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# **CONSOLIDATED FINANCIAL STATEMENTS**

**Year Ended December 31, 2021**

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Consolidated Financial Statements

Year ended December 31, 2021

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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, 2021 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.

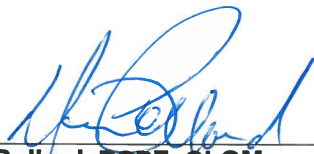
In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable 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 25, 2022**



**Denise MacDonald, BBA, CLGM**  
Chief Financial Officer

**April 25, 2022**



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CHARTERED PROFESSIONAL ACCOUNTANTS

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## 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, 2021, 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, 2021, 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 25, 2022  
Lloydminster, Alberta



Chartered Professional Accountants

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2021

		2021	(restated) 2020
<b>Financial Assets</b>			
Cash and Temporary Investments	Note 2	\$ 77,505,959	\$ 74,033,037
Receivables			
Taxes and Grants in Place of Taxes	Note 3	3,287,119	2,975,254
Trade and Other Receivables	Note 3	26,317,554	8,251,156
Land and Inventory for Resale	Note 4	18,204,806	17,632,437
Investments	Note 5	7,609,290	10,510,494
<b>Total Financial Assets</b>		<b>\$ 132,924,728</b>	<b>\$ 113,402,378</b>
<b>Liabilities</b>			
Accounts Payable and Accrued Liabilities		\$ 15,388,446	\$ 7,544,985
Deposit Liabilities		958,703	969,672
Deferred Revenue	Note 6	7,525,379	12,443,260
Employee Benefit Obligations	Note 7	2,423,043	2,088,743
Provision for Landfill Closure and Post-closure Costs	Note 11	1,778,366	1,458,606
Liability for Contaminated Sites	Note 12	343,281	336,550
Long-Term Debt	Note 13	33,533,087	32,074,682
<b>Total Liabilities</b>		<b>\$ 61,950,305</b>	<b>\$ 56,916,498</b>
<b>Net Financial Assets</b>		<b>\$ 70,974,423</b>	<b>\$ 56,485,880</b>
<b>Non-Financial Assets</b>			
Inventory for Consumption		\$ 780,338	\$ 960,106
Prepaid Expenses		442,085	318,335
Tangible Capital Assets	Schedule 2	511,535,989	483,978,072
<b>Total Non-Financial Assets</b>		<b>\$ 512,758,412</b>	<b>\$ 485,256,513</b>
<b>Accumulated Surplus</b>	Schedule 1	<b>\$ 583,732,835</b>	<b>\$ 541,742,393</b>

Approved on Behalf of Council

Gerald Aalbers  
Mayor  
April 25, 2022

Jason Whiting  
Deputy Mayor  
April 25, 2022




## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

Year Ended December 31, 2021

		(unaudited) <b>Budget</b>	<b>2021</b>	(restated) <b>2020</b>
<b>Revenue</b>				
Net Municipal Taxes	Schedule 3	\$ 36,736,959	\$ 36,792,699	\$ 36,150,787
User Fees & Sale of Goods		32,261,088	37,173,756	27,934,250
Government Transfers for Operating	Schedule 4	4,488,958	4,402,918	7,227,663
Investment Income		1,350,000	1,061,134	1,114,082
Penalties & Costs of Taxes		1,470,400	1,200,845	1,060,355
Development Levies		-	778,697	1,559,651
Licenses & Permits		827,430	1,092,753	821,569
Franchise & Concession Contracts	Note 19	6,130,752	5,953,163	5,782,751
Gain or (Loss) on Asset Disposal		-	169,829	(41,970)
Other Income		8,500	782,808	156,566
<b>Total Revenue</b>		<b>\$ 83,274,087</b>	<b>\$ 89,408,602</b>	<b>\$ 81,765,704</b>
<b>Expenditures</b>				
Council & Other Legislative Administration		\$ 1,279,865	\$ 1,124,844	\$ 1,516,584
Police		11,855,290	11,021,854	9,463,237
Fire		10,278,540	11,351,235	10,105,660
Disaster & Emergency Measures		3,844,856	3,723,365	3,374,545
Bylaw Enforcement		211,391	177,565	277,202
Road Services		1,300,482	1,200,146	1,020,978
Airport		9,310,549	6,938,249	6,730,771
Storm Drainage		1,065,649	917,116	957,692
Water Supply & Distribution		338,001	274,675	431,134
Wastewater Treatment & Disposal		4,225,442	4,198,769	4,147,240
Waste Management		2,235,657	1,894,243	1,836,014
Family & Community Support		2,886,680	2,859,860	3,056,638
Cemetery & Crematoriums		1,045,606	977,509	1,105,818
Land Use Planning, Zoning, & Development		106,909	142,112	162,063
Economic Development		1,342,131	1,345,830	1,329,657
Subdivision Land & Development		436,688	401,517	267,627
Parks & Recreation		990,265	1,839,276	836,422
Cultural, Libraries, Museums, Halls		13,145,479	12,346,331	11,110,522
Amortization		2,963,696	2,536,382	2,835,304
		20,835,280	20,806,526	19,457,635
<b>Total Expenditures</b>		<b>\$ 89,698,456</b>	<b>\$ 86,077,404</b>	<b>\$ 80,022,743</b>
<b>Surplus (Deficit) of Revenues over Expenditures</b>		<b>\$ (6,424,369)</b>	<b>\$ 3,331,198</b>	<b>\$ 1,742,961</b>
<b>Other</b>				
Contributed Assets		\$ -	\$ 1,872,559	\$ -
Government Transfers for Capital	Schedule 4	44,869,525	36,786,685	8,022,874
<b>Total Other</b>		<b>\$ 44,869,525</b>	<b>\$ 38,659,244</b>	<b>\$ 8,022,874</b>
<b>Surplus (Deficit) of Revenues over Expenditures</b>		<b>\$ 38,445,156</b>	<b>\$ 41,990,442</b>	<b>\$ 9,765,835</b>
Accumulated Surplus - Beginning of Year (restated)		\$ 541,742,393	\$ 541,742,393	\$ 531,976,558
<b>Accumulated Surplus - End of Year</b>		<b>\$ 580,187,549</b>	<b>\$ 583,732,835</b>	<b>\$ 541,742,393</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31, 2021

	2021	(restated) 2020
<b>Net Inflow (Outflow) of Cash Related to the Following Activities:</b>		
<b>Operating Activities</b>		
Surplus (Deficit) of Revenues over Expenditures	\$ 41,990,442	\$ 9,765,835
<b>Non-cash Items</b>		
Amortization of Tangible Capital Assets	20,806,526	19,457,635
Loss (Gain) on Disposal of Tangible Capital Assets	(169,829)	41,970
Contributed Tangible Capital Assets	(1,872,559)	-
Adjustment to Accumulated Surplus - Library	-	(36,585)
<b>Changes to Financial Assets</b>		
Decrease (Increase) in Taxes and Grants in Place of Taxes Receivable	(311,865)	(846,464)
Decrease (Increase) in Trade and Other Receivables	(18,066,398)	90,339
Decrease (Increase) in Land Held for Resale	(572,369)	(200,181)
<b>Changes to Non-Financial Assets</b>		
Decrease (Increase) in Inventory for Consumption	179,768	(9,696)
Decrease (Increase) in Prepaid Expenses	(123,750)	159,009
<b>Changes to Liabilities</b>		
Increase (Decrease) in Accounts Payable and Accrued Liabilities	7,843,461	(189,826)
Increase (Decrease) in Deposit Liabilities	(10,969)	(22,733)
Increase (Decrease) in Deferred Revenue	(4,917,881)	3,600,809
Increase (Decrease) in Employee Benefit Obligations	334,300	590,055
Increase (Decrease) in Provision for Landfill Closure	319,760	264,556
Increase (Decrease) in Liability for Contaminated Sites	6,731	31,726
<b>Total Cash Provided by Operating</b>	<b>\$ 45,435,368</b>	<b>\$ 32,696,449</b>
<b>Capital Activities</b>		
Acquisition of Tangible Capital Assets	\$ (46,502,397)	\$ (19,297,605)
Proceeds on Disposal of Tangible Capital Assets	180,342	211,754
Transfer to Held for Sale	-	509,843
<b>Total Cash Applied to Capital</b>	<b>\$ (46,322,055)</b>	<b>\$ (18,576,008)</b>
<b>Investing Activities</b>		
Decrease (Increase) in Restricted Cash or Cash Equivalents	\$ 4,972,070	\$ (3,241,831)
Decrease (Increase) in Investments	2,901,204	3,757,567
<b>Total Cash Provided by Investing</b>	<b>\$ 7,873,274</b>	<b>\$ 515,736</b>
<b>Financing Activities</b>		
Long-Term Debt Repaid	\$ (2,341,595)	\$ (2,279,125)
Long-Term Debt Issued	3,800,000	1,500,000
<b>Total Cash Applied to Financing</b>	<b>\$ 1,458,405</b>	<b>\$ (779,125)</b>
<b>Change in Cash and Cash Equivalents During the Year</b>	<b>\$ 8,444,992</b>	<b>\$ 13,857,052</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>\$ 62,687,236</b>	<b>\$ 48,830,184</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 71,132,228</b>	<b>\$ 62,687,236</b>
<b>Cash and Cash Equivalents - Comprised Of</b>		
Cash and Cash Equivalents	\$ 77,505,959	\$ 74,033,037
Less: Restricted Portion of Cash	(6,373,731)	(11,345,801)
	<b>\$ 71,132,228</b>	<b>\$ 62,687,236</b>

Note 2

Note 2



## CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

Year Ended December 31, 2021

	2021	(restated) 2020
<b>Surplus (Deficit) of Revenues over Expenditures</b>	\$ 41,990,442	\$ 9,765,835
<b>Changes Related to Tangible Capital Assets</b>		
Acquisition of Tangible Capital Assets	\$ (46,502,397)	\$ (19,297,605)
Contributed Tangible Capital Assets	(1,872,559)	-
Proceeds on Disposal of Tangible Capital Assets	180,342	211,754
Amortization of Tangible Capital Assets	20,806,526	19,457,635
Loss (Gain) on Disposal of Tangible Capital Assets	(169,829)	41,970
Transfer to Held for Sale	-	509,843
<b>Total Changes in Tangible Capital Assets</b>	<b>\$ (27,557,917)</b>	<b>\$ 923,597</b>
<b>Change Related to Other Non-Financial Assets</b>		
Use (Acquisition) of Inventories	179,768	(9,696)
Use (Acquisition) of Prepaid Expenses	(123,750)	159,009
<b>Total Changes in Other Non-Financial Assets</b>	<b>\$ 56,018</b>	<b>\$ 149,313</b>
<b>Increase in Net Financial Assets</b>	<b>\$ 14,488,543</b>	<b>\$ 10,838,745</b>
<b>Net Financial Assets - Beginning of Year (restated)</b>	<b>\$ 56,485,880</b>	<b>\$ 45,647,135</b>
<b>Net Financial Assets - End of Year</b>	<b>\$ 70,974,423</b>	<b>\$ 56,485,880</b>

## CONSOLIDATED SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS

Year Ended December 31, 2021

Schedule 1

	Unrestricted Surplus	Restricted Reserves	Unrestricted Reserves	Equity in TCA	2021	(restated) 2020
<b>Balance - Beginning of Year (restated)</b>	\$ 32,880,744	\$ 12,451,205	\$ 44,507,054	\$ 451,903,390	\$ 541,742,393	\$ 531,976,558
Surplus (Deficit) of Revenues over Expenditures	41,990,442				41,990,442	9,765,835
Unrestricted Funds Designated for Future Use	(31,861,088)	4,527,184	27,333,904		-	-
Reserve Funds Used for Operations	370,140	(2,555)	(367,585)		-	-
Reserve Funds Used for Tangible Capital Assets		(3,301,565)	(16,891,555)	20,193,120	-	-
Current Year Funds Used for Tangible Capital Assets	(26,309,277)			26,309,277	-	-
Contributed Tangible Capital Assets	(1,872,559)			1,872,559	-	-
Disposal of Tangible Capital Assets	10,513			(10,513)	-	-
Annual Amortization Expense	20,806,526			(20,806,526)	-	-
Long-Term Debt Repaid	(2,341,595)			2,341,595	-	-
Long-Term Debt Issued	3,800,000			(3,800,000)	-	-
<b>Balance - End of Year</b>	<b>\$ 37,473,846</b>	<b>\$ 13,674,269</b>	<b>\$ 54,581,818</b>	<b>\$ 478,002,902</b>	<b>\$ 583,732,835</b>	<b>\$ 541,742,393</b>

## CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

Year Ended December 31, 2021

Schedule 2

	Land	Land Improvements	Buildings	Machinery & Equipment	Engineering Structures	Total 2021	Total 2020
<b>Cost</b>							
Balance - Beginning of Year	\$ 28,192,230	\$ 17,410,537	\$ 157,239,309	\$ 67,165,227	\$ 528,664,755	\$ 798,672,058	\$ 781,909,498
Additions	149,930	1,411,432	3,142,921	2,228,326	8,219,378	15,151,987	12,563,850
Construction in Progress	348,157	15,724	5,207,586	1,150,543	26,500,959	33,222,969	6,733,755
Disposals	-	-	(342,988)	(817,853)	-	(1,160,841)	(2,535,045)
<b>Balance - End of Year</b>	<b>\$ 28,690,317</b>	<b>\$ 18,837,693</b>	<b>\$ 165,246,828</b>	<b>\$ 69,726,243</b>	<b>\$ 563,385,092</b>	<b>\$ 845,886,173</b>	<b>\$ 798,672,058</b>
<b>Accumulated Amortization</b>							
Balance - Beginning of Year	\$ -	\$ 2,811,720	\$ 59,198,846	\$ 45,620,158	\$ 207,063,262	\$ 314,693,986	\$ 297,007,829
Amortization	-	1,592,339	3,940,602	2,671,888	12,601,697	20,806,526	19,457,635
Accumulated Amortization on Disposals	-	-	(342,988)	(807,340)	-	(1,150,328)	(1,771,478)
<b>Balance - End of Year</b>	<b>\$ -</b>	<b>\$ 4,404,059</b>	<b>\$ 62,796,460</b>	<b>\$ 47,484,706</b>	<b>\$ 219,664,959</b>	<b>\$ 334,350,184</b>	<b>\$ 314,693,986</b>
<b>Net Book Value of Tangible Capital Assets</b>	<b>\$ 28,690,317</b>	<b>\$ 14,433,634</b>	<b>\$ 102,450,368</b>	<b>\$ 22,241,537</b>	<b>\$ 343,720,133</b>	<b>\$ 511,535,989</b>	<b>\$ 483,978,072</b>

## CONSOLIDATED SCHEDULE OF PROPERTY AND OTHER TAXES

Year Ended December 31, 2021

Schedule 3

	<i>(unaudited)</i>			
	<b>Budget</b>	<b>2021</b>	<b>2020</b>	
<b>Taxation</b>				
Property Taxes				
Residential Land and Improvements	\$ 29,947,155	\$ 29,938,973	\$ 29,955,477	
Non-Residential Land and Improvements	18,969,712	18,877,881	18,664,582	
Machinery and Equipment	1,865,111	1,971,542	1,615,282	
Farmland	26,353	26,163	24,206	
Railway	102,700	102,700	4,813	
Linear Property	925,271	925,271	878,734	
<b>Total Property Taxes</b>	<b>\$ 51,836,302</b>	<b>\$ 51,842,530</b>	<b>\$ 51,143,094</b>	
<b>Government Grants in Place of Taxes</b>				
Federal	\$ 13,551	\$ 13,551	\$ 17,771	
Provincial - Alberta	24,852	12,426	12,386	
Provincial - Saskatchewan	78,404	78,404	68,143	
<b>Total Government Grants in Place of Taxes</b>	<b>\$ 116,807</b>	<b>\$ 104,381</b>	<b>\$ 98,300</b>	
<b>Local Improvement Taxes</b>				
Local Improvement	\$ -	\$ 34,272	\$ 34,272	
<b>Total Local Improvement Taxes</b>	<b>\$ -</b>	<b>\$ 34,272</b>	<b>\$ 34,272</b>	
<b>Total Taxation</b>	<b>\$ 51,953,109</b>	<b>\$ 51,981,183</b>	<b>\$ 51,275,666</b>	
<b>Requisitions</b>				
<b>Education</b>				
Lloydminster Public School Division	\$ 10,555,927	\$ 10,536,196	\$ 10,438,507	
Lloydminster Roman Catholic Separate School Division	2,256,703	2,252,406	2,187,208	
<b>Total Education</b>	<b>\$ 12,812,630</b>	<b>\$ 12,788,602</b>	<b>\$ 12,625,715</b>	
<b>Seamless</b>				
Lloydminster Public School Division	\$ 1,430,882	\$ 1,428,680	\$ 1,504,843	
Lloydminster Roman Catholic Separate School Division	972,638	971,202	994,321	
<b>Total Seamless</b>	<b>\$ 2,403,520</b>	<b>\$ 2,399,882</b>	<b>\$ 2,499,164</b>	
<b>Total Requisitions</b>	<b>\$ 15,216,150</b>	<b>\$ 15,188,484</b>	<b>\$ 15,124,879</b>	
<b>Net Municipal Taxes</b>	<b>\$ 36,736,959</b>	<b>\$ 36,792,699</b>	<b>\$ 36,150,787</b>	

## CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS

Year Ended December 31, 2021

Schedule 4

	<i>(unaudited)</i>		
	<b>Budget</b>	<b>2021</b>	<b>2020</b>
<b>Transfers for Operating Conditional Grants</b>			
Federal Government	\$ 30,000	\$ 51,629	\$ 115,544
Alberta Government	1,503,541	1,484,492	3,469,423
Saskatchewan Government	2,590,255	2,503,902	3,273,156
Local Government	361,162	362,007	361,007
Other	4,000	888	8,533
<b>Total Transfers for Operating Conditional Grants</b>	<b>\$ 4,488,958</b>	<b>\$ 4,402,918</b>	<b>\$ 7,227,663</b>
<b>Transfers for Capital Conditional Grants</b>			
Federal Government	\$ 5,385,971	\$ 7,192,489	\$ 1,417,081
Alberta Government	28,334,201	19,379,415	4,136,384
Saskatchewan Government	11,149,353	10,214,781	2,469,409
<b>Total Transfers for Capital Conditional Grants</b>	<b>\$ 44,869,525</b>	<b>\$ 36,786,685</b>	<b>\$ 8,022,874</b>
<b>Total Government Transfers</b>	<b>\$ 49,358,483</b>	<b>\$ 41,189,603</b>	<b>\$ 15,250,537</b>

## CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURES

Year Ended December 31, 2021

Schedule 5

								<i>(restated)</i>	
	General Government	Protective Services	Transportation	Environmental Services	Social Services	Planning & Development	Recreation & Culture	Total 2021	Total 2020
<b>Revenue</b>									
Net Municipal Taxes	\$ 36,792,699	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,792,699	\$ 36,150,787
User Fees & Sale of Goods	88,556	413,340	568,499	24,780,450	243,345	7,685,029	3,394,537	37,173,756	27,934,250
Government Transfers for Operating	2,377,106	731,560	-	-	559,227	-	735,025	4,402,918	7,227,663
Investment Income	1,057,182	-	-	-	-	-	3,952	1,061,134	1,114,082
Penalties & Costs of Taxes	581,556	581,207	-	38,082	-	-	-	1,200,845	1,060,355
Development Levies	-	-	-	-	-	778,697	-	778,697	1,559,651
Licenses & Permits	499,170	19,348	70,775	-	26,350	477,110	-	1,092,753	821,569
Franchise & Concession Contracts	5,953,163	-	-	-	-	-	-	5,953,163	5,782,751
Gain or (Loss) on Asset Disposal	86,601	-	91,116	-	-	-	(7,888)	169,829	(41,970)
Other Income	92,662	596,861	14,550	13,332	10,789	-	54,614	782,808	156,566
<b>Total Revenue</b>	<b>\$ 47,528,695</b>	<b>\$ 2,342,316</b>	<b>\$ 744,940</b>	<b>\$ 24,831,864</b>	<b>\$ 839,711</b>	<b>\$ 8,940,836</b>	<b>\$ 4,180,240</b>	<b>\$ 89,408,602</b>	<b>\$ 81,765,704</b>
<b>Expenditures</b>									
Salaries, Wages & Benefits	\$ 9,544,827	\$ 6,700,903	\$ 3,045,199	\$ 3,494,329	\$ 397,099	\$ 1,112,034	\$ 8,822,798	\$ 33,117,189	\$ 30,698,622
Contracted & General Services	1,265,924	9,373,541	1,722,529	2,896,665	146,724	825,353	2,671,628	18,902,364	18,179,332
Cost of Sales	-	-	-	1,641	-	1,544,816	22,342	1,568,799	573,507
Materials & Goods	263,071	193,958	1,318,285	538,466	29,643	7,344	998,192	3,348,959	3,420,735
Transfer to Local Boards & Agencies	10,762	75,000	-	-	540,481	80,000	681,961	1,388,204	914,187
Utilities	497,464	77,288	1,627,489	1,645,154	4,656	5,095	1,577,877	5,435,023	5,392,525
Bank Charges	14,587	1,558	9,135	79,161	1,018	8,166	72,130	185,755	172,776
Interest on Long Term Debt	542,557	29,796	121,309	161,995	-	-	17,818	873,475	914,888
Provision for Landfill Closure	-	-	-	319,760	-	-	-	319,760	264,556
Contaminated Sites	-	-	6,731	-	-	-	-	6,731	31,726
Bad Debts	7,507	270	4,689	90,373	-	3,815	17,965	124,619	2,254
Amortization	1,759,863	754,785	7,594,477	7,883,313	27,084	83,835	2,703,169	20,806,526	19,457,635
<b>Total Expenditures</b>	<b>\$ 13,906,562</b>	<b>\$ 17,207,099</b>	<b>\$ 15,449,843</b>	<b>\$ 17,110,857</b>	<b>\$ 1,146,705</b>	<b>\$ 3,670,458</b>	<b>\$ 17,585,880</b>	<b>\$ 86,077,404</b>	<b>\$ 80,022,743</b>
<b>Surplus/(Deficit)</b>	<b>\$ 33,622,133</b>	<b>\$ (14,864,783)</b>	<b>\$ (14,704,903)</b>	<b>\$ 7,721,007</b>	<b>\$ (306,994)</b>	<b>\$ 5,270,378</b>	<b>\$ (13,405,640)</b>	<b>\$ 3,331,198</b>	<b>\$ 1,742,961</b>
<b>Other</b>									
Contributed Assets	\$ -	\$ -	\$ 1,827,098	\$ 45,461	\$ -	\$ -	\$ -	\$ 1,872,559	\$ -
Government Transfers for Capital	5,931,394	3,427,540	4,729,041	21,463,541	-	43,467	1,191,702	36,786,685	8,022,874
<b>Total Other</b>	<b>\$ 5,931,394</b>	<b>\$ 3,427,540</b>	<b>\$ 6,556,139</b>	<b>\$ 21,509,002</b>	<b>\$ -</b>	<b>\$ 43,467</b>	<b>\$ 1,191,702</b>	<b>\$ 38,659,244</b>	<b>\$ 8,022,874</b>
<b>Surplus/(Deficit)</b>	<b>\$ 39,553,527</b>	<b>\$ (11,437,243)</b>	<b>\$ (8,148,764)</b>	<b>\$ 29,230,009</b>	<b>\$ (306,994)</b>	<b>\$ 5,313,845</b>	<b>\$ (12,213,938)</b>	<b>\$ 41,990,442</b>	<b>\$ 9,765,835</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2021

### 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 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.

### j) Education Requisitions

As taxes are collected, requisitions plus any related 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.



## 1. Significant Accounting Policies (continued)

### 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) 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.

### 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
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.

**1. Significant Accounting Policies (continued)**

**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**

	<b>2021</b>	<b>2020</b>
Cash	\$47,084,696	\$17,895,024
Temporary Investments	30,421,263	56,138,013
	<u><b>\$77,505,959</b></u>	<u><b>\$74,033,037</b></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 \$6,373,731 (2020 - \$11,345,801). 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, 2021 was \$0 (2020 - \$0). This credit facility is secured by all book accounts and book debt.

### 3. Taxes and Other Receivables

	2021	<i>(restated)</i> 2020
<b>Taxes and Grants in Place of Taxes</b>		
Current Taxes and Grants In Place	\$2,680,688	\$2,402,983
Arrears Taxes Receivable	606,431	572,271
	<u><b>\$3,287,119</b></u>	<u><b>\$2,975,254</b></u>
<b>Trade Accounts Receivable</b>	\$2,826,094	\$2,638,141
Less: Allowance for Doubtful Accounts	(307)	(106,488)
	<u><b>\$2,825,787</b></u>	<u><b>\$2,531,653</b></u>
<b>Utility Receivable</b>	\$1,870,316	\$1,950,675
Less: Allowance for Doubtful Accounts	(85,531)	-
	<u><b>\$1,784,785</b></u>	<u><b>\$1,950,675</b></u>
<b>Other Receivables</b>		
Grant Funds Receivable	\$21,000,682	\$2,986,834
Accrued Interest Receivable	288,308	498,565
Sales Tax Receivable	415,091	226,824
Other Receivable	2,901	56,605
	<u><b>\$21,706,982</b></u>	<u><b>\$3,768,828</b></u>
	<u><u><b>\$26,317,554</b></u></u>	<u><u><b>\$8,251,156</b></u></u>

**4. Land and Inventories for Resale**

	<b>2021</b>	<b>2020</b>
<b>Residential Land</b>		
Land to be Developed	\$1,641,012	\$2,725,560
Available for Sale	2,418,671	2,878,939
	<u><b>\$4,059,683</b></u>	<u><b>\$5,604,499</b></u>
<b>Industrial Land</b>		
Land to Be Developed	\$62,418	\$62,418
Available for Sale	5,342,445	5,690,602
	<u><b>\$5,404,863</b></u>	<u><b>\$5,753,020</b></u>
<b>Commercial Land</b>		
Available for Sale	<b>\$694,227</b>	<b>\$694,227</b>
<b>Raw Land</b>		
Held for Future Development	<b>\$7,978,112</b>	<b>\$5,495,112</b>
<b>Other Inventory for Resale</b>	<b>\$67,921</b>	<b>\$85,579</b>
	<u><u><b>\$18,204,806</b></u></u>	<u><u><b>\$17,632,437</b></u></u>

**5. Investments**

	<b>2021</b>	<b>2020</b>
Equity Shares	\$65,976	\$38,204
Notes and Deposits	7,543,314	10,472,290
	<u><u><b>\$7,609,290</b></u></u>	<u><u><b>\$10,510,494</b></u></u>

Notes and deposits have effective interest rates ranging from 1.00% to 3.98% with maturity dates between February 8, 2023 and February 7, 2026. Investment book values are equal to fair market values as at December 31, 2021.

## 6. Deferred Revenue

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

	2021	(restated) 2020
<b>Operating Grants</b>		
Alberta – Family and Community Support Services	\$116,397	\$38,807
Saskatchewan – Lotteries	17,673	24,369
Other	23,367	41,744
	<b>\$157,437</b>	<b>\$104,920</b>
<b>Capital Grants</b>		
Alberta - Municipal Sustainability Initiative	\$2,347,655	\$4,388,649
Alberta Community Resilience Program	1,474,328	-
Saskatchewan Urban Highway Connector Program	388,500	-
Alberta - Community Partnership Program Grant	122,840	122,840
Alberta Municipal Water/Wastewater Partnership	23,190	3,500,084
Other	20,246	34,734
Saskatchewan – Municipal Economic Enhancement Program	-	1,665,872
Alberta – Municipal Stimulus Program	-	215,401
	<b>\$4,376,759</b>	<b>\$9,927,580</b>
<b>Other Deferred Revenue</b>		
Prepaid Taxes	\$2,263,225	\$1,920,639
Prepaid Licenses and Subscriptions	382,302	276,781
Prepaid User Fees	148,053	36,805
Gift Certificates	103,818	103,666
Prepaid Utilities	93,785	72,869
	<b>\$2,991,183</b>	<b>\$2,410,760</b>
	<b>\$7,525,379</b>	<b>\$12,443,260</b>

## 7. Employee Benefit Obligations

		<i>(restated)</i>
	<b>2021</b>	<b>2020</b>
Regular Payroll	\$993,084	\$898,214
Vacation	579,493	579,262
Sick Leave	850,466	611,267
	<u><b>\$2,423,043</b></u>	<u><b>\$2,088,743</b></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 \$5,032,423 (2020 - \$4,403,938). 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 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:

	Salaries <sup>1</sup>	Benefits & Allowances <sup>2</sup>	2021	2020
<b>Mayor</b>				
Gerald Aalbers	\$101,870	\$21,317	<b>\$123,187</b>	\$126,348
<b>Councillors</b>				
Aaron Buckingham	43,243	5,760	<b>49,003</b>	46,453
Michael Diachuk	43,029	2,820	<b>45,849</b>	44,521
Glenn Fagnan	41,429	5,661	<b>47,090</b>	45,967
Lorelee Marin	46,801	2,999	<b>49,800</b>	6,357
Jonathan Torresan	44,029	5,808	<b>49,837</b>	42,190
Jason Whiting	42,101	3,831	<b>45,932</b>	6,357
Ken Baker	-	-	-	33,122
Stephanie Brown Munro	-	-	-	35,795
<b>City Manager</b>				
Dion Pollard	220,797	31,547	<b>252,344</b>	251,352
<b>Designated Officers<sup>3</sup></b>				
	539,879	73,343	<b>613,222</b>	583,921
	<b>\$1,123,178</b>	<b>\$153,086</b>	<b>\$1,276,264</b>	<b>\$1,222,383</b>

(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 the employee and employer contributions at a rate of 5 or 7% of the members 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.

Effective January 1, 2021, the City offered members the option of matching contributions at either 5% or 7% of the members earnings. The majority of members elected to contribute at 7%.

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.

	<b>2021</b>	<i>(restated)</i> <b>2020</b>
Number of Active City Members	232	224
Member Contributions for the Year	\$855,182	\$633,696
City Contributions for the Year	\$855,182	\$633,696



## 10. Registered Retirement Savings Plan

### LFFA 5182 Employees

Employees of the City who are members of the LFFA 5182 Union participate in an employee retirement plan 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 members earnings. Benefits are based on accumulated contributions and investment earnings. Under the RRSP plan, the City's obligations are limited to its contributions.

Effective January 1, 2021, the LFFA 5182 collective agreement required that both members and employee contributions be made at 8% of the members earnings.

### Out of Scope Employees

Out of Scope employees of the City (not members of either the LFFA 5182 or CUPE 1015 union) participate in an employee retirement plan defined by the City and administered by Manulife. For these members, the plan is funded by member and employer contributions at rates ranging from 5-9%. Benefits are based on accumulated contributions and investment earnings. Under the RRSP plan, the City's obligations are limited to its contributions.

Effective January 1, 2021, the City offered certain members the option of matching contributions at either 5% or 7%, the majority of members elected to contribute at 7%.

### Plan Contributions

The Manulife Financial Registered Retirement Savings Plan details are below for both LFFA 5182 and Out of Scope Employees. The amounts reported represent mandatory contributions. Members can make voluntary contributions that are unmatched by the City.

	<b>2021</b>	<i>(restated)</i> <b>2020</b>
Number of Active City Members	118	124
Member Contributions for the Year	\$699,725	\$490,514
City Contributions for the Year	\$699,725	\$490,514

## 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 2.96% 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 44.57% 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 Functional 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:

	<b>2021</b>	<b>2020</b>
Estimated Closure and Post-Closure Costs – Present Value	\$3,990,475	\$3,766,810
Estimated Capacity Used	44.57%	38.72%
<b>Amount Accrued at December 31</b>	<b><u>\$1,778,366</u></b>	<b><u>\$1,458,606</u></b>

## 12. Liability for Contaminated Sites

As of December 31, 2021, 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 \$343,281 (2020 - \$336,550).

### 13. Long Term Debt

	2021	2020
Tax Supported Debentures	\$27,385,470	\$25,263,370
Self Supported Debentures	6,147,617	6,811,312
	<u><b>\$33,533,087</b></u>	<u><b>\$32,074,682</b></u>

The current portion of long-term debt amounts to \$2,783,025 (2020 - \$2,341,595).

Principal and interest repayments are as follows:

	Principal	Interest	Total
2022	\$2,783,025	\$922,768	\$3,705,793
2023	2,857,020	848,773	3,705,793
2024	2,933,061	772,732	3,705,793
2025	3,011,204	694,589	3,705,793
2026	2,839,351	614,458	3,453,809
Thereafter	19,109,426	2,479,673	21,589,099
	<u><b>\$33,533,087</b></u>	<u><b>\$6,332,993</b></u>	<u><b>\$39,866,080</b></u>

Debenture debt is repayable to Alberta Treasury Board and Finance and bears interest at rates ranging from 1.67% to 3.27% per annum and matures in periods September 2025 through December 2041.

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

Principal repaid on long term debt amounts to \$2,341,595 (2020 - \$2,279,125). Interest paid on long term debt amounts to \$873,475 (2020 - \$914,888).

#### 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:

	<b>2021</b>	<i>(restated)</i> <b>2020</b>
Total Debt Limit	\$133,456,619	\$121,958,426
Total Debt	(33,533,087)	(32,074,682)
<b>Debt Limit Unused</b>	<b><u>\$99,923,532</u></b>	<b><u>\$89,883,744</u></b>
Debt Servicing Limit	\$22,242,770	\$20,326,404
Debt Servicing	(3,705,793)	(3,222,296)
<b>Debt Servicing Unused</b>	<b><u>\$18,536,977</u></b>	<b><u>\$17,104,108</u></b>

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

	<b>2021</b>	<b>2020</b>
Tangible Capital Assets (Schedule 2)	\$845,886,173	\$798,672,058
Accumulated Amortization (Schedule 2)	(334,350,184)	(314,693,986)
Long-Term Debt (Note 13)	(33,533,087)	(32,074,682)
	<b><u>\$478,002,902</u></b>	<b><u>\$451,903,390</u></b>

## 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, and cultural centers.

## 17. Accumulated Surplus

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

		<i>(restated)</i>
	<b>2021</b>	<b>2020</b>
Unrestricted Surplus	\$37,473,846	\$32,880,744
Unrestricted Reserves	54,581,818	44,507,054
Restricted Reserves	13,674,269	12,451,205
Equity in Tangible Capital Assets (Note 15)	478,002,902	451,903,390
	<u><b>\$583,732,835</b></u>	<u><b>\$541,742,393</b></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 a 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 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>		
	<b>Budget</b>	<b>2021</b>	<b>2020</b>
<b>Power Utility</b>			
ATCO Electric	\$3,213,381	\$3,161,604	\$3,056,403
SaskPower	598,319	573,995	567,077
	<u><b>\$3,811,700</b></u>	<u><b>\$3,735,599</b></u>	<u><b>\$3,623,480</b></u>
<b>Gas Utility</b>			
ATCO Gas	<b>\$2,319,052</b>	<b>\$2,217,564</b>	<b>\$2,159,271</b>
	<u><b>\$6,130,752</b></u>	<u><b>\$5,953,163</b></u>	<u><b>\$5,782,751</b></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:

	<b>2021</b>
2022	\$458,129
2023	462,094
2024	466,060
2025	470,191
2026	474,405
Thereafter	2,149,094
	<u><u><b>\$4,479,973</b></u></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

### Reclassifications

Certain 2020 comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year. Significant reclassifications are summarized below.

#### Reclassification 1:

The consolidated financial statements for 2021 have been adjusted to reflect updated accounting estimates in regards to specific grant fund revenue recognition.

As a result of this adjustment, certain 2020 comparative figures have been reclassified. The following schedule details the nature and amount of the reclassification:

Accounts Receivable	\$697,817
Deferred Revenue	(\$697,817)

### Restatements

Certain 2020 comparative figures have been restated to account for updated accounting estimates. These adjustments are summarized below.

#### Restatement 1:

The consolidated financial statements for 2021 have been adjusted to reflect updated accounting estimates in regards to the employee benefit obligation related to sick pay for the Lloydminster Public Library employees.

As a result of this adjustment, the 2020 comparative figures have been restated. The following schedule details the nature and amount of the restatement:

Employee Benefit Obligations (2019)	\$36,585
Accumulated Surplus (2019)	(\$36,585)
Employee Benefit Obligations (2020)	\$30,161
Accumulated Surplus (2020)	(\$30,161)

These adjustments decrease accumulated surplus in 2020 by \$66,746.

#### Restatement 2:

The consolidated financial statements for 2021 have been adjusted to reflect updated accounting estimates related to accrued interest receivable.

As a result of this adjustment, the 2020 comparative figures have been restated. The following schedule details the nature and amount of the restatement:

Accounts Receivable	\$110,863
Investment Income	(\$110,863)

This adjustment decreases accumulated surplus for 2020 by \$110,863.



### **23. Contingent Liabilities**

The Government of Canada signed the first collective agreement with the National Police Federation (NPF) on August 6, 2021. The NPF is the sole certified bargaining agent for regular members and reservists of the Royal Canadian Mounted Police (RCMP) below the rank of Inspector.

Retroactive pay was included as part of the new collective agreement. The City will be invoiced for the applicable cost-sharing ratio of the retroactive pay as per the Municipal Police Service Agreement with the Government of Canada.

The specific amounts associated with the retroactive pay rates identified in the new collective agreement will be finalized midway through the Government of Canada's fiscal year 2022-2023. The Government of Canada has conducted a preliminary validation of costs; however, the City's future obligation is undetermined as at the financial statement date.

### **24. 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. Subsequently, the City's State of Local Emergency was terminated effective February 28, 2022.

The City has shown signs of recovery from the negative impacts of the Covid-19 pandemic. Throughout 2021, as the number of severe outcomes decreased, the provinces gradually eased restrictions by reopening facilities and hosting events.

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 2021. The City has shown signs of economic recovery and financial improvements compared to prior year and budget. Although the Covid-19 situation remains dynamic, the City continues to monitor the financial impact and plans accordingly.

### **25. Subsequent Events**

Subsequent to the financial statement date and before the date of completion, the City and the education requisitioning authorities entered into a new agreement whereby the collection of funds by the municipality for school boards will be paid based on an annual payment schedule rather than in the month following the collection.

### **26. Approval of the Financial Statements**

Council and Management have approved these consolidated financial statements.