

**CITY OF LLOYDMINSTER**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

**CITY OF LLOYDMINSTER**

**2017**

**MAYOR**

Gerald Aalbers

**COUNCILORS**

Ken Baker

Stephanie Brown Munro

Aaron Buckingham

Michael Diachuk

Glenn Fagnan

Jonathon Torresan

**CITY MANAGER**

Dion Pollard

**AUDITORS**

Wilkinson Livingston Stevens LLP

**CITY OF LLOYDMINSTER**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

<b>INDEX</b>	<b>PAGE</b>
Independent auditor's report	2
Consolidated statement of financial position	3
Consolidated statement of operations and accumulated surplus	4
Consolidated statement of cash flows	5
Consolidated statement of remeasurement gains and losses	6
Consolidated statement of change in net financial assets	7
Consolidated schedule of tangible capital assets	8
Consolidated schedule of property and other taxes	9
Consolidated schedule of government transfers	10
Consolidated schedule of segment disclosures	11 - 12
Notes to the consolidated financial statements	13 - 27

## INDEPENDENT AUDITOR'S REPORT

To the Mayor and Councilors of the City of Lloydminster

We have audited the accompanying financial statements of the City of Lloydminster, which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statements of operations and accumulated surplus, remeasurement gains and losses, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the City of Lloydminster as at December 31, 2017, the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Lloydminster, Alberta  
June 25, 2018

Chartered Accountants

**CITY OF LLOYDMINSTER**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2017**

	2017	2016
<b>Financial Assets</b>		
Cash and temporary investments (Note 3)	46,560,818	25,300,106
Receivables		
Taxes and grants in lieu of taxes (Note 4)	1,806,009	1,682,405
Trade and other receivables (Note 4)	8,135,875	8,913,587
Land and inventories for resale (Note 5)	17,532,992	18,731,349
Investments (Note 6)	<u>5,197,088</u>	<u>5,116,845</u>
	<u>79,232,782</u>	<u>59,744,292</u>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	10,699,739	6,213,346
Deposit liabilities	708,139	663,450
Deferred revenue (Note 7)	8,354,953	2,010,013
Employee benefit obligations (Note 8)	1,286,190	1,417,334
Provision for landfill closure and post-closure costs (Note 11)	1,074,490	946,467
Long-term debt (Note 12)	37,231,425	39,333,193
Obligations under capital lease (Note 13)	39,090	73,355
Liability for contaminated sites (Note 14)	<u>305,824</u>	<u>-</u>
	<u>59,699,850</u>	<u>50,657,158</u>
<b>Net Financial Assets (Page 7)</b>	<u>19,532,932</u>	<u>9,087,134</u>
<b>Non-Financial Assets</b>		
Inventory for consumption	681,967	552,154
Prepaid expenses	324,140	492,640
Tangible capital assets (Schedule 1)	<u>472,434,844</u>	<u>475,834,342</u>
	<u>473,440,951</u>	<u>476,879,136</u>
<b>Accumulated Surplus</b>	<u>\$492,973,883</u>	<u>\$485,966,270</u>
Represented by:		
Surplus	466,735,750	466,365,751
Internal reserve funds (Note 19)	21,601,667	15,897,593
Restricted reserve funds (Note 20)	<u>4,636,466</u>	<u>3,706,926</u>
Accumulated surplus from operations (Page 4) (Note 17)	492,973,883	485,970,270
Accumulated remeasurement gains (losses) (Page 6)	<u>-</u>	<u>(4,000)</u>
	<u>\$492,973,883</u>	<u>\$485,966,270</u>
<b>Contingent Liability (Note 22)</b>		

Approved On Behalf Of Council

Mayor 

Deputy Mayor 

**CITY OF LLOYDMINSTER**

**CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS  
YEAR ENDED DECEMBER 31, 2017**

	<b>Budget (Unaudited)</b>	<b>2017</b>	<b>2016</b>
<b>Revenue</b>			
Net municipal taxes (Schedule 2)	28,638,915	<b>28,536,232</b>	27,585,043
User fees and sales of goods	36,730,008	<b>35,476,991</b>	31,256,511
Government transfers (Schedule 3)	9,863,303	<b>7,165,724</b>	10,584,673
Investment income	238,200	<b>601,478</b>	282,548
Penalties and costs of taxes	2,294,700	<b>1,895,864</b>	2,239,033
Development levies	-	<b>189,398</b>	-
Licenses and permits	1,195,000	<b>410,558</b>	379,117
Third party developer capital contributions-in-kind	-	<b>4,588,216</b>	17,459,211
Franchise and concession contracts	5,648,135	<b>5,930,878</b>	5,509,401
Gain (loss) on disposal of tangible capital assets	-	<b>188,857</b>	288,088
Donations	83,000	<b>170,079</b>	173,951
Other	<u>23,900</u>	<u><b>670</b></u>	<u>2,626</u>
	<u>84,715,161</u>	<u><b>85,154,945</b></u>	<u>95,760,202</u>
<b>Expenditures</b>			
Legislative	1,452,163	<b>1,359,305</b>	864,021
Administration	10,999,109	<b>13,331,213</b>	12,275,776
Bylaws enforcement	12,385,409	<b>11,645,117</b>	11,664,211
Roads, streets, walks, lighting	14,597,694	<b>13,107,516</b>	11,721,930
Water supply and distribution	7,858,912	<b>7,483,896</b>	7,474,689
Wastewater treatment and disposal	4,989,536	<b>5,170,797</b>	4,734,814
Waste management	3,353,084	<b>2,972,951</b>	3,601,501
Family and community support	4,533,997	<b>3,824,925</b>	3,601,700
Land use planning, zoning and development	1,359,470	<b>925,373</b>	1,794,600
Subdivision land development	1,196,758	<b>1,530,148</b>	673,605
Parks and recreation	14,039,973	<b>13,295,338</b>	14,500,359
Culture	<u>3,494,209</u>	<u><b>3,504,753</b></u>	<u>3,718,774</u>
	<u>80,260,314</u>	<u><b>78,151,332</b></u>	<u>76,625,980</u>
<b>Excess (Deficit) Of Revenue Over Expenditures</b>	\$ <u>4,454,847</u>	<b>7,003,613</b>	19,134,222
Accumulated Surplus from Operations, Beginning of Year		<u><b>485,970,270</b></u>	<u>466,836,048</u>
<b>Accumulated Surplus from Operations, End of Year</b>		<u><b>\$492,973,883</b></u>	<u>\$485,970,270</u>

**CITY OF LLOYDMINSTER**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2017**

	<b>2017</b>	<b>2016</b>
<b>Cash Provided By (Used In):</b>		
<b>Operating Activities</b>		
Excess (deficiency) of revenues over expenditures	7,003,613	19,134,222
Amortization	21,063,640	20,359,445
Gain on sale of tangible capital assets	(188,857)	(288,088)
Contributed tangible capital assets	(4,588,216)	(17,363,285)
Unrealized gain on investments	4,000	-
Net change in non-cash operating working capital balances		
Decrease (increase) in taxes and grants in lieu of taxes	(123,604)	(255,178)
Decrease (increase) in trade and other receivables	777,712	(3,554,222)
Decrease (increase) in land and inventories for resale	1,198,357	1,662,691
Decrease (increase) in investments	(80,243)	4,793,172
Decrease (increase) in inventory for consumption	(129,813)	143,500
Decrease (increase) in prepaid expenses	168,500	93,340
Increase (decrease) in accounts payable and accrued liabilities	4,486,393	(1,358,200)
Increase (decrease) in deposit liabilities	44,689	(113,145)
Increase (decrease) in deferred revenue	6,344,940	401,916
Increase (decrease) in employee benefit obligations	(131,144)	(459,319)
Increase (decrease) in provision for landfill closure and post-closure costs	128,023	80,108
Increase (decrease) in liability for contaminated sites	<u>305,824</u>	<u>-</u>
	<u><b>36,283,814</b></u>	<u><b>23,276,957</b></u>
<b>Capital Activities</b>		
Acquisition of tangible capital assets	(13,224,374)	(15,407,836)
Proceeds on disposal of tangible capital assets	<u>337,305</u>	<u>376,415</u>
	<u><b>(12,887,069)</b></u>	<u><b>(15,031,421)</b></u>
<b>Investing Activities</b>		
Temporary investments	(2,090,000)	(7,794,000)
Decrease (increase) restricted cash and cash equivalents	<u>(6,798,538)</u>	<u>(1,525,125)</u>
	<u><b>(8,888,538)</b></u>	<u><b>(9,319,125)</b></u>
<b>Financing Activities</b>		
Long-term debt advanced (repaid)	(2,101,768)	5,344,939
Obligations under capital lease advanced (repaid)	<u>(34,265)</u>	<u>(31,481)</u>
	<u><b>(2,136,033)</b></u>	<u><b>5,313,458</b></u>
<b>Change in cash and cash equivalents during the year</b>	<b>12,372,174</b>	<b>4,239,869</b>
Cash and Cash Equivalents, Beginning of Year	<u><b>8,344,270</b></u>	<u><b>4,104,401</b></u>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ <u>20,716,444</u></b>	<b>\$ <u>8,344,270</u></b>
<b>Cash and cash equivalents is made up of:</b>		
Cash (Note 3)	31,470,818	12,300,106
Less: restricted portion of cash (Note 3)	<u>(10,754,374)</u>	<u>(3,955,836)</u>
	<b>\$ <u>20,716,444</u></b>	<b>\$ <u>8,344,270</u></b>

CITY OF LLOYDMINSTER

CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES  
DECEMBER 31, 2017

	2017	2016
<b>Accumulated Remeasurement Gains (Losses), Beginning of Year</b>	<b>(4,000)</b>	(210,000)
Unrealized gains (losses) on investments	<u>4,000</u>	<u>206,000</u>
<b>Accumulated Remeasurement Gains (Losses), End Of Year</b>	<b><u>\$ -</u></b>	<b><u>\$ (4,000)</u></b>



CITY OF LLOYDMINSTER

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS  
YEAR ENDED DECEMBER 31, 2017

	2017	2016
<b>Excess Of Revenue Over Expenditures</b>	<b>7,003,613</b>	19,134,222
Amortization of tangible capital assets	<b>21,063,640</b>	20,359,445
Proceeds on disposal of tangible capital assets	<b>337,305</b>	376,415
Change in inventories and prepaid expenses	<b>38,687</b>	236,840
(Gain) loss on sale of tangible capital assets	<b>(188,857)</b>	(288,088)
Acquisition of tangible capital assets	<b><u>(17,812,590)</u></b>	<b><u>(32,771,121)</u></b>
	<b>10,441,798</b>	7,047,713
Net remeasurement gains (losses)	<b><u>4,000</u></b>	<u>206,000</u>
<b>Increase (Decrease) in Net Financial Assets</b>	<b>10,445,798</b>	7,253,713
Net Financial Assets, Beginning Of Year	<b><u>9,087,134</u></b>	<u>1,833,421</u>
<b>Net Financial Assets, End Of Year</b>	<b>\$ <u>19,532,932</u></b>	<b>\$ <u>9,087,134</u></b>

**CITY OF LLOYDMINSTER**

**CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS  
YEAR ENDED DECEMBER 31, 2017  
(SCHEDULE 1)**

	Land		Buildings	Machinery &	Engineering	Work in	Total	Total
	Land	Improvements		Equipment	Structures	Progress	2017	2016
<b>Cost</b>								
Balance, beginning of year	25,024,977	2,498,527	155,966,629	52,812,069	475,505,107	228,097	<b>712,035,406</b>	680,674,700
Additions	1,668,278	1,413,553	1,122,671	3,170,634	10,092,282	345,172	<b>17,812,590</b>	32,771,121
Disposals	-	-	(216,207)	(173,470)	-	-	<b>(389,677)</b>	(1,410,415)
Transfers	-	-	26,494	6,080	750	(33,324)	-	-
Balance, end of year	<u>26,693,255</u>	<u>3,912,080</u>	<u>156,899,587</u>	<u>55,815,313</u>	<u>485,598,139</u>	<u>539,945</u>	<b><u>729,458,319</u></b>	<u>712,035,406</u>
<b>Accumulated Amortization</b>								
Balance, beginning of year	-	81,378	45,881,319	30,612,073	159,626,294	-	<b>236,201,064</b>	217,163,707
Amortization	-	103,326	3,913,272	5,538,829	11,508,213	-	<b>21,063,640</b>	20,359,445
Accumulated amortization on disposals	-	-	(109,051)	(132,178)	-	-	<b>(241,229)</b>	(1,322,088)
Balance, end of year	<u>-</u>	<u>184,704</u>	<u>49,685,540</u>	<u>36,018,724</u>	<u>171,134,507</u>	<u>-</u>	<b><u>257,023,475</u></b>	<u>236,201,064</u>
<b>Net Book Value of Tangible Capital Assets</b>	<u>\$ 26,693,255</u>	<u>\$ 3,727,376</u>	<u>\$ 107,214,047</u>	<u>\$ 19,796,589</u>	<u>\$ 314,463,632</u>	<u>\$ 539,945</u>	<b><u>\$ 472,434,844</u></b>	<u>\$ 475,834,342</u>

CITY OF LLOYDMINSTER

CONSOLIDATED SCHEDULE OF PROPERTY AND OTHER TAXES  
 YEAR ENDED DECEMBER 31, 2017  
 (SCHEDULE 2)

	Budget (Unaudited)	2017	2016
<b>Taxation</b>			
Real property taxes	44,828,897	<b>44,975,604</b>	43,264,401
Government grants in lieu of property taxes	149,000	<b>114,764</b>	252,359
Special assessments and local improvement	<u>59,957</u>	<u><b>59,957</b></u>	<u>48,409</u>
	<u>45,037,854</u>	<u><b>45,150,325</b></u>	<u>43,565,169</u>
<b>Requisitions</b>			
Lloydminster Public School Division	12,922,166	<b>13,097,694</b>	12,493,530
Lloydminster Separate School Division	<u>3,476,773</u>	<u><b>3,516,399</b></u>	<u>3,486,596</u>
	<u>16,398,939</u>	<u><b>16,614,093</b></u>	<u>15,980,126</u>
<b>Net Municipal Taxes</b>	\$ <u>28,638,915</u>	\$ <u><b>28,536,232</b></u>	\$ <u>27,585,043</u>

**CITY OF LLOYDMINSTER**  
**CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS**  
**YEAR ENDED DECEMBER 31, 2017**  
**(SCHEDULE 3)**

	Budget (Unaudited)	2017	2016
<b>Federal</b>			
Shared-cost agreements and grants	<u>28,140</u>	<u><b>67,611</b></u>	<u>27,004</u>
<b>Provincial</b>			
Shared-cost agreements and grants -Alberta	6,845,846	<b>3,878,737</b>	7,274,037
Shared-cost agreements and grants -Saskatchewan	<u>2,686,776</u>	<u><b>2,902,135</b></u>	<u>2,892,045</u>
	<u>9,532,622</u>	<u><b>6,780,872</b></u>	<u>10,166,082</u>
<b>Local</b>			
Shared-cost agreements and grants	<u>302,541</u>	<u><b>317,241</b></u>	<u>391,587</u>
	<u>\$ 9,863,303</u>	<u>\$ <b>7,165,724</b></u>	<u>\$ 10,584,673</u>

CITY OF LLOYDMINSTER

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURES  
YEAR ENDED DECEMBER 31, 2017  
(SCHEDULE 4)

For the year ended December 31, 2017 (in thousands)

	Administration	General Municipal	Recreation & Culture	Planning & Engineering	Utilities	Protective Services	Transportation	Land Development	Total
<b>Revenue</b>									
Net municipal taxes	28,536	-	-	-	-	-	-	-	28,536
User fees and sales of goods	779	3	6,482	7	23,321	150	597	4,138	35,477
Government transfers	5,376	-	1,001	1	-	736	52	-	7,166
Investment income	592	-	9	-	-	-	-	-	601
Penalties and costs of taxes	-	230	-	-	-	1,665	-	-	1,895
Development levies	-	-	-	-	-	-	-	189	189
Licenses and permits	-	-	-	301	-	10	100	-	411
Third party developer contributions	-	-	-	-	-	-	-	4,588	4,588
Franchise & concession contracts	5,931	-	-	-	-	-	-	-	5,931
Gain (loss) on disposal of capital assets	189	-	-	-	-	-	-	-	189
Donations	119	-	51	-	-	-	-	-	170
Other	(1)	-	3	-	-	-	-	-	2
	<u>41,521</u>	<u>233</u>	<u>7,546</u>	<u>309</u>	<u>23,321</u>	<u>2,561</u>	<u>749</u>	<u>8,915</u>	<u>85,155</u>
<b>Expenditures</b>									
Salaries, wages and benefits	7,125	634	7,917	1,295	2,928	2,860	2,389	202	25,350
Contracted and general services	2,211	1,037	2,985	570	2,806	8,710	(356)	111	18,074
Materials, goods and utilities	619	5	3,471	39	2,463	249	4,009	1,201	12,056
Transfers to local boards or agencies	-	-	422	-	-	-	-	-	422
Bank charges	45	-	57	-	-	-	-	-	102
Interest on long term debt	685	-	31	-	219	-	148	-	1,083
Amortization	2,134	-	3,042	133	7,212	871	7,656	16	21,064
	<u>12,819</u>	<u>1,676</u>	<u>17,925</u>	<u>2,037</u>	<u>15,628</u>	<u>12,690</u>	<u>13,846</u>	<u>1,530</u>	<u>78,151</u>
<b>Excess (Deficiency) of Revenue Over Expenditures</b>	<u>\$ 28,702</u>	<u>\$ (1,443)</u>	<u>\$ (10,379)</u>	<u>\$ (1,728)</u>	<u>\$ 7,693</u>	<u>\$ (10,129)</u>	<u>\$ (13,097)</u>	<u>\$ 7,385</u>	<u>\$ 7,004</u>

CITY OF LLOYDMINSTER

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURES  
YEAR ENDED DECEMBER 31, 2017  
(SCHEDULE 4)

For the year ended December 31, 2016 (in thousands)

	Administration	General Municipal	Recreation & Culture	Planning & Engineering	Utilities	Protective Services	Transportation	Land Development	Total
<b>Revenue</b>									
Net municipal taxes	27,585	-	-	-	-	-	-	-	27,585
User fees and sales of goods	807	17	6,468	-	21,409	128	477	1,950	31,256
Government transfers	8,772	-	1,036	-	-	720	57	-	10,585
Investment income	274	-	9	-	-	-	-	-	283
Penalties and costs of taxes	-	261	-	-	-	1,978	-	-	2,239
Licenses and permits	-	-	-	298	-	5	76	-	379
Third party developer contributions	-	-	-	-	-	-	-	17,459	17,459
Franchise & concession contracts	5,509	-	-	-	-	-	-	-	5,509
Gain (loss) on disposal of capital assets	289	-	(1)	-	-	-	-	-	288
Donations	87	-	86	-	-	-	-	-	173
Other	-	-	4	-	-	-	-	-	4
	<u>43,323</u>	<u>278</u>	<u>7,602</u>	<u>298</u>	<u>21,409</u>	<u>2,831</u>	<u>610</u>	<u>19,409</u>	<u>95,760</u>
<b>Expenditures</b>									
Salaries, wages and benefits	6,236	699	8,925	1,563	3,030	2,729	2,306	107	25,595
Contracted and general services	1,740	450	3,275	886	3,130	8,590	(2,330)	124	15,865
Materials, goods and utilities	575	3	4,041	113	2,904	307	4,705	432	13,080
Transfers to local boards or agencies	-	-	(27)	625	-	-	-	-	598
Bank charges	43	-	55	-	-	-	-	-	98
Interest on long term debt	720	-	28	-	129	-	155	-	1,032
Amortization	2,016	-	3,037	151	6,894	889	7,361	10	20,358
	<u>11,330</u>	<u>1,152</u>	<u>19,334</u>	<u>3,338</u>	<u>16,087</u>	<u>12,515</u>	<u>12,197</u>	<u>673</u>	<u>76,626</u>
<b>Excess (Deficiency) of Revenue Over Expenditures</b>	<b>\$ <u>31,993</u></b>	<b>\$ <u>(874)</u></b>	<b>\$ <u>(11,732)</u></b>	<b>\$ <u>(3,040)</u></b>	<b>\$ <u>5,322</u></b>	<b>\$ <u>(9,684)</u></b>	<b>\$ <u>(11,587)</u></b>	<b>\$ <u>18,736</u></b>	<b>\$ <u>19,134</u></b>

## CITY OF LLOYDMINSTER

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2017

#### 1. Significant Accounting Policies

The consolidated financial statements of the City of Lloydminster (the "City") are the representations of management prepared in accordance with Canadian public sector accounting standards. The significant accounting policies are summarized as follows:

##### a) Reporting Entity

The consolidated financial statements include the assets, liabilities, revenues, expenses, changes in accumulated surplus, changes in net financial assets (debt) and cash flows of the reporting entity. The reporting entity is comprised of all organizations and enterprises which are controlled by the City, which include the following:

Vic Juba Community Theatre Board

Lloydminster Public Library

The Lloydminster Downtown Business Improvement District

Lloydminster Facilities Corporation

The schedule of taxes levied includes operating requisitions for the Public and Catholic School Boards that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

##### b) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions on such areas as allowance for doubtful accounts, employee benefits, environmental provisions and estimated useful lives of assets. These estimates and assumptions are based on the City's best information and judgment and may differ significantly from actual results.

##### c) 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 in the period the goods and services are acquired and a liability is incurred or transfers are due, with the exception of pension expenditures as disclosed in 1(d).

##### 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) Investments

Investments are recorded in accordance with its policy for financial instruments, as described in Note 1 (p).

**CITY OF LLOYDMINSTER**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

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

**f) Inventories**

Inventories of materials and supplies for consumption and inventories for resale are valued at the lower of cost or net realizable value with cost determined by the average cost method.

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.

**g) 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. Government contributions for the acquisition of capital assets are reported as revenue and do not reduce the related capital asset costs. The cost, less residual value, of the tangible capital assets are 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 acquisition. Assets under construction are not amortized until the asset is available for productive use.

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

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of such lease. Assets recorded under capital leases are amortized on the same straight-line method described above.

**h) Local Improvement Charges**

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectible from property owners for work performed by the City.

Where a taxpayer has elected to prepay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight line basis over the remaining term of the related borrowings.

In the event that the prepaid amounts are applied against the related borrowings, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.



**CITY OF LLOYDMINSTER**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

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

**i) Reserves for Future Expenditures**

Reserves are established at the discretion of Council to set aside funds for future operating and capital expenditures. Reserves represent a component of the Accumulated Surplus.

**j) Over-Levies and Under-Levies**

Over-levies and under-levies arise from the difference between the actual levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property taxes.

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

**k) Developers' Levies**

Developers' levies are estimated using the rates established by bylaw at the time of the agreement. Although there is an external restriction on funds received via legislation and/or agreement, the City does not have the future planning information required to determine an appropriate deferral. The levies are taken into income as they are received or become receivable.

**l) Deferred Revenue**

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used in the conduct of 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.

**m) Revenue Recognition**

Revenues are recorded on the accrual basis. Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues, provided the amount to be received can be reasonably estimated and collection is reasonably assured.

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.

Property tax revenues are based on market value assessments and tax mill rates determined annually. Taxation revenues are recorded at the time tax billings are issued. Assessments are subject to appeal.

## CITY OF LLOYDMINSTER

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2017

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

##### n) Landfill Closure and Post-Closure Liability

Environmental law requires closure and post-closure care of solid waste landfill sites. Closure care includes final covering and landscaping of the landfill and implementation of drainage and gas management plans. Post-closure care requirements include cap maintenance, groundwater monitoring, gas management system operations, inspections and annual reports. This requirement is being provided for over the estimated remaining life of the landfill site based on usage.

##### o) 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.

##### p) Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost adjusted by transaction costs, which are amortized over the expected life of this instrument.

#### 2. 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.

##### Interest rate risk

Interest rate risk is the risk to the City's earnings that arise from fluctuations in interest rates and the degree of volatility of these rates. See Notes 3, 6 and 12.

##### Credit risk

The City is exposed to credit risk on receivables from taxpayers and customers. In order to reduce its credit risk, the City reviews credit limits on a regular basis. Concentration of credit risk is limited due to the diverse customer base covered by the City's operations.

##### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The City is exposed to this risk mainly in respect of funds from its customers, accounts payable, and long term debt.

**CITY OF LLOYDMINSTER**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**3. Cash and Temporary Investments**

	<b>2017</b>	<b>2016</b>
Cash	<b>31,470,818</b>	12,300,106
Temporary investments	<u><b>15,090,000</b></u>	<u>13,000,000</u>
	<b>\$ 46,560,818</b>	<b>\$ 25,300,106</b>

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 cash and temporary investments are restricted monies totaling \$10,754,374 (2016 - \$3,955,836) 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 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. This credit facility is secured by all book accounts and book debt. The balance drawn on the revolving loan at December 31, 2017 was \$0 (2016 - \$0).

**4. Receivables**

	<b>2017</b>	<b>2016</b>
Current taxes and grants in lieu of taxes	<b>1,265,480</b>	1,616,329
Arrears taxes receivable	<u><b>540,529</b></u>	<u>66,076</u>
	<u><b>1,806,009</b></u>	<u>1,682,405</u>
Trade accounts receivable	<b>8,298,730</b>	9,094,076
Less: allowance for doubtful accounts	<u><b>162,855</b></u>	<u>180,489</u>
	<u><b>8,135,875</b></u>	<u>8,913,587</u>
	<b>\$ 9,941,884</b>	<b>\$ 10,595,992</b>

**5. Land and Inventories for Resale**

	<b>2017</b>	<b>2016</b>
Residential:		
Land being developed	<b>2,732,669</b>	2,705,306
Available for sale	<u><b>3,533,961</b></u>	<u>3,751,018</u>
	<b>6,266,630</b>	6,456,324
Commercial:		
Land being developed	<b>62,418</b>	2,867,525
Available for sale	<u><b>5,670,896</b></u>	<u>3,869,164</u>
	<b>5,733,314</b>	6,736,689
Raw land held for future development	<b>5,495,112</b>	5,495,112
Gift shop inventory	<u><b>37,936</b></u>	<u>43,224</u>
	<b>\$ 17,532,992</b>	<b>\$ 18,731,349</b>

**CITY OF LLOYDMINSTER**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**6. Investments**

	<b>2017</b>		<b>2016</b>	
	<b>Cost</b>	<b>Market Value</b>	<b>Cost</b>	<b>Market Value</b>
Equity shares	<b>42,088</b>	<b>42,088</b>	40,845	40,845
Notes and deposits	<u><b>5,155,000</b></u>	<u><b>5,155,000</b></u>	<u>5,080,000</u>	<u>5,076,000</u>
	<u><b>\$ 5,197,088</b></u>	<u><b>\$ 5,197,088</b></u>	<u>\$ 5,120,845</u>	<u>\$ 5,116,845</u>

Equity shares include equity common shares of local credit unions and co-operatives carried at cost.

Notes and deposits have an effective interest rate of 2.12% with a maturity date of July 18, 2019. Notes and deposits are carried at the lower of cost and market value in accordance with the City's policy for financial instruments, as described in Note 1(p).

**7. Deferred Revenue**

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

	<b>2017</b>	<b>2016</b>
Alberta - Family and Community Support Services Grant	-	11,392
Alberta - Municipal Sustainability Initiative - Capital	<b>3,584,787</b>	-
Alberta - Resilience Grant	<b>2,681,640</b>	-
Other grants	<b>5,500</b>	316,377
Prepaid taxes	<b>1,452,039</b>	1,121,492
Prepaid licenses, rental and utilities	<b>507,716</b>	448,579
Gift certificates	<b>119,119</b>	106,673
Other	<u><b>4,152</b></u>	<u>5,500</u>
	<u><b>\$ 8,354,953</b></u>	<u>\$ 2,010,013</u>

CITY OF LLOYDMINSTER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017

8. Employee Benefit Obligations

	2017	2016
Regular payroll	459,103	548,124
Vacation	347,476	439,213
Post-employment benefits	<u>479,611</u>	<u>429,997</u>
	<u>\$ 1,286,190</u>	<u>\$ 1,417,334</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 (and are vested) or are entitled to these benefits within the next budgetary years.

**Post-employment benefits**

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. If not utilized during their employment term, the employee is entitled to a cash payment upon retirement based on one-half of the accumulated credit.

The City has not obtained an actuarial accounting valuation for the sick leave benefit plan. The maximum accumulated sick leave liability is \$3,057,178 (2016 - \$2,694,550). The City does not expect to have to pay the full amount and has accrued only a portion of the total liability.

**CITY OF LLOYDMINSTER**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**9. Council remuneration**

The Lloydminster Charter requires the disclosure of salaries and benefits for municipal officers, the chief administrative officer and designated officers to follow Alberta Regulation 313/2000 and is as follows:

	<b>Salaries (a)</b>	<b>Benefits &amp; Allowances (b)</b>	<b>2017</b>	<b>2016</b>
<b>Mayor</b>				
Gerald Aalbers	93,590	12,780	<b>106,370</b>	14,585
Rob Saunders	-	-	-	94,876
<b>Councillors</b>				
Ken Baker	35,395	1,600	<b>36,995</b>	34,831
Stephanie Brown Munro	37,195	1,600	<b>38,795</b>	6,085
Aaron Buckingham	36,595	1,600	<b>38,195</b>	5,885
Lachlan Cummine	-	-	-	28,161
Michael Diachuk	36,395	1,691	<b>38,086</b>	5,893
Glen Fagnan	37,462	1,691	<b>39,153</b>	5,893
Linnea Goodhand	-	-	-	28,561
Chris McQuid	-	-	-	29,069
Larry Sauer	-	-	-	30,362
Jonathon Torresan	36,595	1,600	<b>38,195</b>	5,885
Jason Whiting	-	-	-	29,543
<b>City Manager</b>				
Glenn Carroll	99,404	7,006	<b>106,410</b>	218,085
J.R McDonald & Associates Inc.	140,890	18,058	<b>158,948</b>	-
Dion Pollard	28,461	2,939	<b>31,400</b>	-
	<u>\$ 581,982</u>	<u>\$ 50,565</u>	<u>\$ 632,547</u>	<u>\$ 537,714</u>

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

(b) Benefits and allowances (b) above include employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships, tuition and car allowances.

**CITY OF LLOYDMINSTER**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**10. Defined Contribution Plan**

The Manulife Financial Pension Plan is funded by 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:

	<b>2017</b>	<b>2016</b>
Number of active City members	<b>206</b>	208
Member contribution rate (percentage of salary)	<b>5.00 %</b>	5.00 %
City contribution rate (percentage of salary)	<b>5.00 %</b>	5.00 %
Member contributions for the year	<b>\$ 574,177</b>	\$ 570,572
City contributions	<b>\$ 557,931</b>	\$ 549,744

**11. Landfill Closure and Post-Closure Liability**

The estimated total liability is based on the sum of discounted future cash flows for closure and post-closure activities for 25 years after closure using a discount rate of 3.32% 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 2006 Functional Landfill Study prepared by an independent consultant, management estimates that 16.36% of the total Phase 1 capacity has been utilized. The Phase 1 site is expected to reach capacity in approximately the year 2046.

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>2017</b>	<b>2016</b>
Estimated closure and post-closure costs, present value	<b>\$ 6,569,691</b>	\$ 6,373,536
Estimated capacity used	<b>16.36 %</b>	14.85 %
Amount accrued to December 31, 2017	<b>\$ 1,074,490</b>	\$ 946,467

**CITY OF LLOYDMINSTER**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**12. Long Term Debt**

	<b>2017</b>	<b>2016</b>
(a) Debenture debt - Husky Land	<b>1,244,647</b>	1,292,346
(b) Debenture debt - RCMP Building	<b>5,211,888</b>	5,484,774
(c) Debenture debt - Operations Centre	<b>16,975,733</b>	17,822,427
(d) Debenture debt - North South Corridor	<b>4,866,106</b>	5,083,636
(e) Debenture debt - 25th Street Sanitary Trunk (Lakeside)	<b>2,341,400</b>	2,446,780
(f) Debenture debt - 25th Street Sanitary Trunk (53 Avenue)	<b>1,291,508</b>	1,346,486
(g) Debenture debt - 2015 W&S Replacement Program	<b>2,153,859</b>	2,385,686
(h) Debenture debt - 2016 W&S Replacement Program	<b>1,683,443</b>	1,850,000
(i) Debenture debt - Outdoor Pool Upgrade	<b>285,019</b>	317,806
(j) Debenture debt - Russ Robertson Expansion	<b><u>1,177,822</u></b>	<u>1,303,252</u>
	<b><u>\$ 37,231,425</u></b>	<b><u>\$ 39,333,193</u></b>

- (a) The debenture is repayable to Alberta Capital Finance Authority and bears interest at a rate of 3.058% per annum and matures on December 15, 2036. Semi annual payments are \$43,428.
- (b) The debenture is repayable to Alberta Capital Finance Authority and bears interest at a rate of 2.942% per annum and matures on December 17, 2032. Semi annual payments are \$216,128.
- (c) The debenture is repayable to Alberta Capital Finance Authority and bears interest at a rate of 3.033% per annum and matures on March 15, 2033. Semi annual payments are \$690,438.
- (d) The debenture is repayable to Alberta Capital Finance Authority and bears interest at a rate of 2.957% per annum and matures on December 15, 2034. Semi annual payments are \$183,128.
- (e) The debenture is repayable to Alberta Capital Finance Authority and bears interest at a rate of 2.511% per annum and matures on March 16, 2035. Semi annual payments are \$83,081.
- (f) The debenture is repayable to Alberta Capital Finance Authority and bears interest at a rate of 2.718% per annum and matures on September 15, 2035. Semi annual payments are \$45,602.
- (g) The debenture is repayable to Alberta Capital Finance Authority and bears interest at a rate of 1.860% per annum and matures on June 15, 2026. Semi annual payments are \$137,564.
- (h) The debenture is repayable to Alberta Capital Finance Authority and bears interest at a rate of 2.299% per annum and matures on December 15, 2026. Semi annual payments are \$104,068.
- (i) The debenture is repayable to Alberta Capital Finance Authority and bears interest at a rate of 1.835% per annum and matures on September 15, 2025. Semi annual payments are \$19,235.
- (j) The debenture is repayable to Alberta Capital Finance Authority and bears interest at a rate of 2.081% per annum and matures on March 15, 2026. Semi annual payments are \$75,951.



**CITY OF LLOYDMINSTER**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**12. Long Term Debt (cont'd)**

Aggregate annual maturities based on current interest rates and terms of repayment follow:

2018	3,197,246
2019	3,197,246
2020	3,197,246
2021	3,197,246
2022	3,197,246
2023 and subsequent	<u>30,275,625</u>
Less: amounts representing interest	<u>(9,030,430)</u>
	<u><u>\$ 37,231,425</u></u>

**13. Obligations Under Capital Lease**

	2017	2016
a) Capital lease - golf carts	\$ -	\$ 17,200
b) Capital lease - reelmasters	<u>39,090</u>	<u>56,155</u>
	<u><u>\$ 39,090</u></u>	<u><u>\$ 73,355</u></u>

a) The capital lease bears interest at a rate of 9.507% per annum, repayable in blended payments of \$3,041 for the months of May through October each year. The lease matures on November 1, 2017 and is secured by the specified equipment.

b) The capital lease bears interest at a rate of 7.50% per annum, repayable in blended payments of \$3,472 for the months of May through October each year and a \$20,571 option to purchase at the end of the lease. The lease matures on November 1, 2018 and is secured by the specified equipment.

The following is a schedule of future minimum lease payments together with the balance of the obligation under capital lease.

2018	<u>41,403</u>
Less: amounts representing interest	<u>(2,313)</u>
	<u><u>\$ 39,090</u></u>

Included in interest on long term debt is \$4,950 (2016 - \$7,540) of interest paid on capital lease obligations.

**14. Liability for Contaminated Sites**

As of December 31, 2017, the liability for contaminated sites includes sites associated with former City operations and sites acquired through acquisition. The nature of the contamination includes hydrocarbons, chlorides, nitrates and asbestos. The sources of contamination include fuel handling, vehicle storage and maintenance, salt storage, animal waste and construction materials.

Liability estimates are based on environmental site assessments. The City has recognized a net increase in the liability of \$305,824 over the prior year, representing a total liability for the remediation of contaminated sites of \$305,824 (2016 - \$0).

**CITY OF LLOYDMINSTER**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**15. 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 requires the City's debt and debt limit be disclosed as follows:

	<b>2017</b>	<b>2016</b>
Total debt limit	<b>116,422,529</b>	107,657,155
Total debt	<u><b>37,270,515</b></u>	<u>39,406,548</u>
Amount of debt limit unused	<u><b>\$ 79,152,014</b></u>	<u>\$ 68,250,607</u>
Debt servicing limit	<b>19,403,755</b>	17,942,859
Debt servicing	<u><b>3,238,649</b></u>	<u>3,236,324</u>
Amount of Debt Servicing Limit Unused	<u><b>\$ 16,165,106</b></u>	<u>\$ 14,706,535</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.

## CITY OF LLOYDMINSTER

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2017

#### 16. Segment 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. Segments are as follows:

(a) Administration

Administration manages municipal buildings, City investments, communication services, information services and technology, and cash collection and management services.

(b) General Municipal

General municipal services oversees property assessment contract services; creates bylaws, policies, and directives; and provides oversight to the organization.

(c) Recreation & Culture

Recreation and culture operates economic development and tourism programs, recreation facilities including parks, cemetery, campground, swimming pools, arenas, museum and art gallery and oversee community grant programs including family and community support services. It also oversees grants to the Lloydminster Public Library and Theatre.

(d) Planning & Engineering

Planning & engineering carries out zoning and subdivision approvals, issues development permits and manages building permits and inspections, development levies and contributed tangible capital assets.

(e) Utilities

Utilities oversee water treatment and distribution, wastewater treatment and collection, storm water collection and management facilities, waste, recycling and organics collection, and landfill services.

(f) Protective Services

Protective services operate 911 emergency response, by-law enforcement, RCMP contract operations, fire prevention and suppression.

(g) Transportation

Transportation manages snow removal and street sweeping operations, maintains and manages the City's fleet and provides airport services.

(h) Land Development

Land development designs and creates residential neighbourhoods and commercial properties.

**CITY OF LLOYDMINSTER**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**17. Accumulated Surplus**

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

	<b>2017</b>	<b>2016</b>
Unrestricted surplus	<b>31,571,421</b>	29,937,957
Internal reserves (Note 19)	<b>21,601,667</b>	15,897,593
Restricted reserves (Note 20)	<b>4,636,466</b>	3,706,926
Equity in tangible capital assets (Note 18)	<b><u>435,164,329</u></b>	<u>436,427,794</u>
	<b><u>\$492,973,883</u></b>	<u>\$485,970,270</u>

**18. Equity in Tangible Capital Assets**

	<b>2017</b>	<b>2016</b>
Tangible capital assets (Schedule 1)	<b>729,458,319</b>	712,035,406
Accumulated amortization (Schedule 1)	<b>(257,023,475)</b>	(236,201,064)
Long-term debt (Note 12)	<b>(37,231,425)</b>	(39,333,193)
Obligations under capital lease (Note 13)	<b><u>(39,090)</u></b>	<u>(73,355)</u>
	<b><u>\$435,164,329</u></b>	<u>\$436,427,794</u>

**19. Internal Reserves**

	<b>Opening balance</b>	<b>Transfers from other funds</b>	<b>Transfers to other funds</b>	<b>Interest earned</b>	<b>Closing balance</b>
Equipment pool	2,684,789	-	-	43,075	<b>2,727,864</b>
Offsite reserves	6,770,452	189,398	(44,243)	162,150	<b>7,077,757</b>
Subdivision prepaid improvement	2,032,767	-	-	32,614	<b>2,065,381</b>
Engineering capital	639,503	-	-	5,131	<b>644,634</b>
Capital asset replacement	-	5,205,584	-	-	<b>5,205,584</b>
Revolving capital fund / CTF	2,857,013	-	-	45,838	<b>2,902,851</b>
Park development assessment	36,925	-	-	593	<b>37,518</b>
Parks and recreation capital	773,204	-	-	12,405	<b>785,609</b>
New cultural facility	102,940	-	-	1,651	<b>104,591</b>
Special events	-	49,878	-	-	<b>49,878</b>
	<b><u>\$15,897,593</u></b>	<b><u>\$ 5,444,860</u></b>	<b><u>\$ (44,243)</u></b>	<b><u>\$ 303,457</u></b>	<b><u>\$21,601,667</u></b>

**20. Restricted Reserves**

	<b>Opening balance</b>	<b>Transfers from other funds</b>	<b>Transfers to other funds</b>	<b>Interest earned</b>	<b>Closing balance</b>
AB Federal gas tax fund	2,235,948	1,067,717	(112,768)	35,371	<b>3,226,268</b>
SK Federal gas tax fund	1,304,463	594,138	(692,615)	35,026	<b>1,241,012</b>
Public reserve - municipal	166,515	-	-	2,671	<b>169,186</b>
	<b><u>\$ 3,706,926</u></b>	<b><u>\$ 1,661,855</u></b>	<b><u>\$ (805,383)</u></b>	<b><u>\$ 73,068</u></b>	<b><u>\$ 4,636,466</u></b>

**CITY OF LLOYDMINSTER**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**21. Lloydminster Facilities Corporation**

The Lloydminster Facilities Corporation's ongoing operations depend on continued funding from the City of Lloydminster. The transactions below have been eliminated upon consolidation in the City's financial statements.

	<b>2017</b>	<b>2016</b>
Expenditures		
Lloydminster Facilities Corporation - transfers to local boards	<b>\$ 161,000</b>	\$ 56,000
Additional amounts due to (from) related entities are as follows:		
Due from Lloydminster Facilities Corporation	<b>\$(1,035,833)</b>	\$ (920,914)

**22. Contingent Liability**

An action has been commenced against the City for wrongful dismissal. No provision has been made in these financial statements in respect of this action.

**23. Approval of Financial Statements**

Council and Management have approved these consolidated financial statements.

**24. Comparative Amounts**

Certain 2016 comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year. The reclassifications resulted in no effect on reported net income.