



CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2022

TABLE OF CONTENTS

Consolidated Financial Statements

Year ended December 31, 2022

	Page
Management's Responsibility for Financial Reporting	2
Independent Auditor's Report	3-4
Statements	
Consolidated Statement of Financial Position	5
Consolidated Statement of Operations and Accumulated Surplus	6
Consolidated Statement of Cash Flows	7
Consolidated Statement of Change in Net Financial Assets	8
Schedules	
Schedule 1 - Consolidated Schedule of Changes in Accumulated Surplus	9
Schedule 2 - Consolidated Schedule of Tangible Capital Assets	10
Schedule 3 - Consolidated Schedule of Property and Other Taxes	11
Schedule 4 - Consolidated Schedule of Government Transfers	12
Schedule 5 - Consolidated Schedule of Segmented Disclosures	13
Notes to the Consolidated Financial Statements	
1. Significant Accounting Policies	14
2. Cash and Temporary Investments	18
3. Taxes and Other Receivables	19
4. Land and Inventories for Resale	20
5. Investments	20
6. Deferred Revenue	21
7. Employee Benefit Obligations	22
8. Salary and Benefits Disclosure	23
9. Defined Contribution Plan	24
10. Registered Retirement Savings Plan	25
11. Asset Retirement Obligation	26
12. Liability for Contaminated Sites	27
13. Long Term Debt	27
14. Debt Limits	28
15. Equity in Tangible Capital Assets	28
16. Segmented Disclosures	29
17. Accumulated Surplus	30
18. Commitments	30
19. Franchise Fees	31
20. Contractual Obligations Under Operating Lease	31
21. Financial Instruments	32
22. Comparative Amounts	32
23. Covid-19 Pandemic	33
24. Subsequent Events	33
25. Approval of the Financial Statements	33

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the City of Lloydminster is responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements and all other information contained within this Financial Report. Management believes that the consolidated financial statements present fairly the City of Lloydminster's financial position as at December 31, 2022 and the results of its operations for the year then ended.

The consolidated financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

The consolidated financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects.


In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized, and assets are properly accounted for and safeguarded.

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the consolidated financial statements.

The City of Lloydminster council carries out its responsibilities for review of the consolidated financial statements principally through its council as a whole. Council meets annually with management and external auditors to discuss the results of audit examinations and financial reporting matters.

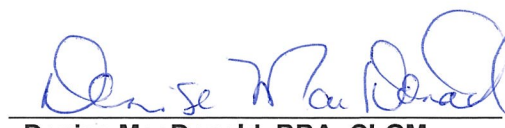
The external auditors have full access to council with and without the presence of management. The City of Lloydminster council has approved the consolidated financial statements.

The consolidated financial statements have been audited by WLS LLP, Chartered Professional Accountants, independent external auditors appointed by the City of Lloydminster. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the City of Lloydminster's consolidated financial statements.



Dion Pollard, BSPE, CLGM
City Manager

April 24, 2023



Denise MacDonald, BBA, CLGM
Chief Financial Officer

April 24, 2023

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Councillors of the City of Lloydminster

Opinion

We have audited the consolidated financial statements of the City of Lloydminster, which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City of Lloydminster as at December 31, 2022, and the consolidated results of its operations and 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 Financial Statements* section of our report. We are independent of the City of Lloydminster in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility for the Audit of Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Lloydminster's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City of Lloydminster'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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City of Lloydminster to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including disclosures, and whether the 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.

April 24, 2023
Lloydminster, Alberta



Chartered Professional Accountants

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2022

		<i>(restated)</i>	
		2022	2021
Financial Assets			
Cash and Temporary Investments	Note 2	\$ 100,092,388	\$ 77,505,959
Receivables			
Taxes and Grants in Place of Taxes	Note 3	3,168,547	3,287,119
Trade and Other Receivables	Note 3	15,928,646	26,317,554
Land and Inventory for Resale	Note 4	18,085,340	18,181,809
Investments	Note 5	7,270,916	7,609,290
Total Financial Assets		\$ 144,545,837	\$ 132,901,731
Liabilities			
Accounts Payable and Accrued Liabilities		\$ 20,234,357	\$ 15,388,446
Deposit Liabilities		945,261	958,703
Deferred Revenue	Note 6	8,777,822	9,364,912
Employee Benefit Obligations	Note 7	3,016,679	2,423,043
Asset Retirement Obligation	Note 11	3,429,937	1,778,366
Liability for Contaminated Sites	Note 12	350,147	343,281
Long-Term Debt	Note 13	54,750,063	33,533,087
Total Liabilities		\$ 91,504,266	\$ 63,789,838
Net Financial Assets		\$ 53,041,571	\$ 69,111,893
Non-Financial Assets			
Inventory for Consumption		\$ 1,120,622	\$ 780,338
Prepaid Expenses		407,865	442,088
Tangible Capital Assets	Schedule 2	549,912,562	514,829,466
Total Non-Financial Assets		\$ 551,441,049	\$ 516,051,892
Accumulated Surplus	Schedule 1	\$ 604,482,620	\$ 585,163,785

Approved on Behalf of Council

Gerald Aalbers
Mayor
April 24, 2023



Jason Whiting
Deputy Mayor
April 24, 2023



CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

Year Ended December 31, 2022

		(unaudited)		(restated)
		Budget	2022	2021
Revenue				
Net Municipal Taxes	Schedule 3	\$ 38,746,085	\$ 38,778,225	\$ 36,792,699
User Fees and Sale of Goods		32,364,018	32,546,323	37,173,756
Government Transfers for Operating	Schedule 4	4,342,686	4,528,580	4,402,918
Investment Income		1,355,500	2,481,285	1,046,420
Penalties and Costs of Taxes		612,000	796,720	614,271
Fine Revenue		822,400	539,905	586,574
Development Levies		-	256,894	778,697
Licenses and Permits		1,055,911	1,110,675	1,092,753
Franchise and Concession Contracts		6,439,443	7,091,729	5,953,163
Gain or (Loss) on Asset Disposal		-	809,371	169,829
Other Income		8,500	152,575	782,808
Total Revenue		\$ 85,746,543	\$ 89,092,282	\$ 89,393,888
Expenditures				
Council and Other Legislative Administration		\$ 1,267,216	\$ 1,168,081	\$ 1,124,844
Police		12,905,992	12,648,603	10,896,644
Fire		11,960,377	13,591,124	11,476,445
Disaster and Emergency Measures		3,899,909	4,235,353	3,723,365
Bylaw Enforcement		201,837	134,661	177,565
Road Services		1,145,995	1,069,329	1,200,146
Fleet Services		7,909,742	8,869,790	5,111,277
Airport		2,105,994	2,400,549	1,826,972
Storm Drainage		993,271	1,098,680	917,116
Water Supply and Distribution		362,295	202,159	274,675
Wastewater Treatment and Disposal		4,265,921	4,478,014	4,198,769
Waste Management		2,150,054	2,265,223	1,894,243
Family and Community Support		2,874,476	2,655,839	2,859,860
Cemetery and Crematoriums		1,159,188	1,148,766	977,509
Land Use Planning, Zoning, and Development		136,341	134,200	142,112
Economic Development		1,251,954	1,118,934	1,345,830
Subdivision Land and Development		516,289	474,872	401,517
Parks and Recreation		687,395	391,155	1,839,276
Cultural, Libraries, Museums, Halls		13,043,284	13,364,674	12,346,331
Amortization		4,359,829	3,024,142	2,536,382
Total Expenditures		\$ 94,944,230	\$ 96,000,156	\$ 86,077,404
Surplus (Deficit) of Revenues over Expenditures		\$ (9,197,687)	\$ (6,907,874)	\$ 3,316,484
Other				
Contributed Assets		\$ -	\$ 1,215,486	\$ 1,872,559
Government Transfers for Capital	Schedule 4	35,158,395	25,011,223	36,275,167
Total Other		\$ 35,158,395	\$ 26,226,709	\$ 38,147,726
Surplus (Deficit) of Revenues over Expenditures		\$ 25,960,708	\$ 19,318,835	\$ 41,464,210
Accumulated Surplus - Beginning of Year (restated)		\$ 585,163,785	\$ 585,163,785	\$ 543,699,575
Accumulated Surplus - End of Year		\$ 611,124,493	\$ 604,482,620	\$ 585,163,785

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31, 2022

	2022	(restated) 2021
Net Inflow (Outflow) of Cash Related to the Following Activities:		
Operating Activities		
Surplus (Deficit) of Revenues over Expenditures	\$ 19,318,835	\$ 41,464,210
Non-cash Items		
Amortization of Tangible Capital Assets	21,526,008	20,806,526
Loss (Gain) on Disposal of Tangible Capital Assets	(809,371)	(169,829)
Contributed Tangible Capital Assets	(1,215,486)	(1,872,559)
Adjustment to Accumulated Surplus (Note 22)		(1,313,301)
Changes to Financial Assets		
Decrease (Increase) in Taxes and Grants in Place of Taxes Receivable	118,572	(311,865)
Decrease (Increase) in Trade and Other Receivables	10,388,908	(18,066,398)
Decrease (Increase) in Land Held for Resale	96,469	(572,369)
Changes to Non-Financial Assets		
Decrease (Increase) in Inventory for Consumption	(340,284)	179,768
Decrease (Increase) in Prepaid Expenses	34,223	(123,750)
Changes to Liabilities		
Increase (Decrease) in Accounts Payable and Accrued Liabilities	4,845,911	7,843,461
Increase (Decrease) in Deposit Liabilities	(13,442)	(10,969)
Increase (Decrease) in Deferred Revenue	(587,090)	(3,078,348)
Increase (Decrease) in Employee Benefit Obligations	593,636	334,300
Increase (Decrease) in Asset Retirement Obligation	3,429,937	-
Increase (Decrease) in Provision for Landfill Closure	(1,778,366)	319,760
Increase (Decrease) in Liability for Contaminated Sites	6,866	6,731
Total Cash Provided by Operating	\$ 55,615,326	\$ 45,435,368
Capital Activities		
Acquisition of Tangible Capital Assets	\$ (58,546,987)	\$ (46,502,397)
Proceeds on Disposal of Tangible Capital Assets	2,184,374	180,342
Adjustment to Accumulated Amortization (Note 11)	1,778,366	-
Total Cash Applied to Capital	\$ (54,584,247)	\$ (46,322,055)
Investing Activities		
Decrease (Increase) in Restricted Cash or Cash Equivalents	\$ 1,244,914	\$ 4,972,070
Decrease (Increase) in Investments	338,374	2,901,204
Total Cash Provided by Investing	\$ 1,583,288	\$ 7,873,274
Financing Activities		
Long-Term Debt Repaid	\$ (2,783,024)	\$ (2,341,595)
Long-Term Debt Issued	24,000,000	3,800,000
Total Cash Applied to Financing	\$ 21,216,976	\$ 1,458,405
Change in Cash and Cash Equivalents During the Year	\$ 23,831,343	\$ 8,444,992
Cash and Cash Equivalents - Beginning of Year	\$ 71,132,228	\$ 62,687,236
Cash and Cash Equivalents - End of Year	\$ 94,963,571	\$ 71,132,228
Cash and Cash Equivalents - Comprised Of		
Cash and Cash Equivalents	\$ 100,092,388	\$ 77,505,959
Less: Restricted Portion of Cash	(5,128,817)	(6,373,731)
	\$ 94,963,571	\$ 71,132,228

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

Year Ended December 31, 2022

	2022	<i>(restated)</i> 2021
Surplus (Deficit) of Revenues over Expenditures	\$ 19,318,835	\$ 41,464,210
Changes Related to Tangible Capital Assets		
Acquisition of Tangible Capital Assets	\$ (58,546,987)	\$ (46,502,397)
Contributed Tangible Capital Assets	(1,215,486)	(1,872,559)
Proceeds on Disposal of Tangible Capital Assets	2,184,374	180,342
Amortization of Tangible Capital Assets	21,526,008	20,806,526
Loss (Gain) on Disposal of Tangible Capital Assets	(809,371)	(169,829)
Adjustment to Accumulated Amortization (Note 11)	1,778,366	-
Total Changes in Tangible Capital Assets	\$ (35,083,096)	\$ (27,557,917)
Change Related to Other Non-Financial Assets		
Use (Acquisition) of Inventories	\$ (340,284)	\$ 179,768
Use (Acquisition) of Prepaid Expenses	34,223	(123,750)
Adjustment to Accumulated Surplus (Note 22)	-	(1,313,301)
Total Changes in Other Non-Financial Assets	\$ (306,061)	\$ (1,257,283)
Increase in Net Financial Assets	\$ (16,070,322)	\$ 12,649,010
Net Financial Assets - Beginning of Year (restated)	\$ 69,111,893	\$ 56,462,883
Net Financial Assets - End of Year	\$ 53,041,571	\$ 69,111,893

CONSOLIDATED SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS

Year Ended December 31, 2022

Schedule 1

	Unrestricted Surplus	Restricted Reserves	Unrestricted Reserves	Equity in TCA	2022	(restated) 2021
Balance - Beginning of Year (restated)	\$ 37,450,852	\$ 11,834,736	\$ 54,581,818	\$ 481,296,379	\$ 585,163,785	\$ 543,699,575
Surplus (Deficit) of Revenues over Expenditures	19,318,835				19,318,835	41,464,210
Unrestricted Funds Designated for Future Use	(28,964,197)	1,156,894	27,807,303		-	-
Reserve Funds Used for Operations	3,686,932		(3,686,932)		-	-
Reserve Funds Used for Tangible Capital Assets		(698,649)	(21,639,479)	22,338,128	-	-
Current Year Funds Used for Tangible Capital Assets	(34,430,493)			34,430,493	-	-
Contributed Tangible Capital Assets	(1,215,486)			1,215,486	-	-
Disposal of Tangible Capital Assets	1,375,003			(1,375,003)	-	-
Annual Amortization Expense	21,526,008			(21,526,008)	-	-
Long-Term Debt Repaid	(2,783,024)			2,783,024	-	-
Long-Term Debt Issued	24,000,000			(24,000,000)	-	-
Balance - End of Year	\$ 39,964,430	\$ 12,292,981	\$ 57,062,710	\$ 495,162,499	\$ 604,482,620	\$ 585,163,785

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

Year Ended December 31, 2022

Schedule 2

							<i>(restated)</i>	
	Land	Land Improvements	Buildings	Machinery & Equipment	Engineering Structures	Construction in Progress	Total 2022	Total 2021
Cost								
Balance - Beginning of Year	\$ 31,635,640	\$ 18,821,969	\$ 160,039,242	\$ 68,575,697	\$ 536,884,136	\$ 33,222,966	\$ 849,179,650	\$ 801,965,535
Additions	-	4,367,121	4,304,121	3,939,959	7,921,397	39,363,770	59,896,368	48,895,803
Transfers	348,157	19,895	5,074,829	619,230	160,754	(6,222,865)	-	-
Adjustments to Construction in Progress	-	-	-	-	-	(133,895)	(133,895)	(520,847)
Disposals	(544,648)	(141,620)	(2,179,838)	(984,107)	(17,682)	-	(3,867,895)	(1,160,841)
Balance - End of Year	\$ 31,439,149	\$ 23,067,365	\$ 167,238,354	\$ 72,150,779	\$ 544,948,605	\$ 66,229,976	\$ 905,074,228	\$ 849,179,650
Accumulated Amortization								
Balance - Beginning of Year	\$ -	\$ 4,404,059	\$ 62,796,460	\$ 47,484,706	\$ 219,664,959	\$ -	\$ 334,350,184	\$ 314,693,986
Amortization	-	1,663,610	4,042,976	2,942,573	12,876,849	-	21,526,008	20,806,526
Adjustment for ARO (Note 12)	-	1,778,366	-	-	-	-	1,778,366	-
Accumulated Amortization on Disposals	-	(10,621)	(1,529,870)	(947,096)	(5,305)	-	(2,492,892)	(1,150,328)
Balance - End of Year	\$ -	\$ 7,835,414	\$ 65,309,566	\$ 49,480,183	\$ 232,536,503	\$ -	\$ 355,161,666	\$ 334,350,184
Net Book Value of Tangible Capital Assets								
	\$ 31,439,149	\$ 15,231,951	\$ 101,928,788	\$ 22,670,596	\$ 312,412,102	\$ 66,229,976	\$ 549,912,562	\$ 514,829,466

CONSOLIDATED SCHEDULE OF PROPERTY AND OTHER TAXES

Year Ended December 31, 2022

Schedule 3

	(unaudited)		
	Budget	2022	2021
Taxation			
Real Property Taxes			
Residential Land and Improvements	\$ 30,826,463	\$ 30,854,104	\$ 29,938,973
Non-Residential Land and Improvements	19,421,011	19,461,610	18,877,881
Machinery and Equipment	2,206,036	2,206,036	1,971,542
Farmland	36,002	34,040	26,163
Railway	239,900	239,900	102,700
Linear Property	958,893	1,019,610	925,271
Designated Industrial Property	15,468	15,469	-
Total Real Property Taxes	\$ 53,703,773	\$ 53,830,769	\$ 51,842,530
Government Grants in Place of Taxes			
Federal	\$ 13,534	\$ 13,534	\$ 13,551
Provincial - Alberta	25,270	12,635	12,426
Provincial - Saskatchewan	80,351	80,350	78,404
Total Government Grants in Place of Taxes	\$ 119,155	\$ 106,519	\$ 104,381
Local Improvement Taxes			
Local Improvement	\$ 28,730	\$ 28,730	\$ 34,272
Total Local Improvement Taxes	\$ 28,730	\$ 28,730	\$ 34,272
Total Taxation	\$ 53,851,658	\$ 53,966,018	\$ 51,981,183
Requisitions			
Education			
Lloydminster Public School Division	\$ 10,613,539	\$ 10,632,682	\$ 10,536,196
Lloydminster Roman Catholic Separate School Division	2,204,092	2,207,738	2,252,406
Total Education	\$ 12,817,631	\$ 12,840,420	\$ 12,788,602
Seamless			
Lloydminster Public School Division	\$ 1,362,076	\$ 1,386,790	\$ 1,428,680
Lloydminster Roman Catholic Separate School Division	925,866	904,522	971,202
Total Seamless	\$ 2,287,942	\$ 2,291,312	\$ 2,399,882
Other			
Education Requisition - County of Vermilion River	-	56,061	-
Total Other	\$ -	\$ 56,061	\$ -
Total Requisitions	\$ 15,105,573	\$ 15,187,793	\$ 15,188,484
Net Municipal Taxes	\$ 38,746,085	\$ 38,778,225	\$ 36,792,699

CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS

Year Ended December 31, 2022

Schedule 4

	<i>(unaudited)</i>		<i>(restated)</i>
	Budget	2022	2021
Transfers for Operating Conditional Grants			
Federal Government	\$ 13,000	\$ 185,113	\$ 51,629
Alberta Government	1,632,041	1,661,749	1,484,492
Saskatchewan Government	2,436,472	2,425,883	2,503,902
Local Government	34,460	33,122	33,122
Other	226,713	222,713	329,773
Total Transfers for Operating Conditional Grants	\$ 4,342,686	\$ 4,528,580	\$ 4,402,918
Transfers for Capital Conditional Grants			
Federal Government	\$ 17,713,066	\$ 12,583,794	\$ 7,192,489
Alberta Government	11,334,269	7,654,866	19,420,801
Saskatchewan Government	5,996,060	4,772,563	9,661,877
Other	115,000	-	-
Total Transfers for Capital Conditional Grants	\$ 35,158,395	\$ 25,011,223	\$ 36,275,167
Total Government Transfers	\$ 39,501,081	\$ 29,539,803	\$ 40,678,085

CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURES

Year Ended December 31, 2022

Schedule 5

								<i>(restated)</i>	
	General Government	Protective Services	Transportation	Environmental Services	Social Services	Planning & Development	Recreation & Culture	Total 2022	Total 2021
Revenue									
Net Municipal Taxes	\$ 38,778,225	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,778,225	\$ 36,792,699
User Fees and Sale of Goods	90,164	320,839	845,401	25,788,665	243,916	723,833	4,533,505	32,546,323	37,173,756
Government Transfers for Operating	2,162,127	893,926	143,916	-	571,706	12,234	744,671	4,528,580	4,402,918
Investment Income	2,469,457	-	-	-	-	-	11,828	2,481,285	1,046,420
Penalties and Costs of Taxes	707,253	-	254	89,181	-	32	-	796,720	614,271
Fine Revenue	4,197	535,708	-	-	-	-	-	539,905	586,574
Development Levies	-	-	-	-	-	256,894	-	256,894	778,697
Licenses and Permits	506,662	19,415	81,373	-	25,575	477,650	-	1,110,675	1,092,753
Franchise & Concession Contracts	7,091,729	-	-	-	-	-	-	7,091,729	5,953,163
Gain or (Loss) on Asset Disposal	-	325,799	984,417	-	-	(62,876)	(437,969)	809,371	169,829
Other Income	2,917	-	22,523	27,379	10,685	1,416	87,655	152,575	782,808
Total Revenue	\$ 51,812,731	\$ 2,095,687	\$ 2,077,884	\$ 25,905,225	\$ 851,882	\$ 1,409,183	\$ 4,939,690	\$ 89,092,282	\$ 89,393,888
Expenditures									
Salaries, Wages and Benefits	\$ 10,447,433	\$ 6,947,988	\$ 3,381,442	\$ 3,744,435	\$ 431,218	\$ 1,068,759	\$ 10,074,660	\$ 36,095,935	\$ 33,117,189
Contracted and General Services	1,607,461	11,395,928	4,771,517	2,839,155	271,330	706,932	2,987,587	24,579,910	18,902,364
Cost of Sales	-	-	438,501	2,702	-	90,551	30,206	561,960	1,568,799
Materials and Goods	352,555	247,835	1,737,289	653,710	22,642	13,370	1,106,113	4,133,514	3,348,959
Transfer to Local Boards or Agencies	449,670	76,500	5,000	6,500	551,104	91,567	328,968	1,509,309	1,388,204
Utilities	560,072	113,393	1,903,148	1,876,395	4,553	6,430	1,786,620	6,250,611	5,435,023
Bank Charges	11,590	1,695	11,222	87,225	2,119	7,351	60,364	181,566	185,755
Interest on Long Term Debt	387,904	247,103	114,012	385,992	-	-	14,297	1,149,308	873,475
Provision for Landfill Closure	-	-	-	-	-	-	-	-	319,760
Contaminated Sites	-	-	6,866	-	-	-	-	6,866	6,731
Bad Debts	-	26	22	5,121	-	-	-	5,169	124,619
Amortization	1,772,897	818,555	7,991,945	7,857,438	38,185	97,488	2,949,500	21,526,008	20,806,526
Total Expenditures	\$ 15,589,582	\$ 19,849,023	\$ 20,360,964	\$ 17,458,673	\$ 1,321,151	\$ 2,082,448	\$ 19,338,315	\$ 96,000,156	\$ 86,077,404
Surplus/(Deficit)	\$ 36,223,149	\$ (17,753,336)	\$ (18,283,080)	\$ 8,446,552	\$ (469,269)	\$ (673,265)	\$ (14,398,625)	\$ (6,907,874)	\$ 3,316,484
Other									
Contributed Assets	\$ -	\$ -	\$ 966,029	\$ 249,457	\$ -	\$ -	\$ -	\$ 1,215,486	\$ 1,872,559
Government Transfers for Capital	1,343,411	14,409	3,055,424	20,045,306	-	-	552,673	25,011,223	36,275,167
Total Other	\$ 1,343,411	\$ 14,409	\$ 4,021,453	\$ 20,294,763	\$ -	\$ -	\$ 552,673	\$ 26,226,709	\$ 38,147,726
Surplus/(Deficit)	\$ 37,566,560	\$ (17,738,927)	\$ (14,261,627)	\$ 28,741,315	\$ (469,269)	\$ (673,265)	\$ (13,845,952)	\$ 19,318,835	\$ 41,464,210

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2022

1. Significant Accounting Policies

The consolidated financial statements of the City of Lloydminster (the “City”) are the representations of management prepared in accordance with the Canadian public sector accounting standards (PSAS) as recommended by the Chartered Professional Accountants of Canada (CPA Canada). Significant aspects of the accounting policies adopted by the City are as follows:

a) Reporting Entity

The consolidated financial statements include the assets, liabilities, revenues, expenses, changes in accumulated surplus, change in net financial assets (debt) and cash flows of the reporting entity. This entity is comprised of the municipal operations plus all the organizations that are owned or controlled by the City and are, therefore, accountable to the City council for the administration of their financial affairs and resources. Included with the municipality are the following:

Lloydminster Public Library
Lloydminster Family and Community Support Services

The schedule of taxes levied includes requisitions for education that are not part of the municipal reporting entity. Interdepartmental and organization transactions and balances are eliminated.

b) Basis of Accounting

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or legal obligation to pay, except for pension and retirement expenditures as disclosed in 1(d) and (e).

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

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed, or the tangible capital assets are acquired.

c) Use of Estimates

In accordance with Canadian generally accepted accounting principles, the preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

1. Significant Accounting Policies (continued)

d) Defined Contribution Plan

The City participates in a multi-employer defined contribution pension plan for certain employees. Under the plan, the City's obligations are limited to their contributions. These contributions are recorded as expenditures in the year in which they become due.

e) Registered Retirement Savings Plan

The City participates in a registered retirement savings plan for certain employees. Under the plan, the City's obligations are limited to their contributions. These contributions are recorded as expenditures in the year in which they become due.

f) Investments

Investments are recorded at cost. Investment income is recognized as revenue in the period earned. When required by government funding agreement, investment income earned on deferred revenue is allocated to the deferred revenue balance.

g) Land Held for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping, and leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads and sidewalks are recorded as tangible capital assets under their respective function.

h) Government Transfers

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

i) Tax Revenue

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

Property tax revenue is based on market value assessments determined in accordance with The Lloydminster Charter and tax rates established annually by City Council. Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred. Assessments may change due to appeal or as a result of adjustments made by assessors to correct errors or omissions. Gains or losses on assessment changes or appeals are recorded as adjustments to tax revenue and tax receivables when a written decision is received from the authorized board, or a change is generated by authorized assessment staff.

1. Significant Accounting Policies (continued)

j) 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 requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

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

k) Developers' Levies

Developers' levies, also known as offsite levies, are calculated using the rates established by bylaw at the time of the agreement execution. Although there are external restrictions associated with the funds received via legislation and/or agreement, the City has prepared the necessary future planning information required to determine an appropriate allocation of these funds. The levies received are divided and allocated to specific reserves and disbursed/drawn upon in accordance with legislated requirements.

l) Asset Retirement Obligations

Asset retirement obligations (ARO) consists of the legal obligations associated with the retirement of tangible capital assets controlled by the City. The City recognizes the fair value in the period in which it incurs a legal obligation associated with the retirement of a tangible capital asset when, the event giving rise to the obligation has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The estimated fair value of an ARO is capitalized as part of the related tangible capital asset and depreciated on the same basis as the underlying asset.

m) Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into air, soil, water, or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance, and monitoring.

1. Significant Accounting Policies (continued)

n) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and 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.

i) 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 their estimated useful lives as follows:

Land Improvements	7-25 years
Buildings	10-45 years
Engineering Structures	10-75 years
Machinery and Equipment	3-50 years
Leasehold Improvements	Lease Term

Amortization is not charged in the year of acquisitions. Assets under construction are not amortized until the asset is available for productive use.

ii) Contributions of Tangible Capital Assets

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

iii) Cultural and Historical Tangible Capital Assets

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

iv) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all 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.

v) Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

2. Cash and Temporary Investments

	2022	2021
Cash	\$29,568,173	\$47,084,696
Temporary Investments	70,524,215	30,421,263
	<u>\$100,092,388</u>	<u>\$77,505,959</u>

Cash consists of cash on hand and balances with banks and brokers available for operations. Temporary investments are short-term deposits with maturities of one year or less.

Included in temporary investments are restricted monies totalling \$5,128,817 (2021 - \$6,373,731). All restricted funds are received through government transfers to be used exclusively for operating and capital projects, amounts have been recorded through deferred revenue.

The City has been approved for a demand operating credit facility with a maximum borrowing limit of \$12,500,000 that bears interest at the prime rate minus 0.75% per annum. The balance drawn on the revolving loan at December 31, 2022 was \$0 (2021 - \$0). This credit facility is secured by all book accounts and book debt.

3. Taxes and Other Receivables

	2022	2021
Municipal Taxes		
Current Taxes and Grants in Place	\$1,836,096	\$2,061,330
Arrears Taxes Receivable	587,409	466,815
	<u>\$2,423,505</u>	<u>\$2,528,145</u>
Education Taxes		
Current Taxes and Grants in Place	\$501,656	\$521,218
Arrears Taxes Receivable	126,642	115,991
	<u>\$628,298</u>	<u>\$637,209</u>
Seamless Taxes		
Current Taxes and Grants in Place	\$92,676	\$98,142
Arrears Taxes Receivable	24,068	23,623
	<u>\$116,744</u>	<u>\$121,765</u>
Taxes and Grants in Place of Taxes	<u>\$3,168,547</u>	<u>\$3,287,119</u>
Trade Accounts Receivable	\$1,919,192	\$2,826,094
Less: Allowance for Doubtful Accounts	(5,231)	(307)
	<u>\$1,913,961</u>	<u>\$2,825,787</u>
Utility Receivable	\$1,948,261	\$1,870,316
Less: Allowance for Doubtful Accounts	-	(85,531)
	<u>\$1,948,261</u>	<u>\$1,784,785</u>
Other Receivables		
Grant Funds Receivable	\$10,551,064	\$21,000,683
Accrued Interest Receivable	600,993	288,308
Sales Tax Receivable	914,367	415,091
Other Receivable	-	2,900
	<u>\$12,066,424</u>	<u>\$21,706,982</u>
	<u>\$15,928,646</u>	<u>\$26,317,554</u>

4. Land and Inventories for Resale

		<i>(restated)</i>
	2022	2021
Residential Land		
Land to be Developed	\$1,641,012	\$1,641,012
Available for Sale	2,328,121	2,418,671
	<u>\$3,969,133</u>	<u>\$4,059,683</u>
Industrial Land		
Land to Be Developed	\$62,418	\$62,418
Available for Sale	5,342,445	5,342,445
	<u>\$5,404,863</u>	<u>\$5,404,863</u>
Commercial Land		
Available for Sale	\$694,227	\$694,227
Raw Land		
Held for Future Development	\$7,955,115	\$7,955,115
Other Inventory for Resale	\$62,002	\$67,921
	<u>\$18,085,340</u>	<u>\$18,181,809</u>

5. Investments

	2022	2021
Equity Shares	\$66,583	\$65,976
Notes and Deposits	7,204,333	7,543,314
	<u>\$7,270,916</u>	<u>\$7,609,290</u>

Notes and deposits have effective interest rates ranging from 1.00% to 4.85% with maturity dates between February 8, 2024 and February 8, 2027. Investment book values are equal to fair market values as at December 31, 2022.

6. Deferred Revenue

Deferred revenue consists of funds received which relate to expenditures to be incurred in future periods, as follows:

	2022	(restated) 2021
Operating Grants		
Saskatchewan – Community Safety and Wellbeing	\$30,450	-
Alberta – Supporting Psychological Health in First Responders	28,400	-
Saskatchewan – Lotteries	18,839	17,673
Other	4,469	23,367
Alberta – Family and Community Support Services	-	116,397
	\$82,158	\$157,437
Capital Grants		
Alberta Community Resilience Program	\$1,482,249	\$1,474,328
Alberta – Canada Community Building Fund	1,322,033	528,428
Alberta Municipal Water/Wastewater Partnership	679,013	23,190
Saskatchewan – Canada Community Building Fund	600,625	1,311,105
Alberta – Municipal Sustainability Initiative	558,677	2,347,655
Saskatchewan Urban Highway Connector Program	338,262	388,500
Federal – Active Transportation Fund	45,554	-
Other	20,246	20,246
Alberta – Community Partnership Program Grant	-	122,840
	\$5,046,659	\$6,216,292
Other Deferred Revenue		
Prepaid Taxes	\$2,740,403	\$2,263,225
Prepaid Licenses and Subscriptions	416,519	382,302
Prepaid User Fees	199,331	148,053
Gift Certificates	111,227	103,818
Prepaid Utilities	104,187	93,785
Held for Other Organizations	77,338	-
	\$3,649,005	\$2,991,183
	\$8,777,822	\$9,364,912

7. Employee Benefit Obligations

	2022	2021
Regular Payroll	\$1,255,058	\$993,084
Vacation	538,776	579,493
Sick Leave	1,222,845	850,466
	<u>\$3,016,679</u>	<u>\$2,423,043</u>

Regular payroll

The regular payroll liability is comprised of payroll owed to employees for days worked that will not be paid until the next fiscal year.

Vacation

The vacation liability is comprised of the vacation time that employees are deferring to future years. Employees have either earned the benefits or are entitled to these benefits within the next budgetary years.

Sick leave

The City provides a sick leave benefit plan. This plan is based on the accumulation of sick leave credits to a maximum of 120 days.

The City has not obtained an actuarial accounting valuation for the sick leave benefit plan. The maximum accumulated sick leave liability is \$4,900,246 (2021 - \$5,032,423). The City does not expect to have to pay the full amount and has accrued only a portion of the total liability.

Post-employment benefits

If not fully utilized during the term of their employment, the employee is entitled to a cash payment upon retirement based on one-half of the accumulated sick leave, subject to being a minimum of 55 years of age and 10 years of employment with the City.

In 2022, the City accrued the full liability for employees that meet the criteria. In 2021, the City accrued a portion of the total liability due to employees that meet the criteria.

8. Salary and Benefits Disclosure

Disclosure of salaries and benefits for elected Lloydminster officials, the City Manager, and designated officers as required by the Lloydminster Charter which follows Alberta Regulation 313/2000 and is as follows:

	Salaries¹	Benefits & Allowances²	2022	2021
Mayor				
Gerald Aalbers	\$101,870	\$21,949	\$123,819	\$123,187
Councillors				
Aaron Buckingham	48,443	6,357	54,800	49,003
Michael Diachuk	49,829	4,391	54,220	45,849
Glenn Fagnan	44,429	5,627	50,056	47,090
Lorelee Marin	50,229	3,355	53,584	49,800
Jonathan Torresan	46,429	6,248	52,677	49,837
Jason Whiting	45,729	4,827	50,556	45,932
City Manager				
Dion Pollard	238,088	37,933	276,021	252,344
Designated Officers³				
	564,213	89,707	653,920	613,222
	\$1,189,259	\$180,394	\$1,369,653	\$1,276,264

(1) Salaries above includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria, and any other direct cash remuneration. Differences among Councillors is due to committee meeting requirements and portfolio.

(2) Employer's share of all employee benefits and contributions or payments made on behalf of councillors and employees including pension, health care, dental coverage, group life insurance, accidental disability and dismemberment insurance, long term disability, and travel allowances.

(3) Designated officers include the City Assessor, City Clerk, and Chief Financial Officer.

9. Defined Contribution Plan

Employees of the City who are members of CUPE 1015 Union participate in the Manulife Financial Pension Plan. The plan is funded by employee contributions at a rate of 7% and employers' contributions at a rate of 8% of the member's earnings. Pension benefits are based on accumulated contributions and investment earnings. Under the defined contribution plan, the City's obligations are limited to its contributions.

In the prior year, the City offered members the option of matching contributions at either 5% or 7% of the member's earnings.

The Manulife Financial Pension Plan details are below. The amounts reported represent mandatory contributions. Members can make voluntary contributions that are unmatched by the City.

	2022	2021
Number of Active City Members	240	232
Member Contributions for the Year	\$895,620	\$855,182
City Contributions for the Year	\$1,023,550	\$855,182

10. Registered Retirement Savings Plan

International Association of Fire Fighters (IAFF) Local 5182 Employees

Employees of the City who are members of the IAFF Local 5182 Union participate in an employee Registered Retirement Savings Plan (RRSP) defined by the City and administered by Manulife. For these members, the plan is funded by member and employer contributions at a rate of 8% of the member's earnings. Benefits are based on accumulated contributions and investment earnings. Under the RRSP plan, the City's obligations are limited to its contributions.

Out of Scope Employees

Out of Scope employees of the City (are not members of either the IAFF Local 5182 Union or CUPE Local 1015 Union) participate in an employee Registered Retirement Savings Plan (RRSP) defined by the City and administered by Manulife. For these members, the plan is funded by member contributions at rates ranging from 7-9% of member's earnings, and employer contributions at rates ranging from 8-10% of member's earnings. Benefits are based on accumulated contributions and investment earnings. Under the RRSP plan, the City's obligations are limited to its contributions.

If an employee has reached their maximum annual or cumulative RRSP contribution limit set out by CRA, contributions will be deposited to a Tax-Free Savings Account (TFSA) administered by Manulife.

Plan Contributions

Details of the Manulife Financial RRSP are detailed below for both the IAFF 5182 and Out of Scope Employees. The amounts reported are only representative of mandatory contributions. Members can make voluntary contributions that are unmatched by the City.

	2022	2021
Registered Retirement Savings Plan		
Number of Active City Members	119	118
Member Contributions for the Year	\$744,212	\$699,725
City Contributions for the Year	\$834,529	\$699,725
Tax-Free Savings Plan		
Number of Active City Members	2	2
Member Contributions for the Year	\$11,146	\$9,694
City Contributions for the Year	\$12,384	\$9,694

11. Asset Retirement Obligation

During the year, the City implemented a new accounting policy with respect to its Asset Retirement Obligations associated with tangible capital assets to conform with PS3280, Asset Retirement Obligations. This standard establishes guidance on the accounting and reporting of legal obligations associated with the retirement of tangible capital assets controlled by a government. This standard is applicable for fiscal years beginning on or after April 1, 2022, however early adoption is permitted.

This change in accounting policy has been applied prospectively. Therefore, 2021 comparative figures have not been restated. The effect of this change on the financial statements for 2022 is as follows:

Increase in Asset Retirement Obligation	\$1,778,366
Decrease in Provision for Landfill Closure and Post-closure Costs	(1,778,366)

Landfill

The City recognized an estimated liability for an asset retirement obligation associated with the closure of the Landfill. The retirement obligations for the Landfill have been defined in accordance with The Environmental Management and Protections Act of Saskatchewan and include final covering and landscaping of the landfill, pumping of ground water, methane gas and leachate management, and ongoing environmental monitoring, site inspections and maintenance.

The associated tangible capital asset is represented in Land Improvements, as follows:

Cost	\$3,429,937
Accumulated Amortization	(1,778,366)
Net Book Value	<u>\$1,651,571</u>

The associated capital asset is amortized using the straight-line method over the estimated useful life.

The retirement expenditures are expected to be incurred from 2061-2085, after the expected closure date of the Landfill in 2060. The estimated expenditures are based on the information provided by the 2019 Preliminary Closure and Reclamation Plan. The total estimated undiscounted expenditures is \$13,488,268. The present value of the liability has been calculated using a discount rate of 3.43%.

Reconciliation of Carrying Amount:

Beginning Value	\$1,778,366
One-time adjustment to record present value in year of PS 3280 adoption	1,651,571
Ending Value	<u>\$3,429,937</u>

Other

The City has identified the following assets as potentially requiring an asset retirement obligation. At this time, reasonable estimates cannot be made of the amount. For this reason, no obligation has been recognized.

Airport - Terminal Building
 Archie Miller Arena
 Centennial Civic Centre
 Lloydminster Golf & Curling Centre - Maintenance Shop
 Russ Robertson Arena

12. Liability for Contaminated Sites

As of December 31, 2022, the liability for contaminated sites includes sites associated with former City operations or where the City has accepted responsibility. A liability is recognized when contamination exceeds an existing environmental standard.

The nature of the contamination includes hydrocarbons, chlorides, nitrates, and asbestos. The sources of contamination include fuel handling, vehicle storage and maintenance, salt storage, and construction materials.

Liability estimates are based on environmental site assessments. The total liability for the remediation of contaminated sites is \$350,147 (2021 - \$343,281).

13. Long Term Debt

	2022	2021
Tax Supported Debentures	\$25,281,304	\$27,385,470
Self-Supported Debentures	29,468,759	6,147,617
	<u>\$54,750,063</u>	<u>\$33,533,087</u>

The current portion of long-term debt amounts to \$2,857,020 (2021 - \$2,783,025).

Principal and interest repayments are as follows:

	Principal	Interest	Total
2023	\$2,857,020	\$1,703,173	\$4,560,193
2024	3,408,613	1,689,811	5,098,424
2025	3,505,194	1,593,230	5,098,424
2026	3,352,492	1,493,948	4,846,440
2027	3,025,130	1,399,660	4,424,790
Thereafter	38,601,614	14,074,784	52,676,398
	<u>\$54,750,063</u>	<u>\$21,954,606</u>	<u>\$76,704,669</u>

Debenture debt is repayable to Alberta Treasury Board and Finance and bears interest at rates ranging from 1.67% to 3.84% per annum and matures in periods September 2025 through March 2052.

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

Principal repaid on long term debt amounts to \$2,783,024 (2021 - \$2,341,595). Interest paid on long term debt amounts to \$1,149,308 (2021 - \$873,475).

14. Debt Limits

Section 185(1) of the Lloydminster Charter requires that debt and debt limits follow the regulations of the Alberta Municipal Government Act. Alberta Regulation 255/2000 required the City's debt and debt limit be disclosed as follows:

	2022	<i>(restated)</i> 2021
Total Debt Limit	\$133,096,359	\$133,434,545
Total Debt	(54,750,063)	(33,533,087)
Debt Limit Unused	<u>\$78,346,296</u>	<u>\$99,901,458</u>
Debt Servicing Limit	\$22,182,727	\$22,239,091
Debt Servicing	(4,560,193)	(3,705,793)
Debt Servicing Unused	<u>\$17,622,534</u>	<u>\$18,533,298</u>

The debt limit is calculated at 1.5 times revenue of the City (as defined in Alberta Regulation 255/2000) 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 City, rather the financial statements must be interpreted as a whole.

15. Equity in Tangible Capital Assets

	2022	<i>(restated)</i> 2021
Tangible Capital Assets (Schedule 2)	\$905,074,228	\$849,179,650
Accumulated Amortization (Schedule 2)	(355,161,666)	(334,350,184)
Long-Term Debt (Note 13)	(54,750,063)	(33,533,087)
	<u>\$495,162,499</u>	<u>\$481,296,379</u>

16. Segmented Disclosures

The Consolidated Schedule of Segmented Disclosures (Schedule 5) has been prepared in accordance with PS 2700 Segmented Disclosures. Segmented disclosures are intended to help users of the financial statements identify the resources allocated to support major governments activities and allow the user to make more informed judgments regarding the government reporting entity.

The segments are identified based on the functional activities and services provided by the City. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

Segments are comprised as follows:

- a) **General Government**
General Government includes services provided by Council and all other legislative activities such as property taxes. Also included are services that support City functions, such as information technology, finance and accounting, employee relations, marketing, communications and building maintenance.
- b) **Protective Services**
Protective Services are those that safeguard residents, such as RCMP, bylaw services, fire department services, 911 dispatch, and all other disaster and emergency measures.
- c) **Transportation**
Transportation includes transit services such as the Airport and the maintenance of the road infrastructure. Transportation also includes the operation of the City's internal fleet assets.
- d) **Environmental Services**
Environmental services include the provision of utility services to residents, including water, wastewater, stormwater, and waste; the latter of which encompasses landfill, recycling, and curbside pickup.
- e) **Social Services**
Social Services include community and family support services, cemetery, and other public health support.
- f) **Planning & Development**
Planning & Development includes land planning and development, and other economic development services.
- g) **Recreation & Culture**
Recreation & Culture includes the maintenance and operation of all City parks and ball diamonds, indoor and outdoor pools, splash parks, arenas, museums, libraries, cultural centers, and public art.

17. Accumulated Surplus

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

	2022	(restated) 2021
Unrestricted Surplus	\$39,964,430	\$37,450,852
Unrestricted Reserves	57,062,710	54,581,818
Restricted Reserves	12,292,981	11,834,736
Equity in Tangible Capital Assets (Note 15)	495,162,499	481,296,379
	<u>\$604,482,620</u>	<u>\$585,163,785</u>

18. Commitments

On May 16, 2003, the City entered into an agreement to supply raw water to Husky Oil Operations Limited which has since been amalgamated with Cenovus Energy Inc. Under the terms of the agreement in effect, as amended, the City has agreed to supply an annual average maximum of 25,000 cubic meters per day to the point of delivery. The first option term of the agreement is set to expire on December 3, 2029.

As approved by City Council on February 27, 2017, the City entered into an agreement to supply potable water to the Alberta Central East Water Corporation. Under the terms of the agreement in effect, as amended, until January 1, 2038, the City has agreed, subject to specified events deemed to be beyond the control of the City, to supply a maximum of 2,331 cubic meters per day at a normal pressure range of 280-455 kilopascal to the point of delivery.

As approved by City Council on February 16, 2021, the City entered into an agreement to supply potable water to the Saskatchewan Water Corporation. Under the terms of the agreement in effect, until December 31, 2041, the City has agreed, subject to specified events deemed to be beyond the control of the City, to supply a maximum of 800 cubic meters per day at a normal pressure of about 276 kilopascal to the point of delivery.

On January 26, 2022 the Provincial Government of Alberta, through an Order in Council, approved the City's application to annex 23.5 quarter sections of land from the County of Vermilion River. The annexation became effective January 1, 2022 and represents approximately \$17,640,770 in assessed value in 2022 and is a mixture of residential and non-residential land. The City has paid \$189,000 in 2022 and will pay the following amounts listed below.

Year	Amount
2023	\$151,200
2024	113,400
2025	75,600
2026	37,800

19. Franchise Fees

Disclosure of franchise fees under each utility franchise agreement entered by the City as required by Alberta Regulation 313/2000 is as follows:

	<i>(unaudited)</i>		
	Budget	2022	2021
Power Utility			
ATCO Electric	\$3,209,940	\$3,708,059	\$3,161,604
SaskPower	577,593	597,802	573,995
	<u>\$3,787,533</u>	<u>\$4,305,861</u>	<u>\$3,735,599</u>
Gas Utility			
ATCO Gas	\$2,651,910	\$2,785,868	\$2,217,564
	<u>\$6,439,443</u>	<u>\$7,091,729</u>	<u>\$5,953,163</u>

20. Contractual Obligations Under Operating Lease

The City has entered into a number of operating lease agreements with the last agreement expiring in 2031. Future minimum lease payments under operating leases are as follows:

	2022
2023	462,094
2024	466,060
2025	470,191
2026	474,405
2027	478,701
Thereafter	1,670,393
	<u>\$4,021,844</u>

21. Financial Instruments

The City's financial instruments consist of cash and temporary investments, accounts receivable, investments, accounts payable and accrued liabilities, deposit liabilities, employee benefit liabilities and long-term debt. It is management's opinion that the City is not exposed to significant interest or currency risks arising from these financial instruments.

The City is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the City provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

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

22. Comparative Amounts

Restatement 1:

Certain 2021 comparative figures have been restated for retroactive accounting of a prior period transaction.

In 2020, the City entered into an agreement in which land for resale and municipal land were traded for a parcel of land. This has resulted in a decrease in land inventory and an overall increase in municipal land. As a result of this adjustment, the 2021 comparative figures have been restated. The following schedule details the nature and amount of the restatement:

(Decrease) in Land and Inventories Held for Sale	(\$22,997)
(Decrease) in Tangible Capital Assets	(\$209,720)
Increase in Tangible Capital Assets	\$3,503,200

This adjustment increases opening accumulated surplus for 2021 by \$3,270,483.

Restatement 2:

During the year, the City implemented a new accounting policy with respect to the Canada Community Building Fund (CCBF) grants (formally referred to as Federal Gas Tax). In prior years, all revenue received from the provinces in relation to the CCBF grants was recognized as revenue in the year received. To account for the dedicated nature of the funds, they were tracked through a restricted reserve.

To align with the accounting treatment of other grants the City receives, the City updated the treatment of the grants to account for them as deferred revenue. The grants will no longer be tracked through a restricted reserve. This accounting policy change was applied retroactively to 2021, resulting in a restatement of the 2021 comparative figures. The following schedule details the nature and amount of the restatement:

Decrease in Restricted Reserves	\$1,839,533
(Increase) in Deferred Revenue	(\$1,839,533)
Decrease in Government Transfers for Capital	\$511,518
Decrease in Investment Income	\$14,714
Decrease in Opening Accumulated Surplus	\$1,313,301

This adjustment decreases ending accumulated surplus for 2021 by \$1,839,533.

23. Covid-19 Pandemic

The World Health Organization (WHO) declared the novel coronavirus (Covid-19) a global pandemic on March 11, 2020. This resulted in governments across Canada implementing emergency measures. The City declared a state of local emergency effective March 19, 2020 to support the provincial health guidelines and provide a common approach for the bi-provincial City. The City's State of Local Emergency was terminated effective February 28, 2022. The Governments of Alberta and Saskatchewan also lifted all remaining public health restrictions in 2022.

The economic conditions and the City's response to the pandemic had a material impact on the City's operating results and financial position in 2022, however the impact was significantly less than in 2020 and 2021. The City has shown substantial signs of economic recovery and financial improvements compared to prior year and budget.

Considering the that the Government of Saskatchewan's public health order expired February 28, 2022, the City believes the future financial impact will be minimal and plans accordingly.

24. Subsequent Events

The first ever collective agreement with the National Police Federation, the bargaining agent representing the RCMP, was signed with the Government of Canada in 2021. This resulted in a salary increase and retroactive salary pay. The Government of Canada agreed not to invoice contract jurisdictions until a decision was made regarding contract jurisdictions' requirement to pay.

On March 29, 2023, the Government of Canada reached a decision and invoiced the City \$1,742,867 in retroactive salary pay. Given this information was received after the financial statement date but before the completion date, and a final amount has been determined, it has been reflected in the 2022 financial statements.

In 2022, the City entered into a disbursement loan agreement for the Mechanical Wastewater Treatment Facility. On March 15, 2023, the City received a \$2,000,000 disbursement under this agreement. This will increase the future principal and interest repayments as stated in Note 13.

25. Approval of the Financial Statements

Council and Management have approved these consolidated financial statements.