

**COUNTY OF
GRANDE PRAIRIE NO. 1**

Year Ended December 31, 2025

COUNTY OF GRANDE PRAIRIE NO. 1

Consolidated Financial Statements

December 31, 2025

COUNTY OF GRANDE PRAIRIE NO. 1
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Year Ended December 31, 2025

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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.

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 RSM Canada LLP Chartered Professional Accountants, the external auditors, in accordance with Canadian auditing standards on behalf of Council, residents and ratepayers of the County.

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Joulia Whittleton

County Manager

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Robert Beaupertuis

General Manager, Financial and Business Planning Services

INDEPENDENT AUDITOR'S REPORT

To the Council of County of Grande Prairie No. 1

Opinion

We have audited the consolidated financial statements of County of Grande Prairie No. 1 (the "County"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of operations, change in net financial assets, cash flows and schedules for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Other Matter

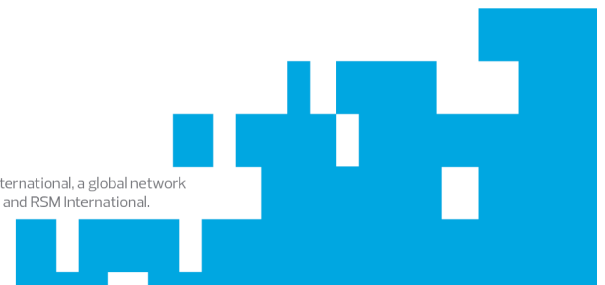
The consolidated financial statements of County for the year ended December 31, 2024, were audited by another auditor who expressed a modified opinion on those statements on April 25, 2025 as a result of a departure from Canadian public sector accounting standards related to the recognition of asset retirement obligations and comparability of the prior year's figures, as described in the predecessor auditor's report.

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 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.



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County'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 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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the County as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purpose of the group audit. We remain solely responsible for our audit opinion.

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

RSM Canada LLP

Chartered Professional Accountants
April 28, 2026
Edmonton, Alberta

COUNTY OF GRANDE PRAIRIE NO. 1
Consolidated Statement of Financial Position
As at December 31, 2025

		2025	2024
FINANCIAL ASSETS			
Cash and cash equivalents	<i>(Note 2)</i>	\$ 27,805,871	\$ 20,240,687
Receivables	<i>(Note 3)</i>	31,988,886	22,625,422
Loans receivable	<i>(Note 4)</i>	4,327,868	1,377,302
Portfolio investments	<i>(Note 5)</i>	72,655,616	90,721,314
Investments in business partnership	<i>(Note 23)</i>	50,088,030	45,650,562
Investments in government partnership	<i>(Note 25)</i>	376,173	—
		187,242,444	180,615,287
LIABILITIES			
Accounts payable and accrued liabilities		20,777,563	12,642,567
Deposit liabilities	<i>(Note 7)</i>	2,606,150	3,079,818
Employee benefit obligations	<i>(Note 8)</i>	4,099,260	3,905,595
Deferred revenue	<i>(Note 9)</i>	17,866,266	21,185,225
Asset retirement obligations	<i>(Note 10)</i>	5,163,784	5,511,546
Long-term debt	<i>(Note 11)</i>	25,208,040	24,711,573
		75,721,063	71,036,324
NET FINANCIAL ASSETS		111,521,381	109,578,963
NON-FINANCIAL ASSETS			
Tangible capital assets	<i>(Schedule 2)</i>	533,417,244	509,281,723
Inventory for consumption	<i>(Note 14)</i>	2,445,685	2,320,003
Land held for resale	<i>(Note 15)</i>	—	1,720,018
Prepaid expenses		1,886,672	1,687,308
		537,749,601	515,009,052
ACCUMULATED SURPLUS	<i>(Schedule 1 & Note 16)</i>	\$ 649,270,982	\$ 624,588,015
Contingent liabilities	<i>(Note 20)</i>		
Commitments	<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
For the Year Ended December 31, 2025

	2025	2025	2024
	<i>(Budget - Note 26)</i>		
REVENUES			
Net municipal taxes	(Schedule 3) \$ 124,183,451	\$ 122,104,038	\$ 102,191,913
User fees and sales of goods	6,820,118	8,388,314	7,756,445
Government transfers for operating	(Schedule 4) 2,743,311	4,544,797	7,790,669
Investment income	3,070,750	2,408,783	3,646,928
Penalties and cost of taxes	1,106,000	1,175,979	1,102,846
Development levies	1,417,784	1,152,476	707,038
Licenses, permits, fines and rentals	3,918,179	5,417,948	4,429,803
Other	3,734,362	3,836,032	944,410
TOTAL REVENUES	146,993,955	149,028,367	128,570,052
EXPENSES			
General Government			
Council and Other Legislative	1,758,310	1,608,841	1,395,888
General Administration	12,364,817	14,295,023	10,468,878
Other General Government	16,458,587	16,645,503	15,783,226
Loss (gain) on disposal of tangible capital assets	—	344,723	(589,377)
Protective Services			
Bylaw Enforcement	4,021,793	4,154,705	4,011,231
Police	3,202,000	2,865,044	2,141,882
Fire	13,351,172	14,350,618	14,318,555
Disaster and Emergency Measures	358,059	2,305,216	2,776,445
Gain on disposal of tangible capital assets	—	(451,877)	(123,087)
Transportation			
Common and Equipment Pool	7,378,981	7,286,127	2,441,512
Other Transportation	240,407	243,501	246,802
Public Transit	21,117	—	21,511
Roads, Streets, Walks and Lighting	46,906,513	44,759,795	50,588,945
Storm Sewer and Drainage	1,817,229	1,980,145	1,263,828
Loss (gain) on disposal of tangible capital assets	—	(67,838)	467,029
Planning and Development			
Economic / Agricultural Development	4,313,708	4,030,851	4,229,496
Land, Housing and Building Rentals	500,720	397,330	331,896
Land Use Planning, Zoning and Development	4,587,944	4,459,642	3,423,504
Other Planning and Development	1,516,174	2,330,477	1,795,255
Loss (gain) on disposal of tangible capital assets	—	865,864	(36,260)
Public Health and Welfare			
Family and Community Support	4,552,296	4,188,067	4,080,556
Cemeteries and Crematoriums	12,500	3,442	47,831
Loss on disposal of tangible capital assets	—	268,717	—
Recreation and Culture			
Parks and Recreation	13,993,213	11,928,718	11,869,549
Culture, Libraries, Museums and Halls	16,650	5,882	1,534,440
Gain on disposal of tangible capital assets	—	(19,721)	(83,479)

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

COUNTY OF GRANDE PRAIRIE NO. 1
Consolidated Statement of Operations
For the Year Ended December 31, 2025

	2025	2025	2024
	<i>(Budget - Note 26)</i>		
Environmental Use and Protection			
Water Supply and Distribution	230,457	352,203	525,082
Wastewater Treatment and Disposal	—	—	121,710
Waste Management	5,245,867	4,038,075	5,217,856
Other Environmental Use and Protection	605,000	307,913	278,640
Loss (gain) on disposal of tangible capital assets	—	(235,569)	1,897,394
TOTAL EXPENSES	143,453,514	143,241,417	140,446,737
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER ITEMS	3,540,441	5,786,950	(11,876,685)
OTHER ITEMS			
Contributed tangible capital assets	—	1,003,400	296,218
Government transfers for capital	<i>(Schedule 4)</i> 20,365,803	12,554,016	11,993,147
Business partnerships	<i>(Note 23)</i> —	5,349,181	4,610,263
Government partnerships	<i>(Note 25)</i> —	785	—
Change in estimate of asset retirement obligations	<i>(Note 10)</i> —	18,330	—
Change in accounting policy	<i>(Note 29)</i> —	(29,695)	—
	20,365,803	18,896,017	16,899,628
EXCESS OF REVENUES OVER EXPENSES	23,906,244	24,682,967	5,022,943
ACCUMULATED SURPLUS - BEGINNING OF YEAR	624,588,015	624,588,015	621,652,209
Adjustment for asset retirement obligations	<i>(Note 10)</i> —		(2,087,139)
ACCUMULATED SURPLUS - END OF YEAR	<i>(Schedule 1 & Note 16)</i> \$ 648,494,259	\$ 649,270,982	\$ 624,588,015

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
Year Ended December 31, 2025

	2025 <i>(Budget - Note 26)</i>	2025	2024
EXCESS OF REVENUES OVER EXPENSES	\$ 23,906,244	\$ 24,682,967	\$ 5,022,943
Tangible capital assets related			
Acquisition of tangible capital assets	(96,857,590)	(56,046,741)	(47,814,513)
Contributed tangible capital assets	—	(1,003,400)	(296,218)
Proceeds on disposal of tangible capital assets	1,418,500	1,933,654	1,732,543
Assets transferred for shares to Aquatera Utilities Inc.	—	340,945	591,643
Amortization expense	29,954,721	29,528,098	29,179,566
Loss on disposal of tangible capital assets	—	704,300	1,532,220
Change in accounting policy <i>(Note 29)</i>	—	29,695	—
Adjustment for Hythe Net Co. <i>(Note 29)</i>	—	377,927	—
Adjustment for asset retirement obligations <i>(Note 10)</i>	—	—	(3,693,566)
	(65,484,369)	(24,135,522)	(18,768,325)
Other non-financial assets			
Acquisition of prepaid expenditures	—	(199,363)	(446,086)
Use (acquisition) of inventory for consumption	—	(125,682)	131,187
Use of land held for resale <i>(Note 15)</i>	—	1,720,018	—
	—	1,394,973	(314,899)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(41,578,125)	1,942,418	(14,060,279)
NET FINANCIAL ASSETS - BEGINNING OF YEAR	109,578,963	109,578,963	123,639,244
NET FINANCIAL ASSETS - END OF YEAR	\$ 68,000,838	\$ 111,521,381	\$ 109,578,963

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

COUNTY OF GRANDE PRAIRIE NO. 1
Consolidated Statement of Cash Flows
Year Ended December 31, 2025

	2025	2024
OPERATING		
Excess of revenues over expenses	\$ 24,682,967	\$ 5,022,943
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	29,528,098	29,179,566
Loss on disposal of tangible capital assets	704,300	1,532,220
Contributed tangible capital assets	(1,003,400)	(296,218)
Change in accounting policy	29,695	—
Business partnerships	(5,349,181)	(4,610,263)
Non-cash charges to operations (net change):		
Increase (decrease) in receivables	(9,363,464)	2,407,023
Decrease in land held for resale	1,720,018	—
Increase in prepaid expenditures	(199,363)	(446,086)
Increase (decrease) in inventory for consumption	(125,682)	131,187
Increase (decrease) in accounts payable and accrued liabilities	8,134,996	(775,598)
Increase in employee benefit obligations	193,665	410,484
Decrease in deposit liabilities	(473,668)	(534,742)
Decrease in deferred revenue	(3,318,959)	(1,337,562)
Increase in asset retirement obligations	70,996	357,705
Decrease in liabilities settled on asset retirement obligations	(418,758)	—
Cash provided by operating activities	<u>44,812,260</u>	<u>31,040,659</u>
CAPITAL		
Acquisition of tangible capital assets	(56,046,741)	(47,814,513)
Proceeds on disposal of tangible capital assets	1,933,654	1,732,543
Cash used for capital activities	<u>(54,113,087)</u>	<u>(46,081,970)</u>
INVESTING		
(Increase) decrease in loans receivable	(2,950,566)	243,546
Share of investments in government partnership	1,754	—
Decrease in portfolio investments	18,065,698	1,621,545
Dividends declared by Aquatera Utilities Inc.	1,252,658	1,081,403
Cash provided by investing activities	<u>16,369,544</u>	<u>2,946,494</u>
FINANCING		
Operating line of credit issued (repaid)	—	(13,500)
Long-term debt issued	6,373,312	—
Long-term debt repaid	(5,876,845)	(6,492,814)
Cash provided by (used for) financing transactions	<u>496,467</u>	<u>(6,506,314)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR	7,565,184	(18,601,131)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	20,240,687	38,841,818
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 27,805,871	\$ 20,240,687

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

COUNTY OF GRANDE PRAIRIE NO. 1
Consolidated Schedule of Changes in Accumulated Surplus
Year Ended December 31, 2025

	Unrestricted Surplus	Restricted Surplus	Equity in Aquatera Utilities Inc.	Equity in Hythe Net Co.	Equity in Tangible Capital Assets <i>(Note 13)</i>	2025	2024
BALANCE, BEGINNING OF YEAR	\$ 15,215	\$ 97,079,944	\$ 45,650,562	\$ —	\$ 481,842,293	\$624,588,015	\$ 619,565,071
Excess of revenues over expenses	24,682,967	—	—	—	—	24,682,967	5,022,943
Change in accounting policy - Hythe Net Co. (Note 29)	—	—	—	377,927	(377,927)	—	—
Contributions and Withdrawals - Hythe Net Co.	2,539	—	—	(2,539)	—	—	—
Share of earnings - Hythe Net Co.	(785)	—	—	785	—	—	—
Unrestricted funds designated for future use	(51,606,618)	51,606,618	—	—	—	—	—
Restricted funds used for operations	10,390,417	(10,390,417)	—	—	—	—	—
Share of earnings - Aquatera Utilities Inc.	(5,349,181)	—	5,349,181	—	—	—	—
Assets transferred for shares to Aquatera Utilities Inc.	—	—	340,945	—	(340,945)	—	—
Dividends declared by Aquatera Utilities Inc.	1,252,658	—	(1,252,658)	—	—	—	—
Restricted funds used for tangible capital assets	—	(47,802,487)	—	—	47,802,487	—	—
Current year funds used for tangible capital asset	(8,244,253)	—	—	—	8,244,253	—	—
Contributed tangible capital assets	(1,003,400)	—	—	—	1,003,400	—	—
Disposal of tangible capital assets	2,230,561	—	—	—	(2,230,561)	—	—
Annual amortization expense	29,528,098	—	—	—	(29,528,098)	—	—
Long term debt repaid	(5,532,659)	—	—	—	5,532,659	—	—
Long term debt acquired	2,873,312	—	—	—	(2,873,312)	—	—
Asset retirement obligations accretion expense	89,326	—	—	—	(89,326)	—	—
Levied portion of local improvements	688,404	—	—	—	(688,404)	—	—
Change in accumulated surplus	1,386	(6,586,286)	4,437,468	376,173	26,454,226	24,682,967	5,022,943
BALANCE, END OF YEAR	<i>(Note 16)</i> \$ 16,601	\$ 90,493,658	\$ 50,088,030	\$ 376,173	\$ 508,296,520	\$649,270,982	\$ 624,588,015

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

COUNTY OF GRANDE PRAIRIE NO. 1
Consolidated Schedule of Tangible Capital Assets
Year Ended at December 31, 2025

	Land	Site Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Construction in Progress	2025 \$	2024 \$
COST									
BALANCE, BEGINNING OF YEAR	\$ 92,738,611	\$ 31,783,007	\$ 103,141,617	\$ 568,055,198	\$ 54,973,223	\$ 22,160,416	\$ 13,438,041	\$ 886,290,113	\$ 846,343,434
Adjustment for asset retirement obligations (Note 10)	—	—	—	—	—	—	—	—	2,229,688
Acquisition of tangible capital assets	2,014,718	474,343	700,629	32,365,984	5,738,143	3,682,395	11,070,529	56,046,741	47,814,513
Contributed tangible capital assets	878,400	—	—	125,000	—	—	—	1,003,400	296,218
Transfer of construction in progress	—	16,164	139,839	4,659,640	353,602	493,784	(5,663,028)	—	—
Disposals of tangible capital assets	(39,036)	(90,067)	(161,183)	(689,175)	(5,251,781)	(2,253,683)	(1,837,027)	(10,321,952)	(10,393,739)
BALANCE, END OF YEAR	95,592,693	32,183,447	103,820,902	604,516,647	55,813,187	24,082,911	17,008,515	933,018,302	886,290,114
ACCUMULATED AMORTIZATION									
BALANCE, BEGINNING OF YEAR	—	15,227,678	29,394,918	287,791,339	32,275,639	12,318,817	—	377,008,391	353,742,901
Adjustment for asset retirement obligations (Note 10)	—	—	—	—	—	—	—	—	623,261
Amortization expense	—	1,494,934	2,321,179	18,571,953	5,137,307	2,002,727	—	29,528,098	29,179,566
Accumulated amortization on disposals	—	(65,262)	(4,835)	(252,531)	(4,715,627)	(1,897,176)	—	(6,935,431)	(6,537,337)
BALANCE, END OF YEAR	—	16,657,350	31,711,262	306,110,761	32,697,319	12,424,368	—	399,601,058	377,008,391
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 95,592,693	\$ 15,526,097	\$ 72,109,640	\$ 298,405,886	\$ 23,115,868	\$ 11,658,543	\$ 17,008,515	\$ 533,417,244	\$ 509,281,723
2024 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 92,738,611	\$ 16,555,329	\$ 73,746,699	\$ 280,263,859	\$ 22,697,584	\$ 9,841,600	\$ 13,438,041	\$ 509,281,723	

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

COUNTY OF GRANDE PRAIRIE NO. 1
Consolidated Schedule of Property and Other Taxes
Year Ended December 31, 2025

	2025 <i>(Budget - Note 26)</i>	2025	2024
TAXATION			
Real property taxes	\$ 119,130,082	\$ 116,707,103	\$ 104,998,136
Linear property taxes	34,950,374	35,307,855	23,903,563
Government grants in place of property taxes	53,865	59,742	52,042
Other taxes	90,531	90,531	113,862
	<u>154,224,852</u>	<u>152,165,231</u>	<u>129,067,603</u>
REQUISITIONS			
Provincial school	(27,418,579)	(27,396,849)	(24,454,700)
Designated industrial properties	(359,764)	(359,713)	(318,549)
Separate school	(1,201,222)	(1,249,833)	(1,091,311)
Senior foundation	(1,061,836)	(1,054,798)	(1,011,130)
	<u>(30,041,401)</u>	<u>(30,061,193)</u>	<u>(26,875,690)</u>
NET MUNICIPAL TAXES	<u>\$ 124,183,451</u>	<u>\$ 122,104,038</u>	<u>\$ 102,191,913</u>

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

COUNTY OF GRANDE PRAIRIE NO. 1
Consolidated Schedule of Government Transfers
Year Ended December 31, 2025

	2025 <i>(Budget - Note 26)</i>	2025	2024
TRANSFERS FOR OPERATING			
Federal government transfers	\$ 84,200	\$ 504,210	\$ 70,840
Provincial government transfers	1,962,152	3,356,049	7,009,587
Local government transfers	12,421	—	25,704
Local Government Fiscal Framework	684,538	684,538	684,538
	<u>2,743,311</u>	<u>4,544,797</u>	<u>7,790,669</u>
TRANSFERS FOR CAPITAL			
Canada Community Building Fund	5,562,193	3,259,356	2,884,949
Municipal Sustainability Initiative	5,447,824	4,682,694	3,128,479
Local Government Fiscal Framework	5,534,944	3,461,219	3,277,489
Provincial government transfers	3,820,842	1,150,747	2,702,231
	<u>20,365,803</u>	<u>12,554,016</u>	<u>11,993,147</u>
	<u>\$ 23,109,114</u>	<u>\$ 17,098,813</u>	<u>\$ 19,783,816</u>

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

COUNTY OF GRANDE PRAIRIE NO. 1
Consolidated Schedule of Segmented Disclosure
Year Ended December 31, 2025

	General Government	Protective Services	Transportation	Planning and Development	Public Health and Welfare	Recreation and Culture	Environmental Use and Protection	2025	2024
REVENUES									
Net municipal taxes	\$ 122,104,038	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 122,104,038	\$ 102,191,913
User fees and sale of goods	1,182,434	950,584	1,312,913	42,430	401,243	477,743	4,020,966	8,388,314	7,756,445
Government transfers for operating	81,314	2,060,954	493,167	1,204,579	588,392	13,164	103,228	4,544,797	7,790,669
Investment income	2,320,257	—	—	—	—	—	88,525	2,408,783	3,646,928
Penalties and costs of taxes	1,174,999	—	85	896	—	—	—	1,175,979	1,102,846
Development levies	988,092	—	126,384	—	—	38,000	—	1,152,476	707,038
Licenses, permits, fines and rentals	60,100	385,775	1,167,132	2,044,613	38,100	1,579,833	142,395	5,417,948	4,429,803
Other revenues	346,444	1,990,018	1,307,710	89,263	4,711	—	97,885	3,836,032	944,410
Total Revenues	128,257,678	5,387,331	4,407,391	3,381,781	1,032,446	2,108,740	4,452,999	149,028,367	128,570,052
EXPENSES									
Contracted and general services	6,154,699	4,098,665	8,849,827	2,244,447	433,293	1,891,251	1,830,088	25,502,270	28,714,030
Salaries, wages and benefits	14,870,732	14,037,657	13,705,322	7,515,085	3,086,995	1,649,851	1,707,184	56,572,826	53,315,955
Materials, goods and utilities	876,142	1,068,821	9,018,787	503,827	87,112	758,876	68,217	12,381,781	13,021,497
Transfers to other governments, local boards and agencies	7,218,990	—	85,150	616,912	570,212	5,150,372	6,820	13,648,456	10,112,340
Purchases from other governments	—	2,841,929	—	—	—	—	—	2,841,929	2,119,222
Interest on long-term debt	743,503	—	—	—	—	—	—	743,503	882,701
Accretion of asset retirement obligations	81,558	—	—	—	—	—	7,768	89,326	748,830
Amortization expense	1,442,591	1,628,373	22,610,482	337,993	13,862	2,416,933	1,077,863	29,528,098	29,179,566
Other expenses	1,161,152	138	—	35	35	67,318	250	1,228,928	820,376
Loss (gain) on disposal of tangible capital assets	344,724	(451,877)	(67,838)	865,864	268,717	(19,721)	(235,569)	704,300	1,532,220
Total Expenses	32,894,091	23,223,706	54,201,730	12,084,163	4,460,226	11,914,880	4,462,621	143,241,417	140,446,737
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER ITEMS	95,363,587	(17,836,375)	(49,794,339)	(8,702,382)	(3,427,780)	(9,806,140)	(9,622)	5,786,950	(11,876,685)
OTHER ITEMS									
Contributed tangible capital assets	878,400	—	—	125,000	—	—	—	1,003,400	296,218
Government transfers for capital	—	—	12,554,016	—	—	—	—	12,554,016	11,993,147
Business partnerships	5,349,181	—	—	—	—	—	—	5,349,181	4,610,263
Government partnerships	785	—	—	—	—	—	—	785	—
Change in estimate of asset retirement obligations	18,330	—	—	—	—	—	—	18,330	—
Change in accounting policy	(29,695)	—	—	—	—	—	—	(29,695)	—
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 101,580,589	\$ (17,836,375)	\$ (37,240,323)	\$ (8,577,382)	\$ (3,427,780)	\$ (9,806,140)	\$ (9,622)	\$ 24,682,967	\$ 5,022,943

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

COUNTY OF GRANDE PRAIRIE NO. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the County of Grande Prairie No. 1 (the "County") are prepared by management in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the County are as follows:

Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and accumulated surplus of the County. The reporting entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the County and are, therefore, accountable to the County for the administration of their financial affairs and resources. All controlled entities are consolidated in the consolidated financial statements according to the County's percentage ownership except for entities that meet the definition of a business enterprise or a business partnership, which are included in the financial statements on a modified equity basis. Accounting policies of consolidated and proportionately consolidated entities are conformed to those of the organization and inter-organizational balances and transactions are eliminated upon consolidation.

Entities fully consolidated in the County's financial statements include:

	% ownership
J.D.A. County Sportsplex	100%

Partnerships proportionately consolidated in the County's financial statements include:

	% ownership
West Grande Prairie County Solid Waste Management Authority	55%

Under the modified equity method of accounting, only the County's investment in the entity and the County's portion of the entity's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the entity that are different from those of the County and inter-organizational balances and transactions are not eliminated.

Entity's accounted for on a modified equity basis include:

	% ownership
Aquatera Utilities Inc.	23%
Hythe Net Co.	70%

The consolidated statements exclude trust assets and their related operations 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 organizations that are not part of the municipal reporting entity.

COUNTY OF GRANDE PRAIRIE NO. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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, useful life of tangible capital assets, provision for asset retirement obligation, provision for accrued sick leave benefit and determination the fair value of contributed tangible capital assets. 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.

Investments

Portfolio investments that are not derivatives or portfolio investments in equity instruments that are quoted in an active market, 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 business partnerships. 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 interorganizational transactions and balances are not eliminated.

Employee future benefits

Selected employees of the County 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 County 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.

COUNTY OF GRANDE PRAIRIE NO. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Asset retirement obligations

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

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

At each financial reporting date, the County reviews the carrying amount of the liability. The County recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the revisions would be expensed. The County continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

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, 2025

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	25 - 75 years
Wastewater system	45 - 75 years
Other engineered structures	10 - 100 years
Machinery and equipment	4 - 20 years
Vehicles	4 - 20 years

Assets under construction are not amortized until the asset is available for productive use. When conditions indicate that a tangible capital asset no longer contributes to the County's ability to provide goods and services, or that the value of future economic benefits associated with a tangible capital asset is less than its net book value, the cost of the asset is reduced to reflect the decline in value. Write-downs of tangible capital assets are expensed in the period incurred and are not reversed.

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.

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.

COUNTY OF GRANDE PRAIRIE NO. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity in tangible capital assets

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.

Land held for resale

Land held for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for land acquisition and improvements to prepare the land for sale or servicing.

Tax revenue

Property tax revenue is based on assessments determined in accordance with the Municipal Government Act. Tax rates are established annually. Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. 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 bylaw.

Government transfers

Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

External Contributions

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

Developer contributions received from third parties are recognized as revenue when the related expenditures have been incurred. Offsite levy revenue from external developers is deferred in the appropriate offsite deferred revenue account and recognized as revenue when the related infrastructure is constructed.

COUNTY OF GRANDE PRAIRIE NO. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Revenue from transactions with no performance obligation is recognized at realizable value when the County has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event giving rise to an asset.

Revenue from transactions with performance obligations is recognized as the performance obligations are satisfied by providing the promised goods or service to the payor. User fees are recognized over the period of use, sales of goods are recognized when the goods are delivered. Licenses and permits with a single performance obligation at a point in time are recognized as revenue on issuance, those which result in a continued performance obligation over time are recognized over the period of the license or permit as the performance obligation is satisfied.

Financial Instruments

The County's financial instruments consist of cash and cash equivalents, accounts receivable, loans receivable, portfolio investments, accounts payable and accrued liabilities, deposit liabilities, operating line of credit and long-term debt. All financial instruments are carried at cost or amortized cost.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

For portfolio investments measured at cost, the cost method records the initial investment at cost and earnings from such investments are recognized only to the extent receivable. When an investment is written down to recognize impairment loss, the new carrying value is deemed to be the new cost basis for subsequent accounting purposes.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

Future Accounting Standard Pronouncements

The Conceptual Frameworks for Financial Reporting - The conceptual framework is the foundation for principles-based standards. It is a coherent set of interrelated objectives and fundamentals leading to consistent standards or application of consistent concepts in the absence of specific standards. The County is expected to adopt this standard beginning December 31, 2027.

PS 1202 Financial Statement Presentation - PS 1202 will replace PS 1201 and sets out the general and specific requirements of the presentation of financial information and is based on the concepts in the conceptual framework. The County is expected to adopt this standard beginning December 31, 2027.

COUNTY OF GRANDE PRAIRIE NO. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2025

2. CASH AND CASH EQUIVALENTS

	2025	2024
Cash on hand	\$ 4,461	\$ 8,357
Cash in banks	17,539,652	14,778,987
Cash equivalents	10,261,758	5,453,343
	\$ 27,805,871	\$ 20,240,687

Cash equivalents are readily convertible to cash, and consist of investment savings account bearing interest at 2.05% to 3.20% (2024 - 1.25% to 2.50%) throughout the year. Restricted cash amount is \$262,571 (2024 - \$12,650,415) which is equal to deferred revenue \$17,866,266 (2024 - \$21,185,225) less restricted accounts receivable \$17,603,695 (2024 - \$8,534,810).

3. RECEIVABLES

	2025	2024
Current taxes and grants in place of taxes	\$ 3,463,260	\$ 2,354,159
Non-current taxes and grants in place of taxes	3,689,294	3,521,509
	7,152,554	5,875,668
Allowance for doubtful accounts	(2,007,569)	(1,371,974)
Taxes receivable	5,144,985	4,503,694
Trade and other receivables	3,825,772	3,202,138
Portfolio investment interest receivable (Note 5)	2,925,823	3,169,599
Government grants	17,603,695	8,534,810
Goods and Services Tax receivable	451,738	487,576
Local improvements	2,095,287	2,783,690
Allowance for doubtful accounts	(58,414)	(56,085)
	\$ 31,988,886	\$ 22,625,422

COUNTY OF GRANDE PRAIRIE NO. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2025

4. LOANS RECEIVABLE

	2025	2024
Grande Prairie Regional Agriculture and Exhibition Society	\$ 916,333	\$ 1,159,885
Bezanson Agricultural Society	137,500	137,500
Hilltop Estates Homeowners Association	66,701	79,917
Maskwa Medical Centre	3,207,334	—
Total loans receivable	\$ 4,327,868	\$ 1,377,302

Advances to the Grande Prairie Regional Agricultural & Exhibition Society are unsecured and bear interest at 4.75% (2024 - 4.75%). Advance #1, with a balance of \$490,268 (2024 - \$639,098), consists of principal and accrued interest up to December 31, 2025, bears interest at 4.75% (2024 - 4.75%) and is repayable in blended annual payments of \$179,188. Advance #2, with a balance of \$426,065 (2024 - \$520,787), consists of principal and accrued interest up to December 31, 2025, bears interest at 4.75% (2024 - 4.75%) and is repayable in blended annual payments of \$119,458.

By motion of Council, 2025, annual repayments of \$298,646, 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 \$36,677 (2024 - \$46,568) at December 31, 2025 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.

Advance to Bezanson Agricultural Society for the completion of Bezanson Community Centre 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.

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.

Advances to Maskwa Medical Centre for the completion of the medical centre are unsecured and bear no interest. Advance #1 with a balance of \$2,000,000 is repayable in full on or before April 28, 2028. Advance #2 with a balance of \$1,500,000 is repayable in full on or before September 30, 2028. These advances have been recorded at their net present value using a blended interest rate of 3.54%. An expense of \$346,483 has been recorded in grant expenses and will be amortized on a straight line basis over the term of the loans. By motion of Council, a corresponding loan agreement was obtained from TD Bank.

COUNTY OF GRANDE PRAIRIE NO. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2025

5. PORTFOLIO INVESTMENTS

	2025	2024
Cash	\$ 15,107	\$ 40,544
Deposits	29,997,476	22,134,529
Provincial Bonds	15,588,033	23,890,899
Guaranteed Investment Certificates	27,055,000	44,655,342
Total investments (market value - \$74,025,298; 2024 - \$92,095,149)	\$ 72,655,616	\$ 90,721,314

Investments consist of Government of Canada treasury bills and short-term senior unsecured bail-in notes issued by Schedule 1 chartered banks, provincial government bonds, and guaranteed investment certificates. Deposits have rates of returns of 2.67% (2024 - 1.95% - 3.85%) with maturity dates between January 2026 and March 2026. Provincial bonds have rates of return between 1.12% - 4.50% (2024 - 0.95% - 4.50%) with maturity dates between March 2026 and December 2050. Guaranteed investment certificates have a interest rates between 1.30% - 4.85% (2024 - 1.26% - 4.85%) with maturity dates between February 2026 and June 2029.

Portfolio investment interest receivable of \$2,925,823 (2024 - \$3,169,599) has been recorded and included in the County's receivables amount.

6. LINE OF CREDIT

The County has an unsecured revolving demand credit facility of \$10,000,000 (2024 - \$10,000,000). The demand credit facility bears interest at the bank's prime rate minus 0.75% per annum (2024 - prime less 0.75%), and was not drawn on at December 31, 2025 (2024 - \$nil).

7. DEPOSIT LIABILITIES

	2025	2024
Subdivision approach and development agreement deposits	\$ 1,434,570	\$ 1,315,205
Public works approach/performance deposits	289,383	509,383
West Grande Prairie County Solid Waste Management Authority	666,481	993,056
General deposits	15,851	195,458
Safety codes council fees	1,048	3,103
Funds held in trust	124,191	63,613
Tax sale surplus	74,626	—
	\$ 2,606,150	\$ 3,079,818

COUNTY OF GRANDE PRAIRIE NO. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2025

8. EMPLOYEE BENEFIT OBLIGATION

	<u>2025</u>	<u>2024</u>
Accrued vacation and overtime pay	\$ 3,047,774	\$ 2,977,352
Accrued sick leave benefit	1,051,486	928,243
	<u>\$ 4,099,260</u>	<u>\$ 3,905,595</u>

The obligation is comprised of the vacation, overtime, and sick time that employees have earned or are entitled to as at December 31, 2025.

Vacation and overtime are governed by various employment agreements and Alberta Labour Standards. Overtime can be banked or paid out for non-exempt employees. Certain employees are allowed to bank up to 60 hours of overtime a year.

Sick time is accrued at a rate of 1.75 days per month to a maximum of 792 hours. These accruals differ depending on the standard work hours per week for each employee group. Employees are only allowed to accrue up to 90 days per year to use as sick time and the accrual does not vest with the employee.

COUNTY OF GRANDE PRAIRIE NO. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2025

9. 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.

	2024	Amounts Received	Interest and Other	Amounts Recognized	2025
Government transfers capital					
Alberta Municipal Water/Wastewater Partnership	\$ —	\$ 10,033	\$ —	\$ (10,033)	\$ —
Municipal Sustainability Initiative	5,811,329	—	192,796	(4,682,694)	1,321,431
Canada Community Building Fund	4,670,764	2,066,134	154,957	(3,259,356)	3,632,499
Strategic Transportation Infrastructure Program	900,000	1,139,659	112,349	(1,139,659)	1,012,349
Alberta Community Partnership	61,311	—	89,107	(1,055)	149,363
Local Government Fiscal Framework	—	5,534,944	—	(3,461,219)	2,073,725
	11,443,404	8,750,770	549,209	(12,554,016)	8,189,367
Government transfers operating					
Local Government Fiscal Framework	—	684,538	—	(684,538)	—
Other government transfers operating	159,215	3,870,537	—	(3,860,259)	169,493
	159,215	4,555,075	—	(4,544,797)	169,493
Other deferred revenue	9,582,606	850,453	232,517	(1,158,170)	9,507,406
	\$ 21,185,225	\$ 14,156,298	\$ 781,726	\$ (18,256,983)	\$ 17,866,266

10. ASSET RETIREMENT OBLIGATIONS

Buildings, Equipment and Engineered Structures

During the year, the County has completed its identification of remaining various tangible capital assets where asset retirement obligations exist and mainly relate to buildings, equipment and engineered structures. The County has estimated the nature and extent of hazardous materials in its buildings based on the potential square footage and the average costs per square foot to remove and dispose of the hazardous materials. Similarly, cost estimates were obtained for legislated removal of equipment at the end of its life. The estimate of these obligations is based on assessments provided by third-party experts, internal experts, and engineers. These obligations are discounted using a present value technique. The undiscounted amount of estimated future cash flows required to settle these obligations is \$5,740,333. Estimated costs have been discounted using to December 31, 2025 using a discount rate of 4.42% per annum and inflation rate of 2.48% per annum. These obligations are expected to be settled between 2027 to 2065. Included in asset retirement obligations for closure and post-closure care of \$2,291,700 (2024 - \$2,249,151) relating to the buildings, equipment, and engineered structures.

COUNTY OF GRANDE PRAIRIE NO. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2025

10. ASSET RETIREMENT OBLIGATIONS (continued)

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 estimated costs to close and maintain the closed solid waste landfill sites are based on estimated future expenses in current dollars, discounted, adjusted for estimated inflation. The landfills the County is responsible for and the asset retirement obligation for them is as follows:

Clairmont Landfill

Included in asset retirement obligations for landfill closure and post-closure care of \$494,341 (2024 - \$485,163) relating to the Clairmont landfill. The undiscounted amount of estimated future cash flows required to settle these obligations is \$4,115,546 (2024 - \$4,217,665) based on an expected closure year of 2074. 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 4.42% and assuming annual inflation of 2.48%. The County has not yet designated assets for settling closure and post-closure liabilities for the Clairmont landfill.

Regional Landfill

The West Grande Prairie County Solid Waste Management Authority operates a landfill site. A liability for the total obligation, which was incurred when the site started accepting waste, irrespective of volume of waste has been accrued. Undiscounted future cash flow expected are a closure cost in year 2025 of \$1,227,284 (2024 - \$1,960,700) and post closing activities starting in year 2026 of \$22,500 (2024 - \$22,500 per year, increasing at an annual inflation rate of 1.96% (2024 - 3.10%) for 25 years to year 2050. The estimated total liability of \$1,580,765 (2024 - \$2,300,964), for which the County has consolidated in their proportionate share of 55%, is based on the sum of discounted future cash flow for closure and post-closure activities using a discount rate of 4.30% (2024 - 5.08%). The West Grande Prairie County Solid Waste Management Authority has designated assets in the restricted surplus for settling closure and post-closure liabilities.

During the year, the Authority re evaluated the liability relating to the control of leachates. As a result, the Authority has updated the estimated costing for the asset retirement obligation of the control of leachates. This change has been recorded as a change in estimate of asset retirement obligations and has resulted in a decrease in asset retirement obligations in the current year of \$33,327 for which the County has consolidated in their proportionate share of 55%.

	2025	2024
Balance, beginning of year	\$ 5,511,546	\$ 1,460,275
Liabilities incurred	—	3,693,565
Opening surplus adjustment on adoption	—	(2,087,139)
Liabilities settled	(418,758)	—
Change in estimated cash flows	(18,330)	1,696,014
Accretion expense	89,326	748,831
Estimated total liability	\$ 5,163,784	\$ 5,511,546

The County adopted PS 3280 in the prior year using the modified retroactive method. This resulted in a net increase in tangible capital assets of \$1,606,427, an increase in asset retirement obligations of \$3,693,565, and an adjustment to opening accumulated surplus of \$2,087,139.

COUNTY OF GRANDE PRAIRIE NO. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2025

11. LONG-TERM DEBT

	2025	2024
General tax levy supported debentures	\$ 17,738,673	\$ 14,792,507
Other self supported debentures	5,306,552	7,057,280
Local improvement support debentures	2,162,815	2,861,786
Total long-term debt	25,208,040	24,711,573
Less: current portion	(7,119,747)	(5,532,659)
	\$ 18,088,293	\$ 19,178,915

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

	Principal	Interest	Total
2026	\$ 7,119,747	\$ 689,188	\$ 7,808,935
2027	6,179,104	521,271	6,700,375
2028	5,167,660	330,387	5,498,047
2029	1,274,610	210,783	1,485,393
2030	1,000,605	172,159	1,172,764
Thereafter	4,466,314	524,102	4,990,416
	\$ 25,208,040	\$ 2,447,890	\$ 27,655,930

Debenture debt in the amount of \$22,052,227 is repayable to the Province of Alberta and bears interest at varying rates ranging from 2.16% to 5.15% (2024 - 0.84% to 5.15%) per annum and matures between 2026 and 2050. Debenture debt is issued on the credit and security of the County.

Debenture debt in the amount of \$3,155,813 is repayable to TD bank and bears interest at varying rates ranging from 3.338% to 3.698% per annum and matures in 2028. Debenture debt is issued on the credit and security of the County.

Interest on long-term debt amounted to \$743,503 (2024 - \$882,701).

The County's total cash payments for interest were \$753,553 (2024 - \$897,452).

COUNTY OF GRANDE PRAIRIE NO. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2025

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 County of Grande Prairie be disclosed as follows:

	2025	2024
Total debt limit	\$ 223,542,551	\$ 192,855,078
Total debt	(25,208,040)	(24,711,573)
Amount of debt limit available	198,334,511	168,143,505
Debt servicing limit	37,257,092	32,142,513
Debt servicing	(7,808,935)	(6,248,815)
Service on debt limit available	\$ 29,448,157	\$ 25,893,698

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.

13. EQUITY IN TANGIBLE CAPITAL ASSETS

		2025	2024
Tangible capital assets - costs	<i>(Schedule 2)</i>	\$ 933,018,302	\$ 886,290,113
Accumulated amortization	<i>(Schedule 2)</i>	(399,601,058)	(377,008,391)
Asset retirement obligations	<i>(Note 10)</i>	(5,163,784)	(5,511,546)
Long-term debt	<i>(Note 11)</i>	(25,208,040)	(24,711,573)
Operating debt	<i>(Note 11)</i>	3,155,813	—
Local improvements receivable	<i>(Note 3)</i>	2,095,287	2,783,690
		\$ 508,296,520	\$ 481,842,293

14. INVENTORY FOR CONSUMPTION

	2025	2024
Gravel	\$ 1,529,514	\$ 1,395,286
Material and supplies	916,171	924,717
	\$ 2,445,685	\$ 2,320,003

COUNTY OF GRANDE PRAIRIE NO. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2025

15. LAND HELD FOR RESALE

The County of Grande Prairie reclassified lands in the amount of \$1,720,018 representing costs related to the Multi Modal site \$1,719,868 and \$150 in Hythe cemetery plots to tangible capital assets.

16. ACCUMULATED SURPLUS

	2025	2024
Unrestricted Surplus		
County of Grande Prairie No. 1	\$ (2,093)	\$ (3,479)
West Grande Prairie County Solid Waste Management Authority	18,694	18,694
	<u>16,601</u>	<u>15,215</u>
Restricted Surplus		
Project carry forward	27,148,472	30,492,726
Financial stabilization	5,130,670	1,652,963
Project debt repayment	1,823,351	2,924,596
Future grants	560,881	869,704
Future operational projects	10,183,833	8,454,506
Future capital projects	24,567,154	23,114,625
Future equipment replacement	18,650,961	26,752,288
Unfunded liability for sick leave	(1,051,486)	(928,243)
Hythe reserves	769,934	874,274
West Grande Prairie County Solid Waste Management reserve (55% consolidation)	2,709,888	2,872,505
	<u>90,493,658</u>	<u>97,079,944</u>
Equity in Aquatera Utilities Inc. <i>(Note 23)</i>	<u>50,088,030</u>	45,650,562
Equity in Hythe Net Co. <i>(Note 25)</i>	<u>376,173</u>	—
Equity in tangible capital assets		
Equity in tangible capital assets	509,920,541	484,194,855
Amounts to recover <i>(Note 17)</i>	(1,624,021)	(2,352,562)
	<u>508,296,520</u>	<u>481,842,293</u>
	<u>\$ 649,270,982</u>	<u>\$ 624,588,015</u>

COUNTY OF GRANDE PRAIRIE NO. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2025

17. 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>2025</u>	<u>2024</u>
Grande Prairie Regional Agriculture and Exhibition Society	\$ 518,899	\$ 683,986
Waterline installation	1,105,122	1,668,576
	<u>\$ 1,624,021</u>	<u>\$ 2,352,562</u>

COUNTY OF GRANDE PRAIRIE NO. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2025

18. 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:

		2025				2024	
COUNTY COUNCIL	Division	Salary (1)	Benefits (2)	Subtotal	Travel Cost and Allowances (3)	Total	Total
Reeve - B. Marshall	5	\$ 113,175	\$ 20,351	\$ 133,526	\$ 20,306	\$ 153,832	\$ 181,086
Reeve - A. McDonald	1	91,922	23,052	114,974	12,616	127,590	123,018
K. Balderson	2	67,828	19,975	87,803	10,204	98,007	99,651
L. Beaupre	3	60,630	16,972	77,602	7,760	85,362	109,641
T. Beaupre	3	19,896	5,384	25,280	5,228	30,508	—
S. Zimmerman	4	77,198	11,571	88,769	10,688	99,457	126,554
M. Tissington	4	18,992	5,218	24,210	2,166	26,376	—
B. Lieveise	5	20,334	3,527	23,861	4,228	28,089	—
P. Harris	6	52,765	6,787	59,552	7,866	67,418	96,105
B. Grant	6	15,610	4,598	20,208	4,916	25,124	—
B. Peterson	7	100,024	23,937	123,961	28,163	152,124	153,991
K. Rosvold	8	78,319	20,956	99,275	27,190	126,465	128,201
B. Chrenek	9	92,243	22,090	114,333	10,709	125,042	125,339
		808,936	184,418	993,354	152,040	1,145,394	1,143,586
OFFICERS	Positions						
County Manager	1	317,262	39,252	356,514	8,110	364,624	358,239
Designated Officers	2	351,175	76,790	427,965	1,505	429,470	411,847
		\$ 668,437	\$ 116,042	\$ 784,479	\$ 9,615	\$ 794,094	\$ 770,086

- (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 cost and allowances include mileage and airfare.

COUNTY OF GRANDE PRAIRIE NO. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2025

19. 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 8.45% (2024 - 8.45%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 11.65% (2024 - 12.23%) on pensionable earnings above this amount. Employees of the County are required to make current service contributions of 7.45% (2024 - 7.45%) of pensionable salary up to the year's maximum pensionable salary and 10.65% (2024 - 11.23%) on pensionable salary above this amount.

Total current service contributions by the County to LAPP in 2025 were \$3,426,309 (2024 - \$3,115,076). Total current service contributions by the employees of the County of Grande Prairie No. 1 to the Local Authorities Pension Plan in 2025 were \$3,094,292 (2024 - \$2,828,591).

At December 31, 2025, the Plan disclosed an actuarial surplus of \$19.60 billion (2024 - \$15.10 billion surplus).

20. 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, 2025. 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.

21. COMMITMENTS

Capital Commitments

The County has entered into various tender contracts relating to the construction of roads. As at December 31, 2025, there was \$20,757,565 in unpaid tenders to contractors relating to these contracts that will be recognized in future years as the work is completed.

The County has entered into various capital contracts relating to the purchase of tangible capital assets. As at December 31, 2025, the County has signed contracts to purchase \$1,879,761 in vehicles and heavy equipment to replace existing equipment in 2026.

Operating leases

The County has entered into various leases in respect to photocopiers, printers, computer hardware, vehicles and office space requiring total payments of \$119,929 expiring in 2026, \$23,067 expiring in 2027, \$21,398 expiring in 2028, and \$nil expiring in 2029. The County has an office space leased until October 2026.

COUNTY OF GRANDE PRAIRIE NO. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2025

22. 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, Net Taxes for Municipal, and General Administration.

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. General administration reports activities related to the administration of the municipality as a whole. It includes: Administrative Services which is comprised of the County Manager, People and Organizational Development, and Facilities. Corporate Services is comprised of Communications, Information Systems, Legislative Services, and Records Management. Financial Services is comprised of Assessment, Analysis and Reporting, and Cash Control.

(b) Protective Services

Protective Services is comprised of Regional Enforcement Services, Regional Fire Services, and Disaster 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.

(c) Transportation Services

Transportation Services is comprised of Capital Delivery, Operations and Fleet Management.

Capital Delivery develops and manages the County's long-term improvement plan for all capital road and bridge projects. Operations oversees the maintenance of the roadway network throughout the year through gravel programs, dust control, snow removal, sign installation, and drainage improvements. Fleet Management is responsible for managing the vehicles and equipment held by the County to ensure operational safety.

(d) Planning and Development

Planning and Development is comprised of Planning, Economic Development, and Agriculture.

Planning and Development work with developers in planning the growth 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. Agriculture provides field services and is responsible for the control of pests, soil, weed and crop services, protection and care of domestic animals, and seed cleaning plants.

COUNTY OF GRANDE PRAIRIE NO. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2025

22. SEGMENTED DISCLOSURE (continued)

(e) Public Health and Welfare

Public Health and Welfare consists of Family and Community Services. This department provides services mandated by Family and Community Support Services Alberta through a shared funding model between the Province of Alberta and the County.

(f) Recreation and Culture

Recreation and Culture provides 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. Recreation and Culture also 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.

(g) Environmental Use and Protection

Environmental Use and Protection provide environmentally regulated utility services including Water Supply and Distribution, Water Treatment and Disposal, and Waste Management.

Water Supply and Distribution includes activities related to acquiring, treating, and supplying water. Wastewater Treatment and Disposal relates to the collection or removal, treatment, and disposal of sanitary sewage. Waste Management includes activities related to the collection of garbage and other waste material, as well as the maintenance and operation of sanitary landfill sites, incinerators or other plants, trucks and other equipment used for collection and disposal, and solid waste landfill closure and post-closure costs.

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.

COUNTY OF GRANDE PRAIRIE NO. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2025

23. INVESTMENT IN BUSINESS PARTNERSHIP

The County owns 22.93% (2024 - 20.90%) of Aquatera Utilities Inc., which 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 table presents condensed financial information for the commercial enterprise.

	2025	2024
<u>Financial Position</u>		
Cash	\$ 12,977,431	\$ 10,338,449
Accounts receivable	11,593,411	11,010,039
Inventory	5,336,541	5,206,011
Investments	24,650,952	52,907,625
Tangible capital assets	439,880,340	424,571,173
Other assets	9,744,716	3,074,889
Total assets	504,183,391	507,108,186
Accounts payable	12,394,335	9,753,035
Other liabilities	8,683,967	8,619,964
Long-term debt	2,533,866	28,378,826
Deferred revenue of capital contributions	221,485,134	218,685,620
Provision for landfill closure and other long-term liabilities	8,661,376	7,595,191
Deferred infrastructure charges	3,960,465	7,814,228
Stock dividend payable	19,611,384	17,070,177
Preferred shares	226,850,690	209,189,047
Total liabilities	504,181,217	507,106,088
Equity	2,174	1,998
Total liabilities and equity	504,183,391	507,108,086
<u>Results of Operations</u>		
Revenue	93,103,741	85,290,907
Expenses	(73,492,357)	(68,220,730)
Net income	\$ 19,611,384	\$ 17,070,177

COUNTY OF GRANDE PRAIRIE NO. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2025

23. INVESTMENT IN BUSINESS PARTNERSHIP (continued)

	2025	2024
Aquatera Utilities Inc. - 22.93% ownership		
16,708 Class A common shares (2024 - 16,367)	167	164
33,133 Class C common shares (2024 - 29,036)	331	290
12,093 Class D preferred shares (2024 - 12,093)	10,961,695	10,961,695
4,614 Class F preferred shares (2024 - 4,273)	5,744,219	5,403,274
33,383 Class H preferred shares (2024 - 29,286)	33,381,618	29,285,139
Cumulative share of earnings	45,932,576	40,583,398
Cumulative share of dividends declared	(45,932,576)	(40,583,398)
Total equity in Aquatera Utilities Inc.	50,088,030	45,650,562
Opening Balance	\$ 45,650,562	\$ 41,530,059
Share of earnings	5,349,181	4,610,263
Assets transferred for shares to Aquatera Utilities Inc.	340,945	591,643
Dividends declared	(1,252,658)	(1,081,403)
	\$ 50,088,030	\$ 45,650,562

COUNTY OF GRANDE PRAIRIE NO. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2025

24. RELATED PARTY DISCLOSURE

A related party exists when one party has the ability to exercise control or shared control over the other, which could be an individual or an entity. Related party transactions are disclosed if the transaction occurred at a value different from that which would have been arrived at as if the parties were unrelated and if the transaction has a material effect on the consolidated financial statements. Related parties include key management personnel which include members of Council, general managers and their close family members including their spouse and any dependents. An external entity becomes a related party to the County when the key management personnel and/or their close family member have the ability to influence and impact the policies, operations and strategic decisions of the external entities.

The following summarizes the related party transactions between the County and Aquatera Utilities Inc., a company in which the County has shared control over. 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:

	2025	2024
Aquatera Utilities Inc.		
Revenue		
Aquatera franchise fees	\$ 765,611	\$ 721,932
Dividend income	1,252,657	1,089,952
Expense		
General, administrative and contracted services expense	79,798	154,054
Transfers to other governments, local boards and agencies	340,944	3,656,260

25. GOVERNMENT PARTNERSHIP

The County has a 55% interest in the West Grande Prairie County Solid Waste Management Authority, which is a regional landfill that accepts household, agricultural and industrial solid waste, and recyclables from area residents and businesses of the County.

The County accounts for its interest in this partnership using the proportionate consolidation method.

The County has a 70% share of the Hythe Net Co. Limited Partnership. The business of Hythe Net Co. is the operation of a fibre optic network within Hythe, Alberta and surrounding areas and all activities related thereto.

The County accounts for its interest in this partnership using the modified equity method.

COUNTY OF GRANDE PRAIRIE NO. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2025

25. GOVERNMENT PARTNERSHIP (continued)

The following table presents condensed financial information for these partnerships:

	West Grande Prairie County Solid Waste Management Authority	Hythe Net Co.	2025	2024
Financial Position				
Cash	\$ 100	\$ —	\$ 100	\$ 100
Accounts receivable	668,987	28,096	697,083	243,869
Tangible capital assets	1,976,188	564,847	2,541,035	2,185,378
Other assets	4,311,098	—	4,311,098	5,062,051
Total assets	<u>6,956,373</u>	<u>592,943</u>	<u>7,549,316</u>	<u>7,491,398</u>
Accounts payable	19,130	5,000	24,130	23,806
Other liabilities	1,594,413	—	1,594,413	2,374,996
Total liabilities	<u>1,613,543</u>	<u>5,000</u>	<u>1,618,543</u>	<u>2,398,802</u>
Equity	5,342,830	587,943	5,930,773	5,092,596
Total liabilities and equity	<u>6,956,373</u>	<u>592,943</u>	<u>7,549,316</u>	<u>7,491,398</u>
Results of Operations				
Revenues	1,085,458	28,742	1,114,200	1,170,622
Expenses	(227,417)	(27,621)	(255,038)	(2,993,664)
Net income (loss)	<u>\$ 858,041</u>	<u>\$ 1,121</u>	<u>\$ 859,162</u>	<u>\$ (1,823,042)</u>

Hythe Net Co. - 70% ownership	2025	2024
Opening equity	\$ —	\$ —
Change in accounting policy - Hythe Net Co. (Note 29)	377,927	—
Net Income	785	—
Contributions	28,961	—
Withdrawals	(31,500)	—
Total Equity	<u>\$ 376,173</u>	<u>—</u>

COUNTY OF GRANDE PRAIRIE NO. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2025

26. RECONCILIATION OF OPERATING RESULTS TO BUDGETING SYSTEM

Budget data presented in these consolidated financial statements are based upon the 2025 budget as approved by Council. Council approved budget is prepared in accordance with Municipal Government Act, which in some cases is different from budget amounts prepared in accordance with Canadian public sector accounting standards and reported on the consolidated statement of operations and accumulated surplus and consolidated changes in net financial assets. The table below reconciles the Council approved budget to the Canadian public sector accounting standards budget figures reported in these consolidated financial statements. Actual amounts have been used to approximate budget amounts for certain reconciling items that were not included in the Council budget.

	2025
Statement of Operations, Surplus	\$ 23,906,244
Amortization of tangible capital assets	29,954,721
Disposal of tangible capital assets	1,418,500
Debt principal repayments	(5,532,659)
Capital expenditures	(96,857,590)
Levied portion of local improvements	688,404
Net transfer from reserves (restricted surplus)	38,050,850
Debenture proceeds	8,371,530
Budget approved by Council	\$ —

COUNTY OF GRANDE PRAIRIE NO. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2025

27. RISK MANAGEMENT

Through its financial assets and liabilities, the County is exposed to various risks. Tax receivables and requisitions over/under-levy are compulsory in nature, rather than contractual, however, the County manages risk exposure on these items similar to other receivables and payables.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge their responsibilities with respect to the financial instrument, and in so doing, cause a loss for the other party. The financial instruments that potentially subject the County to credit risk consist of cash and cash equivalents, receivables, loans receivable and portfolio investments. The County's cash and cash equivalents and investments are maintained at a major financial institution; therefore, the County considers the risk of non-performance of these instruments to be remote. The County is exposed to credit risk from its customers. 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 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.

(b) Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The County is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed interest instruments subject the County to fair value risk, while floating rate instruments subject it to cash flow risk. The financial instruments that potentially subject the County to fair value consist of loans receivable (Note 4), portfolio investments (Note 5) and long-term debt (Note 11). During the year the County had no material sensitivity to changing interest rates, as the financial instruments with variable interest rates, cash and cash equivalents (Note 2), line of credit (Note 6) did not result in material transactions.

(c) Currency risk

Currency risk is the risk to the County 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) Liquidity risk

Liquidity risk is the risk that the County will encounter difficulty in meeting financial obligations as they fall due. The County manages this risk by monitoring its working capital and undertaking regular cash flow analyses to ensure that there are sufficient cash resources to meet all obligations. The financial instruments that potentially subject the County to liquidity risk consist of accounts payable, deposit liabilities and long-term debt. Sufficient cash is maintained to be able to pay off the liabilities as they become due and the County maintains access to a line of credit (Note 6) to meet liabilities in a cost-effective manner. All accounts payable and deposit liabilities are due within one year. Note 11 includes the contractual due dates of the long-term debt.

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, 2025

28. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

Council and Management have approved these financial statements on April 24, 2026.

29. CHANGE IN ACCOUNTING POLICY

Effective January 1, 2025, the County changed its accounting policy for its partnership with Hythe Net Co. from accounting for its interest in the partnership using the proportionate consolidation method to using the modified equity method as management believes this better reflects the organizations role in the partnership. This change has been applied prospectively and prior periods have not been restated. The impact on the consolidated financial statements for the year-ended December 2025 is summarized below:

	As previously reported	Adjusted	Restated
Accounts receivable	\$ 21,804	\$ (21,804)	\$ —
Investment in government partnership	—	396,231	396,231
Tangible capital assets	407,622	(407,622)	—
Net change in assets	<u>429,426</u>	<u>(33,195)</u>	<u>396,231</u>
Accounts payable	3,500	(3,500)	—
Net change in liabilities	<u>3,500</u>	<u>(3,500)</u>	<u>—</u>
Equity in tangible capital assets	407,622	(407,622)	—
Equity in Hythe Net Co.	—	377,927	377,927
Net change in equity	<u>\$ 407,622</u>	<u>\$ (29,695)</u>	<u>\$ 377,927</u>