



CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2025

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Consolidated Financial Statements

Year ended December 31, 2025

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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, 2025 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 20, 2026



Ryan Hill, CPA, CA
Manager, Financial Planning & Analysis

April 20, 2026



CHARTERED PROFESSIONAL ACCOUNTANTS

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6305 43rd Street Lloydminster, AB T9V 2W9

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, 2025, 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, 2025, 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 20, 2026
Lloydminster, Alberta



Chartered Professional Accountants

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2025

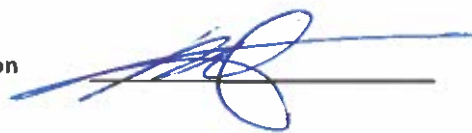
		2025	(restated) 2024
Financial Assets			
Cash and Temporary Investments	Note 3	\$27,924,784	\$58,536,450
Receivables			
Taxes Receivable and Grants in Lieu	Note 4	4,834,337	3,990,513
Trade and Other Receivable	Note 5	22,298,012	16,160,179
Offsite Receivable	Note 12	2,780,844	2,897,007
Land and Inventories for resale	Note 6	4,922,062	6,124,380
Investments	Note 8	33,205,670	23,128,787
Total Financial Assets		\$ 95,965,709	\$ 110,837,316
Liabilities			
Accounts Payable and Accrued Liabilities	Note 9	\$ 10,073,214	\$ 15,578,730
Deposit Liabilities	Note 10	753,074	1,007,680
Deferred Revenue	Note 11	7,526,005	6,708,709
Deferred Offsites	Note 12	11,821,506	11,770,209
Employee Benefit Obligations	Note 13	3,730,464	3,615,249
Asset Retirement Obligations	Note 17	5,696,396	5,460,548
Contaminated Sites	Note 18	246,892	246,892
Long Term Debt	Note 19	58,666,360	62,405,169
Total Liabilities		\$ 98,513,911	\$ 106,793,186
Net Financial Assets (Liabilities)		\$ (2,548,202)	\$ 4,044,130
Non-Financial Assets			
Inventory for consumption		\$ 1,012,587	\$ 1,165,477
Prepaid Expenses		1,799,782	618,687
Land for Development	Note 7	9,984,278	9,984,278
Tangible capital assets	Schedule 2	651,136,237	630,529,131
Total Non-Financial Assets		\$ 663,932,884	\$ 642,297,573
Accumulated Surplus		\$ 661,384,682	\$ 646,341,703
<i>Commitments</i>	Note 22		
<i>Contingent Liabilities</i>	Note 23		
<i>Contractual Obligations under Operating Lease</i>	Note 24		
<i>Contractual Rights</i>	Note 25		

Approved on Behalf of Council

Gerald Aalbers
Mayor
April 20, 2026



Michele Charles Gustafson
Deputy Mayor
April 20, 2026



The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

Year Ended December 31, 2025

		(unaudited)		(restated)
		Budget	2025	2024
Revenue				
Net Municipal Taxes	Schedule 3	\$ 49,991,536	\$ 50,020,846	\$ 46,267,528
User Fees and Sales of Goods		38,027,148	55,354,539	41,993,386
Government Transfers for operating	Schedule 4	5,036,935	5,455,887	5,223,732
Investment Income		3,030,000	2,856,300	4,610,965
Penalties and Costs of Taxes		858,400	1,016,199	875,558
Fine Revenue		485,000	529,393	573,512
Development Levies		-	1,226,597	-
Licenses and Permits		1,133,323	1,363,724	1,001,216
Franchise Fees and Concession Contracts	Note 26	8,522,218	8,508,563	7,623,209
Gain (Loss) on Asset Disposal		-	(3,591,477)	288,664
Other Income		75,000	518,245	985,307
Total Revenue		\$ 107,159,560	\$ 123,258,816	\$ 109,443,077
Expense				
Council and Other Legislative Administration		\$ 1,444,166	\$ 1,349,015	\$ 1,497,850
Police		16,924,061	16,350,582	15,609,697
Fire		15,049,382	13,936,719	13,601,467
Disaster and Emergency Measures		6,473,984	6,437,937	5,385,701
Bylaw Enforcement		228,099	325,440	219,635
Road Services		1,370,447	1,280,877	1,276,073
Fleet Services		15,527,248	15,429,728	14,603,400
Airport		3,270,822	3,425,132	3,346,257
Storm Drainage		1,953,662	1,922,840	1,924,628
Water Supply and Distribution		2,343,466	2,458,220	2,298,331
Wastewater Treatment and Disposal		9,069,707	9,229,940	9,153,659
Waste Management		7,821,917	8,958,738	9,169,353
Family and Community Support		3,749,885	4,204,172	3,429,106
Cemetery and Crematoriums		1,697,961	2,037,927	1,670,261
Land use Planning, Zoning and Development		189,822	147,381	122,808
Economic Development		1,475,276	1,540,208	1,503,308
Subdivision Land and Development		882,322	629,198	806,953
Parks and Recreation		788,312	1,503,797	1,861,318
Culture, Libraries, Museums, Halls		20,606,990	19,809,822	18,199,143
Total Expenses		\$ 114,545,294	\$ 114,512,444	\$ 109,664,245
Surplus (Deficit) of Revenues over Expenses		\$ (7,385,734)	\$ 8,746,372	\$ (221,168)
Other				
Contributed Assets		\$ -	\$ 261,645	\$ 1,353,720
Government Transfers for Capital	Schedule 4	7,608,961	5,897,285	33,088,523
Total Other		\$ 7,608,961	\$ 6,158,930	\$ 34,442,243
Excess (Deficit) of Revenue over Expenditures		\$ 223,227	\$ 14,905,302	\$ 34,221,075
Accumulated Surplus - Beginning of Year (restated)		\$ 646,341,703	\$ 646,341,703	\$ 612,120,628
Library Accumulated Surplus Adjustment	Note 21	-	137,677	-
Accumulated Surplus - End of Year	Note 21	\$ 646,564,930	\$ 661,384,682	\$ 646,341,703

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31, 2025

		(restated)
	2025	2024
Net Inflow (Outflow) of Cash Related to the Following Activities:		
Operating Activities		
Surplus (Deficit) of Revenues over Expenses	\$ 14,905,302	\$ 34,221,075
Non-cash Items		
Amortization of Tangible Capital Assets	25,825,366	24,541,016
(Gain) Loss on Asset Disposal	3,591,477	(288,664)
Contributed Tangible Capital Assets	(261,645)	(1,353,720)
Library Accumulated Surplus Adjustment	137,677	-
Changes to Financial Assets		
Decrease (Increase) in Taxes and Grants in Place of Taxes Receivable	(843,824)	(18,230)
Decrease (Increase) in Trade and Other Receivables	(6,137,833)	64,666
Decrease (Increase) in Receivable Offsites	116,163	16,325
Decrease (Increase) in Land and Inventory Held for Resale	1,202,318	(48,275)
Changes to Non-Financial Assets		
Decrease (Increase) in Inventory for Consumption	152,890	(17,827)
Decrease (Increase) in Prepaid Expenses	(1,181,095)	(183,105)
Changes to Liabilities		
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(5,505,516)	969,179
Increase (Decrease) in Deposit Liabilities	(254,606)	68,770
Increase (Decrease) in Deferred Revenue	817,296	(1,518,832)
Increase (Decrease) in Deferred Offsites	51,297	173,580
Increase (Decrease) in Employee Benefit Obligations	115,215	305,651
Increase (Decrease) in Asset Retirement Obligations	235,848	802,318
Increase (Decrease) in Liability for Contaminated Sites	-	(22,695)
Total Cash Provided by Operating	\$ 32,966,330	\$ 57,711,232
Capital Activities		
Acquisition of Tangible Capital Assets	\$ (50,383,695)	\$ (79,329,691)
Proceeds on Disposal of Tangible Capital Assets	621,391	309,009
Total Cash Applied to Capital	\$ (49,762,304)	\$ (79,020,682)
Investing Activities		
Decrease (Increase) in Restricted Cash or Cash Equivalents	\$ 2,693,089	\$ 1,116,374
Decrease (Increase) in Investments	(10,076,883)	(4,981,445)
Total Cash Applied to Investing	\$ (7,383,794)	\$ (3,865,071)
Financing Activities		
Long-Term Debt Repaid	\$ (3,738,809)	\$ (3,487,872)
Long-Term Debt Issued	-	10,000,000
Total Cash Provided by Financing	\$ (3,738,809)	\$ 6,512,128
Change in Cash and Cash Equivalents During the Year	\$ (27,918,577)	\$ (18,662,393)
Cash and Cash Equivalents - Beginning of Year (restated)	\$ 41,633,369	\$ 60,295,762
Cash and Cash Equivalents - End of Year	\$ 13,714,792	\$ 41,633,369
Cash and Cash Equivalents - Comprised Of		
Cash and Cash Equivalents	\$ 27,924,784	\$ 58,536,450
Less: Restricted Portion of Cash	(14,209,992)	(16,903,081)
	\$ 13,714,792	\$ 41,633,369

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (LIABILITIES)

Year Ended December 31, 2025

	<i>(unaudited)</i>		<i>(restated)</i>	
	Budget	2025	2024	
Surplus (Deficit) of Revenues over Expenses	\$ 223,227	\$ 14,905,302	\$ 34,221,075	
Changes Related to Tangible Capital Assets				
Acquisition of Tangible Capital Assets	\$ (92,328,202)	\$ (50,383,695)	\$ (79,329,691)	
Contributed Tangible Capital Assets	-	(261,645)	(1,353,720)	
Proceeds on Disposal of Tangible Capital Assets	-	621,391	309,009	
Amortization of Tangible Capital Assets	22,671,679	25,825,366	24,541,016	
Loss (Gain) on Disposal of Tangible Capital Assets	-	3,591,477	(288,664)	
Total Changes in Tangible Capital Assets	\$ (69,656,523)	\$ (20,607,106)	\$ (56,122,050)	
Change Related to Other Non-Financial Assets				
Use (Acquisition) of Inventories	\$ -	\$ 152,890	\$ (17,827)	
Use (Acquisition) of Prepaid Expenses	-	(1,181,095)	(183,105)	
Total Changes in Other Non-Financial Assets	\$ -	\$ (1,028,205)	\$ (200,932)	
Decrease in Net Financial Assets	\$ (69,433,296)	\$ (6,730,009)	\$ (22,101,907)	
Net Financial Assets - Beginning of Year <i>(restated)</i>	\$ 4,044,130	\$ 4,044,130	\$ 26,146,037	
Library Accumulated Surplus Adjustment (Note 21)		137,677		
Net Financial Assets (Liabilities) - End of Year	\$ (65,389,166)	\$ (2,548,202)	\$ 4,044,130	

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS

Year Ended December 31, 2025

Schedule 1

	Unrestricted Surplus	Restricted Reserves	Unrestricted Reserves	Equity in TCA	2025	(restated) 2024
Balance - Beginning of Year (restated)	\$ 24,336,467	\$ 909,846	\$ 58,431,976	\$ 562,663,414	\$ 646,341,703	\$ 612,120,628
Surplus (Deficit) of Revenues over Expenses	14,905,302	-	-	-	14,905,302	34,221,075
Unrestricted Funds Designated for Future Use	(38,677,965)	301,249	38,376,716	-	-	-
Reserve Funds Used for Operations	3,071,044	-	(3,071,044)	-	-	-
Reserve Funds Used for Tangible Capital Assets	-	(620,545)	(20,590,158)	21,210,703	-	-
Current Year Funds Used for Tangible Capital Assets	(29,172,992)	-	-	29,172,992	-	-
Reclassification of Reserve Funds	-	-	-	-	-	-
Contributed Tangible Capital Assets	(261,645)	-	-	261,645	-	-
Disposal of Tangible Capital Assets	4,212,868	-	-	(4,212,868)	-	-
Annual Amortization Expense	25,825,366	-	-	(25,825,366)	-	-
Asset Retirement Obligations Recorded in Current Year	-	-	-	-	-	-
Asset Retirement Obligation Settled	(10,461)	-	-	10,461	-	-
Asset Retirement Obligation Accretion Expense	246,309	-	-	(246,309)	-	-
Long-Term Debt Repaid	(3,738,809)	-	-	3,738,809	-	-
Long-Term Debt Issued	-	-	-	-	-	-
Library Accumulated Surplus Adjustment (Note 21)	137,677	-	-	-	137,677	-
Balance - End of Year	\$ 873,161	\$ 590,550	\$ 73,147,490	\$ 586,773,481	\$ 661,384,682	\$ 646,341,703

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

Year Ended December 31, 2025

Schedule 2

							<i>(restated)</i>	
	Land	Land Improvements	Buildings	Machinery & Equipment	Engineering Structures	Construction in Progress	Total 2025	Total 2024
Cost								
Balance - Beginning of Year (restated)	\$ 32,570,448	\$ 37,804,470	\$ 150,824,781	\$ 51,564,736	\$ 666,745,080	\$ 68,074,839	\$ 1,007,584,354	\$ 933,208,939
Additions	455,203	3,932,285	24,974,019	5,740,793	11,453,625	4,116,188	50,672,113	81,135,094
Transfers	649,714	5,390,746	55,368,544	462,093	5,740,081	(67,611,178)	-	-
Adjustments to Construction in Progress	-	-	-	-	-	(26,773)	(26,773)	(451,683)
Disposals	(23,596)	(1,000,782)	(1,097,895)	(16,733,876)	(2,345,961)	-	(21,202,110)	(6,307,996)
Balance - End of Year	\$ 33,651,769	\$ 46,126,719	\$ 230,069,449	\$ 41,033,746	\$ 681,592,825	\$ 4,553,076	\$ 1,037,027,584	\$ 1,007,584,354
Accumulated Amortization								
Balance - Beginning of Year (restated)	\$ -	\$ 13,971,525	\$ 56,849,348	\$ 33,566,208	\$ 272,668,142	\$ -	\$ 377,055,223	\$ 358,801,858
Amortization	-	1,876,151	4,230,300	2,631,028	17,087,887	-	25,825,366	24,541,016
Accumulated Amortization on Disposals	-	(579,795)	(475,158)	(15,083,779)	(850,510)	-	(16,989,242)	(6,287,651)
Balance - End of Year	\$ -	\$ 15,267,881	\$ 60,604,490	\$ 21,113,457	\$ 288,905,519	\$ -	\$ 385,891,347	\$ 377,055,223
Net Book Value of								
Tangible Capital Assets	\$ 33,651,769	\$ 30,858,838	\$ 169,464,959	\$ 19,920,289	\$ 392,687,306	\$ 4,553,076	\$ 651,136,237	\$ 630,529,131

CONSOLIDATED SCHEDULE OF PROPERTY AND OTHER TAXES

Year Ended December 31, 2025

Schedule 3

	(unaudited) Budget	2025	2024
Taxation			
Real property taxes			
Residential	\$ 35,153,147	\$ 35,184,394	\$ 32,991,599
Non-residential	24,867,573	24,769,121	22,781,849
Machinery and equipment	792,247	839,146	783,654
Farmland	13,281	13,282	12,302
Linear property taxes	1,336,761	1,335,526	1,260,407
Designated Industrial Property	3,304,050	3,375,803	2,668,208
Total Real Property Taxes	\$ 65,467,059	\$ 65,517,272	\$ 60,498,019
Government grants in place of property taxes			
Federal	\$ 18,913	\$ 18,914	\$ 19,135
Provincial - Alberta	36,318	27,238	19,245
Provincial - Saskatchewan	94,862	94,863	86,166
Total Government Grants in Place of Taxes	\$ 150,093	\$ 141,015	\$ 124,546
Local Improvement Taxes			
Local Improvement	\$ 28,730	\$ 28,730	\$ 28,730
Local Improvement Taxes	\$ 28,730	\$ 28,730	\$ 28,730
Total Taxation	\$ 65,645,882	\$ 65,687,017	\$ 60,651,295
Requisitions			
Education			
Lloydminster Public School Division	\$ 12,949,829	\$ 12,736,404	\$ 11,696,430
Lloydminster Catholic School Division	1,353,756	1,577,942	1,370,719
Total Education	\$ 14,303,585	\$ 14,314,346	\$ 13,067,149
Seamless			
Lloydminster Public School Division	\$ 791,316	\$ 766,659	\$ 767,157
Lloydminster Catholic School Division	537,900	563,663	530,658
Total Seamless	\$ 1,329,216	\$ 1,330,322	\$ 1,297,815
Other			
Designated Industrial Property	\$ 21,545	\$ 21,503	\$ 18,803
Total Other	\$ 21,545	\$ 21,503	\$ 18,803
Total Requisitions	\$ 15,654,346	\$ 15,666,171	\$ 14,383,767
Net Municipal Taxes	\$ 49,991,536	\$ 50,020,846	\$ 46,267,528

CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS

Year Ended December 31, 2025

Schedule 4

	<i>(unaudited)</i>		
	Budget	2025	2024
Transfers for Operating Conditional Grants			
Federal	\$ 42,600	\$ 241,007	\$ 246,142
Alberta	1,795,198	1,974,542	1,863,824
Saskatchewan	3,152,068	3,235,438	3,004,766
Local	36,569	-	200
Other	10,500	4,900	108,800
Total Transfers for Operating Conditional Grants	\$ 5,036,935	\$ 5,455,887	\$ 5,223,732
Transfers for Capital Conditional Grants			
Federal	\$ -	\$ -	\$ 13,967,747
Alberta	6,041,846	5,180,992	4,351,149
Saskatchewan	1,537,115	701,293	14,769,627
Other	30,000	15,000	-
Total Transfers for Capital Conditional Grants	\$ 7,608,961	\$ 5,897,285	\$ 33,088,523
Total Government Transfers	\$ 12,645,896	\$ 11,353,172	\$ 38,312,255

CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURES

Year Ended December 31, 2025

Schedule 5

								<i>(restated)</i>	
	General Government	Protective Services	Transportation Services	Environmental Services	Social Services	Planning & Development	Recreation & Culture	Total 2025	Total 2024
Revenue									
Net Municipal Taxes	\$ 50,020,846	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,020,846	\$ 46,267,528
User Fess and Sales of Goods	59,008	613,276	1,007,604	44,547,262	416,673	2,537,131	6,173,585	55,354,539	41,993,386
Government Transfers for Operating	2,959,104	1,017,731	63,422	-	810,187	41,333	564,110	5,455,887	5,223,732
Investment Income	2,829,882	-	-	-	-	-	26,418	2,856,300	4,610,965
Penalties and Costs of Taxes	917,469	-	-	98,730	-	-	-	1,016,199	875,558
Fine Revenue	16,421	512,972	-	-	-	-	-	529,393	573,512
Development Levies	-	-	817,274	409,323	-	-	-	1,226,597	-
Licenses and Permits	554,175	54,243	81,291	-	43,525	630,490	-	1,363,724	1,001,216
Franchise & Concession Contracts	8,508,563	-	-	-	-	-	-	8,508,563	7,623,209
Gain (loss) on Disposal of Capital Assets	(314,227)	(143,795)	(307,291)	(1,702,282)	(43,651)	(209,419)	(870,812)	(3,591,477)	288,664
Other	43,753	575	4,900	49,648	1,000	37,565	380,804	518,245	985,307
Total Revenue	\$ 65,594,994	\$ 2,055,002	\$ 1,667,200	\$ 43,402,681	\$ 1,227,734	\$ 3,037,100	\$ 6,274,105	\$ 123,258,816	\$ 109,443,077
Expenses									
Salaries, Wages and Benefits	\$ 11,760,579	\$ 9,037,361	\$ 3,726,050	\$ 4,708,475	\$ 445,673	\$ 1,315,729	\$ 11,316,927	\$ 42,310,794	\$ 39,964,023
Contracted and General Services	2,595,327	10,950,540	3,411,222	5,002,960	755,384	1,047,520	4,165,998	27,928,951	27,990,212
Cost of Sales	-	-	400,395	9,181	-	1,045,028	30,835	1,485,439	1,675,945
Materials and Goods	435,714	554,974	1,493,155	1,302,852	53,182	16,122	1,683,104	5,539,103	4,771,407
Transfers to Local Boards or Agencies	305,780	81,182	-	-	889,155	158,880	311,252	1,746,249	1,640,409
Utilities	533,661	120,603	1,979,867	2,253,981	5,111	6,685	2,122,745	7,022,653	6,928,251
Bank Charges	7,145	1,713	9,624	50,619	299	10,449	95,044	174,893	148,489
Interest on Long Term Debt	381,216	106,513	90,792	1,140,914	-	-	492,155	2,211,590	1,843,187
Accretion Expense	-	-	-	218,155	-	-	28,154	246,309	111,761
Bad Debts (Recovered)	(1,345)	9,908	145	11,571	-	-	818	21,097	49,545
Amortization	1,681,519	1,118,179	9,666,450	10,152,362	36,504	72,791	3,097,561	25,825,366	24,541,016
Total Expenses	\$ 17,699,596	\$ 21,980,973	\$ 20,777,700	\$ 24,851,070	\$ 2,185,308	\$ 3,673,204	\$ 23,344,593	\$ 114,512,444	\$ 109,664,245
Surplus(Deficit)	\$ 47,895,398	\$ (19,925,971)	\$ (19,110,500)	\$ 18,551,611	\$ (957,574)	\$ (636,104)	\$ (17,070,488)	\$ 8,746,372	\$ (221,168)
Other									
Contributed Assets	\$ -	\$ -	\$ -	\$ 215,852	\$ -	\$ -	\$ 45,793	\$ 261,645	\$ 1,353,720
Government Transfers for Capital	-	-	3,262,532	480,698	-	-	2,154,055	5,897,285	33,088,523
Total Other	\$ -	\$ -	\$ 3,262,532	\$ 696,550	\$ -	\$ -	\$ 2,199,848	\$ 6,158,930	\$ 34,442,243
Surplus(Deficit)	\$ 47,895,398	\$ (19,925,971)	\$ (15,847,968)	\$ 19,248,161	\$ (957,574)	\$ (636,104)	\$ (14,870,640)	\$ 14,905,302	\$ 34,221,075

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2025

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 (liabilities), 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 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 and services and/or legal obligation to pay.

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

c) Budget Figures

The 2025 budget is reported in the consolidated financial statements. The figures are representative of both the operating and capital budgets prepared in accordance with the Lloydminster Charter, adjusted for certain items to present in accordance with PSAS accounting.

These amounts have not been audited.

d) Use of Estimates and Measurement Uncertainty

In accordance with Canadian accounting rules, management is required to make estimates and assumptions when preparing financial statements. These estimates affect the reported values of assets, liabilities, and the disclosure of any potential assets or liabilities. They also impact the reported revenue and expenses for the period. If there is uncertainty in these estimates, the financial statements are prepared within reasonable limits. Actual results could differ from estimates and may have an impact on future periods.

The amounts recorded for the useful lives and value of tangible capital assets, amortization of tangible capital assets, accrued liabilities, employee benefit obligations, asset retirement obligations, liability for contaminated sites, and contingent liabilities are where management makes significant estimates and assumptions in determining the amounts to be recorded in the consolidated financial statements.

1. Significant Accounting Policies (continued)

e) Revenue Recognition

Revenues are recorded using the accrual basis of accounting whereby revenues are recognized as they are earned and measurable. Funds from external parties and, where indicated, earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Revenue from transactions where there is no specific performance obligation is recorded when the City has the right to claim or retain the revenue and can link it to a past event or transaction.

Revenues from transactions with a performance obligation are recorded as the obligation is satisfied and the goods or services are provided to the payor.

- i) User fee revenues are recorded over the period they are used by the payor.
- ii) Sale of goods revenues are recorded when the goods are delivered, and control of the goods has passed to the payor.
- iii) Fine and penalty revenues are recorded when received or receivable, as there is no related performance obligation.
- iv) Development levies, also known as Offsite Levies, are recognized as revenue when the related development expenditures, per the Offsite Levy Bylaw, are incurred.
- v) License and permit revenues are recorded on issuance if there is a single performance obligation. If there are multiple performance obligations, revenue is recognized proportionately as the obligations are satisfied.
- vi) Franchise and concession contract revenues are recognized in the period the fees were collected from users under the relevant utility franchise agreement.

f) Tax Revenue

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.

Penalties on taxes are recorded in the period levied.

g) Government Transfers

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

Government transfers received are recognized in the financial statements as revenue when the transfers are authorized and any eligibility criteria have been met, unless the transfer creates an obligation that meets the definition of a liability for the City. If such a liability exists, any amounts received, along with restricted interest thereon, are recorded as deferred revenue.

Authorized transfers from the City to other organizations are recognized as an expense when the recipient meets all eligibility requirements, if any.

h) Expenses

Expenses are recognized using the accrual basis of accounting whereby expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or legal obligation to pay.

1. Significant Accounting Policies (continued)

i) Financial Assets and Liabilities

Financial assets represent resources that can discharge existing liabilities or finance future operations. This includes realizable assets which are convertible to cash and not intended for consumption in the normal course of operations. Financial liabilities are contractual obligations to deliver cash or another financial asset to another entity.

The City does not have any financial assets or liabilities required to be recorded at fair value, such as certain derivative financial instruments and investments in publicly traded equity instruments. For this reason, the City does not report a Statement of Remeasurement Gains and Losses.

j) Cash and Temporary Investments

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. Cash and cash equivalents are recorded at cost.

k) Receivables

Receivables are recorded at the lower of cost and net realizable value.

l) Land and Inventories Held for Resale

Land and inventory held for resale is recorded at the lower of cost or net realizable value.

Land held for resale 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 services, wastewater services, roads and sidewalks are recorded as tangible capital assets under their respective function.

Interest expense is not included in inventory cost.

m) Investments

Investments are recorded at cost. Investments that have maturity dates greater than one year from the financial reporting date are classified as investments. Investment income is recognized as revenue in the period earned.

n) Requisition Over-Levy and Under-Levy

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

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

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

o) Deferred Revenue

Deferred revenue are funds that have been received in advance of services rendered or where the use of the funds is subject to external restrictions. Revenue is recognized in the period where the related expenses are incurred, services performed, goods provided, or tangible capital assets are acquired.

1. Significant Accounting Policies (continued)

o) Deferred Revenue (continued)

Funds from external parties and, where indicated, earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified. This includes government transfers, contributions, and other amounts received from third parties, either under legislation, regulation, or agreement, that are designated for specific programs, projects, or the purchase of tangible capital assets. Additionally, it encompasses certain user charges and fees collected for services not yet performed or goods not yet delivered.

p) Employee Benefit Obligations

The cost of employment benefits, pension and retirement benefits, compensated absences, and termination benefits are recorded as an expense at the time the event giving rise to the obligation occurs.

q) Asset Retirement Obligations

A liability for an asset retirement obligation is recognized when, at the financial statement date, there is:

- a) a legal obligation for the City to incur retirement costs, and
- b) the past transaction or event giving rise to the liability has occurred, and
- c) it is expected that future economic benefits will be given up, and
- d) a reasonable estimate of the amount can be made.

A reasonable estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at the financial reporting date. When an asset has a future retirement date, a present value technique is used to measure the liability.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset. Asset retirement obligations which are incurred incrementally with use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period. Asset retirement costs related to unrecognized tangible capital assets or for tangible capital assets no longer in productive use are expensed in the consolidated statement of operations.

The carrying amount of the liability is reviewed annually, and changes to the liability due to the passage of time are recorded as accretion expense. Significant changes to the liability resulting from changes to timing, estimates of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The City continues to recognize the liability until it is settled or otherwise removed. Payments made to settle the liability are deducted from the liability when they are made.

r) 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. 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.

s) Long-term Debt

Long-term debt is initially recognized net of any premiums, discounts, fees, and transaction costs. Interest expense is recorded using the effective interest method. Long-term debt is subsequently measured at amortized cost.

1. Significant Accounting Policies (continued)

t) Reserves

Certain amounts, as approved by City Council, are set aside in accumulated surplus for future operating and capital purposes. Transfers to or from reserves are adjustments to the respective reserve when approved.

u) 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 (Liabilities) 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. Interest expense is not capitalized. 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	15-25 years
Buildings	20-50 years
Engineering Structures	
Road systems	10-40 years
Storm systems	45-75 years
Water systems	25-75 years
Wastewater systems	30-75 years
Machinery and Equipment	10-25 years
Leasehold Improvements	Term of Lease

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 are written down when conditions indicate that they no longer contribute to the City's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value.

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

ii) Contributions of Tangible Capital Assets

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

iii) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

iv) Inventory for Consumption

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

v) Prepays

Prepays are amounts paid for goods and services which will be utilized in future fiscal years, such as software and insurance.

vi) **Land for Development**

Land for development includes land that is intended to be, or is currently being developed for sale, but is not yet in saleable condition. Costs include land acquisition and improvements required to prepare the land for servicing such as clearing, stripping, and leveling. Land for development is recorded at cost.

2. Future Accounting Pronouncements

Upcoming changes to the Public Sector Accounting Standards from the Public Sector Accounting Board (PSAB) will be effective for the 2027 fiscal year. The City will continue to assess the impacts that the adoption of these new standards will have.

Revised Conceptual Framework

Effective for fiscal years beginning on or after April 1, 2026, the revised conceptual framework will replace Section PS 100, Financial Statement Concepts and PS 1100, Financial Statement Objectives. The framework defines the nature, function, and limits of financial accounting and reporting, and serves as a basis for developing standards and applying professional judgement.

PS 1202 – Financial Statement Presentation

Effective for fiscal years beginning on or after April 1, 2026, the new standard will replace Section PS 1201, Financial Statement Presentation. The standard sets out the requirements for the presentation of information in the financial statements and is consistent with concepts presented in the conceptual framework.

3. Cash and Temporary Investments

	2025	2024
Cash	\$17,853,345	\$40,468,227
Temporary Investments	10,071,439	18,068,223
	<u>\$27,924,784</u>	<u>\$58,536,450</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 cash and temporary investments are restricted funds totalling \$14,209,992 (2024 - \$16,903,081). Restricted funds are restricted for specific purposes through agreements or legislation. This includes government transfers to be used exclusively for operating and capital projects, as well as offsite funds provided by external developers in accordance with development agreements.

The City has been approved for a demand operating credit facility with a maximum borrowing limit of \$5,000,000 that bears interest at the prime rate minus 0.75% per annum. The balance drawn on the revolving loan at December 31, 2025 was \$0 (2024 - \$0). This credit facility is secured by a letter of guarantee.

4. Taxes Receivable

	2025	2024
Municipal Taxes		
Current Taxes and Grants in Place	\$2,773,084	\$2,355,835
Arrears Taxes Receivable	1,113,362	853,202
	<u>\$3,886,446</u>	<u>\$3,209,037</u>
Education Taxes		
Current Taxes and Grants in Place	\$598,778	\$518,887
(Over)/Under Levy	88,441	28,728
Arrears Taxes Receivable	182,553	155,520
	<u>\$869,772</u>	<u>\$703,135</u>
Seamless Taxes		
Current Taxes and Grants in Place	\$57,276	\$53,239
(Over)/Under Levy	757	1,810
Arrears Taxes Receivable	19,458	23,087
	<u>\$77,491</u>	<u>\$78,136</u>
Designated Industrial Property		
Current Taxes Receivable	\$149	\$184
(Over)/Under Levy	479	-
Arrears Taxes Receivable	-	21
	<u>\$628</u>	<u>\$205</u>
Taxes and Grants in Place of Taxes	<u><u>\$4,834,337</u></u>	<u><u>\$3,990,513</u></u>

5. Trade and Other Receivable

	2025	2024
Trade Accounts Receivable		
	\$15,870,853	\$1,990,290
Less: Allowance for Doubtful Accounts	(1,500)	(44,235)
	<u>\$15,869,353</u>	<u>\$1,946,055</u>
Utility Receivable	<u>\$2,377,675</u>	<u>\$2,400,765</u>
Other Receivables		
Grant Funds Receivable	\$2,013,562	\$9,519,669
Accrued Interest Receivable	1,408,784	1,361,886
Sales Tax Receivable	433,596	646,522
Other Receivable	195,042	285,282
	<u>\$4,050,984</u>	<u>\$11,813,359</u>
Trade and Other Receivable	<u><u>\$22,298,012</u></u>	<u><u>\$16,160,179</u></u>

6. Land and Inventories for Resale

		<i>(restated)</i>
	2025	2024
Residential Land for Resale	\$1,765,856	\$2,103,276
Industrial Land for Resale	1,755,649	2,461,254
Commercial Land for Resale	1,347,943	1,503,620
Other Inventory for Resale	52,614	56,230
	<u>\$4,922,062</u>	<u>\$6,124,380</u>

7. Land for Development

		<i>(restated)</i>
	2025	2024
Residential Land for Development	\$1,648,012	\$1,648,012
Industrial Land for Development	2,857,046	2,857,046
Commercial Land for Development	5,479,220	5,479,220
	<u>\$9,984,278</u>	<u>\$9,984,278</u>

8. Investments

	2025	2024
Equity Shares	\$49,595	\$48,787
Notes and Deposits	33,156,075	23,080,000
	<u>\$33,205,670</u>	<u>\$23,128,787</u>

Notes and deposits have effective interest rates ranging from 1.95% to 5.66%, with maturity dates between February 2027 and July 2029.

9. Accounts Payable

	2025	2024
Trade		
Accounts Payable	\$5,843,078	\$6,016,949
Contract Holdbacks	938,966	5,171,327
	<u>\$6,782,044</u>	<u>\$11,188,276</u>
RCMP Contract¹		
Retro Pay	\$120,750	\$871,434
Quarter 4	2,481,994	2,599,934
	<u>\$2,602,744</u>	<u>\$3,471,368</u>
Accrued Debenture Interest	\$433,710	\$454,290
Payroll	150,307	106,432
Other	104,409	358,364
	<u><u>\$10,073,214</u></u>	<u><u>\$15,578,730</u></u>

1. 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.

The collective agreement expired on March 31, 2025 and a new agreement has not yet been finalized. Based on RCMP forecasts, an estimate of \$120,750 has been accrued as payable for the period of April 1 - December 31, 2025.

10. Deposit Liabilities

	2025	2024
Security Deposits	\$126,424	\$253,740
Utility Account Deposits	583,198	607,534
Land Sale Deposits	32,184	143,406
Facility Rental Deposits	11,268	3,000
	<u>\$753,074</u>	<u>\$1,007,680</u>

11. Deferred Revenue

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

	2025	2024
Operating Grants	\$98,436	\$69,128
Capital Grants	1,608,300	1,997,317
Customer Prepaid Taxes, Utilities and User Fees	5,502,977	4,306,101
Gift Cards	133,381	123,625
Deferred on Behalf of Other Organizations	55,711	73,338
Contributions for Tangible Capital Assets	127,200	139,200
	<u>\$7,526,005</u>	<u>\$6,708,709</u>

Government contributions in deferred revenue consist of the following:

	2024 Ending Balance	Contributions Received	Revenue Recognized	2025 Ending Balance
Operating Grants				
Federal Government	-	\$241,007	(\$241,007)	-
Alberta Government	40,018	2,024,307	(1,974,542)	89,783
Sask. Government	20,286	3,215,152	(3,235,438)	-
Other	8,824	4,729	(4,900)	8,653
	<u>\$69,128</u>	<u>\$5,485,195</u>	<u>(\$5,455,887)</u>	<u>\$98,436</u>
Capital Grants				
Federal Government	\$4,376	-	-	\$4,376
Alberta Government	1,999,999	4,759,048	(5,180,992)	1,578,055
Sask. Government	(27,304)	746,855	(701,293)	18,258
Other	20,246	2,365	(15,000)	7,611
	<u>\$1,997,317</u>	<u>\$5,508,268</u>	<u>(\$5,897,285)</u>	<u>\$1,608,300</u>

12. Offsites

	Opening	Added	Used	Total Offsites	Internal Funds	Total External Funds
Water	\$1,265,938	\$112,622	(310,169)	\$1,068,391	\$27,348	\$1,041,043
Sanitary	1,610,815	302,642	(175,197)	1,738,260	-	1,738,260
Transportation	9,240,100	862,631	(1,060,528)	9,042,203	-	9,042,203
Total Deferred Offsites	\$12,116,853	\$1,277,895	(\$1,545,894)	\$11,848,854	\$27,348	\$11,821,506
Stormwater (receivable)	(2,864,405)	116,163	-	(2,748,242)	32,602	(2,780,844)
Net Offsite Funds	\$9,252,448	\$1,394,058	(\$1,545,894)	\$9,100,612	\$59,950	\$9,040,662

Council approved Bylaw 25-2021, Offsite Levy Bylaw, on October 2, 2023. Offsite levies help fund the cost of infrastructure that is required to be constructed due to the need to service new development. The levies received support infrastructure on a City-wide basis for all infrastructure types. Offsites received from external developers are deferred until eligible development expenses are incurred. If eligible development expenses are incurred prior to the receipt of funds from external developers, the balance is receivable until collected. Internally committed offsites are those set aside as a result of internal development and are maintained in a restricted reserve.

In 2025, Offsite levy funds were used for the following:

Capital Project 2542006 – East West Sanitary Trunk	\$120,545
Capital Project 2532008 – 75 Ave Improvements	500,000
Developer Oversize Improvements	925,349
Total	\$1,545,894

The types of offsites collected and the related eligible infrastructure projects are listed below:

Water

Infrastructure included under the Water offsite includes upgrades to water treatment & supply infrastructure, as well as distribution and storage infrastructure.

Sanitary

Infrastructure included under the Sanitary offsite includes infrastructure for major offsite sanitary trunk mains which support sanitary collection, and infrastructure for sanitary treatment and disposal.

Stormwater

Infrastructure included under the Stormwater offsite includes upgrades to the existing storm sewer mains, culverts, drainage channels, and capacity improvements for stormwater management facilities or lakes.

The current balance of the Stormwater offsite levy reserve is negative due to previously constructed City-wide projects where offsite levies have not been fully collected and are brought forward to the new offsite levy calculation.

Transportation

Infrastructure included under the Transportation offsite includes the extensions, twinning, and urbanization of major arterial roadways and associated intersection upgrades.

13. Employee Benefit Obligations

	2025	2024
Regular Payroll	\$1,808,187	\$1,552,284
Vacation	481,446	645,988
Sick Leave	856,878	808,257
Post-employment benefits	583,953	608,720
	<u>\$3,730,464</u>	<u>\$3,615,249</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 earned vacation time that employees are deferring to future 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 \$5,844,562 (2024 - \$5,579,320). 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 their accumulated sick leave, subject to being a minimum of 55 years of age and 10 years of employment with the City.

The City accrues the full liability for employees that meet the criteria.

14. Salary and Benefits Disclosure

The following City Council, City Manager, and Designated Officer salaries and benefits are disclosed as required by the Lloydminster Charter which follows Alberta Regulation 313/2000.

	Salaries¹	Benefits & Allowances²	2025	2024
Mayor				
Gerald Aalbers	\$109,952	\$27,363	\$137,315	\$128,310
Councillors				
Michele Charles Gustafson	57,502	9,639	67,141	7,505
Michael Diachuk	53,202	9,296	62,498	60,700
Glenn Fagnan	-	-	-	24,321
David Lopez	54,302	4,712	59,014	43,233
Lorelee Marin	-	-	-	46,453
Jim Taylor	50,502	8,828	59,330	6,018
Jonathan Torresan	-	-	-	50,805
Justin Vance	51,802	10,359	62,161	7,399
Jason Whiting	49,502	10,222	59,724	53,681
Mayor and Council³	\$426,764	\$80,419	\$507,183	\$428,425
City Manager				
Dion Pollard	\$252,276	\$50,153	\$302,429	\$313,361
Designated Officers³	731,304	153,711	885,015	975,918
	\$1,410,344	\$284,283	\$1,694,627	\$1,717,704

1. Salaries includes regular base pay, taxable per diems, bonuses, overtime, lump sum payments (excluding severance), gross honoraria, and any other direct cash remuneration. Differences among Councillors is due to committee assignments and meeting requirements.
2. Benefits and allowances include 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, Executive Manager, Corporate Services, Manager, Planning, and Director, Public Safety as described in Bylaw 11-2025.

15. Defined Contribution Plan

Employees of the City who are members of CUPE 1015 Union participate in the Manulife Financial Pension Plan. The plan is funded by employee contributions at a rate of 7% and employers' contributions at a rate of 10% (2024 – 9%) of the member's earnings. Under the defined contribution plan, the City's obligations are limited to its required contributions.

Details of the Manulife Financial Pension Plan are included below. The amounts reported are only representative of mandatory contributions. Members can make voluntary contributions that are not matched by the City.

	2025	2024
Number of Active City Members	244	236
Member Contributions for the Year	\$1,046,386	\$991,886
City Contributions for the Year	\$1,497,433	\$1,290,308

16. Registered Retirement Savings Plan

International Association of Fire Fighters (IAFF) Local 5182 Employees

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

Out of Scope Employees

Out of Scope employees of the City (who are not members of either the IAFF Local 5182 Union or CUPE Local 1015 Union) participate in an employee Registered Retirement Savings Plan (RRSP) defined by the City and administered by Manulife. For these members, the plan is funded by member contributions at rates ranging from 7-9% of member's earnings, and employer contributions at rates ranging from 9-12% of member's earnings. Under the RRSP plan, the City's obligations are limited to its contributions.

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

Plan Contributions

Details of the Manulife Financial RRSP are detailed below for both the IAFF 5182 and Out of Scope Employees. The amounts reported are only representative of mandatory contributions. Members can make voluntary contributions that are not matched by the City.

	2025	2024
Registered Retirement Savings Plan		
Number of Active City Members	119	111
Member Contributions for the Year	\$822,188	\$785,831
City Contributions for the Year	\$1,143,875	\$987,529
Tax-Free Savings Plan		
Number of Active City Members	2	2
Member Contributions for the Year	\$15,116	\$14,122
City Contributions for the Year	\$20,154	\$17,260

17. Asset Retirement Obligation

	Obligation					Tangible Capital Asset		
	Opening Value	Additions	Accretion Expense	Amount Settled	Ending Value	Cost	Accumulated Amortization	Net Book Value
Landfills	\$3,699,889	-	\$218,155	-	\$3,918,044	\$3,191,487	(\$1,895,864)	\$1,295,623
Building & Engineered Structure Retirements	1,499,119	-	22,923	(10,461)	1,511,581	1,132,948	(755,299)	377,649
Asbestos Remediation	261,540	-	5,231	-	266,771	253,321	(112,478)	140,843
	\$5,460,548	-	\$246,309	(\$10,461)	\$5,696,396	\$4,577,756	(\$2,763,641)	\$1,814,115

The associated capital assets are amortized using the straight-line method over their estimated useful life.

Landfills

The City operates a landfill site and is required to perform closure and post-closure activities upon retirement, in accordance with the Environmental Management and Protections Act of Saskatchewan. Closure and post-closure activities include the 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 City is currently performing post-closure activities including site inspections and maintenance on a historic landfill.

	Estimated Period of Expenses	Estimated Undiscounted Expenses	Discount Rate
Landfill – Current	2061-2085	\$15,319,642	3.50%
Landfill – Historic	2022-2048	326,036	3.50%

Building & Engineered Structure Retirements

The City is responsible for the retirement of buildings and engineered structures that are at the end of their useful life. Retirement activities include demolition of structures, abandonment of utility connections, and rehabilitation of the site.

	Estimated Period of Expenses	Estimated Undiscounted Expenses	Discount Rate
Historic Water Treatment Plant & Reservoir	2022-2026	\$805,000	0.00%
Lloydminster Golf & Curling Centre – Shop	2028	38,137	2.00%
Centennial Civic Centre	2026	1,154,338	2.00%

The City is actively retiring assets. For this reason, the estimated expenses for these assets have not been discounted.

17. Asset Retirement Obligation (continued)

Asbestos Remediation

The City is responsible for buildings which contain asbestos and is required to perform abatement activities upon renovation or demolition of the buildings. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed.

	Estimated Period of Expenses	Estimated Undiscounted Expenses	Discount Rate
Lloydminster Golf & Curling Centre – Shop	2028	\$25,356	2.00%
Centennial Civic Centre	2026	100,222	2.00%
Lloydminster Golf & Curling Centre – Communiplex	2030	158,604	2.00%

Other

The City has identified other assets as potentially requiring an asset retirement obligation for which a reasonable estimate cannot be made of the amount at this time. For this reason, no obligation has been recognized. These assets include City buildings and infrastructure that may have asbestos due to their age and building materials, however no formal testing has been conducted.

18. Liability for Contaminated Sites

The City has recognized a Liability for Contaminated Sites for the following:

	Opening Value	Additions	Accretion Expense	Amount Settled	Ending Value
Historic City Shop	\$246,892	-	-	-	\$246,892

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.

The liability is based on environmental site assessments. The expected period of expenses is 2021-2026.

The City is actively remediating the contaminated site. For this reason, the estimated expenses have not been discounted.

Recovery

Due to contractual obligation of a third party, the City expects a recovery of \$150,000. The full amount of the recovery has been recorded and is reported in Trade and Other Receivables (**Note 5**).

19. Long Term Debt

	2025	2024
Tax Supported Debentures	\$28,459,885	\$30,895,858
Utility Supported Debentures	30,206,475	31,509,311
	<u>\$58,666,360</u>	<u>\$62,405,169</u>

The current portion of long-term debt amounts to \$3,596,819 (2024 - \$3,738,810).

Principal and interest repayments are as follows:

	Principal	Interest	Total
2026	\$3,596,819	\$2,122,176	\$5,718,995
2027	3,280,665	2,016,679	5,297,344
2028	3,383,874	1,913,470	5,297,344
2029	3,490,494	1,806,850	5,297,344
2030	3,442,286	1,696,703	5,138,989
Thereafter	41,472,222	18,449,222	59,921,444
	<u>\$58,666,360</u>	<u>\$28,005,100</u>	<u>\$86,671,460</u>

Debenture debt is repayable to Alberta Loans to Local Authorities and bears interest at rates ranging from 1.67% to 4.91% per annum and matures in periods March 2026 to December 2054.

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

Principal repaid on long term debt amounts to \$3,738,809 (2024 - \$3,487,872). Interest paid on long term debt amounts to \$2,211,590 (2024 - \$1,843,187).

20. 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 require the City's debt and debt limit be disclosed as follows:

	2025	2024
Total Debt Limit	\$184,420,637	\$163,827,896
Total Debt	(58,666,360)	(62,405,169)
Debt Limit Unused	<u>\$125,754,277</u>	<u>\$101,422,727</u>
Debt Servicing Limit	\$30,736,773	\$27,304,649
Debt Servicing	(5,718,995)	(5,970,979)
Debt Servicing Unused	<u>\$25,017,778</u>	<u>\$21,333,670</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.

21. Accumulated Surplus

	<i>(restated)</i>			
	2024	Additions	Reductions	2025
Unrestricted Surplus	\$24,336,467	\$48,398,567	(\$71,861,873)	\$873,161
Unrestricted Reserves				
General Government	\$11,542,475	\$3,952,499	(\$6,532,154)	\$8,962,820
Protective Services	4,110,872	920,226	(152,926)	4,878,172
Transportation Services	12,839,076	4,286,847	(3,576,167)	13,549,756
Environmental Services	17,851,579	22,762,268	(5,025,923)	35,587,924
Social Services	452,752	42,274	(15,000)	480,026
Planning & Development	8,394,352	2,167,764	(5,571,642)	4,990,474
Recreation & Culture	3,240,870	4,244,839	(2,787,391)	4,698,318
	\$58,431,976	\$38,376,717	(\$23,661,203)	\$73,147,490
Restricted Reserves				
Public Municipal Reserve	\$169,186	-	-	\$169,186
Offsites Reserve	379,246	301,249	(620,545)	59,950
Subdivision Prepaid Improvements	-	-	-	-
BID (Business Improvement District)	361,414	-	-	361,414
	\$909,846	\$301,249	(\$620,545)	\$590,550
Equity in Tangible Capital Assets				
Tangible Capital Assets (Schedule 2)	\$1,007,584,354	\$50,645,340	(\$21,202,110)	\$1,037,027,584
Accumulated Amortization (Schedule 2)	(377,055,223)	(25,825,366)	16,989,242	(385,891,347)
Asset Retirement Obligation (Note 17)	(5,460,548)	(246,309)	10,461	(5,696,396)
Long-Term Debt (Note 19)	(62,405,169)	-	3,738,809	(58,666,360)
	\$562,663,414	\$24,573,665	(\$463,598)	\$586,773,481
Accumulated Surplus	\$646,341,703			\$661,384,682

Unrestricted Surplus

The unrestricted surplus represents accumulated surpluses from operations, which have not been designated by City Council for any specific use.

Included in the 2025 unrestricted surplus is a \$137,677 adjustment from the consolidation with the audited financial statements of the Lloydminster Public Library. Effective January 1, 2025, the Library joined the SILS Consortium as a Public Library Member. The Library's financials statements include their consolidated interest in SILS and their share of the annual operating revenue and expenses.

Reserves

The City follows the Reserves Policy 134-04, which was approved by Council on October 27, 2025. The purpose of this policy is to provide a safeguard and assist with long term financial stability and financial planning, which ensures financial resources are available to maintain a viable and sustainable community.

Restricted Reserve Funds are established by provincial or municipal legislation and can only be used for their prescribed purposes. Unrestricted Reserves Funds are established, based on Council's direction to fund current or future expenses for which the City has the authority to spend money or to provide for a specific purpose. Unrestricted Reserve Funds can be further established to assist in funding operational requirements or capital replacements/long term capital programs or for other special purposes.

22. Commitments

Water Supply

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. The agreement is set to expire on December 31, 2029.

On February 27, 2017, Council approved that the City enter into an agreement to supply potable water to the Alberta Central East Water Corporation until January 1, 2038.

On February 16, 2021, Council approved that the City enter into an agreement to supply potable water to the Saskatchewan Water Corporation until December 31, 2041.

Annexation

On January 26, 2022, the Provincial Government of Alberta, through an Order in Council, approved the City's application to annex 23.5 quarter sections of land from the County of Vermillion River. The City is required to pay the County of Vermillion River a percentage of tax revenue from these annexed lands. The City has paid \$75,600 in 2025 and will pay \$37,800 in 2026.

Vendor Agreement

On September 25, 2023, Council approved that the City enter into a 15-year agreement with Veolia Water Technologies & Solutions to provide a quantity of replacement membrane modules for use at the wastewater treatment facility. The City is required to pay \$404,960 plus GST annually.

Capital

Capital commitments are not reflected in the consolidated financial statements. These are uncompleted portions of contracts on major projects and other obligations under various agreements. These commitments were included in capital budgets and will be funded from grants, reserves, debt, and other revenue in future years.

As of December 31, 2025, several capital projects are still ongoing and will be finished in future years. On February 2, 2026, Council approved carrying forward \$34,728,200 to the 2026 budget for these projects. The full carry forward amount does not reflect commitments made, and actual expenses to complete the projects may vary.

Funding & Grants

As approved by Council in various motions, the City supports local non-profit organizations that provide services to the community by providing annual operating funding. Through various multi-year agreements, the City is committed to providing funding to these organizations. The organizations supported include, but are not limited to, the following:

- Border Paws Animal Shelter Society
- Start Up Lloydminster
- Vic Juba Community Theatre
- Olive Tree Community Centre Inc.

The City partners with Family and Community Support Services (FCSS) to administer an annual grant to allocate FCSS funds to non-profit organizations for programs that fall within the scope of the FCSS Act and Regulation. The current agreement expires December 31, 2028. The City is required to provide a financial contribution of no less than twenty percent of the FCSS Services' total cost.

22. Commitments (continued)

Industrial Lease with Option to Purchase

On October 1, 2025 the City's Land Division leased an industrial lot to a third party for a term ending September 30, 2035 with a right to extend for a further five years. The lease includes an option to purchase the leased property at an agreed upon price which the lessee can exercise after certain conditions are met. Rent paid under the lease is not credited to the purchase price.

Vic Juba Concert Agreement

On September 24, 2025, the City entered into a contract with the Vic Juba Community Theatre to facilitate and support the delivery of concerts hosted at Cenovus Energy Hub for a period of 3 years beginning January 1, 2026 and ending December 31, 2028.

23. Contingent Liabilities

The collective agreement between the City and the Lloydminster Fire Fighter's Association Local 5182 of the International Association of Fire Fighter's expired on December 31, 2021. Negotiations are currently ongoing and may result in retrospective compensation for a period starting January 1, 2022, though the exact period remains undetermined.

As of December 31, 2025, various lawsuits and claims are pending by and against the City. No amount has been accrued in the financial statements as it is not possible to estimate the potential outcomes related to the ongoing litigation. It is the opinion of management that it is unlikely there will be a materially adverse impact on the City's financial position. Any eventual settlement of these lawsuits will be recorded in the period when the details are determined.

24. 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:

	2025
2026	\$474,405
2027	478,701
2028	483,039
2029	487,459
Thereafter	699,896
	<u>\$2,623,500</u>

25. Contractual Rights

Contractual rights are rights to economic resources that arise from contracts or agreements that will result in future assets and revenues. The City enters into such contracts or agreements through the normal course of business.

The City has entered into several sponsorship agreements with various sponsors for the naming rights of City facilities. Per these contracted payment plans, the City will receive the following:

Year	Amount
2026	\$150,792
2027	179,984
2028	184,127
2029	178,435
Thereafter	1,996,662
Total	\$2,690,000

The City has entered into property development agreements which will result in the future contribution of infrastructure assets to the City. The timing and extent of these future contributions cannot be reasonably determined, and therefore no amount has been accrued in the financial statements.

26. Franchise Fees

The following utility franchise agreement annual revenues are disclosed as required by Alberta Regulation 313/2000.

	<i>(unaudited)</i>		
	Budget	2025	2024
Power Utility			
ATCO Electric	\$4,870,704	\$4,762,568	\$4,185,699
SaskPower	681,804	660,940	664,736
	<u>\$5,552,508</u>	<u>\$5,423,508</u>	<u>\$4,850,435</u>
Gas Utility			
ATCO Gas	\$2,969,710	\$3,085,055	\$2,772,774
	<u>\$8,522,218</u>	<u>\$8,508,563</u>	<u>\$7,623,209</u>

27. Budget

Budget data presented in these consolidated financial statements is based upon the 2024 operating and capital budgets as approved by Council. Council approved budgets are prepared in accordance with the Lloydminster Charter, which in some cases is different from budget amounts prepared in accordance with PSAS and reported on the consolidated statement of operations and accumulated surplus. The table below reconciles the Council approved budget to the PSAS budget figures reported in these consolidated financial statements.

	Revenues	Expenses	Surplus
Operating Budget¹	\$125,604,024	(\$125,544,712)	\$59,312
Adjustments			
Lloydminster Public Library Budget	\$1,579,023	(\$1,371,247)	\$207,776
Remove Inter-entity Grant	(1,401,161)	1,420,855	19,694
Property Tax Requisitions (Sch 3)	(15,654,346)	15,654,346	-
Government Transfers for Capital (Sch 4)	7,608,961	-	7,608,961
Transfers from Reserves	(2,967,980)	-	(2,967,980)
Amortization	-	(22,671,679)	(22,671,679)
Transfers to Reserves	-	13,951,264	13,951,264
Principal Debt Payments	-	4,015,879	4,015,879
Statement of Operations Budget	\$114,768,521	(\$114,545,294)	\$223,227

1. The operating budget is inclusive of the budget approved by Council on November 25, 2024, and all subsequent approved amendments.

28. Segmented Disclosures

The Consolidated Schedule of Segmented Disclosures (**Schedule 5**) has been prepared in accordance with PS2700 - Segmented Disclosures. Segmented disclosures are intended to help users of the financial statements identify the resources allocated to support major governments activities and allow users 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 services.

b) Protective Services

Protective Services are those that safeguard residents, such as RCMP, bylaw services, fire and rescue, 911 dispatch, and all other disaster and emergency measures.

28. Segmented Disclosures (continued)

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, ball diamonds, indoor and outdoor pools, splash parks, arenas, museums, libraries, cultural centers, and public art.

29. 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. The City is exposed to credit risk and liquidity risk in relation to these financial instruments. It is management's opinion that the City is not exposed to significant currency or market risk. There have been no significant changes to these risks or the objectives, policies, or procedures for managing them in the year.

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 City is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. The City mitigates credit risk by conducting regular assessments of its ratepayers and establishing allowances for amounts deemed potentially uncollectible. The large number and diversity of taxpayers and customers minimizes the credit risk.

Liquidity risk is the risk that the City will encounter difficulty meeting obligations as they become due. The City mitigates liquidity risk by monitoring cash activities through budgeting and forecasting. Further, the City has access to a \$5 million demand operating credit facility that can be drawn upon if unexpected cash outflows arise.

30. Comparative Amounts

The following 2024 comparative financial statement figures have been restated to reflect changes in accounting classifications and the correction of errors.

	2024 – As Presented	2024 – Restated	Change	Impact to Accumulated Surplus
Land and Inventories for Resale	\$17,313,488	\$6,124,380	\$11,189,108 decrease	-
Land for Development	-	9,984,278	9,984,278 increase	-
Tangible Capital Assets	629,084,133	630,529,131	1,444,998 increase	-
Expenditures	109,654,193	109,664,245	10,052 increase	(10,052)
Accumulated Surplus - Opening	611,870,408	612,120,628	250,220 increase	250,220
Total Change				\$240,168

As a result of these adjustments, the ending accumulate surplus has increased by \$240,168.

Land and Inventories for Resale

Adjustment to reclassify several parcels of land to Tangible Capital Assets or Land for Development to more accurately reflect their intended future use and to correct cost calculations on past land transactions.

Land for Development

Land Inventory that is not yet fully developed and not yet in a condition to be sold has been reclassified as Land for Development.

Tangible Capital Assets

Several parcels of land were reclassified from Land Inventories to Tangible Capital Assets to more accurately reflect their intended future use.

A previously missed contributed asset was capitalized and amortization was recorded from the year of contribution.

Expenditures

Expenditures were adjusted as a result of amortization on assets added in the adjustments to Tangible Capital Assets.

Accumulated Surplus - Opening

The 2024 Opening Accumulated Surplus was adjusted to reflect the impact of the entries made in the prior year.

31. Subsequent Events

In January 2026, the City received the disbursement of a \$30.38 million debenture related to the long-term funding of the Cenovus Energy Hub Event Arena. This debenture will be repaid over a 30-year term.

In 2026, the City is expected to receive the disbursement of a \$3.22 million debenture related to the long-term funding of the Mechanical Wastewater Treatment Facility. This debenture will be repaid over a 25-year term.

32. Approval of the Financial Statements

Council and Management have approved these consolidated financial statements.