital project expenses	<b>11,539,775</b>
Budgeted capital transfers	<b>(37,715,351)</b>
Debt principal payments	<b>(7,622,354)</b>
Subsidiary budget - Library	<b>43,618</b>
Subsidiary budget - Airport	<b>(5,672,998)</b>
Budgeted revenue earned from subsidiaries	<b>1,481,322</b>
City operating budget, approved by Council (November 18, 2019)	<b><u>\$ -</u></b>

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**CITY OF GRANDE PRAIRIE**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2020**

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23. PRIOR PERIOD ADJUSTMENTS

While performing an internal analysis of deferred revenue, the City determined that funds received in 2018 related to the acquisition of control of Highway 43 previously recorded as deferred revenue did not meet the definition of a liability and should have been recognized as revenue at the time of receipt. Public Sector Accounting Standard 3410.17 states "A transfer with eligibility criteria but without stipulations should be recognized by a recipient government when the transfer is authorized and all eligibility criteria have been met". The City met the eligibility criteria of the agreement by signing the agreement, however, the agreement included no stipulations on how the funds received were to be spent.

While reviewing an internal listing of land owned by the City, it was determined that with respect to a 2016 land sale, the incorrect piece of land was identified as sold. The City has retroactively adjusted the sale transaction to dispose of the actual piece of land that was sold and reinstate the misidentified piece of land at it's original carrying value.

Summary of prior period adjustments:

Accumulated surplus, 2019 ending, as previously stated	\$ 768,899,352
Decrease in deferred revenue	20,273,516
Increase in tangible capital assets	<u>1,592,256</u>
Accumulated surplus, 2019 ending, as restated	<u>\$ 790,765,124</u>

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24. 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, 2020. 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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25. 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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26. COVID-19

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

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