

COUNTY OF GRANDE PRAIRIE NO. 1

Consolidated Financial Statements

For the Year Ended December 31, 2020

COUNTY OF GRANDE PRAIRIE NO. 1

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MANAGEMENT REPORT

The accompanying consolidated financial statements and other information contained in this Financial Report are the responsibility of the management of the County of Grande Prairie No. 1.

These consolidated financial statements have been prepared by management within reasonable limits of materiality and within the framework of Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that the financial information produced is relevant and reliable.

The elected Council of the County of Grande Prairie No. 1 is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Council approves the engagement or re-appointment of the external auditors, and reviews the quarterly financial reports.

The consolidated financial statements have been audited by Metrix Group LLP Chartered Professional Accountants, the external auditors, in accordance with Canadian auditing standards on behalf of Council, residents and ratepayers of the County.

Joulia Whittleton
Chief Administrative Officer
April 26, 2021

Mark Schonken
Director of Financial Services
April 26, 2021

INDEPENDENT AUDITORS' REPORT

To the Reeve and Council of the County of Grande Prairie No. 1

Opinion

We have audited the accompanying consolidated financial statements of the County of Grande Prairie No. 1 (the County), which comprise the statement of financial position as at December 31, 2020, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the County as at December 31, 2020, and the results of its operations and its 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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the County 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in the *Annual Report* but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of these 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.

(continues)



In preparing the consolidated financial statements, management is responsible for assessing the County'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 County or to cease operations, or has no realistic alternative but to do so.

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

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 it 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 County's internal control.
- Evaluate the appropriateness of accounting policies 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 County'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 County 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.

METRIX GROUP LLP

Chartered Professional Accountants

Edmonton, Alberta

April 26, 2021

COUNTY OF GRANDE PRAIRIE NO. 1
Consolidated Statement of Financial Position
As at December 31, 2020

		2020	2019
			<i>(Restated - Note 30)</i>
FINANCIAL ASSETS			
Cash and cash equivalents	<i>(Note 2)</i>	\$ 34,387,761	\$ 28,286,751
Receivables	<i>(Note 3)</i>	28,368,542	21,055,106
Loans to other government	<i>(Note 4)</i>	221,999	301,999
Loans receivable	<i>(Note 5)</i>	2,311,850	2,418,417
Land held for resale	<i>(Note 6)</i>	4,567,086	1,719,868
Investments	<i>(Note 7)</i>	120,320,260	122,500,369
		190,177,498	176,282,510
LIABILITIES			
Accounts payable and accrued liabilities	<i>(Note 9)</i>	8,462,355	9,898,101
Deposit liabilities	<i>(Note 10)</i>	2,388,360	2,732,507
Deferred revenue	<i>(Note 11)</i>	9,210,060	9,465,235
Landfill closure and post-closure costs	<i>(Note 12)</i>	726,774	619,760
TD operating line of credit	<i>(Note 13)</i>	106,500	142,500
Long-term debt	<i>(Note 14)</i>	47,904,944	54,121,517
		68,798,993	76,979,620
NET FINANCIAL ASSETS		121,378,505	99,302,890
NON-FINANCIAL ASSETS			
Tangible capital assets	<i>(Schedule 2)</i>	476,937,402	466,151,558
Inventory for consumption	<i>(Note 16)</i>	1,211,708	1,255,807
Prepaid expenditures		979,824	2,286,364
		479,128,934	469,693,729
ACCUMULATED SURPLUS	<i>(Schedule 1, Note 17)</i>	\$ 600,507,439	\$ 568,996,619
 Contingent Liabilities	 <i>(Note 21)</i>		

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

COUNTY OF GRANDE PRAIRIE NO. 1
Consolidated Statement of Operations and Accumulated Surplus
For the Year Ended December 31, 2020

		2020 <i>(Budget - Note 28)</i>	2020 <i>(Actual)</i>	2019 <i>(Restated - Note 30)</i>
REVENUE				
Net municipal taxes	<i>(Schedule 3)</i>	\$ 87,926,829	\$ 86,730,433	\$ 83,628,328
User fees and sale of goods	<i>(Schedule 6)</i>	7,262,745	7,126,858	10,811,268
Government transfers	<i>(Schedule 4)</i>	2,849,436	6,077,180	3,151,967
Investment income		2,756,885	4,503,235	3,773,410
Penalties and costs of taxes		408,500	1,026,275	1,089,155
Insurance proceeds		-	34,871	9,819
Development levies		628,420	694,452	1,256,718
Licenses, permits, fines and rentals		2,710,300	3,928,496	4,602,872
Other		317,018	1,649,218	521,734
TOTAL REVENUE		104,860,133	111,771,018	108,845,271
EXPENSES				
Legislative		1,280,817	963,911	1,199,706
Other general		4,661,953	5,279,487	2,792,220
Corporate and Administrative Services		12,299,725	11,878,186	11,066,551
Community services				
Agriculture services		2,850,974	2,472,785	2,469,403
Family and Community Support Services		3,580,000	2,829,192	3,415,841
Recreation, cultural, library and park services		13,838,825	12,743,751	12,793,498
Regional enforcement services		3,738,791	3,358,033	3,435,900
Regional fire services		9,487,215	9,308,296	10,147,654
Transportation and field services		47,192,839	46,289,608	44,636,547
Water and wastewater services		636,210	628,717	9,907,689
Solid waste management and recycling		3,204,852	2,991,716	3,056,379
Planning and economic development				
Planning and development		4,247,919	2,829,598	3,505,260
Economic development		1,163,175	622,122	842,443
TOTAL EXPENSES		108,183,295	102,195,402	109,269,091
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER ITEMS		(3,323,162)	9,575,616	(423,820)
OTHER ITEMS				
Contributed assets		-	8,346,196	3,107,520
Government transfers for capital	<i>(Schedule 4)</i>	10,580,244	11,504,819	17,072,652
Net subsidiary operations - Aquatera Utilities Inc.	<i>(Note 25)</i>	-	5,333,156	1,546,577
Transfer of assets to Aquatera Utilities Inc.		(7,000,000)	(3,476,127)	(1,131,456)
Gain (loss) on disposal of tangible capital assets		-	227,160	(533,548)
		3,580,244	21,935,204	20,061,745
EXCESS OF REVENUE OVER EXPENSES		257,082	31,510,820	19,637,925
ACCUMULATED SURPLUS - BEGINNING OF YEAR		568,996,619	568,996,619	549,358,694
ACCUMULATED SURPLUS - END OF YEAR		\$ 569,253,701	\$ 600,507,439	\$ 568,996,619

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

COUNTY OF GRANDE PRAIRIE NO. 1
Consolidated Statement of Changes in Net Financial Assets
For the Year Ended December 31, 2020

	2020 <i>(Budget - Note 28)</i>	2020 <i>(Actual)</i>	2019 <i>(Restated - Note 30)</i>
EXCESS OF REVENUE OVER EXPENSES	\$ 257,082	\$ 31,510,820	\$ 19,637,925
Tangible capital assets related			
Acquisition of tangible capital assets	(65,156,628)	(29,583,353)	(37,404,198)
Contributed assets	-	(8,346,196)	(3,107,520)
Proceeds on disposal of tangible capital assets	678,000	856,089	813,033
Amortization of tangible capital assets	27,196,860	26,514,777	26,304,531
Gain (loss) on disposal of tangible capital assets	-	(227,160)	533,548
	(37,281,768)	(10,785,843)	(12,860,606)
Other non-financial assets			
Acquisition of supplies inventories	-	(2,442,832)	(2,727,250)
Use of supplies inventories	-	2,486,931	2,761,734
Acquisition of prepaid assets	-	(1,176,467)	(2,655,962)
Use of prepaid assets	-	2,483,006	1,182,533
	-	1,350,638	(1,438,945)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(37,024,686)	22,075,615	5,338,374
NET FINANCIAL ASSETS - BEGINNING OF YEAR	99,302,890	99,302,890	93,964,516
NET FINANCIAL ASSETS - END OF YEAR	\$ 62,278,204	\$ 121,378,505	\$ 99,302,890

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

COUNTY OF GRANDE PRAIRIE NO. 1
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2020

	2020	2019 <i>(Restated - Note 30)</i>
OPERATING		
Excess of revenue over expenses	\$ 31,510,820	\$ 19,637,925
Non-cash items included in Excess of revenue over expenses:		
Amortization of tangible capital assets	26,514,777	26,304,531
(Gain) Loss on disposal of tangible capital assets	(227,160)	533,548
Tangible capital assets received as contributions	(8,346,196)	(3,107,520)
Non-cash charges to operations (net change):		
Increase in receivables	(7,313,436)	(3,082,767)
Decrease in loans to other government	80,000	80,000
Increase in land held for resale	(2,847,218)	-
Decrease in loans receivable	106,567	387,135
Decrease (increase) in prepaid expenditures	1,306,538	(1,473,429)
Decrease in inventory for consumption	44,099	34,485
Decrease in accounts payable and accrued liabilities	(1,435,746)	(495,896)
Decrease in deposit liabilities	(344,147)	(437,380)
Increase in provision for landfill closure and post-closure costs	107,014	166,579
Decrease in deferred revenue	(255,175)	(7,707,109)
Cash provided by operating activities	38,900,737	30,840,102
CAPITAL		
Acquisition of tangible capital assets	(29,583,353)	(37,404,198)
Proceeds on disposal of tangible capital assets	856,089	813,033
Cash used for capital activities	(28,727,264)	(36,591,165)
INVESTING		
Proceeds on sale of investments	7,513,265	11,892,806
Investment in Aquatera Utilities Inc.	(5,333,156)	(1,546,577)
Cash provided by investing activities	2,180,109	10,346,229
FINANCING		
Bank loan repaid	(36,000)	(322,500)
Long-term debt issued	-	1,250,000
Long-term debt repaid	(6,216,572)	(5,894,603)
Cash applied to financing transactions	(6,252,572)	(4,967,103)
NET CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR	6,101,010	(371,937)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	28,286,751	28,658,688
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 34,387,761	\$ 28,286,751

(Schedule 1)

COUNTY OF GRANDE PRAIRIE NO. 1
Consolidated Schedule of Changes in Accumulated Surplus
For the Year Ended December 31, 2020

	Unrestricted Surplus (deficit)	Restricted Surplus	Equity in Aquatera Utilities Inc.	Equity in Tangible Capital Assets	2020	2019
BALANCE, BEGINNING OF YEAR	\$ 2,744,205	\$ 122,581,677	\$ 25,654,640	\$ 416,814,715	\$ 567,795,237	\$ 549,358,694
Restatement (Note 30)	-	-	-	1,201,382	1,201,382	-
BALANCE, BEGINNING OF YEAR, AS RESTATED	2,744,205	122,581,677	25,654,640	418,016,097	568,996,619	549,358,694
Excess of revenues over expenses	31,510,820	-	-	-	31,510,820	19,637,925
Unrestricted funds designated for future use	(38,248,326)	38,248,326	-	-	-	-
Restricted funds used for operations	9,642,231	(9,642,231)	-	-	-	-
Net subsidiary operations - Aquatera Utilities Inc.	(5,333,156)	-	5,333,156	-	-	-
Restricted funds used for tangible capital assets	-	(18,732,288)	-	18,732,288	-	-
Current year funds used for tangible capital asset	(10,851,066)	-	-	10,851,066	-	-
Contributed tangible capital assets	(8,346,196)	-	-	8,346,196	-	-
Disposal of tangible capital assets	628,928	-	-	(628,928)	-	-
Annual amortization expense	26,514,777	-	-	(26,514,777)	-	-
Long-term debt repaid	(6,216,572)	-	-	6,216,572	-	-
Levied portion of local improvements	711,869	-	-	(711,869)	-	-
Change in accumulated surplus	13,309	9,873,807	5,333,156	16,290,548	31,510,820	19,637,925
BALANCE, END OF YEAR	\$ 2,757,514	\$ 132,455,484	\$ 30,987,796	\$ 434,306,645	\$ 600,507,439	\$ 568,996,619

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

(Schedule 2)

COUNTY OF GRANDE PRAIRIE NO. 1
Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2020

	Land	Site Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Construction in Progress	2020	2019
COST									
BALANCE, BEGINNING OF YEAR \$	81,379,407	\$ 21,814,787	\$ 96,572,712	\$ 454,811,320	\$ 37,904,969	\$ 17,070,517	\$ 8,255,641	\$ 717,809,353	\$ 686,196,185
Prior period adjustment (Note 30)	322,709	-	896,200	-	-	-	-	1,218,909	-
BALANCE, BEGINNING OF YEAR, AS RESTATED	81,702,116	21,814,787	97,468,912	454,811,320	37,904,969	17,070,517	8,255,641	719,028,262	686,196,185
Additions of tangible capital assets	693,819	104,476	224,347	14,715,174	5,751,065	1,729,821	6,364,651	29,583,353	37,404,198
Contributed assets	1,369,375	-	-	6,956,822	19,999	-	-	8,346,196	3,107,520
Transfer of construction in progress	2,147	23,660	2,133,093	731,866	-	-	(2,890,766)	-	-
Disposals of tangible capital assets	(28,890)	-	-	(680,141)	(3,181,070)	(1,032,455)	(65,546)	(4,988,102)	(7,679,641)
BALANCE, END OF YEAR	83,738,567	21,942,923	99,826,352	476,535,041	40,494,963	17,767,883	11,663,980	751,969,709	719,028,262
ACCUMULATED AMORTIZATION									
BALANCE, BEGINNING OF YEAR	-	8,500,379	17,228,708	196,492,676	21,491,865	9,163,075	-	252,876,703	232,905,233
Annual amortization	-	1,058,640	2,230,581	17,965,020	4,129,337	1,131,199	-	26,514,777	26,304,531
Accumulated amortization on disposals	-	(39,784)	-	(402,040)	(2,962,929)	(954,420)	-	(4,359,173)	(6,333,060)
BALANCE, END OF YEAR	-	9,519,235	19,459,289	214,055,656	22,658,273	9,339,854	-	275,032,307	252,876,704
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 83,738,567	\$ 12,423,688	\$ 80,367,063	\$ 262,479,385	\$ 17,836,690	\$ 8,428,029	\$ 11,663,980	\$ 476,937,402	\$ 466,151,558
2019 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 81,702,116	\$ 13,314,408	\$ 80,240,203	\$ 258,318,644	\$ 16,413,104	\$ 7,907,442	\$ 8,255,641	\$ 466,151,558	
Construction in progress allocation	\$ 534	\$ 618,120	\$ 800	\$ 8,325,937	\$ 1,561,934	\$ 1,156,655	\$ -	\$ 11,663,980	

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

(Schedule 3)

COUNTY OF GRANDE PRAIRIE NO. 1
Consolidated Schedule of Property and Other Taxes
For the Year Ended December 31, 2020

	2020 (Budget - Note 28)	2020 (Actual)	2019 (Restated - Note 30)
TAXATION			
Real property taxes	\$ 85,442,893	\$ 86,270,008	\$ 82,515,712
Linear property taxes	25,153,390	24,473,286	24,238,820
Government grants in place of property taxes	69,471	73,810	75,563
Local improvement taxes	778,801	199,153	261,746
	<u>111,444,555</u>	<u>111,016,257</u>	<u>107,091,841</u>
LESS: REQUISITIONS			
Alberta School Foundation Fund	(21,827,253)	(22,576,897)	(21,821,799)
Designated Industrial Properties	(235,965)	(235,919)	(225,424)
Grande Prairie Roman Catholic Separate School District No. 28	(1,035,766)	(1,054,266)	(1,021,290)
Grande Spirit Foundation	(418,742)	(418,742)	(395,000)
	<u>(23,517,726)</u>	<u>(24,285,824)</u>	<u>(23,463,513)</u>
NET MUNICIPAL TAXES	<u>\$ 87,926,829</u>	<u>\$ 86,730,433</u>	<u>\$ 83,628,328</u>

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

COUNTY OF GRANDE PRAIRIE NO. 1
Consolidated Schedule of Government Transfers
For the Year Ended December 31, 2020

	2020 <i>(Budget - Note 28)</i>	2020 <i>(Actual)</i>	2019 <i>(Actual)</i>
TRANSFERS FOR OPERATING:			
Federal transfers	\$ -	\$ 210,831	\$ -
Municipal Sustainability Initiative	1,292,794	1,295,597	1,275,814
Provincial transfers	1,541,642	4,362,123	1,813,541
Local government transfers	15,000	208,628	62,612
	<u>2,849,436</u>	<u>6,077,179</u>	<u>3,151,967</u>
TRANSFERS FOR CAPITAL:			
Gas Tax Fund	1,812,918	1,812,918	2,016,973
Municipal Sustainability Initiative	7,969,319	4,729,749	6,028,823
Provincial transfers	798,007	4,962,153	9,026,856
	<u>10,580,244</u>	<u>11,504,820</u>	<u>17,072,652</u>
	<u>\$ 13,429,680</u>	<u>\$ 17,581,999</u>	<u>\$ 20,224,619</u>

(Schedule 5)

COUNTY OF GRANDE PRAIRIE NO. 1
Consolidated Schedule of Segmented Disclosure
For the Year Ended December 31, 2020

	General Government	Community Services	Public Works & Technical Services	Planning and Economic Development	Corporate Services	Administrative Services	2020	2019 (Restated - Note 30)
REVENUE								
Net municipal taxes	\$ 86,531,280	\$ -	\$ 199,153	\$ -	\$ -	\$ -	\$ 86,730,433	\$ 83,628,328
Government transfers	1,979,481	1,799,975	13,087,937	740,978	(26,372)	-	17,581,999	20,224,619
User fees and sale of goods	477,058	2,057,547	3,943,658	187,248	420,687	40,660	7,126,858	10,811,268
Investment income	4,461,551	5,057	36,627	-	-	-	4,503,235	3,773,410
Contributed assets	-	243,030	8,103,166	-	-	-	8,346,196	3,107,520
Net subsidiary operations - Aquatera Utilities Inc.	5,333,156	-	-	-	-	-	5,333,156	1,546,577
Other revenue	3,354,246	1,036,151	1,932,022	892,787	29,657	88,450	7,333,313	7,480,300
Total revenue	102,136,772	5,141,760	27,302,563	1,821,013	423,972	129,110	136,955,190	130,572,022
EXPENSES								
Contracted and general services	463,920	3,840,248	10,463,491	774,894	2,027,480	788,565	18,358,598	17,719,430
Salaries, wages and benefits	742,578	13,859,419	10,936,462	2,521,064	6,037,222	2,251,138	36,347,883	35,700,725
Materials, goods and utilities	421,620	2,528,440	6,396,315	70,326	293,162	160,232	9,870,095	9,527,143
Transfers to other governments, local boards and agencies	1,472,837	6,278,153	67,176	20,000	-	-	7,838,166	16,115,747
Purchases from other governments	-	556,024	-	-	-	-	556,024	875,400
Interest on long-term debt	1,692,177	-	-	-	-	-	1,692,177	1,884,128
Transfer of assets to Aquatera Utilities Inc.	-	-	3,476,127	-	-	-	3,476,127	1,131,456
Other expenses	896,888	61,108	(237,302)	42,216	27,613	-	790,523	1,675,537
Total expenses	5,690,020	27,123,392	31,102,269	3,428,500	8,385,477	3,199,935	78,929,593	84,629,566
NET REVENUE, BEFORE AMORTIZATION	96,446,752	(21,981,632)	(3,799,706)	(1,607,487)	(7,961,505)	(3,070,825)	58,025,597	45,942,456
Amortization of tangible capital assets	(553,377)	(3,596,781)	(22,019,732)	(52,112)	(282,153)	(10,622)	(26,514,777)	(26,304,531)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 95,893,375	\$ (25,578,413)	\$ (25,819,438)	\$ (1,659,599)	\$ (8,243,658)	\$ (3,081,447)	\$ 31,510,820	\$ 19,637,925

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

COUNTY OF GRANDE PRAIRIE NO. 1
Consolidated Schedule of User Fees and Sale of Goods
For the Year Ended December 31, 2020

	2020 <i>(Budget - Note 28)</i>	2020 <i>(Actual)</i>	2019 <i>(Actual)</i>
CONSOLIDATED USER FEES AND SALE OF GOODS			
Landfill, recycling, and waste collection	\$ 2,923,914	\$ 2,861,719	\$ 3,325,863
Parks and Recreation	1,591,001	1,050,406	1,537,875
Transportation fees	536,300	946,236	1,389,097
Enforcement services	466,500	398,713	485,074
Corporate and administrative	452,159	461,346	565,296
Family and community support services	396,699	372,488	532,820
Aquatera franchise fees	385,000	477,058	463,285
Fire services	209,348	182,342	240,753
Multi modal lease	150,000	146,788	147,719
Water services	69,980	82,483	81,087
Wastewater services	53,244	53,220	52,806
Other fees	27,400	44,658	37,245
Planning and development	1,200	40,403	90,646
Disaster services	-	8,998	1,861,702
TOTAL USER FEES AND SALE OF GOODS	\$ 7,262,745	\$ 7,126,858	\$ 10,811,268

COUNTY OF GRANDE PRAIRIE NO. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the County of Grande Prairie No. 1 (the "County") 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 County are as follows:

Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change 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 municipality and are, therefore, accountable to the County for the administration of their financial affairs and resources. Included in these consolidated financial statements are the financial activities of the County of Grande Prairie Library Board and the County's proportionate share of the financial activities of the West Grande Prairie County Solid Waste Management Authority, as disclosed in Note 27.

The consolidated statements exclude trust assets that are administered by the County for the benefit of the external parties.

The schedule of taxes levied also includes requisitions for education and other external organization that are not part of the municipal reporting entity.

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.

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues are reliably measured and reasonably estimated. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Expenses are recognized in the period the goods or services are acquired and a liability is incurred or transfers are due.

Use of estimates

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 and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. Such estimates include the provisions for uncollectible accounts receivable, provision for amortization of tangible capital assets, provision for landfill closure and post-closure liability, fair value of contributed tangible capital assets, and accrued liabilities. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include items that are readily convertible to known amounts of cash, are subject to an insignificant risk of change in value and have a maturity of three months or less at acquisition.

COUNTY OF GRANDE PRAIRIE NO. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized 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. Gains on corporate bonds are recognized as income when sold.

The County's investment in Aquatera Utilities Inc., is accounted for on a modified equity basis, consistent with the Canadian Public Sector accounting standards for government business enterprises. Under the modified equity basis, entire business enterprise is not consolidated, its accounting policies are not adjusted to conform with those of the County and the inter-organizational transactions and balances are not eliminated.

Employee future benefits

Selected employees of the Municipality 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 Municipality does not recognize its share of any plan surplus or deficit. Contributions for current and past service pension benefits are recorded as expenses in the year in which they become due.

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 property tax revenue is reduced. Where the actual levy is less than the requisitioned 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.

Landfill closure and post-closure liability

Pursuant to the *Environmental Protection and Enhancement Act* (Alberta), the County is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover and landscaping, as well as surface and ground water monitoring, leachate control and visual inspection. The requirement is being provided for over the estimated remaining life of the landfill site based on usage.

The annual provision is reported as an operating expense in solid waste and recycling services and the accumulated provision is reported as a liability on the consolidated statement of financial position.

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.

COUNTY OF GRANDE PRAIRIE NO. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 as follows:

Site improvements	10- 50 years
Buildings	20- 50 years
Engineered structures	
Water system	45 - 75 years
Wastewater system	45 - 75 years
Other engineered structures	10 - 100 years
Machinery and equipment	4 - 20 years
Vehicles	4 - 20 years

One half of the annual amortization is charged in the year of acquisition. Assets under construction are not amortized until the asset is available for productive use.

Contributions of tangible capital assets

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

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.

Inventories

Inventories consist of materials and supplies for consumption and are valued at the lower of cost and replacement cost with cost determined by the average cost method.

Cultural and historical tangible capital assets

Works of art for display are not recorded as tangible capital assets.

Equity in Aquatera Utilities Inc. and tangible capital assets

Equity in Aquatera Utilities Inc. represents the County's net accumulated investment in its minority holding of Aquatera Utilities Inc. The amount consists of the investment in common and preferred shares, plus the County's share of earnings less any dividends received.

Equity in tangible capital assets represents the County's net investment in its capital assets, after deducting the portion financed by third parties through debenture, bond and mortgage debts, long-term capital borrowing and capitalized leases and other capital liabilities which will be repaid by the County.

COUNTY OF GRANDE PRAIRIE NO. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Tax revenue

Property tax revenue is based on assessments determined in accordance with the Municipal Government Act. Tax rates are established annually. Taxation revenues are recorded at the time tax billings are issued. Assessments are subject to appeal.

Construction and borrowing costs associated with local improvement projects are recovered through annual special property assessments during the period of the related borrowing. These levies are collectible from property owners for work performed by the County. Under the accrual basis of accounting, revenues to be received from local improvement assessments are recognized in full in the period the local improvement project costs are incurred and the passing of the related imposition by-law.

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.

Future accounting standard pronouncements

The following summarizes upcoming changes to Canadian public sector accounting standards ("PSAS"). The County will continue to assess the impact and prepare for the adoption of these standards.

(a) Financial Statement Presentation

PSAS 1201, Financial Statement Presentation, requires a new statement of re-measurement gains and losses separate from the statement of operations. Included in this new statement are the unrealized gains and losses arising from the re-measurement of financial instruments and items denominated in foreign currencies, as well as the government's proportionate share of other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. This standard is applicable for fiscal years beginning on or after April 1, 2022.

(b) Foreign Currency Translation

PSAS 2601, Foreign Currency Translation, requires that monetary assets and liabilities denominated in a foreign currency be adjusted to reflect the exchange rates in effect at the financial statement dates. Unrealized gains and losses are to be presented in the new statement of re-measurement gains and losses. This standard must be adopted in conjunction with PSAS 2601 and PSAS 3450 and is applicable for fiscal years beginning on or after April 1, 2022.

COUNTY OF GRANDE PRAIRIE NO. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Future accounting standard pronouncements (continued)

(c) Portfolio Investments

PSAS 3041, Portfolio Investments, has removed the distinction between temporary and portfolio investments and amended to conform to PSAS 3405. This standard must be adopted in conjunction with PSAS 1201, PSAS 2601, and PSAS 3450 and is applicable for fiscal years beginning on or after April 1, 2022.

(d) Financial Instruments

PSAS 3450, Financial Instruments, established recognition, measurement and disclosure requirements for derivative and non-derivative financial instruments. The standard requires fair value measurement of derivative and equity instruments; all other financial instruments can be measured at cost/amortized cost or fair value at the election of the government. Unrealized gains and losses are presented in a new statement of re-measurement gains and losses. There is the requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities. This standard is applicable for fiscal years beginning on or after April 1, 2022.

(e) Asset Retirement Obligations

PSAS 3280, Asset Retirement Obligations, establishes standards on how to account and report for legal obligations associated with the retirement of certain tangible capital assets including solid waste landfill sites. As a result, PSAS 3270, Solid Waste Landfill Closure and Post-Closure Liability has been withdrawn but will remain in effect until the adoption of PSAS 3280. This standard is applicable for fiscal years beginning on or after April 1, 2021.

(f) Revenue

PSAS 3400, Revenue, establishes standards on how to account for and report revenue differentiating between revenue arising from transactions that include performance obligations and transactions that do not. This standard is applicable to fiscal years beginning on or after April 1, 2023.

2. CASH AND CASH EQUIVALENTS

	<u>2020</u>	<u>2019</u>
Cash on hand	\$ 3,905	\$ 3,905
Cash in banks	9,111,665	5,892,654
Cash equivalents	<u>25,272,191</u>	<u>22,390,192</u>
	<u>\$ 34,387,761</u>	<u>\$ 28,286,751</u>

Cash equivalents are readily convertible to cash, consisting of investment savings account bearing interest at 1.00%.

COUNTY OF GRANDE PRAIRIE NO. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2020

3. RECEIVABLES

	<u>2020</u>	<u>2019</u>
Current taxes and grants in place of taxes	\$ 5,076,984	\$ 4,660,880
Non-current taxes and grants in place of taxes	<u>2,648,734</u>	<u>1,588,228</u>
	7,725,718	6,249,108
Allowance for doubtful accounts	<u>(996,598)</u>	<u>(411,625)</u>
Taxes receivable	6,729,120	5,837,483
Trade and other receivables	7,599,406	5,613,215
Government grants	8,132,854	3,558,435
Goods and services tax	678,015	637,427
Annexation proceeds receivable (<i>Note 24</i>)	-	294,319
Local improvements	5,274,188	5,986,057
Allowance for doubtful accounts	<u>(45,041)</u>	<u>(871,830)</u>
	<u>\$ 28,368,542</u>	<u>\$ 21,055,106</u>

4. LOANS TO OTHER GOVERNMENTS

	<u>2020</u>	<u>2019</u>
Loan to Town of Wembley	<u>\$ 221,999</u>	<u>\$ 301,999</u>

Loan to the Town of Wembley consists of a non-interest bearing loan in the amount of \$381,999 related to Township Road 712 road improvements. The loan is to be repaid over a 5 year term with 4 annual instalments of \$80,000 and a final payment of \$61,999. As at December 31, 2020 three payments remain.

COUNTY OF GRANDE PRAIRIE NO. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2020

5. LOANS RECEIVABLE

	<u>2020</u>	<u>2019</u>
Grande Prairie Regional Ag. & Exhibition Society (TEC Centre)	\$ 2,028,546	\$ 2,280,917
Bezanson Agricultural Society	137,500	137,500
Hilltop Estates Homeowner Association	<u>145,804</u>	<u>-</u>
Total loans receivable	<u>\$ 2,311,850</u>	<u>\$ 2,418,417</u>

Advances to the Grande Prairie Regional Agricultural & Exhibition Society are unsecured and bear interest from 3.70% to 4.75%. Advance #1, with a balance of \$1,169,923, consists of principal and accrued interest for 2009 through 2020, bears interest at 4.75% and is repayable in blended annual payments of \$179,188. Advance #2, with a balance of \$858,623, consists of principal and accrued interest for 2010 through 2017, bears interest at 4.75% and is repayable in blended annual payments of \$119,458.

By motion of Council, 2020 annual repayments of \$357,900, representing interest and principal were offset by a grant from the County. Under the terms of the motion, this arrangement is for a period of ten years, and is subject to annual review. Accrued interest on the loans total \$81,844 at December 31, 2020 and is included under trade and other receivables. Advance #1 is to be fully repaid by January 31, 2028, Advance #2 is to be fully repaid by January 31, 2029 and Advance #3 is to be fully repaid by June 14, 2020.

Advance to Bezanson Agricultural Society for the completion of Bezanson Community Center is unsecured, bears interest at the bank's prime rate and is repayable in full on or before November 16, 2033. By motion of Council a corresponding loan agreement was obtained from TD Bank. See Note 13.

Advance to Hilltop Estates Homeowners Association for the construction of a new water treatment system is unsecured, bears interest at the bank's prime rate and is repayable in full on or before February 28, 2031.

6. LAND HELD FOR RESALE

The County of Grande Prairie holds lands in the amount of \$4,567,086 (2019 - \$1,719,868) representing costs related to the Multi Modal site (\$1,719,867) and Nautical land site (\$2,847,219). The County has entered into an option agreement with the developer to dispose of the assembled land in parcels.

COUNTY OF GRANDE PRAIRIE NO. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2020

7. INVESTMENTS

	2020	2019
Alberta Capital Finance Authority shares	\$ -	\$ 170
Portfolio Investments (<i>market value \$92,909,422, 2019 \$98,728,977</i>)	89,332,464	96,845,559
Aquatera Utilities Inc. - 17.82% ownership		
12,012 Class A common shares (2019 - 10,153)	120	102
17,413 Class C common shares (2019 - 13,717)	174	137
7,962 Class D common shares (2019 - 7,962)	7,961,695	7,961,695
4,049 Class F common shares (2019 - 2,190)	4,048,900	2,190,349
17,622 Class H common shares (2019 - 13,967)	17,662,488	13,966,552
Cumulative share of earnings	26,356,980	23,465,197
Cumulative share of dividends declared	(25,042,561)	(21,929,392)
Total equity in Aquatera Utilities Inc. (Note 17)	30,987,796	25,654,640
Total investments	\$ 120,320,260	\$ 122,500,369

Investments consist of fixed income investments including long-term notes, deposits, and Schedule 1 bank bonds. Long-term notes and deposits bear effective interest rates between 0.85% and 3.35% with maturity dates between January, 2021 and November, 2025. Bank bonds have rates of return between 1.88% and 2.73% with maturity dates between March, 2021 and September, 2023.

The market value of the bonds are based on quoted market values. The market value of the bonds fluctuate with changes in market interest rates and indices. 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. Market values are based on market conditions at a certain point in time and as such, may not be reflective of future fair values.

An asset transfer occurred on December 31, 2020 to Aquatera Utilities Inc. from the County. Immediately prior to the asset transfer, Aquatera Utilities Inc. declared a stock dividend, under which the County received 1,859 Class A common shares and Class F preferred shares with a carrying value of \$1,858,551 in aggregate.

8. LINE OF CREDIT

The County has a revolving demand credit facility of \$1,000,000. The demand loan bears interest at the bank's prime rate minus 0.75% per annum, was not drawn on at December 31, 2020 (2019 - \$NIL) and is unsecured.

COUNTY OF GRANDE PRAIRIE NO. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2020

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2020</u>	<u>2019</u>
Trade payables	\$ 6,574,011	\$ 8,149,085
Vacation and overtime	<u>1,888,344</u>	<u>1,749,016</u>
	<u>\$ 8,462,355</u>	<u>\$ 9,898,101</u>

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 or are entitled to these benefits within the next budgetary year.

10. DEPOSIT LIABILITIES

	<u>2020</u>	<u>2019</u>
Subdivision approach and development agreement deposits	\$ 1,299,736	\$ 1,577,353
Public works approach/performance deposits	<u>576,633</u>	<u>677,650</u>
West Grande Prairie County Solid Waste Management Authority	378,548	238,366
ANI/Appeal deposits	111,110	120,339
General Deposits	21,427	39,067
Safety codes council fees	906	2,307
Tax sale surplus	<u>-</u>	<u>77,425</u>
	<u>\$ 2,388,360</u>	<u>\$ 2,732,507</u>

COUNTY OF GRANDE PRAIRIE NO. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2020

11. DEFERRED REVENUE

Deferred revenue is comprised of the following amounts, which have been received from various third parties and are restricted to the eligible operating and capital projects as approved in the funding agreements for a specified purpose. These amounts are recognized as revenue in the period in which the related expenditures are incurred.

In 2020 the County of Grande Prairie received grant funding from the Government of Alberta from the Municipal Operating Support Transfer in the amount of \$2,283,530. Any funds remaining is to be transferred back to the provincial government as of March 31st 2021.

The County's 2020 MSI allocation was \$6,898,254. In order to manage its cashflow during a unprecedented public health and economic emergency due to the Covid-19 pandemic, the Government of Alberta delayed payment of the 2020 MSI allocation until March 2021. The County has been allocated an additional \$2,330,532 in eligible MSI expenses and is included in the 2020 accrued receivable balance found in Note 3.

	2019	Amounts Received	Interest and Other	Amounts Recognized	2020
Government transfers capital					
Municipal Sustainability Initiative	\$ 3,646,115	\$ 5,331,872	\$ 11,561	\$ 4,421,824	\$ 4,567,724
Gas Tax Fund	525,765	1,287,153	-	1,812,918	-
Alberta Municipal Water/Wastewater Partnership	4,443,258	-	82,617	600,000	3,925,875
Small Communities Fund	592,000	-	-	592,000	-
	9,207,138	6,619,025	94,178	7,426,742	8,493,599
Government transfers operating					
Municipal Sustainability Initiative	-	1,275,814	-	1,275,814	-
Other deferred amounts	258,097	2,490,197	-	2,031,833	716,461
	258,097	3,766,011	-	3,307,647	716,461
	\$ 9,465,235	\$ 10,385,036	\$ 94,178	\$ 10,734,389	\$ 9,210,060

COUNTY OF GRANDE PRAIRIE NO. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2020

12. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

Alberta environmental law requires closure and post-closure care of landfill sites, which includes final covering and landscaping, pumping of ground water and leachates from the site and ongoing environmental monitoring, site inspections and maintenance.

The estimated total liability is based on the sum of discounted future cash flows for closure and post-closure activities for 25 years after closure using a long-term borrowing rate of 2.41% and assuming annual inflation of 2%.

The accrued liability for closure and post-closure of the Clairmont landfill is based on the cumulative capacity used at year-end compared to the estimated total landfill capacity. The total capacity of the site is estimated 1,027,573 cubic meters. The estimated remaining capacity of the landfill site is approximately 180,477 (2019 - 238,320) cubic meters. In 2010, an additional 90,726 cubic meters of airspace was added, in 2011, an additional 188,800 cubic meters of air space was added and in 2016, an additional 576,672 cubic meters of air space was added. In 2017, an adjustment of 88,736 cubic meters of airspace was required. The existing landfill site is expected to reach capacity in approximately 3 years.

The County has not yet designated assets for settling closure and post-closure liabilities.

The following represents the net present value of the estimated total expenditures for closure and post-closure care:

	2020	2019
Estimated closure costs	\$ 642,190	\$ 612,204
Estimated post-closure costs	68,694	62,930
Estimated total liability	\$ 710,884	\$ 675,134
Estimated capacity remaining	18 %	23 %
Portion of total liability remaining to be recognized	\$ 129,184	\$ 156,580
Estimated capacity used	82 %	77 %
Post closure liability Clairmont landfill	\$ 581,700	\$ 518,554
Accrued liability portion - West Grande Prairie County		
Solid Waste Management Authority	145,074	101,206
Total accrued liability	\$ 726,774	\$ 619,760

COUNTY OF GRANDE PRAIRIE NO. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2020

13. TERM FACILITY

	<u>2020</u>	<u>2019</u>
TD operating line of credit	<u>\$ 106,500</u>	<u>\$ 142,500</u>
	<u>\$ 106,500</u>	<u>\$ 142,500</u>

The term facility has been obtained to assist in financing the construction of the Bezanson Community Center. The term facility bears interest at p+0.0%, is repayable in annual installments, and is due on demand. The County holds a corresponding loan receivable from the Bezanson Agricultural Society as disclosed in Note 5.

14. LONG-TERM DEBT

	<u>2020</u>	<u>2019</u>
Province of Alberta		
General tax levy supported debentures	\$ 25,872,130	\$ 28,654,795
Other self supported debentures	16,640,240	19,489,295
Local Improvement supported debentures	<u>5,392,574</u>	<u>5,977,427</u>
	<u>47,904,944</u>	<u>54,121,517</u>
Total long-term debt	47,904,944	54,121,517
Less: current portion	<u>(6,434,446)</u>	<u>(6,216,572)</u>
	<u>\$ 41,470,498</u>	<u>\$ 47,904,945</u>

Estimated principal and interest repayments due in each of the next five years and thereafter are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 6,434,446	\$ 1,489,866	\$ 7,924,312
2022	6,417,649	1,266,489	7,684,138
2023	5,678,949	1,053,726	6,732,675
2024	5,498,558	871,154	6,369,712
2025	5,506,968	696,603	6,203,571
Thereafter	<u>18,368,374</u>	<u>1,421,879</u>	<u>19,790,253</u>
	<u>\$ 47,904,944</u>	<u>\$ 6,799,717</u>	<u>\$ 54,704,661</u>

Debenture debt in the amount of \$47,904,944 is repayable to the Province of Alberta bearing interest at varying rates ranging from 2.00% to 5.15% per annum and mature between 2021 and 2037. Debenture debt is issued on the credit and security of the County.

Interest on long-term debt amounted to \$1,692,177 (2019 - 1,884,128).

The County's total cash payments for interest were \$1,707,139 (2019 - \$1,891,170).

COUNTY OF GRANDE PRAIRIE NO. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2020

15. 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 County of Grande Prairie be disclosed as follows:

	2020	2019
Total debt limit	\$ 167,656,527	\$ 163,267,907
Total debt	(48,011,444)	(54,264,017)
Amount of debt limit available	119,645,083	109,003,890
Debt servicing limit	27,942,755	27,211,318
Debt servicing	(7,924,312)	(7,924,312)
Service on debt limit available	\$ 20,018,443	\$ 19,287,006

The debt limit is calculated at 1.5 times revenue of the Municipality (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.

16. INVENTORY FOR CONSUMPTION

	2020	2019
Gravel	\$ 755,031	\$ 801,309
Material and supplies	456,677	454,498
	\$ 1,211,708	\$ 1,255,807

COUNTY OF GRANDE PRAIRIE NO. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2020

17. ACCUMULATED SURPLUS

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	2020	2019
		<i>(Restated - Note 30)</i>
Unrestricted surplus		
County of Grande Prairie No. 1	\$ 2,743,918	\$ 2,729,005
West Grande Prairie County Solid Waste Management Authority	13,596	15,200
	2,757,514	2,744,205
Restricted surplus (reserves)		
Carry forward project completions	1,818,645	4,028,408
Financial stabilization	15,686,720	6,169,466
Project debt repayment	9,651,583	11,614,146
Future grants	1,275,168	548,532
Future operational projects	2,805,257	2,439,179
Future capital and infrastructure projects and rehabilitation	81,273,302	76,132,137
Future equipment replacement	15,878,266	17,164,947
Municipal reserve	2,938,067	3,104,574
Annexation reserve	-	294,319
West Grande Prairie County Solid Waste Management Authority reserve (40% consolidation)	1,128,476	1,085,969
	132,455,484	122,581,677
Equity in Aquatera Utilities Inc. <i>(Note 7)</i>	30,987,796	25,654,640
Equity in tangible capital assets		
Equity in tangible capital assets	439,536,591	423,953,440
Amounts to recover <i>(Note 18)</i>	(5,229,946)	(5,937,343)
	434,306,645	418,016,097
	\$ 600,507,439	\$ 568,996,619

COUNTY OF GRANDE PRAIRIE NO. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2020

18. AMOUNTS TO BE RECOVERED

Amounts to be recovered represent the unfunded portion of liabilities established for accrual accounting purposes. The County has adopted a plan whereby these amounts are to be funded from future years' budgetary allocations and transfers from reserve funds. The amounts to be recovered are a result of the County incurring debt for the installation of water lines and a capital grant to the Grande Prairie Regional Agricultural and Exhibition Society for the Trade, Exhibition and Conference Centre.

	<u>2020</u>	<u>2019</u>
Evergreen Park Trade, Exhibition and Convention (TEC) Centre	\$ 1,875,312	\$ 2,140,135
Waterline installation	<u>3,354,634</u>	<u>3,797,208</u>
	<u>\$ 5,229,946</u>	<u>\$ 5,937,343</u>

COUNTY OF GRANDE PRAIRIE NO. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2020

19. 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:

		2020			2019	
COUNTY COUNCIL	Division	Salary (1)	Benefits (2)	Travel Cost and Allowances (3)	Total	Total
Reeve - L. Beaupre	3	\$ 102,730	\$ 17,268	\$ 6,686	\$ 126,684	\$ 136,948
H. Bulford	1	57,988	13,719	10,896	82,603	118,237
D. Beeston	2	63,479	14,145	7,726	85,350	124,026
R. Sutherland	4	67,518	11,575	10,563	89,656	107,696
R. Marshall	5	69,779	13,938	9,577	93,294	115,851
P. Harris	6	63,203	11,471	11,576	86,250	106,822
L. Waddy	7	57,988	13,708	12,067	83,763	105,858
K. Rosvold	8	70,910	14,861	18,462	104,233	136,822
C. Beck	9	75,432	10,142	17,237	102,811	134,128
		629,027	120,827	104,790	854,644	1,086,388
OFFICERS	Positions					
Chief Administrative Officer	1	246,283	35,677	7,200	289,160	317,804
Designated Officers	2	287,967	62,506	4,400	354,873	335,937
		\$ 534,250	\$ 98,183	\$ 11,600	\$ 644,033	\$ 653,741

- (1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
- (2) Employer's share of all County Council benefits and contributions or payments made on behalf of County Council including Canada Pension Plan, health care, dental coverage, vision coverage, group life insurance, accidental death and dismemberment insurance and registered retirement savings plan contributions. Employer's share of all Officers benefits and contributions or payments made on behalf of Officers including pension, health care, dental coverage, vision coverage, group life insurance, accidental death and dismemberment insurance and employment insurance.
- (3) Travel allowances and travel costs including mileage and airfare.

COUNTY OF GRANDE PRAIRIE NO. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2020

20. LOCAL AUTHORITIES PENSION PLAN

Employees of the County 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 is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

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

The County is required to make current service contributions to 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 County 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 County to LAPP in 2020 were \$2,520,022 (2019 - \$2,192,801). Total current service contributions by the employees of the County to LAPP in 2020 were \$2,314,626 (2019 - \$1,992,388).

At December 31, 2019, the Plan disclosed an actuarial surplus of \$7.91 billion (2018 - \$3.47 billion surplus).

21. CONTINGENT LIABILITIES

The County is a member of the Jubilee Insurance Reciprocal Exchange (Genesis). Under the terms of the membership, the County 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 County 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 County's legal counsel, management indicates that it is unlikely that there will be a materially adverse effect on the financial position of the County. The ultimate settlement of these lawsuits, if any, will be recorded in the period details become known.

Under Provincial legislation, the County is required to reclaim lands used for the extraction of aggregate material (gravel pits). Reclamation requirements have been defined in accordance with industry standards and include re-vegetation of sites upon closure. The County owns and operates a number of gravel pits. The aggregate material from these gravel pits are used for road maintenance and construction projects within the County. At this time, it is not possible to estimate the potential closure costs of these gravel pits and therefore no provision has been made in the financial statements.

22. COMMITMENTS

Operating leases

The County has entered into various leases in respect to photocopiers, printers, computer hardware, and office space requiring total payments of \$331,540 expiring in January, 2024. The County has extended its office space lease from November 2020 to October 2023.

COUNTY OF GRANDE PRAIRIE NO. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2020

23. SEGMENTED DISCLOSURE

Segmented information has been identified based upon lines of service provided by the County. County services are provided by departments and their activities are reported by functional area in the body of the consolidated financial statements. Certain lines of service that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

(a) General Government

General Government is comprised of County Council, General Revenues/Expenses, and Net Taxes for Municipal.

Council makes decisions regarding service delivery and service levels on behalf of the County in order to balance the needs and wants of County residents in a financially responsible manner.

(b) Community Services

Community Services is comprised of Regional Enforcement Services, Regional Fire Services, Disaster Services, Family and Community Support Services, Public Transportation, Recreation, Parks, and Library services. Regional Enforcement Services provide bylaw and enhanced policing enforcement that ranges from community standards, to traffic safety, to animal control as well as provincial statute enforcement with authorities granted by the Solicitor General of Alberta. Regional Fire Services is responsible to provide fire suppression services; fire prevention programs; training and education related to fire prevention; and detection or extinguishment of fires. The mandate of Disaster Services to help maintain safe communities and public safety in disaster situations. The Family and Community Services area provides services mandated by Family and Community Support Services Alberta through a shared funding model between the Province of Alberta and the County. Public Transportation consists of a rural transportation pilot project through a funding model between the Province of Alberta and the County. Recreation provide recreational services and activities which promote the well-being of its citizens, this area also acts as a liaison between community groups and provides grant funding to the community. Parks provides maintenance for the parks, playgrounds, facilities, and green spaces of the County. Library services provides community grants to libraries within the County as well as operating multiple community libraries.

(c) Public Works & Technical Services

Public Works & Technical Services is comprised of Public Works Operations, Water and Wastewater services, and Solid Waste Management.

Public Works Operations are responsible for the construction of roadways and storm system as well as maintenance of the roadway and storm systems of the County. Water and Wastewater services operates water and sewer services within multiple of the County's communities. Solid Waste Management includes waste collection, recycling pickup and curbside services, as well as landfill operation and management services.

(d) Planning and Economic Development

Planning and Development work with developers in planning the growth of the of the County in a sustainable manner. Economic Development works with businesses in the County to encourage investment and attraction as well as economic sustainability.

COUNTY OF GRANDE PRAIRIE NO. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2020

23. SEGMENTED DISCLOSURE (CONTINUED)

(e) Corporate Services (continued)

Corporate Services is comprised of Assessment, Financial Services, Information Systems, Legislative Services, Records Management, Asset Management, Facilities, Risk and Insurance, and Procurement.

(f) Administrative Services

Administrative Services is comprised of the Chief Administrative Officer, Communications, Human Resources, and Health and Safety.

Certain allocation methodologies are employed in the preparation of segmented financial information. Net municipal taxes are unallocated to segments and are presented under General Government. Sales and user charges have been allocated to the segment based upon the segment that generated the revenue. Government transfers have been allocated to the segment based upon the purpose for which the transfer was made.

24. ANNEXATION

On January 1, 2016, the City of Grande Prairie annexed 6,316 hectares (approximately 15,607 acres) of land from the County of Grande Prairie No. 1. The County transferred to the City land, roads and bridge assets having a net book value of approximately \$4,178,560 along with debt of \$836,161 directly related to the areas annexed. As part of the Provincial annexation order, the City is to pay the County a total sum of \$4,414,785 over five years.

An amount of \$1,748 for various other properities was found to be remaining and is to be recieved in March of 2021.

COUNTY OF GRANDE PRAIRIE NO. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2020

25. AQUATERA UTILITIES INC. SUMMARY OF CONDENSED FINANCIAL INFORMATION

Aquatera Utilities Inc. was established in 2003 to provide water, wastewater and solid waste management services to the City of Grande Prairie, 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 County's proportionate share (2020 - 17.82%; 2019 - 17.39%) in Aquatera Utilities Inc. for the year ended December 31, 2020:

	<u>2020</u>	<u>2019</u>
Financial Position:		
Financial assets	\$ 17,767,355	\$ 17,485,537
Tangible capital assets	<u>65,051,162</u>	<u>60,151,924</u>
Total assets	<u>82,818,517</u>	<u>77,637,461</u>
Liabilities	20,579,105	19,437,980
Deferred revenue of capital contributions	34,252,410	31,227,210
Landfill closure and post-closure liability	<u>1,174,204</u>	<u>1,146,241</u>
Total liabilities	<u>56,005,719</u>	<u>51,811,431</u>
Net assets	<u>\$ 26,812,798</u>	<u>\$ 25,826,030</u>
Results of Operations:		
Revenue	\$ 10,962,531	\$ 11,011,202
Amortization expense	(1,833,945)	(1,652,691)
Finance costs	(375,441)	(512,489)
Net subsidiary operations	(257,201)	(492,892)
Expenses and other income	<u>(5,601,754)</u>	<u>(6,058,124)</u>
Net earnings from operations, current year	2,894,190	2,295,006
Shares issued	5,554,563	12
Less: dividends declared	<u>(3,115,597)</u>	<u>(748,441)</u>
Subsidiary operations	<u>\$ 5,333,156</u>	<u>\$ 1,546,577</u>

COUNTY OF GRANDE PRAIRIE NO. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2020

26. RELATED PARTY TRANSACTIONS

The following summarizes the related party transactions between the County and Aquatera Utilities Inc., a company in which the County exerts significant influence. All transactions are in the normal course of business and are measured by the exchange amounts, which is the amount of consideration established and agreed to by all parties. Disclosure of utility franchise agreement annual revenues as required by Alberta Regulation 313/2000 included below:

	<u>2020</u>	<u>2019</u>
Aquatera Utilities Inc.		
Aquatera franchise fees	\$ 477,058	\$ 463,285
General, administrative and contracted services expense	408,404	414,961
Transfers to other governments, local boards and agencies	2,169,327	8,973,214

27. GOVERNMENT PARTNERSHIP

In accordance with the Canadian public sector accounting recommendations PS 3060 Government Partnerships, the financial position of the County has been consolidated with the County's proportionate 40% share of the West Grande Prairie County Solid Waste Management Authority.

The following is a summary of the County's share in this government partnership:

	<u>2020</u>	<u>2019</u>
<u>Financial Position:</u>		
Assets		
Financial assets	\$ 1,452,260	\$ 1,286,514
Non-financial assets	834,350	920,640
Total assets	2,286,610	2,207,154
Current liabilities	33,619	14,039
Landfill closure and post-closure liability	145,073	101,206
Total liabilities	178,692	115,245
Net assets	2,107,918	2,091,909
<u>Results of Operations:</u>		
Revenue	\$ 334,541	\$ 399,474
Amortization expense	(64,478)	(26,880)
Expenses and other income	(282,425)	(284,955)
Proportionate share of earnings	\$ (12,362)	\$ 87,639

COUNTY OF GRANDE PRAIRIE NO. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2020

28. RECONCILIATION OF OPERATING RESULTS TO BUDGETING SYSTEM

The 2020 budget reflects all of the County activities including capital projects and reserve transfers. The financial reporting requirements as set out in the Canadian public sector accounting standards for financial statements are accrual based, as described in Note 1. The differences in the requirements for the Budget and the financial statements result in different items being recognized as revenues and expenditures. The reconciliation below is provided to encompass these items and is provided for information purposes only. It should not be used as a replacement for the consolidated statement of financial activities and accumulated surplus and users should note that this information may not be appropriate for their purposes.

	2020 <i>Budget</i>	2020 <i>(Actual)</i>	2019 <i>(Restated - Note 30)</i>
Statement of Operations, Surplus	\$ 257,082	\$ 31,510,820	\$ 19,637,925
Add back non-cash items:			
Contributed capital assets	-	(8,346,196)	(3,107,520)
Amortization of tangible capital assets	27,196,860	26,514,777	26,304,531
Gain (loss) on disposal of tangible capital assets	-	(227,160)	533,548
Debt proceeds	10,512,950	-	1,250,000
Debt principal repayments	(6,216,572)	(6,216,572)	(5,894,603)
Tangible capital assets sale proceeds	678,000	856,087	813,033
Capital expenditures	(65,156,628)	(29,583,353)	(37,404,198)
Levied portion of local improvements	-	711,869	545,667
Net transfer (to) from reserves (restricted surplus)	32,728,308	(9,873,807)	(445,408)
Net transfer (to) from equity in Aquatera (restricted surplus)	-	(5,333,156)	(1,546,577)
	<u>\$ -</u>	<u>\$ 13,309</u>	<u>\$ 686,398</u>

29. FINANCIAL INSTRUMENTS

The County's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, deposit liabilities, bank loan and long-term debt.

(a) Credit risk

Credit risk arises from the potential that a customer will fail to perform its obligations. The County is exposed to credit risk from its customers. In order to reduce this risk, the County conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information.

The two most significant revenue sources for the County are property taxes and government transfers. The County has a significant number of taxpayers which minimizes concentration of credit risk. No one taxpayer makes up a significant portion of such revenue. The majority of government transfers are received from the provincial and federal government agencies. Due to the nature of these payers, the County is not exposed to significant credit risk on such transactions.

COUNTY OF GRANDE PRAIRIE NO. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2020

29. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Interest rate risk

The County is not exposed to significant interest rate risk as a result of fixed-rate investments held, as outlined in Note 2, bank loan held, as outlined in Note 13, and the issuance of fixed-rate debentures, as outlined in Note 14.

(c) Currency risk

Currency risk is the risk to the County's surplus that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. It is management's opinion that the County is not exposed to significant currency risks arising from transactions in its US bank account.

(d) Fair values of financial instruments

The County's carrying value of cash and cash equivalents, taxes and grants in place of taxes receivable, trade and other receivables, loans receivable and accounts payable and accrued liabilities approximates its fair value due to the immediate or short-term liquidity of these instruments.

The carrying value of long-term debt approximates fair value as the interest rates are consistent with the current rates available for instruments with similar terms.

Unless otherwise noted, it is management's opinion that the County is not exposed to significant other price risks arising from these financial instruments.

COUNTY OF GRANDE PRAIRIE NO. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2020

30. RESTATEMENT

The County has adjusted certain financial statement accounts as at December 31, 2019 due to the following:

Land and Building Aquisition

During 2019 the County recieved land and buildings originally recorded as work in progress. This was originally recorded at less than the assessed market value. Restated to update aquisition at market value and treat it as a contributed asset.

The above change have been applied retroactively and the 2019 comparative figures have been restated as follows.

	As Previously Stated	Restatements	As Restated
Statement of Financial Position			
Tangible capital assets	\$ 464,950,176	\$ 1,201,382	\$ 466,151,558
Accumulated Surplus	567,795,237	1,201,382	568,996,619
Statement of Operations and Accumulated Surplus			
Contributed assets	1,888,612	1,218,908	3,107,520
Annual amortization	(26,287,005)	(17,526)	(26,304,531)
Excess of revenue over expenses	18,436,543	1,201,382	19,637,925

31. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

Council and Management have approved these financial statements on April 26, 2021.

32. COMPARATIVE INFORMATION

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

33. SUBSEQUENT EVENTS

On March 30 and 31, 2021 the Village of Hythe voted to become a hamlet within the County.