



CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2020

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Year ended December 31, 2020

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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, 2020 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.

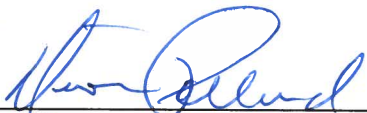
In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable 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 26, 2021



Denise MacDonald, BBA, CLGM
Chief Financial Officer

April 26, 2021



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CHARTERED PROFESSIONAL ACCOUNTANTS

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, 2020, 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, 2020, 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 26, 2021
Lloydminster, Alberta

WLS LLP

Chartered Professional Accountants


CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2020

		2020	2019
Financial Assets			
Cash and Temporary Investments	Note 2	\$ 74,033,037	\$ 56,934,154
Receivables			
Taxes and Grants in Place of Taxes	Note 3	2,975,254	2,128,790
Trade and Other Receivables	Note 3	7,665,750	8,341,501
Land and Inventory for Resale	Note 4	17,632,437	17,432,256
Investments	Note 5	10,510,494	14,268,061
Total Financial Assets		\$ 112,816,972	\$ 99,104,762
Liabilities			
Accounts Payable and Accrued Liabilities		\$ 7,546,536	\$ 7,734,817
Deposit Liabilities		969,672	992,405
Deferred Revenue	Note 6	11,745,443	8,842,451
Employee Benefit Obligations	Note 7	2,021,996	1,498,688
Provision for Landfill Closure and Post-closure Costs	Note 11	1,458,606	1,194,050
Liability for Contaminated Sites	Note 12	336,550	304,824
Long-Term Debt	Note 13	32,074,682	32,853,807
Total Liabilities		\$ 56,153,485	\$ 53,421,042
Net Financial Assets		\$ 56,663,487	\$ 45,683,720
Non-Financial Assets			
Inventory for Consumption		\$ 960,106	\$ 950,410
Prepaid Expenses		318,335	477,344
Tangible Capital Assets	Schedule 2	483,978,072	484,901,669
Total Non-Financial Assets		\$ 485,256,513	\$ 486,329,423
Accumulated Surplus	Schedule 1	\$ 541,920,000	\$ 532,013,143

Approved on Behalf of Council

Gerald Aalbers
 Mayor
 April 26, 2021



Jason Whiting
 Deputy Mayor
 April 26, 2021



CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

Year Ended December 31, 2020

		(unaudited)		
		Budget	2020	2019
Revenue				
Net Municipal Taxes	Schedule 3	\$ 35,958,439	\$ 36,150,787	\$ 36,180,842
User Fees and Sale of Goods		33,272,072	27,942,325	31,636,786
Government Transfers for Operating	Schedule 4	4,468,670	7,227,663	4,321,462
Investment Income		1,508,500	1,224,946	1,659,207
Penalties and Costs of Taxes		1,380,900	1,060,355	1,145,155
Development Levies		-	1,559,651	132,092
Licenses and Permits		938,017	821,569	917,943
Franchise and Concession Contracts		5,988,783	5,782,751	5,921,024
Gain or (Loss) on Asset Disposal		-	(41,970)	9,180
Other Income		3,700	156,566	110,375
Total Revenue		\$ 83,519,081	\$ 81,884,643	\$ 82,034,066
Expenditures				
Council and Other Legislative Administration		\$ 1,566,440	\$ 1,516,584	\$ 1,415,647
Police		10,868,727	9,463,234	10,119,692
Fire		10,570,088	10,105,660	9,536,377
Disaster and Emergency Measures		2,905,405	3,374,545	2,965,887
Bylaw Enforcement		200,490	277,202	175,962
Road Services		1,046,310	1,020,978	898,940
Airport		8,411,591	6,730,771	7,094,887
Storm Drainage		1,160,141	957,692	1,093,981
Water Supply and Distribution		303,577	431,134	300,112
Wastewater Treatment and Disposal		4,242,995	4,147,240	4,114,325
Waste Management		2,185,834	1,836,014	1,828,764
Family and Community Support		3,327,542	3,056,638	3,052,756
Cemetery and Crematoriums		1,221,015	1,105,818	1,280,377
Land Use Planning, Zoning, and Development		124,302	162,063	99,960
Economic Development		1,419,109	1,329,657	1,174,155
Subdivision Land and Development		265,011	267,627	242,374
Parks and Recreation		1,485,330	836,422	285,480
Cultural, Libraries, Museums, Halls		12,959,806	11,110,525	11,889,213
Amortization		2,476,240	2,813,221	2,326,912
Total Expenditures		\$ 90,094,038	\$ 80,000,660	\$ 80,974,849
Surplus (Deficit) of Revenues over Expenditures		\$ (6,574,957)	\$ 1,883,983	\$ 1,059,217
Other				
Contributed Assets		\$ -	\$ -	\$ 6,818,976
Government Transfers for Capital	Schedule 4	10,813,667	8,022,874	16,160,198
Total Other		\$ 10,813,667	\$ 8,022,874	\$ 22,979,174
Surplus (Deficit) of Revenues over Expenditures		\$ 4,238,710	\$ 9,906,857	\$ 24,038,391
Accumulated Surplus - Beginning of Year		\$ 532,013,143	\$ 532,013,143	\$ 508,227,104
Adjustment to Accumulated Surplus - Vic Juba		-	-	(252,352)
Accumulated Surplus - End of Year		\$ 536,251,853	\$ 541,920,000	\$ 532,013,143

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31, 2020

	2020	2019
Net Inflow (Outflow) of Cash Related to the Following Activities:		
Operating Activities		
Surplus (Deficit) of Revenues over Expenditures	\$ 9,906,857	\$ 24,038,391
Non-cash Items		
Amortization of Tangible Capital Assets	19,457,635	21,079,048
Loss (Gain) on Disposal of Tangible Capital Assets	41,970	(9,180)
Contributed Tangible Capital Assets	-	(6,818,976)
Adjustment to Accumulated Surplus - Vic Juba	-	(252,352)
Changes to Financial Assets		
Decrease (Increase) in Taxes and Grants in Place of Taxes Receivable	(846,464)	(4,372)
Decrease (Increase) in Trade and Other Receivables	675,751	(1,885,336)
Decrease (Increase) in Land Held for Resale	(200,181)	81,987
Changes to Non-Financial Assets		
Decrease (Increase) in Inventory for Consumption	(9,696)	(263,214)
Decrease (Increase) in Prepaid Expenses	159,009	(213,063)
Changes to Liabilities		
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(188,281)	(540,426)
Increase (Decrease) in Deposit Liabilities	(22,733)	29,774
Increase (Decrease) in Deferred Revenue	2,902,992	720,992
Increase (Decrease) in Employee Benefit Obligations	523,308	38,520
Increase (Decrease) in Provision for Landfill Closure	264,556	(25,173)
Increase (Decrease) in Liability for Contaminated Sites	31,726	(1,000)
Total Cash Provided by Operating	\$ 32,696,449	\$ 35,975,620
Capital Activities		
Acquisition of Tangible Capital Assets	\$ (19,297,605)	\$ (26,717,879)
Proceeds on Disposal of Tangible Capital Assets	211,754	57,633
Transfer to Held for Sale	509,843	-
Adjustment to Tangible Capital Assets - Vic Juba	-	201,046
Total Cash Applied to Capital	\$ (18,576,008)	\$ (26,459,200)
Investing Activities		
Decrease (Increase) in Restricted Cash or Cash Equivalents	\$ (2,544,014)	\$ (1,543,191)
Decrease (Increase) in Investments	3,757,567	(6,992,823)
Total Cash Provided by Investing	\$ 1,213,553	\$ (8,536,014)
Financing Activities		
Long-Term Debt Repaid	\$ (2,279,125)	\$ (2,218,362)
Long-Term Debt Issued	1,500,000	-
Obligations Under Capital Lease Repaid	-	(20,988)
Total Cash Applied to Financing	\$ (779,125)	\$ (2,239,350)
Change in Cash and Cash Equivalents During the Year	\$ 14,554,869	\$ (1,258,944)
Cash and Cash Equivalents - Beginning of Year	\$ 48,830,184	\$ 50,089,128
Cash and Cash Equivalents - End of Year	\$ 63,385,053	\$ 48,830,184
Cash and Cash Equivalents - Comprised Of		
Cash and Cash Equivalents	\$ 74,033,037	\$ 56,934,154
Less: Restricted Portion of Cash	(10,647,984)	(8,103,970)
	\$ 63,385,053	\$ 48,830,184

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

Year Ended December 31, 2020

	2020	2019
Surplus (Deficit) of Revenues over Expenditures	\$ 9,906,857	\$ 24,038,391
Changes Related to Tangible Capital Assets		
Acquisition of Tangible Capital Assets	\$ (19,297,605)	\$ (26,717,879)
Contributed Tangible Capital Assets	-	(6,818,976)
Proceeds on Disposal of Tangible Capital Assets	211,754	57,633
Amortization of Tangible Capital Assets	19,457,635	21,079,048
Loss (Gain) on Disposal of Tangible Capital Assets	41,970	(9,180)
Adjustment to Tangible Capital Assets - Vic Juba	-	201,046
Transfer to Held for Sale	509,843	-
Total Changes in Tangible Capital Assets	\$ 923,597	\$ (12,208,308)
Change Related to Other Non-Financial Assets		
Use (Acquisition) of Inventories	(9,696)	(263,214)
Use (Acquisition) of Prepaid Expenses	159,009	(213,063)
Adjustment to Accumulated Surplus - Vic Juba	-	(252,352)
Total Changes in Other Non-Financial Assets	\$ 149,313	\$ (728,629)
Increase in Net Financial Assets	\$ 10,979,767	\$ 11,101,454
Net Financial Assets - Beginning of Year	\$ 45,683,720	\$ 34,582,266
Net Financial Assets - End of Year	\$ 56,663,487	\$ 45,683,720



CONSOLIDATED SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS

Year Ended December 31, 2020

Schedule 1

	Unrestricted Surplus	Restricted Reserves	Unrestricted Reserves	Equity in TCA	2020	2019
Balance - Beginning of year	\$ 30,909,166	\$ 11,761,047	\$ 37,295,068	\$ 452,047,862	\$ 532,013,143	\$ 508,227,104
Surplus (Deficit) of Revenues over Expenditures	9,906,857	-	-	-	9,906,857	24,038,391
Adjustment to Accumulated Surplus - Vic Juba	-	-	-	-	-	(252,352)
Unrestricted Funds Designated for Future Use	(25,365,264)	3,770,874	21,594,390	-	-	-
Reserve Funds Used for Operations	500,000	-	(500,000)	-	-	-
Reserve Funds Used for Tangible Capital Assets	(2,334,485)	(3,080,716)	(13,882,404)	16,963,120	-	-
Current Year Funds Used for Tangible Capital Assets	253,724	-	-	2,334,485	-	-
Disposal of Tangible Capital Assets	509,843	-	-	(253,724)	-	-
Transfer to Held for Resale	19,457,635	-	-	(509,843)	-	-
Annual Amortization Expense	(2,279,125)	-	-	(19,457,635)	-	-
Long-Term Debt Repaid	1,500,000	-	-	2,279,125	-	-
Long-Term Debt Issued	-	-	-	(1,500,000)	-	-
Balance - End of Year	\$ 33,058,351	\$ 12,451,205	\$ 44,507,054	\$ 451,903,390	\$ 541,920,000	\$ 532,013,143



CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

Year Ended December 31, 2020

Schedule 2

Cost	Land		Improvements	Buildings	Machinery & Equipment	Engineering Structures	Total 2020	Total 2019
	Land	Improvements						
Balance - Beginning of Year	\$ 28,273,799	\$ 15,665,254	\$ 157,436,744	\$ 65,618,965	\$ 514,914,736	\$ 781,909,498	\$ 748,980,071	
Additions	255,647	1,736,720	798,398	1,465,182	8,307,903	12,563,850	28,939,772	
Construction in Progress	-	8,237	106,775	6,092,785	525,958	6,733,755	4,597,083	
Disposals	(337,219)	-	(1,187,052)	(1,010,774)	-	(2,535,045)	(607,428)	
Balance - End of Year	\$ 28,192,227	\$ 17,410,211	\$ 157,154,865	\$ 72,166,158	\$ 523,748,597	\$ 798,672,058	\$ 781,909,498	
Accumulated Amortization								
Balance - Beginning of Year	\$ -	\$ 1,340,681	\$ 57,450,284	\$ 43,674,198	\$ 194,542,666	\$ 297,007,829	\$ 276,286,710	
Amortization	-	1,471,039	2,510,245	2,955,756	12,520,595	19,457,635	21,079,047	
Accumulated Amortization on Disposals	-	-	(761,681)	(1,009,797)	-	(1,771,478)	(357,928)	
Balance - End of Year	\$ -	\$ 2,811,720	\$ 59,198,848	\$ 45,620,157	\$ 207,063,261	\$ 314,693,986	\$ 297,007,829	
Net Book Value of Tangible Capital Assets	\$ 28,192,227	\$ 14,598,491	\$ 97,956,017	\$ 26,546,001	\$ 316,685,336	\$ 483,978,072	\$ 484,901,669	

CONSOLIDATED SCHEDULE OF PROPERTY AND OTHER TAXES

Year Ended December 31, 2020

Schedule 3

	(unaudited)		
	Budget	2020	2019
Taxation			
Real Property Taxes			
Residential Land and Improvements	\$ 29,973,932	\$ 29,955,477	\$ 30,966,216
Non-Residential Land and Improvements	18,703,766	18,664,582	17,916,100
Machinery and Equipment	1,396,341	1,615,282	1,463,858
Farmland	26,252	24,206	27,552
Railway	4,813	4,813	4,908
Linear Property	878,734	878,734	933,581
Total Real Property Taxes	\$ 50,983,838	\$ 51,143,094	\$ 51,312,215
Government Grants in Place of Taxes			
Federal	\$ 17,771	\$ 17,771	\$ 16,072
Provincial - Alberta	24,771	12,386	20,622
Provincial - Saskatchewan	68,143	68,143	68,548
Total Government Grants in Place of Taxes	\$ 110,685	\$ 98,300	\$ 105,242
Special Assessments and Local Improvement Taxes			
Local Improvement	\$ -	\$ 34,272	\$ 34,272
Lloydminster Business Improvement District	-	-	8,977
Trailer Taxes	-	-	175,452
Total Special Assessments and Local Improvement Taxes	\$ -	\$ 34,272	\$ 218,701
Total Taxation	\$ 51,094,523	\$ 51,275,666	\$ 51,636,158
Requisitions			
Education			
Lloydminster Public School Division	\$ 10,445,629	\$ 10,438,507	\$ 10,756,430
Lloydminster Catholic School Division	2,188,630	2,187,208	2,277,841
Total Education	\$ 12,634,259	\$ 12,625,715	\$ 13,034,271
Seamless			
Lloydminster Public School Division	\$ 1,506,455	\$ 1,504,843	\$ 1,465,081
Lloydminster Catholic School Division	995,370	994,321	955,964
Total Seamless	\$ 2,501,825	\$ 2,499,164	\$ 2,421,045
Total Requisitions	\$ 15,136,084	\$ 15,124,879	\$ 15,455,316
Net Municipal Taxes	\$ 35,958,439	\$ 36,150,787	\$ 36,180,842

CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS

Year Ended December 31, 2020

Schedule 4

	<i>(unaudited)</i>		
	Budget	2020	2019
Transfers for Operating Conditional Grants			
Federal Government	\$ 36,625	\$ 115,544	\$ 41,630
Alberta Government	1,454,435	3,469,423	1,574,001
Saskatchewan Government	2,610,448	3,273,156	2,343,126
Local Government	358,162	361,007	361,422
Other	9,000	8,533	1,283
Total Transfers for Operating Conditional Grants	\$ 4,468,670	\$ 7,227,663	\$ 4,321,462
Transfers for Capital Conditional Grants			
Federal Government	\$ 2,655,667	\$ 1,417,081	\$ 4,052,426
Alberta Government	6,338,000	4,834,201	10,821,634
Saskatchewan Government	1,820,000	1,771,592	1,286,138
Total Transfers for Capital Conditional Grants	\$ 10,813,667	\$ 8,022,874	\$ 16,160,198
Total Government Transfers	\$ 15,282,337	\$ 15,250,537	\$ 20,481,660



CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURES

Year Ended December 31, 2020
Schedule 5

	General Government	Protective Services	Transportation	Environmental Services	Social Services	Planning & Development	Recreation & Culture	Total 2020	Total 2019
Revenue									
Net Municipal Taxes	\$ 36,150,787	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,150,787	\$ 36,180,842
User Fees and Sale of Goods	136,775	157,769	553,678	23,641,598	201,161	582,690	2,668,654	27,942,325	31,636,786
Government Transfers for Operating	5,078,196	722,119	51,644	23,471	565,961	11,197	775,075	7,227,663	4,321,462
Investment Income	1,211,392	-	-	-	-	-	13,554	1,224,946	1,659,207
Penalties and Costs of Taxes	402,373	657,982	-	-	-	-	-	1,060,355	1,145,155
Development Levies	-	-	-	-	-	1,559,651	-	1,559,651	132,092
Licenses and Permits	500,180	5,750	64,705	-	41,825	209,109	-	821,569	917,943
Franchise & Concession Contracts	5,782,751	-	-	-	-	-	-	5,782,751	5,921,024
Gain or (Loss) on Asset Disposal	(126,480)	-	84,573	-	-	-	(63)	(41,970)	9,180
Other Income	93	-	-	129,707	8,710	-	18,056	156,566	110,375
Total Revenue	\$ 49,136,067	\$ 1,543,620	\$ 754,600	\$ 23,794,776	\$ 817,657	\$ 2,362,647	\$ 3,475,276	\$ 81,884,643	\$ 82,034,066
Expenditures									
Salaries, Wages and Benefits	\$ 9,113,817	\$ 6,171,163	\$ 2,820,587	\$ 3,335,881	\$ 326,363	\$ 1,148,136	\$ 7,749,648	\$ 30,665,595	\$ 30,030,470
Contracted and General Services	387,872	8,260,392	2,557,630	2,916,811	170,546	738,986	3,158,039	18,190,276	18,335,158
Cost of Sales	-	-	1,217	24,465	-	523,613	24,212	573,507	136,762
Materials and Goods	432,170	263,928	294,276	1,058,391	53,463	6,139	1,312,368	3,420,735	3,531,263
Transfer to Local Boards or Agencies	3,633	-	-	-	712,760	8,994	188,800	914,187	1,007,729
Utilities	452,434	73,019	1,847,559	1,622,212	4,053	3,247	1,390,001	5,392,525	5,808,220
Bank Charges	9,925	1,478	7,075	69,603	699	4,591	79,405	172,776	75,301
Interest on Long Term Debt	579,967	8,404	128,394	176,854	-	-	21,269	914,888	967,574
Provision for Landfill Closure	-	-	-	264,556	-	-	-	264,556	(25,173)
Contaminated Sites	-	-	31,726	-	-	-	-	31,726	(1,000)
Bad Debts	-	-	-	2,254	-	-	-	2,254	29,497
Amortization	263,440	723,362	7,548,755	8,271,447	27,083	27,882	2,595,666	19,457,635	21,079,048
Total Expenditures	\$ 11,243,258	\$ 15,501,746	\$ 15,237,219	\$ 17,742,474	\$ 1,294,967	\$ 2,461,588	\$ 16,519,408	\$ 80,000,660	\$ 80,974,849
Surplus/(Deficit)	\$ 37,892,809	\$ (13,958,126)	\$ (14,482,619)	\$ 6,052,302	\$ (477,310)	\$ (98,941)	\$ (13,044,132)	\$ 1,883,983	\$ 1,059,217
Other									
Contributed Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,818,976
Government Transfers for Capital	2,795,295	95,701	116,920	4,514,759	-	221,627	278,572	8,022,874	16,160,198
Total Other	\$ 2,795,295	\$ 95,701	\$ 116,920	\$ 4,514,759	\$ -	\$ 221,627	\$ 278,572	\$ 8,022,874	\$ 22,979,174
Surplus/(Deficit)	\$ 40,688,104	\$ (13,862,425)	\$ (14,365,699)	\$ 10,567,061	\$ (477,310)	\$ 122,686	\$ (12,765,560)	\$ 9,906,857	\$ 24,038,391

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2020

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. 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 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

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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.

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.

1. Significant Accounting Policies (continued)

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. 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.

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.

j) School Requisitions

As taxes are collected, requisitions plus any penalties are accumulated and remitted to the requisitioning authority in the month following collection. This collection of funds by the municipality for school boards are collected and remitted in accordance with relevant legislation.

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 the latest version of the City's reserve policy.

l) Landfill Closure and Post-Closure Liability

Pursuant to the Environmental Management and Protections Act of Saskatchewan, the City 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, landscaping, as well as surface and ground monitoring, leachate control, and visual inspection. The requirement is being provided for over the estimated remaining life of the landfill site based on usage.

1. Significant Accounting Policies (continued)

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.

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 (Debt) 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

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) 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.

iv) Inventories

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

v) Cultural and Historical Tangible Capital Assets

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

2. Cash and Temporary Investments

	2020	2019
Cash	\$17,895,024	\$7,001,579
Temporary Investments	56,138,013	49,932,575
	<u>\$74,033,037</u>	<u>\$56,934,154</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 \$10,647,984 (2019 - \$8,103,970). All restricted funds are received through government transfers to be used exclusively for operating and capital projects, amounts have been recorded through deferred revenue and restricted reserves.

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, 2020 was \$0 (2019 - \$0). This credit facility is secured by all book accounts and book debt.

3. Receivables

	2020	2019
Current Taxes and Grants In Place	\$2,402,983	\$1,605,337
Arrears Taxes Receivable	572,271	523,453
	<u>\$2,975,254</u>	<u>\$2,128,790</u>
Trade Accounts Receivable	\$4,928,706	\$5,131,543
Less: Allowance for Doubtful Accounts	(106,488)	(111,059)
	<u>\$4,822,218</u>	<u>\$5,020,484</u>
Utility Receivable	\$1,950,675	\$2,076,622
Less: Allowance for Doubtful Accounts	-	(149,700)
	<u>\$1,950,675</u>	<u>\$1,926,922</u>
Accrued Interest Receivable	\$609,428	\$1,065,070
Sales Tax Receivable	226,824	294,512
Other Receivable	56,605	34,513
	<u>\$7,665,750</u>	<u>\$8,341,501</u>

4. Land and Inventories for Resale

	2020	2019
Residential		
Land to be Developed	\$2,725,560	\$2,725,560
Available for Sale	2,878,939	3,405,039
	<u>\$5,604,499</u>	<u>\$6,130,599</u>
Industrial		
Land to Be Developed	\$62,418	\$62,418
Available for Sale	5,690,602	5,690,602
	<u>\$5,753,020</u>	<u>\$5,753,020</u>
Commercial		
Available for Sale	\$694,227	-
Raw Land Held for Future Development	\$5,495,112	\$5,495,112
Other Inventory for Resale	85,579	53,525
	<u>\$17,632,437</u>	<u>\$17,432,256</u>

5. Investments

	2020	2019
Equity Shares	\$38,204	\$42,521
Notes and Deposits	10,472,290	14,225,540
	<u>\$10,510,494</u>	<u>\$14,268,061</u>

Notes and deposits have effective interest rates ranging from 2.64% to 3.98% with maturity dates between February 8, 2022 and August 13, 2024. Investment book values are equal to fair market values as at December 31, 2020.

6. Deferred Revenue

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

	2020	2019
Operating Grants		
Alberta – Family and Community Support Services	\$38,807	\$ -
Saskatchewan – Lotteries	24,369	20,354
Other	41,744	5,831
	\$104,920	\$26,185
Capital Grants		
Alberta - Municipal Sustainability Initiative	\$4,388,649	\$1,262,443
Alberta Municipal Water/Wastewater Partnership	2,808,267	4,659,188
Saskatchewan - Municipal Economic Enhancement Program	1,655,872	-
Alberta - Municipal Stimulus Program	215,401	-
Alberta - Community Partnership Program Grant	122,840	122,840
Other	34,734	18,468
	\$9,229,763	\$6,062,939
Prepaid Taxes	\$1,920,639	\$2,105,735
Prepaid Licenses and Subscriptions	276,781	485,808
Gift Certificates	103,666	93,727
Prepaid Utilities	72,869	68,057
Prepaid Services	36,805	-
	\$11,745,443	\$8,842,451

7. Employee Benefit Obligations

	2020	2019
Regular Payroll	\$898,214	\$708,189
Vacation	579,263	285,678
Sick Leave	544,519	504,821
	<u>\$2,021,996</u>	<u>\$1,498,688</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 \$4,337,191 (2019 - \$3,961,707). 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 credit, subject to being a minimum of 55 years of age and 10 years of employment with the City.

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	2020	2019
Mayor				
Gerald Aalbers	\$105,716	\$20,632	\$126,348	\$117,892
Councillors				
Ken Baker	33,122		33,122	38,825
Stephanie Brown Munro	34,122	1,673	35,795	41,025
Aaron Buckingham	41,206	5,247	46,453	45,804
Michael Diachuk	39,735	4,786	44,521	45,782
Glen Fagnan	40,735	5,232	45,967	45,573
Lorelee Marin	6,041	316	6,357	-
Jonathan Torresan	39,635	2,555	42,190	42,825
Jason Whiting	6,041	316	6,357	-
City Manager				
Dion Pollard	225,569	25,783	251,352	235,454
Designated Officers³				
	530,652	53,269	583,921	548,028
	\$1,102,574	\$119,809	\$1,222,383	\$1,161,208

- (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, IT allowance, and travel allowances.
- (3) Designated officers include the City Assessor, City Clerk, and Chief Financial Officer.

9. Defined Contribution Plan

The Manulife Financial Pension Plan is funded by the employee and employer contributions at a rate of 5% of the employee'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.

Details of the Manulife Financial Pension Plan are as follows:

	2020	2019
Number of Active City Members	224	223
Member Contributions for the Year	\$641,696	\$632,083
City Contributions for the Year	\$633,696	\$625,713

10. Registered Retirement Savings Plan

The Manulife RRSP Plan is funded by employee and employer contributions at rates ranging between 5-7% of the employee's earnings. Benefits are based on accumulated contributions and investment earnings. Under the RRSP plan, the City's obligations are limited to its contributions.

Details of the Manulife RRSP Plan are as follows:

	2020	2019
Number of Active City Members	124	126
Member Contributions for the Year	\$563,552	\$553,218
City Contributions for the Year	\$490,514	\$464,587

During 2019, a collective agreement for Fire employees added RRSP contributions.

11. Landfill Closure and Post-Closure Liability

Landfill closure and post-closure care requirements 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 estimated total liability is based on the information provided by the 2019 Preliminary Closure and Reclamation Plan. The costs are determined by the sum of discounted future cash flows for closure and post-closure activities for 25 years after closure using a discount rate of 3.29% and assuming annual inflation of 2%.

The accrued liability portion is based on the cumulative capacity of Phase 1 of the landfill used at year end compared to the estimated total Phase 1 landfill capacity. Based on the 2016 Waste Management Facility Master Plan prepared by an independent consultant, which identifies four phases, management estimates that 38.72% of the total Phase 1 capacity has been utilized. The Phase 1 site is expected to reach capacity in approximately in the year 2032. In prior years, the City referenced the 2006 Function Study prepared by an independent consultant which identified two phases.

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

The following summarizes the total net present value for the estimated costs of Phase 1 of the Sanitary Landfill closure and post closure care:

	2020	2019
Estimated Closure and Post-Closure Costs – Present Value	\$3,766,810	\$3,281,498
Estimated Capacity Used	38.72%	36.39%
Amount Accrued at December 31	<u>\$1,458,606</u>	<u>\$1,194,050</u>

12. Liability for Contaminated Sites

As of December 31, 2020, 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 \$336,550 (2019 - \$304,824).

13. Long Term Debt

	2020	2019
Tax Supported Debentures	\$25,263,370	\$25,393,615
Self Supported Debentures	6,811,312	7,460,192
	<u>\$32,074,682</u>	<u>\$32,853,807</u>

The current portion of long-term debt amounts to \$2,341,595 (2019 - \$2,279,125).

Principal and interest repayments are as follows:

	Principal	Interest	Total
2021	\$2,341,595	\$880,701	\$3,222,296
2022	2,698,699	815,258	3,513,957
2023	2,769,642	744,315	3,513,957
2024	2,842,525	671,432	3,513,957
2025	2,917,404	596,553	3,513,957
Thereafter	18,504,817	2,345,880	20,850,697
	<u>\$32,074,682</u>	<u>\$6,054,139</u>	<u>\$38,128,821</u>

Debenture debt is repayable to Alberta Treasury Board and Finance and bears interest at rates ranging from 1.67% to 3.058% per annum and matures in periods September 2025 through December 2036.

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

Interest on long term debt amounts to \$914,888 (2019 - \$967,574).

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:

	2020	2019
Total Debt Limit	\$122,129,619	\$122,351,202
Total Debt	32,074,682	32,853,807
Debt Limit Unused	<u>\$90,054,937</u>	<u>\$89,497,395</u>
Debt Servicing Limit	\$20,354,937	\$20,391,867
Debt Servicing	3,222,296	3,197,246
Debt Servicing Unused	<u>\$17,132,641</u>	<u>\$17,194,621</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

	2020	2019
Tangible Capital Assets (Schedule 2)	\$798,672,058	\$781,909,498
Accumulated Amortization (Schedule 2)	(314,693,986)	(297,007,829)
Long-Term Debt (Note 13)	(32,074,682)	(32,853,807)
	<u>\$451,903,390</u>	<u>\$452,047,862</u>

16. Segmented Disclosures

The City provides a range of services to its ratepayers. 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. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

Refer to the Schedule of Segmented Disclosures (Schedule 5).

17. Accumulated Surplus

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

	2020	2019
Unrestricted Surplus	\$33,058,351	\$30,909,166
Unrestricted Reserves	44,507,054	37,295,068
Restricted Reserves	12,451,205	11,761,047
Equity in Tangible Capital Assets (Note 15)	451,903,390	452,047,862
	<u>\$541,920,000</u>	<u>\$532,013,143</u>

18. Commitments

As approved by City Council on February 27, 2017, the City entered into an agreement to supply 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.

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 2020	Actual 2020	Actual 2019
Power Utility			
ATCO Electric	\$3,225,880	\$3,056,403	\$3,202,710
SaskPower	450,000	567,077	561,968
	<u>\$3,675,880</u>	<u>\$3,623,480</u>	<u>\$3,764,678</u>
Gas Utility			
ATCO Gas	\$2,312,903	\$2,159,271	\$2,156,346
	<u>\$5,988,783</u>	<u>\$5,782,751</u>	<u>\$5,921,024</u>

20. Contractual Rights

Contractual rights are rights of the City to economic resources arising from contracts or agreements that will result in both assets and revenues in the future when the terms of those contracts or agreements are met.

The City has rights to \$655,000 in 2021 for the sale of land.

21. 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:

	2020
2021	\$318,369
2022	458,129
2023	462,094
2024	466,060
2025	470,191
Thereafter	2,623,499
	<u>\$4,798,342</u>

22. 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.

23. Comparative Amounts

Certain 2019 comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year. The reclassifications resulted in no effect on the reported surplus (deficit) of revenues over expenditures.

24. Covid-19 Pandemic

The World Health Organization (WHO) declared the novel coronavirus (Covid-19) a global pandemic on March 11, 2020. The province of Alberta declared a state of public health emergency on March 17, 2020 and the province of Saskatchewan declared a state of emergency on March 18, 2020. Subsequently, the City declared a state of local emergency effective March 19, 2020 to further support the provincial health guidelines and provide a common approach for the bi-provincial City.

In an effort to protect the health and well-being of the public and City employees, the City implemented a series of measures including the closure of recreational, cultural and sports facilities, cancellation of public events, and temporary deferral of utility payments, business license payments, accounts receivable payments, and delay of property tax penalties.

This situation has impacted the City's operations, including decreases in user fee revenue and investment earnings, offsetting expenditure reductions, and delays in completing capital projects.

In response to the pandemic, the Government of Alberta and Government of Canada provided municipalities with grant funding through the Municipal Operating Support Transfer (MOST). This program is a one-time relief funding for incremental costs and reduced revenues associated to the pandemic for the period of April 2020 to March 2021. The Government of Saskatchewan and Government of Canada provided similar one-time relief operating funding to municipalities through the Safe Restart Program. This program was flexible and allowed municipalities to decide where the money was needed most, including proactive projects or future expenses. The impacts of this situation have been reflected in the consolidated financial statements.

The 2020 property tax mill rate and adjusted 2020 budget as approved by Council on May 11, 2020 included a reduction to the 2020 municipal taxes to ease financial pressures related to Covid-19.

As this situation is dynamic and the ultimate duration and magnitude of the impact on the economy are not known, an estimate of the future financial effect on the City is not determinable at this time.

The City continues to closely monitor the Covid-19 developments and follows the guidelines issued by the Saskatchewan Health Authority to ensure a quick and effective response to this evolving situation.

25. Approval of the Financial Statements

Council and Management have approved these consolidated financial statements.