



CITY OF
YELLOWKNIFE

Financial Report 2018

For the year ended
December 31, 2018

WELCOME TO
YELLOWKNIFE



**City of Yellowknife
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December 31, 2018**

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City of Yellowknife
Financial Statement Discussion and Analysis
For the year ended December 31, 2018

The following Financial Statement Discussion and Analysis (FSD&A) has been prepared by management and should be read in conjunction with the audited financial statements (the Statements) and their accompanying notes and schedules. The Statements, as well as the accompanying materials, are prepared in accordance with Canadian public sector accounting standards as established by the Public Sector Accounting Board (PSAB).

The Statements provide information about the economic resources, obligations and accumulated surplus of the City. The Financial Statements include the following individual statements:

1. **Statement of Financial Position** – provides a summary of the City’s financial and physical assets and liabilities.
2. **Statement of Operations** – provides a summary of the funds raised by the City and the use of such funds during the year.
3. **Statement of Changes in Net Financial Assets (Liabilities)** – shows how changes in physical assets occurred through the purchase and disposition of physical assets.
4. **Statement of Cash Flows** – summarizes how the City’s cash position changed during the year by highlighting the sources and uses of cash.

The Financial Statements also include schedules that provide detail on tangible capital assets, segment disclosures, and activities and changes in the different fund balances.

FUNDS AND RESERVES

A fund is a grouping of accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City has established the following funds to achieve and demonstrate compliance with finance related requirements.

1. **General Fund** - reports on tax supported operations, which include services provided by the City to citizens such as public safety, parks and recreational services, transit services, street maintenance and administrative and governance support.
2. **Capital Fund** - reports on capital projects that are supported by taxes, user fees and/or grants from other orders of government. The Capital Fund is made up of, but is not limited to, reporting on the acquisition and/or construction of: streets, parks and recreation facilities, water and sewer infrastructure and other municipal facilities.
3. **Water and Sewer Fund** – reports on activities related to the provision of piped or trucked water and sewer services. This fund is funded by user fees.
4. **Solid Waste Management Fund** - reports on activities related to garbage and waste collection services. The fund is funded by user fees.
5. **Land Development Fund** – reports on activities related to the acquisition, development and disposal of municipal lands.
6. **Service Connection Failure Assistance Fund (SCFA)** – established to provide customers with a low-cost program to cover water and sewer service repairs. This fund is funded by user fees.

City Council has approved the establishment of Reserves. Reserves are a portion of the City’s surplus that is retained or set aside for a future use. The City has established three Capital Reserves and seven Operating Reserves.

1. **Information Technology Reserve, Mobile Equipment Reserve, and the Major Community Facility Reserve** – set-up to finance current and anticipated future capital projects, thereby reducing or eliminating the need to issue debt.

2. **Waterfront Development Reserve, Downtown Development Reserve, Heritage Reserve, Samuel Colley Donation Reserve, Twin Pine Hill Trail Reserve, Revitalization Initiative Reserve and Community Grant Reserve** – provide designated revenue to fund expenses related to future projects in these areas.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2018 are as follows:

- The City had a strong financial year with all funds coming in above budget. Higher land sales and user fee revenues, lower than budgeted costs for salaries, wages and benefits, and a reduction in the landfill closure liability had positive impacts on the City's financial results.
- The City was able to transfer \$0.6 million in municipal taxes to the Capital Fund because revenues came in above budget while expenses came in under. Government transfers, as a result of new funding, and investment income were both higher than budget. Salaries, wages and benefits were lower than budgeted largely due to staff vacancies. The transfer to the Capital Fund will assist the City in meeting its ten year capital plan and bring the General Fund balance into line with the City's Stabilization Funds Policy as outlined in the public 2018 Budget document.
- In 2017, the City received \$16.3 million in federal funding under the Clean Water and Wastewater Fund (CWWF) and Public Transit Infrastructure Fund (PTIF) to update water and sewer and public transit infrastructure. There has been significant infrastructure investment as a result of this funding in both 2017 and 2018. In 2018, the City recognized \$6.0 million (2017 - \$8.2 million) in government transfers related to capital under these agreements. The infrastructure upgrades are expected to be completed in 2019.

STATEMENT OF FINANCIAL POSITION

	2018	2017	Change
Financial Assets	\$70,101,970	\$59,233,626	\$10,868,344
Liabilities	(65,479,532)	(65,894,293)	414,761
Net Financial Assets (Liabilities)	4,622,438	(6,660,667)	11,283,105
Non-Financial Assets	296,797,997	292,602,845	4,195,152
Accumulated Surplus*	\$301,420,435	\$285,942,178	\$15,478,257

*Accumulated surplus represents the City's net worth and is mainly comprised of the City's capital assets.

The Statement of Financial Position shows the City's overall financial position has increased by \$15.5 million over the previous year. This is primarily due to operating surpluses and an increase in non-financial assets, which are largely comprised of tangible capital assets, as the City's investment in its infrastructure is outpacing depreciation.

Accumulated Surplus	
Total Reserves	\$10,510,361
Surplus	
Tangible Capital Assets (TCA)	295,518,315
Long-term Liabilities related to TCA	(16,927,343)
Net Investment in TCA	278,590,972
Net Surplus	12,319,102
Accumulated Surplus	\$301,420,435

Investment in tangible capital assets makes up 92.4% of the balance in the accumulated surplus with reserves and net surplus making up the remaining 3.5% and 4.1% respectively. More detailed information on the accumulated surplus balance can be found in Note 16.

Significant trends

	Average Annual Change	2018	2017	2016	2015	2014
Financial Assets	3.7%	\$70,101,970	\$59,233,626	\$58,577,730	\$52,496,980	\$53,900,667
Liabilities	14.0%	65,479,532	65,894,293	68,360,991	71,709,808	77,242,398
Net Financial Assets (Liabilities)		\$4,622,438	(\$6,660,667)	(\$9,783,261)	(\$19,212,828)	(\$23,341,731)

The City went from a net financial asset position of \$12.2 million in 2013 to a net liability position of (\$23.3) million in 2014, a change of \$35.5 million. \$19.1 million of the \$35.5 million change is due to financing the construction of the water treatment plant to meet the City's current and future needs. The remaining \$16.1 million is a result of the increase to the landfill closure liability.

In 2018, the City moved from a net liability position to a net financial asset position. This is as a result of operating surpluses over the past five years and repayment of debt. The City expects to remain in a net financial asset position in 2019 and 2020; however, this may change in 2021 if the City proceeds with the construction of a new aquatics centre which would require the City to borrow to finance part of the construction.

	Average Annual Change	2018	2017	2016	2015	2014
Reserves	17.3%	\$10,510,361	\$9,441,437	\$9,929,042	\$7,507,410	\$6,063,846

The City allocates funds to reserves to meet future operating and capital requirements. Over the past five years, reserves have increased on average by 17.3% per year. This is primarily due to an increase in the Major Community Facility Reserve which was almost depleted at the end of 2012, an increase in the Information Technology Reserve as a result of deferral of a few projects and the establishment of the Revitalization Initiative Reserve in 2016 to support revitalization initiatives within targeted areas of the City.

Going forward, the City expects to see a decline in the reserves balance as the Revitalization Initiative Reserve is expected to be drawn down and there is no plan to contribute funds into this reserve in the future.

STATEMENT OF OPERATIONS

Revenue

	Average Annual Change	2018	2017	2016	2015	2014
Municipal Taxes	3.5%	\$27,928,335	\$27,085,170	\$26,085,847	\$25,633,511	\$25,371,852
User Fees and Sale of Goods	5.9%	22,092,375	20,907,983	19,304,147	18,039,197	17,713,239
Other*	(1.6%)	4,035,009	3,658,559	4,568,435	4,153,150	4,189,418
Regular Operating Revenue		54,055,719	51,651,712	49,958,429	47,825,858	47,274,509
Government Transfers						
Government of Canada	17.4%	10,955,329	14,422,421	5,510,698	5,024,659	7,050,579
Government of the Northwest Territories	2.1%	11,253,530	10,694,656	10,825,713	10,546,264	10,207,142
		22,208,859	25,117,077	16,336,411	15,570,923	17,257,721
Land Sales	101.9%	6,034,338	1,403,000	7,602,219	1,778,849	3,697,117
Contributed TCA	-	146,238	-	4,989,553	8,598,616	-
Total Revenue		\$82,445,154	\$78,171,789	\$78,886,612	\$73,774,246	\$68,229,347

*Includes Development Levies, Licenses, and Permits, Fines, Penalties and Cost of Taxes, Investment Income, and Franchise Fees.

Government transfers, land sales and contributed tangible capital assets have been shown separately as they vary significantly from year to year.

Comparison to Prior year

Overall, revenue increased by 5.5% from the previous year with regular operating revenue increasing by 4.7%. Municipal taxes increased by 3.1% as a result of assessment growth and an increase in the tax rate of 1.0%. User fees and sale of goods were 5.7% higher than the previous year due to an increase in developer contributions and revenues from emergency services and water and sewer services. Other revenue increased by 10.3% due to an increase in development permit revenue and investment income.

Government transfers decreased from the previous year as there was less work to be completed under the federally funded CWWF and PTIF programs in the current year. Land sales increased significantly from the previous year as more lots become available for sale in the Engle Phase 2 Business District in 2018. Contributed tangible capital assets relate to enhancements to Tommy Forrest Ball Park.

Significant trends

Municipal taxes generally increase with assessment growth and tax rate increases. Increases in 2015 and 2016 were related to assessment growth as there was no increase in the tax rates. The increases in 2014, 2017 and 2018 were a combination of assessment growth and tax rate increases. Going forward, the City expects to see municipal taxes continue to increase as a result of assessment growth and small annual tax rate increases.

User fees and sales of goods have generally increased due to rate increases. The City expects this trend to continue as rates are adjusted to keep up with increasing costs.

Other revenue has remained relatively stable over the past five years and is expected to remain so. Fluctuations are mainly a result of the level of construction activity within the community.

Government transfers will fluctuate from year-to-year based on the capital projects in progress and the funding available from higher levels of government. In 2019, the City expects government transfers to remain consistent with 2018 levels. The remainder of work under the CWWF and PTIF funded capital projects is expected to be completed and a one-time increase in Gas Tax funding is expected. From 2020 through 2023, the City expects government transfers to be comparable to 2017 levels as funding of \$25.9 million, under the federally funded Disaster Mitigation and Adaptation Fund (DMAF), was approved in principle in March 2019. This funding will be used to replace the City's submarine intake line.

Land sales fluctuate from year to year based on the lots available for sale and the market demand for land. In 2016 new residential lots and a limited number of industrial lots came available for sale which resulted in higher sales. Purchase incentives introduced by the City in 2014 also had a positive impact on 2016 sales. In 2018, the introduction of additional industrial lots in the Engle Phase 2 Business District resulted in higher sales. In 2019, the City expects to see a decline in land sales as no new lots are expected to become available for sale during the year.

Expenses

	Average Annual Change	2018	2017	2016	2015	2014
General Government	6.8%	\$5,839,476	\$5,286,567	\$4,755,295	\$5,361,171	\$4,987,080
Community Services	4.1%	12,294,003	11,443,788	10,821,865	10,461,071	10,367,658
Corporate Services	2.8%	6,127,158	5,934,378	5,822,662	5,586,246	5,405,857
Mayor and Council	2.5%	567,533	576,277	578,292	527,261	550,574
Planning & Development*	5.7%	1,667,979	1,369,253	1,457,037	1,120,607	1,435,609
Public Safety	5.8%	7,867,486	7,306,981	7,179,455	6,507,940	6,083,406
Public Works & Engineering	2.1%	11,132,027	11,148,323	10,459,800	10,663,170	10,255,616
Solid Waste Facility**	4.3%	3,155,891	2,485,249	2,654,945	2,562,565	2,823,291
Water and Sewage	5.3%	13,531,383	12,961,386	12,138,081	11,237,486	11,050,093
Interest on Long-term Debt	7.1%	565,555	615,103	659,647	706,544	757,752
Regular Operating Expenses	4.2%	62,748,491	59,127,305	56,527,079	54,734,061	53,716,966
Land	-	912,480	753,788	1,591,018	639,054	217,199
Landfill Closure and Post-Closure Cost (Recovery)	-	(480,864)	348,877	595,999	417,926	16,100,119
Minor Capital	-	3,786,790	4,687,907	3,047,278	3,689,253	4,537,902
		\$66,966,897	\$64,917,877	\$61,761,374	\$59,480,294	\$74,572,153

*Land Development costs were removed and shown below regular operating expenses.

**Landfill Closure and Post-Closure costs were removed and shown below regular operating expenses.

Land and minor capital costs have been shown separately as they vary significantly from year to year. Landfill closure and post-closure costs have been shown separately due to that large restatement of the landfill closure and post-closure liability in 2014.

Comparison to Prior year

Overall, expenses increased 3.2% from the previous year with regular operating expenses increasing by 6.1%. The increase in regular operating costs is primarily a result of an increase in amortization, contracted and general services, and salaries, wages and benefits costs.

Land costs increased from the previous year due to an impairment in land value. The landfill closure and post-closure expense had a net recovery in the current year. An updated report on landfill closure and post-closure costs was completed for the 2018 year and resulted in a reduction in the liability balance. Minor capital was lower than previous year which can be expected given the decrease in capital related expenditures.

Significant trends

Overall, the City's regular operating expenses have increased on average by 4.2% per year over the last five years. This trend is expected to continue as costs continue to rise due to general inflation and salaries, wages and benefits costs rise due to annual pay increases as negotiated in the collective agreements and the introduction of new full time positions as required.

General government, water and sewage, public safety and corporate services functions have seen the largest average annual increases in costs. An increase in services and repairs required to City Hall are the primary reasons for the increase in general government costs. Construction of a new water treatment plant has resulted in an increase in operating costs under the water and sewage function. An increase in service demands under public safety has resulted in higher operating costs. Expanded services by way of additional information technology infrastructure are the primary reason for the increase seen under corporate services.

Land costs will continue to fluctuate from year to year based on land sales. In 2019, the City anticipates lower land development costs as it is expected that there will be a decline in land sales.

Significant fluctuations in the landfill closure and post-closure expenses are not expected going forward. The 2019 expense is expected to be comparable to that seen in 2016.

Minor capital expenses will continue to fluctuate from year to year and are influenced by both the level of capital expenditure as well as the type of capital projects taking place. In 2019, minor capital expenses are expected to be comparable to 2018 levels.

FUTURE OUTLOOK

Located on Chief Drygeese traditional territory of the Yellowknives Dene First Nation, Yellowknife is a vibrant, welcoming and inclusive community that enjoys high service levels and an excellent quality of life. To continue to provide these levels of service and meet the expectations of its residents the City must continue to address the challenges it faces related to the community's limited tax base, increasing costs of providing services and the need to continue addressing aging infrastructure. As well, the City recognizes that citizen expectations are expanding, particularly with respect to social issues. All of these pressures coexist with concerns about Yellowknife's cost of living.

A key issue impacting the City is the fact that NWT community governments are underfunded by the Government of the Northwest Territories (GNWT) by a total of \$40 million annually. Of this \$40 million shortfall, which the GNWT identified and acknowledges, the City is underfunded \$11 million each year. This has a huge impact on the City's ability to deliver services and maintain infrastructure. The City continues to pressure the GNWT to consider its fiscal allocations to better support strong communities and a diversified economy, as well as develop a plan in writing to close the funding gap.

The City anticipates its debt burden will increase by up to \$34 million by the end of 2021 as borrowing will be required to finance the construction of a new aquatic centre if the proposed project proceeds. The increase in debt will limit the City's ability to borrow for large capital expenditures in the future and may impact the City's credit rating. The City's current Aa2 rating benefits from a history of positive operating outcomes supporting predictable operating cash flow generation, solid governance and management policies and a developed institutional framework for municipalities in the Northwest Territories. These positive factors are balanced against the City's narrow economic base and current debt burden.

The City is always looking for ways to increase its revenues, diversify the economy, attract new residents and enhance the quality of life in Yellowknife. The City continues to be an active stakeholder in the Giant Mine reclamation project, a project which is expected to contribute significantly to the economy over the next decade. Efforts towards downtown revitalization and advocacy for a university in Yellowknife are ongoing. The 2019 budget includes funding to update the City's Economic Development Strategy, continue the development of the Community Plan and provide ongoing support for programs that support social issues.

In 2018, the GNWT enacted legislation that allows the City to implement an accommodation levy and energy retrofit programs. In 2019, the City is working towards implementing both an accommodation levy and an energy retrofit program. Implementation of an accommodation levy would have a direct positive impact on the tourism sector in Yellowknife. Implementation of an energy retrofit program could assist citizens with reducing their utility costs and overall cost of living.

The City will continue to monitor key economic indicators, sources of revenue and spending levels as part of its sound fiscal approach. The City is in a strong financial position with healthy reserve balances and a solid strategic plan that culminates into a forecasted three year operating and 10 year capital plan.



Sharolynn Woodward, B.Comm, NACLA
Director of Corporate Services
April 29, 2019



City of Yellowknife
Management's Responsibility for the Financial Statements
For the year ended December 31, 2018

City of Yellowknife management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards and ensuring all information in the annual report is consistent with the financial statements. This responsibility includes selecting appropriate accounting principles and methods and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

City Council is composed of elected officials who are not employees of the Municipality. City Council is responsible for overseeing management in the performance of its financial reporting responsibilities. City Council carries out its responsibility for review of the financial statements primarily through the Audit Committee. The Audit Committee meets regularly with management to discuss financial matters, including the results of audit examinations. The Audit Committee reports its findings to City Council for its consideration in approving the financial statements for issuance.

The financial statements have been reported on by Crowe MacKay LLP Chartered Professional Accountants. The independent auditors' report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.



Sharolynn Woodward, B.Comm, NACLAA
Acting City Administrator/Director of Corporate Services
April 29, 2019



Katherine Macdonald, CPA, CA
Manager, Financial Services
April 29, 2019

**City of Yellowknife
Audit Committee's Report
For the year ended December 31, 2018**

The Audit Committee oversees the City's financial reporting process on behalf of City Council. The Committee is comprised of: Mayor Rebecca Alty (ex-officio), Councillor Cynthia Mufandaedza, Justin Hazenberg, Nicolas Leeson, Erik Bech and Janet Toner.

The Committee reports directly to City Council and has complete access to all City records. The Committee meets regularly with the independent auditors to discuss the independence of the auditors, the scope and key risk areas for the audit, the results of their examinations, the evaluations of the City's internal controls, the overall quality of the City's external financial reporting and other matters required by Canadian public sector accounting standards.

Management has the primary responsibility for the financial statements and the reporting process, including the system of internal controls. Management represents that the City's financial statements are prepared in accordance with Canadian public sector accounting standards. Based on the Committee's review of the financial statements and discussions with Administration and the independent auditors, the Committee recommends that City Council adopt the audited financial statements for the year ended December 31, 2018.



Justin Hazenberg, P.Eng., Chair
April 29, 2019

Independent Auditors' Report

To the Mayor and Members of Council of the City of Yellowknife:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the City of Yellowknife, (the City), which comprise the statement of financial position as at December 31, 2018 and the statements of operations and accumulated surplus, changes in net financial assets (liabilities) and cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2018 and its results of operations, its changes in net financial assets (liabilities) and its 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 the Financial Statements* section of our report. We are independent of the City 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.

Other Information (Information Other than the Financial Statements and Auditor's Report Thereon)

Management is responsible for the other information. The other information comprises the Financial Discussion and Analysis but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the 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'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 or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the 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 the 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 judgment 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'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'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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the 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.

Report on Other Legal and Regulatory Requirement

We further report in accordance with the *Cities, Towns and Villages Act*, that, in our opinion, proper books of account have been kept by the City, the financial statements are in agreement therewith and the transactions that have come under our notice have, in all significant respects, been within the statutory powers of the City.

April 29, 2019
Yellowknife, Northwest Territories

Crowe Mackay LLP

Chartered Professional Accountants

City of Yellowknife
Statement of Financial Position
As at December 31, 2018

	2018	2017
Financial Assets		
Cash and Cash Equivalents (Note 3)	\$34,403,311	\$24,599,915
Grants Receivable (Note 4)	3,941,290	2,906,764
Taxes Receivable (Note 5)	1,064,427	927,546
Water and Sewer Receivable (Note 6)	1,522,759	1,247,133
Other Receivable (Note 7)	9,395,282	8,985,027
Local Improvement Charge Receivable (Note 8)	15,250,460	15,781,442
Land Held For Resale (Note 9)	4,524,441	4,785,799
Total Financial Assets	<u>70,101,970</u>	<u>59,233,626</u>
Liabilities		
Accounts Payable and Accrued Liabilities	9,602,460	7,465,722
Wages and Compensated Absences Payable (Note 10)	1,057,053	881,437
Retirement Benefits Liability (Note 11)	1,229,952	1,176,317
School Taxes Payable	2,686,449	2,621,796
Deposits Payable	1,164,349	1,348,453
Deferred Revenue (Note 12)	2,130,706	1,399,731
Long-term Debt (Note 13)	29,788,942	32,700,352
Provision for Landfill Closure (Note 14)	17,819,621	18,300,485
Total Liabilities	<u>65,479,532</u>	<u>65,894,293</u>
Net Financial Assets (Liabilities)	<u>4,622,438</u>	<u>(6,660,667)</u>
Non-Financial Assets		
Tangible Capital Assets (Note 15)	295,518,315	291,189,428
Inventories	864,640	948,416
Prepays	415,042	465,001
	<u>296,797,997</u>	<u>292,602,845</u>
Accumulated Surplus (Note 16)	<u>\$301,420,435</u>	<u>\$285,942,178</u>
Contingencies (Note 18)		
Commitments (Note 19)		

Approved by: 

 Mayor



 Acting City Administrator



City of Yellowknife
Statement of Operations
For the year ended December 31, 2018

	2018 Budget (Unaudited Note 21)	2018 Actual	2017 Actual
Revenues			
Municipal Taxation			
Property Taxes	\$ -	\$ 32,043,446	\$ 31,433,684
Payments in Lieu of Taxes	-	6,446,284	6,051,701
Less: School Taxes	-	(10,561,395)	(10,400,215)
Net Municipal Taxation	27,828,000	27,928,335	27,085,170
User Fees and Sale of Goods	20,616,689	22,092,375	20,907,983
Land Sales	2,792,000	6,034,338	1,403,000
Government Transfers	851,000	1,301,139	822,235
Investment Income	250,000	696,128	389,587
Fines, Penalties and Cost of Taxes	1,193,700	1,036,787	1,075,810
Development Levies, Licenses and Permits	1,454,400	1,247,352	1,145,528
Franchise Fees	1,020,000	1,054,742	1,047,634
Total Revenues	56,005,789	61,391,196	53,876,947
Expenses			
General Government	5,677,759	5,839,476	5,286,567
Community Services	12,301,675	12,294,003	11,443,788
Corporate Services	6,844,287	6,127,158	5,934,378
Mayor and Council	574,750	567,533	576,277
Planning and Development	2,514,801	2,580,459	2,123,041
Public Safety	8,018,148	7,867,486	7,306,981
Public Works and Engineering	11,049,058	11,132,027	11,148,323
Solid Waste Facility	3,914,038	2,675,027	2,834,126
Water and Sewage	13,851,100	13,531,383	12,961,386
Interest on Long-term Debt	565,000	565,555	615,103
Total Expenses	65,310,616	63,180,107	60,229,970
Annual Deficit before Other	(9,304,827)	(1,788,911)	(6,353,023)
Contributed Tangible Capital Assets	-	146,238	-
Government Transfers Related to Capital	21,972,125	20,907,720	24,294,842
Minor Capital Expense	(3,835,329)	(3,786,790)	(4,687,907)
Annual Surplus after Other	8,831,969	15,478,257	13,253,912
Accumulated Surplus at Beginning of Year	285,942,178	285,942,178	272,688,266
Accumulated Surplus at End of Year	\$ 294,774,147	\$ 301,420,435	\$ 285,942,178

City of Yellowknife
Statement of Changes in Net Financial Assets (Liabilities)
For the year ended December, 31, 2018

	Budget 2018	Actual 2018	Actual 2017
	(Unaudited)		
Annual Surplus (Deficit)	\$ 8,831,969	\$ 15,478,257	\$ 13,253,912
Acquisition of Tangible Capital Assets	(21,733,534)	(18,158,059)	(23,503,699)
Amortization of Tangible Capital Assets	14,316,565	13,811,567	12,956,768
(Gain) Loss on Disposal of Tangible Capital Assets	-	(87,395)	167,074
Proceeds on Disposal of Tangible Capital Assets	-	105,000	56,775
	(7,416,969)	(4,328,887)	(10,323,082)
Changes In Inventories, Prepaid Expenses and Deferred Expenses - Protective Services	-	133,735	(221,112)
Changes in Net Financial Assets (Liabilities)	1,415,000	11,283,105	2,709,718
Net Financial Liabilities, Beginning of Year	(6,660,667)	(6,660,667)	(9,370,385)
Net Financial Assets (Liabilities), End of Year	\$ (5,245,667)	\$ 4,622,438	\$ (6,660,667)

City of Yellowknife
Statement of Cash Flows
For the year ended December 31, 2018

	2018	2017
	Actual	Actual
Operations		
Annual Surplus	\$ 15,478,257	\$ 13,253,912
Non-cash changes to operations:		
Amortization	13,811,569	12,956,768
(Gain) Loss on Disposal of Tangible Capital Assets	(87,395)	167,074
Contributed Tangible Capital Assets	(146,238)	-
Retirement Benefits Liability	53,635	7,779
Provision for Landfill Closure	(480,864)	348,877
Bad Debt	275,823	283,606
Land Impairment	412,876	-
	29,317,663	27,018,016
Change in non-cash working capital balances related to operations:		
Grants Receivable	(1,034,526)	(2,660,414)
Taxes Receivable	(98,074)	57,545
Water and Sewer Receivable	(279,968)	(148,549)
Other Receivable	(1,600,419)	2,728,989
Local Improvement Charge Receivable	530,982	411,008
Land Held for Resale	(151,518)	135,022
Inventories	83,779	(301,337)
Prepays	49,958	75,794
Deferred Expenses - Protective Services	-	4,524
Accounts Payable and Accrued Liabilities	2,139,878	748,423
School Taxes Payable	64,653	60,600
Deposits Payable	(184,104)	74,842
Deferred Revenue	730,975	(603,360)
Wages and Compensated Absences Payable	175,611	104,263
Provision for Landfill Closure	-	(661,330)
	427,227	26,020
Net Cash provided from Operations	29,744,890	27,044,036
Capital		
Acquisitions of Tangible Capital Assets	(18,011,821)	(23,503,699)
Proceeds on Disposal of Tangible Capital Assets	105,000	56,775
Net Cash used for Capital	(17,906,821)	(23,446,924)
Investing		
Proceeds from Investments	-	-
Financing		
Long-term Debt Repayments	(2,034,673)	(2,546,885)
Increase in Cash and Cash Equivalents	9,803,396	1,050,227
Cash and Cash Equivalents, Beginning of Year	24,599,915	23,549,688
Cash and Cash Equivalents, End of Year (Note 3)	\$ 34,403,311	\$ 24,599,915

City of Yellowknife
Notes to the Financial Statements
For the year ended December 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Yellowknife (City) are the representations of management prepared in accordance with Canadian public sector accounting standards as prescribed by the Public Sector Accounting Board (PSAB). Significant aspects of the accounting policies adopted by the City are as follows:

a) Reporting Entity

The financial statements reflect the financial assets, liabilities, non-financial assets, accumulated surplus, revenues and expenses and changes in financial position of the City. It is comprised of the departments that are controlled by the City and are, therefore, accountable to Mayor and Council for the administration of their financial affairs and resources. There are no external organizations that currently meet the criteria of forming part of the reporting entity. The financial statements include the operations of the General Fund, the Land Development Fund, the Solid Waste Management Fund, the Water and Sewer Fund, the Capital Fund and the Service Connection Failure Assistance Fund (SCFA).

b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or legal obligation to pay.

c) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit, money market funds and Guaranteed Investment Certificates with maturity terms of three months or less at acquisition.

d) Designated Assets

The City has designated assets that are distinct from restricted assets. Unlike restricted assets, the City can readily change the legislation, by-law or resolution and use the designated assets for another purpose if the need arises. Designated assets are made up of reserves that have been established at the discretion of Council to set aside funds for future operating and capital expenses.

e) Investments

Investments are recorded at cost and consist of financial instruments with maturity terms of three months or greater at acquisition. Investment income is reported as revenue in the period earned. Investment income is accrued based on days using the interest rate being earned on the financial instrument.

f) Land Held for Resale

Land held for resale is recorded at the lower of cost and the net recoverable amount. The net recoverable amount is the amount the City estimates it will collect from the sale of the land inventory. Inventory includes costs of acquisition, lot servicing and infrastructure.

Valuation of land is subject to significant measurement uncertainty because sales of large parcels of land are subject to Council's approval of proposed developments.

City of Yellowknife
Notes to the Financial Statements
For the year ended December 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Wages and Compensated Absences Payable

Wages and compensated absences payable include employee wage and benefit liabilities which are future obligations of the City to its employees for benefits earned but not taken as at the end of the fiscal year.

h) Retirement Benefits Liability

Retirement benefits are comprised of severance payments based on employees' years of service as detailed in Note 11. There is no pension liability recorded as the City contributes to a contributory defined benefit pension plan on behalf of its employees as detailed in Note 20.

i) Deferred Revenue

Deferred revenue consists of government transfers for which the events giving rise to the transfer have not yet occurred and capital contributions from third parties to be used for specified capital projects. The deferred revenue will be recognized in the financial statements as revenue in the period in which the related expenses or capital expenditures are incurred.

j) Liability for Contaminated Sites

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 City recognizes a liability for remediation of contaminated sites when the following criteria have been met:

- a) an environment standard exists;
- b) contamination exceeds the environment standard;
- c) the City is directly responsible or accepts responsibility;
- d) it is expected that the future economic benefits will be given up; and
- e) a reasonable estimate of the amount can be made.

The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available. At each financial reporting date, management reviews the carrying amounts of the liability. Any revision required to the amount previously recognized is accounted for in the period revisions are made. As of December 31, 2018, the City has determined that no liability exists.

k) 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 ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

City of Yellowknife
Notes to the Financial Statements
For the year ended December 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Costs include all amounts that are directly attributable to acquisition, construction, development or betterment of assets. Tangible capital assets received as contributions are recorded at their fair value at the date of receipt when fair value can be reasonably estimated. Amortization is recorded on a straight-line basis over the expected useful life of each asset and commences on the first day of the fiscal year subsequent to acquisition or betterment and ceases on the last day of the fiscal year prior to disposal. Assets under construction are not amortized until the asset is available to begin delivery of its intended service value. Estimated useful life of tangible capital assets is as follows:

	<u>Useful Life</u>
Land	Not amortized
Buildings	40-50 years
Roads & Sidewalks Infrastructure	20 years
Water & Sewer Infrastructure	10-40 years
Other Infrastructure	8-40 years
Vehicles	10-21 years
Equipment	4-30 years
Work in Progress	Not amortized

m) Inventories

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

n) Government Transfers

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

o) Land Sale Revenue

Land sales are recognized as of the earlier of the transfer of title or transfer of possession under an agreement to sell.

p) School Taxes

School taxes are levied by the City on behalf of the School Boards and are not reported as revenue. The school mill rate set by Council is the rate necessary to meet the requisitions of the School Boards. School Board requisitions are paid quarterly and the fourth payment is paid subsequent to the City's year end. All school taxes, net of uncollectible accounts, are paid or payable to the School Boards.

City of Yellowknife
Notes to the Financial Statements
For the year ended December 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q) Property Taxes

Property taxes are a function of assessed values and mill rates. The assessed values are determined through application of Territorial legislation and the mill rates are set by Council. The revenue is recognized in the period the taxes are levied.

r) Local Improvement Charges

When a service or improvement is deemed to benefit a specific area more than the municipality as a whole, the City may levy a local improvement charge on the impacted properties. The local improvement charge is recognized as a revenue in the year the project is substantially complete.

s) Minor Capital Expenses

Minor capital expenses represent the total of minor capital purchases that do not meet the City's criteria for classification as tangible capital assets but are funded through the capital budget. They are recognized as expenses in the period in which they are acquired and are reported at cost.

t) Related Party Transactions

Related party transactions are disclosed in the financial statements when transactions have occurred between related parties at a value different from what would have been arrived at if the parties were unrelated and if the transaction could have a material effect on the financial statements. There were no related party transactions to disclose for the year ended December 31, 2018.

u) Measurement Uncertainty

The preparation of the financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses during the period. Significant items subject to estimates include the provision for landfill closure and post closure costs, retirement benefits liability, allowances for doubtful accounts, provisions for contingencies and the determination of useful lives of tangible capital assets. These estimates are reviewed periodically and adjustments are reported in earnings in the year in which they become known.

Actual results could differ from these estimates as additional information becomes available in the future.

v) Budget

Budget figures are unaudited and are those approved by Council on December 11, 2017.

City of Yellowknife
Notes to the Financial Statements
For the year ended December 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

w) Segment Disclosure

The Schedule of Segment Disclosure has been prepared in accordance with PSA Handbook Section PS 2700 – Segment Disclosures. The segments selected are to enable users to better understand the government reporting entity and the major revenue and expense activities of the City. For each reported segment, revenues and expenses represent amounts directly attributable to each segment.

The segments have been selected based on a presentation similar to that adopted for the City's financial planning and budget process. Segments include:

General Government:	includes the revenue and expenses pertaining to administration, policy, communications and economic development, human resources, and City Clerks.
Community Services:	includes the revenue and expenses pertaining to recreation programs, City facilities, the library and community grants.
Corporate Services:	includes the revenue and expenses pertaining to financial services, budgeting and financial reporting, property tax assessment, purchasing and risk management and information technology.
Mayor and Council:	includes the revenue and expenses pertaining to council meetings, participation in community events, conferences and memberships and public relations.
Planning and Development:	includes the revenue and expenses pertaining to permitting (development, building and mechanical), building and structural inspections, land use planning, development and zoning, and land sales.
Public Safety:	includes the revenue and expenses pertaining to emergency services (fire), enforcement (municipal enforcement) and emergency preparedness.
Public Works and Engineering:	includes the revenue and expenses pertaining to the maintenance and repair of the City's roadways and sidewalks, and the provision of a vehicle service to all City departments. Also included are expenses pertaining to project management of capital programs such as the roads and sidewalks program, the water and sewer program, the land development program, and the major and minor capital works for other City departments.
Solid Waste Facility:	includes the revenue and expenses pertaining to garbage and waste collection.
Water and Sewage:	includes the revenue and expenses pertaining to the provision of piped or trucked water and sewer services.

City of Yellowknife
Notes to the Financial Statements
For the year ended December 31, 2018

2. FUTURE ACCOUNTING CHANGES

a) Restructuring Transactions, Section PS 3430

This new section establishes standards on how to record assets, liabilities, revenues and expenses related to restructuring transactions as well as disclosure requirements for the recipient and transferor.

This Section applies to fiscal years beginning on or after April 1, 2018. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

b) Financial Instruments, Section PS 3450 and related amendments to Financial Statement Presentation, Section PS 1201

This standard will establish how to account for and report all types of financial instruments including derivatives. Financial instruments include primary instruments and derivative financial instruments. Governments should adopt Section PS 3450 in the same fiscal year Section PS 2601, Foreign Currency Translation, is adopted.

This Section is effective for fiscal periods beginning on or after April 1, 2021. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

c) Foreign Currency Translation, Section PS 2601

This section is replacing existing Section PS 2600, Foreign Currency Translation. Governments should adopt Section PS 2601 in the same fiscal year Section PS 3450, *Financial Instruments*, is adopted.

This Section is effective for fiscal periods beginning on or after April 1, 2021. Earlier adoption is permitted. The impact of the transition to these accounting standards has been reviewed by management and is not considered significant.

d) Asset Retirement Obligations, Section PS 3280

This standard is replacing existing Section PS 3270 Solid Waste Landfill Closure and Post-Closure Liability and will establish how to account for and report a liability for asset retirement obligations.

This Section is effective for fiscal periods beginning on or after April 1, 2021. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

e) Revenue, Section PS 3400

This new section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations.

This Section is effective for fiscal periods beginning on or after April 1, 2022. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

City of Yellowknife
Notes to the Financial Statements
For the year ended December 31, 2018

3. CASH AND CASH EQUIVALENTS

	2018	2017
Cash - unrestricted	\$ 13,359,815	\$ 5,376,901
Investments in Money Market Funds	8,235,588	8,138,051
Cash Held in Trust - Restricted (Note 22)	166,841	243,795
Deferred Revenue (Note 12)	2,130,706	1,399,731
Designated Assets - Reserves (Note 17)	10,510,361	9,441,437
	<u>\$ 34,403,311</u>	<u>\$ 24,599,915</u>

The investments in Money Market Funds earned interest between 1.10% - 1.85% throughout the year.

4. GRANTS RECEIVABLE

	2018	2017
Government of the Northwest Territories		
Clean Water and Wastewater Fund	\$ 3,209,116	2,405,913
District Energy	6,000	6,000
Economic Development Officer		25,000
Property Assessment and Taxation Services		125,000
Public Library Services	2,000	2,000
Public Transit Infrastructure Fund	109,731	71,913
Winter Cities Conference	-	1,037
Street Outreach Program	143,822	-
CEP Transportation Initiative	5,277	-
Visitor Services	107,400	-
Agricultural Strategy	1,631	-
New Building Fund and Small Communities	58,835	-
Installation of Hydrant Vault for Sobering Centre	202,687	-
Government of Canada		
Canadian Northern Economic Development - Destination Marketing Organization	-	30,249
Canadian Northern Economic Development - Frame Lake Trail	-	150,000
Federation of Canadian Municipalities - Climate and Asset Management Network	8,991	3,852
Federation of Canadian Municipalities - Community Energy Plan	85,800	85,800
	<u>\$ 3,941,290</u>	<u>\$ 2,906,764</u>

City of Yellowknife
Notes to the Financial Statements
For the year ended December 31, 2018

5. TAXES RECEIVABLE

	2018	2017
Property Taxes Receivable	\$ 2,728,625	\$ 2,630,551
Less: Allowance for Doubtful Taxes Receivable	(1,664,198)	(1,703,005)
	\$ 1,064,427	\$ 927,546

6. WATER AND SEWER RECEIVABLE

	2018	2017
Water and Sewer Receivables	\$ 1,949,052	\$ 1,669,084
Less: Allowance for Doubtful Accounts	(426,293)	(421,951)
	\$ 1,522,759	\$ 1,247,133

7. OTHER RECEIVABLE

	2018	2017
Land Sales and Trade Accounts Receivables	\$ 6,875,995	\$ 6,247,484
Community Services Receivables	503,693	344,817
Municipal Enforcement Receivables	795,343	743,083
Northland Utilities Ltd. Power Distribution Franchise	1,054,742	1,100,015
Due From Homelessness Coalition - Bailey House	-	876,737
GST Receivable	364,201	485,162
Other	688,586	338,960
	10,282,560	10,136,258
Less: Allowance for Doubtful Accounts	(887,278)	(1,151,231)
	\$ 9,395,282	\$ 8,985,027

8. LOCAL IMPROVEMENT CHARGE RECEIVABLE

	2018	2017
Niven Lake Subdivision - Phase 7	\$ 350,894	\$ 379,476
Yellowknife Condominium Corporation No. 8	14,899,566	15,401,966
	\$ 15,250,460	\$ 15,781,442

City of Yellowknife
Notes to the Financial Statements
For the year ended December 31, 2018

8. LOCAL IMPROVEMENT CHARGE RECEIVABLE (CONTINUED)

a) Niven Lake Subdivision - Phase 7

The City has levied a local improvement charge ("LIC") on certain properties in Blocks 308 and 309, Plan 4204, known as Stage 2, Phase 7, Niven Lake Subdivision to pay for the costs of infrastructure and other local improvements. Each owner of the affected properties is responsible for paying the LIC. The LIC is levied over a fifteen year period which started in January 2014. A 3.59% annual interest rate is charged to recover the carrying costs incurred by the City as a result of the local improvements.

As of January 1, 2014, the owner of a property to which the LIC applies may pay the entire balance in full plus interest calculated up to the date of the payment.

b) Yellowknife Condominium Corporation No. 8

The City has levied a LIC on certain properties in Block 163, Plan C2090, known as Yellowknife Condominium Corporation No. 8 ("Condo Corp") to pay for the cost of installing water and sewer infrastructure servicing the Condo Corp. Each owner of the affected properties is responsible for paying the LIC. The LIC is levied over a twenty-five year period which started in January 2016. A 3.30% annual interest rate is charged to recover the carrying costs incurred by the City as a result of the local improvements.

As of January 1, 2016, the owner of a property to which the LIC applies may pay the entire balance in full plus interest calculated up to the date of the payment and early repayment fee.

9. LAND HELD FOR RESALE

Land held for resale is classified as a financial asset. Land held for resale has an estimated market value of \$17,883,446 (2017 - \$12,022,073).

	2018	2017
Land Held for Resale - Financial Asset	\$ 4,524,441	\$ 4,785,799

10. WAGES AND COMPENSATED ABSENCES PAYABLE

	2018	2017
Accrued Wages and Compensated Absences		
Payroll	\$ 173,218	\$ 52,756
Vacation and Lieu Time	893,255	848,630
	1,066,473	901,386
Wage Assignments	(9,420)	(19,949)
	\$ 1,057,053	\$ 881,437

City of Yellowknife
Notes to the Financial Statements
For the year ended December 31, 2018

10. WAGES AND COMPENSATED ABSENCES PAYABLE (CONTINUED)

Payroll

The payroll liability is comprised of wages, salaries and benefits earned in 2018 and paid on the first payroll of 2019.

Vacation and Lieu Time

The vacation and lieu time liability is comprised of vacation and lieu time that employees have earned and are deferring to future years.

Wage Assignments

The wage assignment receivable is comprised of payments made by the City on behalf of employees as at December 31, 2018 that will be recovered by payroll deduction from the first payroll of 2019.

11. RETIREMENT BENEFITS LIABILITY

	2018	2017
Balance, Beginning of Year	\$ 1,176,317	\$ 1,168,538
Net Expense	258,257	133,281
Paid-Out	(204,622)	(125,502)
Balance, End of Year	\$ 1,229,952	\$ 1,176,317

City employees retiring over the age of 55 with 10 or more years of service are entitled to one weeks pay for each year of service to a maximum of 25 weeks pay. The retirement allowance liability is calculated from the weekly wages of all employees with 10 years of service multiplied by years of service as at December 31, 2017 and factored by a probability that the employee will remain in service at age 55 as follows:

Age 55+	100%
Age 50-55	67%
Age 45-50	50%

City of Yellowknife
Notes to the Financial Statements
For the year ended December 31, 2018

12. DEFERRED REVENUE

	2017	Externally Restricted Inflows	Revenue Earned	2018
Government of the Northwest Territories				
Community Capacity Building Fund	\$ 319,629	\$ -	\$ -	\$ 319,629
Street Outreach Program	32,000	-	(32,000)	-
Waste Reduction and Recycling Initiative	3,834	-	(3,834)	-
Win Your Space	20,000	-	(20,000)	-
MACA CPI	-	2,210,000	(1,746,868)	463,132
Gas Tax	-	5,511,000	(4,831,515)	679,485
Property Assessment Contract	11,667	125,000	(125,000)	11,667
Indigenous Relations Advisor	-	15,000	(1,378)	13,622
Government of Canada				
Department of Indigenous and Northern Affairs Canada	-	167,399	(33,709)	133,690
Infrastructure Canada	-	250,000	(54,717)	195,283
Developer Contribution	700,351	-	(700,351)	-
Other	312,250	1,947	-	314,198
	<u>\$ 1,399,731</u>	<u>\$ 8,280,346</u>	<u>\$ (7,549,372)</u>	<u>\$ 2,130,706</u>



City of Yellowknife
Notes to the Financial Statements
For the year ended December 31, 2018

13. LONG-TERM DEBT

	2018	2017
Capital - General		
TD Canada Trust Swap #904437T, authorized by By-law 4729 to finance completion of Phase 1 of the Multiplex, with monthly payments of \$9,944 including principal & interest at 2.77%, expiring May 2023.	\$ 495,485	\$ 599,495
TD Canada Trust Swap #904866T, authorized by By-law 4681 to finance the cost of building a new Water Treatment Plant, with monthly payments of \$139,061 including principal & interest at 3.10%, expiring June 2028.	13,717,848	14,940,978
TD Canada Trust Swap #909370T, authorized by By-law 4737 to finance the cost of building a new Water Treatment Plant, with monthly payments of \$6,198 including principal & interest at 3.98%, expiring August 2028.	595,979	645,554
TD Canada Trust Swap #909371T, authorized by By-law 4737 to finance the cost of building a new Water Treatment Plant, with monthly payments of \$21,754 including principal & interest at 3.71%, expiring August 2028.	2,118,031	2,296,931
	16,927,343	18,482,958
General		
Registered Mortgage #158,048 with the Northwest Territories Housing Corporation, title was transferred to The Salvation Army of Canada in 2018.	-	876,737
TD Canada Trust Swap #903174T, authorized by By-law 4707 to finance the cost of a Local Improvement in the Yellowknife Condominium Corporation No. 8 Mobile Home Park, with monthly payments of \$27,256 including principal & interest at 3.30%, expiring May 2038. Note 8 (b).	12,552,039	13,006,058
TD Canada Trust Swap #920732T, authorized by By-law 4766 to finance the cost of local improvements on certain properties in Stage 2, Phase 7, Niven Lake Subdivision, with monthly payments of \$6,968 including principal & interest at 3.58%, expiring January 2029. Note 8 (a).	309,557	334,599
	\$ 29,788,942	\$ 32,700,352

City of Yellowknife
Notes to the Financial Statements
For the year ended December 31, 2018

13. LONG-TERM DEBT (CONTINUED)

Debentures are covered by taxes and penalties levied, all grants and sundry revenues. Total interest paid in 2018 on long-term debt was \$563,921 (2017 - \$618,730). The estimated fair value of long-term debt at December 31, 2018 is \$29,104,973 (2017 - \$31,092,930). Fair value is estimated by discounting future cash flows at the rate currently offered by the City's bank for debt of similar credit quality and period to maturity. Annual principal repayment requirements on long-term debt for the next five years is as follows:

2019	\$	2,100,915
2020		2,169,324
2021		2,239,973
2022		2,312,936
2023		2,318,195
2024 and thereafter		18,647,599
	<u>\$</u>	<u>29,788,942</u>

14. PROVISION FOR LANDFILL CLOSURE

The City is required to estimate future landfill closure costs and set aside a portion of these costs. The City has recorded a provision for the Old Landfill site and the New Landfill - Cell A.

	<u>2018</u>	<u>2017</u>
Old Landfill Site	\$ 14,332,903	\$ 15,683,905
New Landfill - Cell A	3,486,718	2,616,580
	<u>\$ 17,819,621</u>	<u>\$ 18,300,485</u>

Estimates of future landfill closure costs are subject to significant measurement uncertainty. Northwest Territories landfill closure standards have not been established.

The main components of the landfill closure plan are final capping using selected specific layers of earthen and synthetic materials based on engineered cap design, installation of groundwater monitoring wells and gas vents, and implementation of a drainage management plan. The post-closure care requirements will involve cap maintenance, groundwater and gas monitoring, and inspections.

a) Old Landfill Site

Total closure and post-closure costs are estimated to be \$14,332,903 (2017 - \$15,683,905) of which \$11,903,430 is for site closure activities and \$2,429,472 for post-closure care activities. The liability was reduced by \$1,351,002. The reduction is based on an updated landfill closure liability assessment that was completed in March 2019. The remaining estimated life of the landfill is 1 year and monitoring will be required indefinitely. Of the total capacity of 700,000 cubic meters, less than 1% remains.

City of Yellowknife
Notes to the Financial Statements
For the year ended December 31, 2018

14. PROVISION FOR LANDFILL CLOSURE (CONTINUED)

b) New Landfill - Cell A and Cell B

Total closure and post-closure costs are estimated to be \$6,101,757 of which \$3,486,718 has been recognized (2017 - \$2,616,580). Of the total costs, \$4,234,213 is for site closure activities and \$1,867,544 is for post-closure care activities. The City has included \$2,419,550 (2017 - \$1,734,249) for site closure costs and \$1,067,167 (2017 - \$828,331) for post-closure care costs. The remaining estimated life of the landfill is 6 years and monitoring will be required indefinitely. Of the total capacity of 196,000 cubic meters, 84,000 cubic meters (43%) remains.

15. TANGIBLE CAPITAL ASSETS

	Net Book Value	
	2018	2017
Land	\$ 35,846,479	\$ 35,846,479
Buildings	82,781,382	83,730,355
Roads & Sidewalks Infrastructure	46,277,323	41,092,049
Water & Sewer Infrastructure	103,183,591	102,889,720
Other Infrastructure	15,005,842	15,072,702
Vehicles	1,362,104	1,437,395
Equipment	8,396,814	8,634,942
Work in Progress	2,664,780	2,485,786
	\$ 295,518,315	\$ 291,189,428

City of Yellowknife
Notes to the Financial Statements
For the year ended December 31, 2018

16. ACCUMULATED SURPLUS

	<u>2018</u>	<u>2017</u>
Surplus		
Investment in Capital		
Tangible Capital Assets (Note 15)	\$ 295,518,315	\$ 291,189,428
Long-term Debt - Capital - General (Note 13)	(16,927,343)	(18,482,958)
	<u>278,590,972</u>	<u>272,706,470</u>
General Fund Balance	5,787,413	5,441,519
Land Development Fund Balance	4,109,632	965,665
Solid Waste Fund Balance	(12,997,875)	(14,655,532)
Water & Sewer Fund Balance	316,849	(250,617)
Capital Fund Balance	13,935,062	11,242,863
SCFA Fund Balance	1,168,021	1,050,373
Total Surplus	<u>290,910,074</u>	<u>276,500,741</u>
Reserves		
Community Grant Reserve	700	2,450
Downtown Development Reserve	940,795	749,518
Heritage Reserve	155,750	155,750
Information Technology Reserve	1,531,607	1,167,051
Major Community Facility Reserve	3,069,146	2,976,625
Mobile Equipment Replacement Reserve	2,176,133	1,606,411
Revitalization Initiative Reserve	2,415,872	2,378,672
Samuel Colley Library Donation Reserve	220,358	216,154
Twin Pine Hill Trail Reserve	-	188,806
Waterfront Development Reserve	-	-
Total Reserves	<u>10,510,361</u>	<u>9,441,437</u>
	<u>\$ 301,420,435</u>	<u>\$ 285,942,178</u>

17. FUNDS AND RESERVES

Funds consist of the General, Land Development, Water and Sewer, Solid Waste Management, Service Connection Failure Assistance, Capital Funds, and Reserves. Transfers between Funds are recorded as adjustments to the appropriate equity account. The interfund transfers are excluded from the statement of operations. The purpose of the funds are:

General Fund - to account for tax and other general revenue, general expenses and other transactions not accounted for in other funds.

Land Development Fund - to account for land sales and land development costs.

Solid Waste Management Fund - To account for revenue from solid waste charges and the costs of collecting, recycling, and processing solid waste.

Water and Sewer Fund - to account for revenues and expenses related to water and sewer services.

City of Yellowknife
Notes to the Financial Statements
For the year ended December 31, 2018

17. FUNDS AND RESERVES (CONTINUED)

Capital Fund - to account for revenue related to capital and all capital expenses with the exception of land.

Service Connection Failure Assistance Fund - to account for the service connection failure assistance program separately from the Water and Sewer fund.

Reserves - to record reserves established at the discretion of Council to set aside funds for future operating and capital expenses. Transfers to and or from reserves are reflected as an adjustment to the respective fund and not as revenue or expenses in the statement of operations.

The City maintains the following reserves:

Community Grant Reserve:	Unused grant funding will be transferred to Community Grant Reserve for future use.
Downtown Development Reserve:	Starting 2002, 25% of the parking meter revenue is transferred to the Downtown Development Reserve to fund future projects that impact the downtown area.
Heritage Reserve:	Amounts approved by Council for future heritage project expenses are transferred to the Heritage Reserve.
Information Technology Reserve:	Amounts approved by Council for future information technology are transferred to the Information Technology Reserve.
Major Community Facility Reserve:	Amounts approved by Council for future community facilities are transferred to the Major Community Facility Reserve.
Mobile Equipment Replacement Reserve:	Amounts budgeted for future mobile equipment replacement are transferred to the Mobile Equipment Replacement Reserve.
Revitalization Initiative Reserve:	Amounts approved by Council for the purpose of targeting land assembly which supports revitalization initiatives within targeted areas were transferred into the Revitalization Initiative Reserve. Starting in 2018, amounts are no longer dedicated to the Revitalization Initiative Reserve.
Samuel Colley Library Donation Reserve:	To provide for the Yellowknife Public Library.
Twin Pine Hill Trail Reserve:	Amounts approved by Council for future development of the Twin Pine Hill Trail are transferred to the Twin Pine Hill Trail Reserve.
Waterfront Development Reserve:	Amounts approved by Council for future waterfront development are transferred to the Waterfront Development Reserve.

City of Yellowknife
Notes to the Financial Statements
For the year ended December 31, 2018

17. FUNDS AND RESERVES (CONTINUED)

Reserves for operating and capital activities changed as follows:

	Opening Balance	Appropriations to (from) Reserves	Closing Balance
Community Grant Reserve	\$ 2,450	\$ (1,750)	\$ 700
Downtown Development Reserve	749,518	191,276	940,795
Heritage Reserve	155,750	-	155,750
Information Technology Reserve	1,167,051	364,556	1,531,607
Major Community Facility Reserve	2,976,625	92,521	3,069,146
Mobile Equipment Replacement Reserve	1,606,411	569,722	2,176,133
Revitalization Initiative Reserve	2,378,672	37,200	2,415,872
Samuel Colley Library Donation Reserve	216,154	4,205	220,358
Twin Pine Hill Trail Reserve	188,806	(188,806)	-
Waterfront Development Reserve	-	-	-
	<u>\$ 9,441,437</u>	<u>\$ 1,068,924</u>	<u>\$ 10,510,361</u>

18. CONTINGENCIES

a) Insurance

The City participates in the NWT Association of Communities Insurance Programs. Under these programs, the City could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

b) Litigation

In the normal course of operations, the City is subject to various legal claims. The City's estimated maximum exposure to legal claims is not considered to be significant.

City of Yellowknife
Notes to the Financial Statements
For the year ended December 31, 2018

19. COMMITMENTS

a) Service Contracts

In the course of normal operations the City has entered into various multi-year service contracts. The minimum payments for these contracts for the next five years are as follows:

	<u>Total</u>
2019	\$ 4,145,349
2020	2,217,521
2021	1,234,667
2022	20,135
2023 and later	93,462
	<u><u>\$ 7,711,134</u></u>

b) Capital Contracts

The City regularly enters into contracts related to capital projects. The amounts below represent the uncompleted portions of these contracts as of December 31, 2018. The expected minimum payments for these contracts are:

	<u>Total</u>
2019	<u><u>\$ 4,790,710</u></u>

20. PENSION AGREEMENTS

Eligible employees of the City are members of the Northern Employee Benefits Services (NEBS) Pension Plan (the Plan), a contributory defined benefit plan. The Plan is administered by NEBS as part of benefits program providing insurance, health care and pension benefits for employees of member employers in the North. NEBS is a member owned, not-for-profit corporation of which the City is a member.

Total contributions remitted by the City to the NEBS Pension Plan were as follows:

	<u>2018</u>	<u>2017</u>
Employers' contribution	\$ 1,413,508	\$ 1,344,386
Employees' contribution	1,413,508	1,344,386
	<u><u>\$ 2,827,016</u></u>	<u><u>\$ 2,688,772</u></u>

Participating employers in the Plan, including the City are required to make contributions to the plan of 8% (2017 - 8%) of pensionable earnings, and to remit employee contributions of 8% (2017 - 8%). These contributions cover current service costs and a provision for adverse deviation.

City of Yellowknife
Notes to the Financial Statements
For the year ended December 31, 2018

20. PENSION AGREEMENTS (CONTINUED)

The Plan is governed by the *Northern Employee Benefits Services Pension Plan Act* (in force October 1, 2015) (the Act) and a Plan text document maintained by the administrator of the Plan. Both the Act and the Plan text document provide that participating employers are liable for their share of any funding shortfalls in the Plan as determined on a going concern basis, and on Plan windup. The Act and the Plan text document provide any going concern shortfalls, should they arise, are to be paid down over no more than 15 years and that contribution rates may be increased if necessary to do so.

Pursuant to the Act, the Plan is exempt from compliance with the Pension Benefits Standards Act, 1985 (PBSA) and is not required to be funded on a solvency basis.

As at January 1, 2018, the NEBS Pension Plan had a going concern surplus of \$24,000,000 (2017 - \$16,600,000) and a funded ratio of 113% (2017 - 110%). The Plan serves 3,033 employee members and 107 participating employers.

21. COMPARATIVE AMOUNTS

The comparative figures have been reclassified, where applicable, to conform with the presentation adopted in the current year.

Budget figures have been reclassified to conform with the presentation adopted in the current year. The City's 2018 Financial Plan reported all capital expenditures including tangible capital assets acquisitions as operations expenses.

Capital expenditures have been reclassified as follows:

	2018 Budget
Capital purchases as presented in the budget	\$ 26,133,863
Less: Acquisition of Tangible Capital Assets	21,733,534
Less: Interest on Long-term Debt Related to Capital	565,000
Minor Capital Expense	\$ 3,835,329

The annual surplus (deficit) as approved in the 2018 Financial Plan has been reclassified as follows:

	2018 Budget
Annual Surplus (Deficit) as presented in the budget	\$ (141,000)
Add: Acquisitions of Tangible Capital Assets	21,733,534
Add: Debt Repayment	1,556,000
Less: Amortization	14,316,565
Annual Surplus (Deficit)	\$ 8,831,969

City of Yellowknife
Notes to the Financial Statements
For the year ended December 31, 2018

22. CASH HELD IN TRUST

	2018	2017
McLennan Ross LLP for Firefighters' Training Alternative Measures Agreement	\$ 4,888	\$ 4,888
McLennan Ross LLP for Twin Pine Hill Escrow Agreement	161,954	238,907
	\$ 166,842	\$ 243,795

23. CONTRACTUAL RIGHTS

The City has entered into one-time agreements with higher levels of government that will result in transfers of funds to the City. Each agreement has stipulations that must be met before the transfer can be recognized as revenue. The total transfers expected to be received from these agreements in 2019 is \$312,886.

24. MEASUREMENT UNCERTAINTY

a) Liability for Contaminated Sites

A contaminated site is an unproductive site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. A liability for remediation of contaminated sites is recognized when the City is directly responsible or accepts responsibility, it is expected that future economic benefits will be given up and a reasonable estimate for the amount can be made.

The City has determined no liability exists as of December 31, 2018.

b) Provision for Landfill Closure

Estimates of landfill closure and post closure costs are subject to significant measurement uncertainty. The current provision includes a material estimate for contingency costs. The City plans to have a third party review of the landfill closure and post closure costs completed every three years. The last review was completed in March 2019.

City of Yellowknife
Schedule of Tangible Capital Assets
For the year ended December 31, 2018

	Land	Buildings	Roads & Sidewalks Infrastructure	Water & Sewer Infrastructure	Other Infrastructure	Vehicles	Equipment	Work in Progress	Totals
Cost									
Balance, beginning of year	\$ 35,846,479	\$ 126,983,402	\$ 81,578,814	\$ 183,672,068	\$ 21,761,296	\$ 3,297,188	\$ 18,648,306	\$ 2,485,786	\$ 474,273,339
Add: Additions during year	-	2,376,773	8,745,467	4,512,613	1,230,356	165,445	930,806	196,599	18,158,059
Less: Disposals during year	-	-	-	-	-	-	249,240	17,605	266,845
Balance, End of year	35,846,479	129,360,175	90,324,281	188,184,681	22,991,652	3,462,633	19,329,872	2,664,780	492,164,553
Accumulated amortization									
Balance, beginning of year	-	43,253,047	40,486,765	80,782,348	6,688,594	1,859,793	10,013,364	-	183,083,911
Add: Amortization during the year	-	3,325,746	3,560,193	4,218,742	1,297,216	240,736	1,168,934	-	13,811,567
Less: Accumulated amortization on disposals	-	-	-	-	-	-	249,240	-	249,240
Balance, End of year	-	46,578,793	44,046,958	85,001,090	7,985,810	2,100,529	10,933,058	-	196,646,238
Net book value of Tangible Capital Assets	\$ 35,846,479	\$ 82,781,382	\$ 46,277,323	\$ 103,183,591	\$ 15,005,842	\$ 1,362,104	\$ 8,396,814	\$ 2,664,780	\$ 295,518,315

City of Yellowknife
Schedule of Segment Disclosure
For the year ended December, 31, 2018

	2018 Budget (Unaudited)	General Government	Community Services	Corporate Services	Mayor and Council	Planning and Development	Subtotal
Revenues							
Property Taxation	\$ 27,828,000	\$ 27,928,335	\$ -	\$ -	\$ -	\$ -	\$ 27,928,335
User Fees, Licences and Permits, Sale of Goods, Levies, Fines and Penalties	23,264,789	475,031	2,186,409	726,110	1,028	958,272	4,346,850
Land Sales	2,792,000	-	-	-	-	6,034,338	6,034,338
Government Transfers	851,000	408,217	462,238	54,723	-	-	925,178
Other	1,270,000	1,586,801	-	-	-	164,069	1,750,870
Total Revenues	56,005,789	30,398,384	2,648,647	780,833	1,028	7,156,679	40,985,571
Expenses							
Amortization	14,316,565	728,879	2,010,577	-	-	-	2,739,456
Bad Debt	250,000	275,823	-	-	-	-	275,823
Bank Charges and Short-term Interest	201,800	131,218	-	-	-	-	131,218
Construction and Maintenance Supplies	885,600	-	-	-	-	-	-
Contracted and General Services	12,770,162	1,187,819	2,475,735	1,693,225	46,957	173,874	5,577,610
Loss (Gain) on Disposal of Tangible Capital Assets	-	(87,395)	-	-	-	-	(87,395)
Grants	468,000	-	469,750	-	-	898	470,648
Insurance	859,800	-	-	743,631	-	-	743,631
Interest on Long-term Debt	565,000	565,555	-	-	-	(1,633)	563,922
Land	836,601	-	-	-	-	914,113	914,113
Office and Administrative Supplies	638,050	89,266	51,556	205,488	101,449	4,718	452,477
Professional Services	204,300	111,670	-	13,428	40,689	-	165,787
Landfill Closure and Post-Closure	693,000	-	-	-	-	-	-
Salaries, Wages and Benefits	27,399,838	3,019,788	5,562,753	3,460,934	378,438	1,487,448	13,909,361
Transfers to Other Organizations	183,600	212,884	-	-	-	-	212,884
Utilities - Electricity	2,982,800	96,635	1,062,107	-	-	-	1,158,742
Utilities - Fuel	1,211,200	72,889	520,047	-	-	-	592,936
Vehicle Operations and Maintenance	844,300	-	141,478	10,452	-	1,041	152,971
Total Expenses	65,310,616	6,405,031	12,294,003	6,127,158	567,533	2,580,459	27,974,184
Annual Surplus (Deficit) before Other Contributed Tangible Capital Assets	(9,304,827)	23,993,353	(9,645,356)	(5,346,325)	(566,505)	4,576,220	13,011,387
Government Transfers Related to Capital Minor Capital	21,972,125	14,714,509	138,835	-	-	-	14,853,344
	3,835,329	220,886	215,160	241,874	-	56,255	734,175
Annual Surplus (Deficit) after Other	\$ 8,831,969	\$ 38,486,976	\$ (9,721,681)	\$ (5,588,199)	\$ (566,505)	\$ 4,519,965	\$ 27,130,556

City of Yellowknife
Schedule of Segment Disclosure (CONTINUED)
For the year ended December, 31, 2018

	Subtotal Carried Forward	Public Safety	Public Works and Engineering	Solid Waste Facility	Water and Sewage	2018	2017
Revenues							
Property Taxation	\$ 27,928,335	\$ -	\$ -	\$ -	\$ -	\$ 27,928,335	\$ 27,085,170
User Fees, Licences and Permits Sale of Goods, Levies, Fines and Penalties	4,346,850	3,073,826	1,348,535	3,577,601	12,004,702	24,351,514	23,129,321
Land Sales	6,034,338	-	-	-	-	6,034,338	1,403,000
Government Transfers	925,178	-	70,277	4,684	326,000	1,326,139	822,235
Other	1,750,870	-	-	-	-	1,750,870	1,437,221
Total Revenues	40,985,571	3,073,826	1,418,812	3,582,285	12,330,702	61,391,196	53,876,947
Expenses							
Amortization	2,739,456	338,949	3,955,698	1,084,399	5,693,067	13,811,569	12,956,768
Bad Debt	275,823	-	-	-	-	275,823	283,606
Bank Charges and Short-term Interest	131,218	-	-	-	-	131,218	218,552
Construction and Maintenance Supplies	-	-	351,501	-	291,936	643,437	726,711
Contracted and General Services	5,577,610	362,058	3,039,416	816,553	3,562,045	13,357,682	11,948,936
Loss (Gain) on Disposal of Tangible Capital Assets	(87,395)	-	-	-	-	(87,395)	167,074
Grants	470,648	-	-	-	-	470,648	474,524
Insurance	743,631	-	-	-	-	743,631	776,776
Interest on Long-term Debt	563,922	-	-	-	-	563,922	615,103
Land	914,113	-	-	-	-	914,113	723,129
Office and Administrative Supplies	452,477	118,375	26,488	-	-	597,340	485,171
Professional Services	165,787	-	-	-	-	165,787	206,123
Landfill Closure and Post-Closure	-	-	-	(480,864)	-	(480,864)	348,877
Salaries, Wages and Benefits	13,909,361	6,719,708	3,036,682	1,006,821	2,090,478	26,763,050	25,251,687
Transfers to Other Organizations	212,884	-	-	-	-	212,884	198,542
Utilities - Electricity	1,158,742	68,585	51,251	62,214	1,321,870	2,662,662	2,818,984
Utilities - Fuel	592,936	42,588	62,733	36,620	439,551	1,174,428	1,039,995
Vehicle Operations and Maintenance	152,971	217,223	608,258	149,284	132,436	1,260,172	989,412
Total Expenses	27,974,184	7,867,486	11,132,027	2,675,027	13,531,383	63,180,107	60,229,970
Annual Surplus (Deficit) before Other Contributed Tangible Capital Assets	13,011,387	(4,793,660)	(9,713,215)	907,258	(1,200,681)	(1,788,911)	(6,353,023)
Government Transfers Related to Capital Minor Capital	14,853,344	31,000	70,277	-	5,953,099	20,907,720	24,294,842
	734,175	354,318	592,869	248,129	1,857,299	3,786,790	4,687,907
Annual Surplus (Deficit) after Other	\$ 27,130,556	\$ (5,116,978)	\$ (10,235,807)	\$ 659,129	\$ 3,041,357	\$ 15,478,257	\$ 13,253,912

City of Yellowknife
Schedule of Government Transfers
For the year ended December, 31, 2018

	2018 Budget (Unaudited)	2018 Actual	2017 Actual
Government of Canada			
Clean Water and Wastewater Agreement	\$ 5,971,875	\$ 5,820,980	\$ 8,155,707
Gas Tax Agreement	5,511,000	4,831,515	5,272,500
Public Transit Infrastructure Agreement	160,000	132,119	73,416
Canadian Northern Economic Development Agency (CanNor)			
Destination Marketing Organization	150,000	119,440	307,920
Eco Housing	-	-	227,055
Frame Lake Trail	-	-	150,000
YK Smart Community Grant	-	-	-
Indigenous and Northern Affairs Canada			
Giant Mine Air Quality Monitoring Station	-	-	608
Indigenous Relations Advisor	-	33,709	-
Canadian Heritage			
Canada Day Celebration	31,000	15,000	225,000
	<u>11,823,875</u>	<u>10,952,763</u>	<u>14,412,206</u>
Government of the Northwest Territories			
MACA Formula Funding	7,753,000	7,814,000	7,753,000
MACA Contribution Agreements			
Capital Grant	2,209,000	1,746,868	2,210,000
Property Assessment	125,000	125,000	125,000
Library Grant	103,000	105,000	125,000
Sports and Recreation Grant	80,000	80,000	108,648
Ground Ambulance and Highway Rescue	-	31,000	23,440
Water and Sewer Services	281,000	326,000	281,000
New Building Fund and Small Communities Fund	11,250	58,835	-
Community Capacity Building Fund	-	-	7,705
Street Outreach Program	-	301,822	-
Installation of Hydrant Vault for Sobering Centre	-	202,687	-
CEP Transportation Initiative	-	70,277	-
Industry, Tourism and Investment Agreements			
Economic Development Officer	50,000	373,131	50,000
Winter City Conference	-	-	4,737
	<u>10,612,250</u>	<u>11,234,620</u>	<u>10,688,530</u>
Other Contribution Agreements	5,000	21,476	16,341
	<u>\$ 22,441,125</u>	<u>\$ 22,208,859</u>	<u>\$ 25,117,077</u>

City of Yellowknife
Schedule of Revenue and Expenditures
Gas Tax Agreement
For the year ended December, 31, 2018

	2018 Budget (Unaudited)	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
Funding						
Opening Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Gas Tax	5,511,000	5,511,000	5,272,500	5,272,500	4,519,000	6,454,311
Interest Earned	-	-	-	-	-	-
	5,511,000	5,511,000	5,272,500	5,272,500	4,519,000	6,454,311
Eligible Expenditures						
Transfer Station and Cell Access Improvements	76,000	89,873	-	-	-	-
Centralized Biomass Boiler	-	-	1,376,379	-	-	-
Centralized Composting Program	-	-	-	-	-	507,000
Interior LED Lighting	-	-	-	-	-	-
Intersection Widening & New Traffic Light	-	-	300,049	-	-	-
New Landfill Cell Construction	-	-	85,877	1,773,000	-	-
New Piping for Pumphouses & Liftstations	-	-	-	-	-	10,087
Road and Sidewalk Rehabilitation	-	-	776,389	-	-	-
Water & Sewer Replacement	5,435,000	4,741,642	2,733,806	3,449,500	2,175,000	4,708,961
Water Treatment Plant	-	-	-	-	2,344,000	1,228,263
Total Expenditure	5,511,000	4,831,515	5,272,500	5,222,500	4,519,000	6,454,311
Closing Balance - to Deferred Revenue	\$ -	\$ 679,485	\$ -	\$ -	\$ -	\$ -

Annual Gas Tax funding in 2013 and 2014 was based on funds received or receivable in those fiscal years. Deferred revenue was not recorded for funding that was not received for which there were no eligible expenditures.

City of Yellowknife
Schedule of Revenue and Expenditures
Community Public Infrastructure
For the year ended December, 31, 2018

	2018 Budget (Unaudited)	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
Funding						
Opening Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual CPI	2,209,000	2,210,000	2,210,000	2,210,000	2,210,000	2,210,000
Interest Earned	-	-	-	-	-	-
	2,209,000	2,210,000	2,210,000	2,210,000	2,210,000	2,210,000
Eligible Expenditures						
Road and Sidewalk Rehabilitation	2,210,000	1,746,868	2,210,000	2,210,000	2,210,000	2,210,000
	2,210,000	1,746,868	2,210,000	2,210,000	2,210,000	2,210,000
Closing Balance - to Deferred Revenue	\$ -	\$ 463,132	\$ -	\$ -	\$ -	\$ -

City of Yellowknife
Schedule of Revenue and Expenditures
Clean Water and Wastewater Agreement
For the year ended December, 31, 2018

	2018 Budget (Unaudited)	2018 Actual	2017 Actual	2016 Actual
Funding				
CWWF Funding	\$ 5,971,875	\$ 4,731,019	\$ 8,157,210	\$ -
Holdback Receivable	-	1,089,960	-	-
Formula Funding	158,625	158,625	776,000	-
User Fees	1,832,000	1,551,743	2,173,028	-
Interest Earned	-	-	-	-
Total Funding	7,962,500	7,531,347	11,106,238	-
Eligible Expenditures				
SCADA System Upgrades	650,000			
Construction Contract	-	395,060	10,620	-
Design Costs	-	14,973	48,457	-
Material and Supplies	-	56,069	65,013	-
	650,000	466,102	124,090	-
Sewage Lift Station #5 Rehabilitation	1,312,500			
Construction Contract	-	1,544,534	-	-
Design Costs	-	91,089	34,066	-
Material and Supplies	-	1,626	-	-
	1,312,500	1,637,249	34,066	-
Water and Sewer Replacement	6,000,000			
Construction Contract	-	3,952,867	8,935,588	-
Design Costs	-	593,873	853,903	129,061
Material and Supplies	-	191,383	1,719,403	-
	6,000,000	4,738,123	11,508,894	129,061
Total Expenditures	7,962,500	6,841,474	11,667,050	129,061
Funding Surplus (Deficit)	\$ -	\$ 689,873	\$ (560,812)	\$ (129,061)

City of Yellowknife
Schedule of Revenue and Expenditures
Public Transit Infrastructure Agreement
For the year ended December, 31, 2018

	2018 Budget (Unaudited)	2018 Actual	2017 Actual
Funding			
PTIF Funding	\$ 160,000	\$ 119,251	\$ 71,913
Holdback Receivable	53,333	12,868	-
Formula Funding	-	43,491	24,472
Total Funding	213,333	175,610	96,385
Eligible Expenditures			
Transit Upgrades	213,333		
Construction Contract	-	174,108	97,887
Design Costs	-	-	-
Material and Supplies	-	-	-
Total Expenditures	213,333	174,108	97,887
Funding Surplus (Deficit)	\$ -	\$ 1,502	\$ (1,502)

City of Yellowknife
Schedule of Fund Activities and Change in Fund Balance
GENERAL FUND
For the year ended December, 31, 2018

	2018 Budget (Unaudited)	2018 Actual	2017 Actual
Revenues			
Property Taxation	\$ 27,828,000	\$ 31,443,446	\$ 30,233,684
Payments in Lieu of Taxes			
Government of Canada	-	1,810,356	1,796,206
Government of the Northwest Territories	-	4,462,249	4,083,715
Crown Corporation	-	173,679	171,780
Total Payment in Lieu of Taxes	-	6,446,284	6,051,701
Total Property Taxation	27,828,000	37,889,730	36,285,385
Less: School Taxes	-	(10,561,395)	(10,400,215)
Net Municipal Taxation	27,828,000	27,328,335	25,885,170
User Fees and Sale of Goods	5,111,800	5,387,481	4,969,743
Government Transfers	570,000	970,455	537,419
Investment Income	150,000	532,059	295,193
Fines, Penalties and Cost of Taxes	1,110,500	952,852	994,024
Development Levies, Licenses and Permits	1,454,400	1,247,352	1,145,528
Franchise Fees	1,020,000	1,054,742	1,047,634
Total Revenues	37,244,700	37,473,276	34,874,711
Expenses			
General Government	5,677,759	5,839,476	5,286,567
Community Services	12,301,675	12,294,003	11,443,788
Corporate Services	6,844,287	6,127,158	5,934,378
Mayor and Council	574,750	567,533	576,277
Planning and Development	1,678,200	1,667,979	1,369,255
Public Safety	8,018,148	7,867,486	7,306,981
Public Works and Engineering	11,049,058	11,132,027	11,148,323
Total Operating Expenses	46,143,877	45,495,662	43,065,569
Net Expense	(8,899,177)	(8,022,386)	(8,190,858)
Interfund Transfers			
From Water and Sewer Fund	1,212,700	1,213,000	1,183,000
From Solid Waste Fund	333,800	334,000	326,000
From Land Development Fund	188,500	189,000	184,000
From (To) Capital Fund	188,500	(50,054)	-
From (To) Reserves	(130,000)	(369,374)	(258,015)
	1,793,500	1,316,572	1,434,985
Decrease in Fund Balance			
Before Reallocation of Expenses Related to Investment in Tangible Capital Assets	(7,105,677)	(6,705,814)	(6,755,873)
Reallocation of Expenses Related to Investment in Tangible Capital Assets	7,308,565	7,051,708	6,881,814
Increase in Fund Balance	202,888	345,894	125,941
Opening Fund Balance	5,441,519	5,441,519	5,315,578
Closing Fund Balance	\$ 5,644,407	\$ 5,787,413	\$ 5,441,519

City of Yellowknife
Schedule of Fund Activities and Change in Fund Balance
LAND DEVELOPMENT FUND
For the year ended December, 31, 2018

	2018 Budget (Unaudited)	2018 Actual	2017 Actual
Revenues			
User Fees and Sale of Goods	\$ 285,000	\$ 248,726	\$ 243,076
Land Sales	2,792,000	6,034,338	1,403,000
Investment Income	100,000	164,069	94,394
Total Revenues	3,177,000	6,447,133	1,740,470
Expenses			
Land Development	836,601	499,604	753,788
Land Impairment	-	412,876	-
Total Expenditures	836,601	912,480	753,788
Net Revenue	2,340,399	5,534,653	986,682
Interfund Transfer			
To Capital Fund	(2,500,000)	(2,141,986)	(3,859,649)
To General Fund	(188,500)	(189,000)	(184,000)
To Reserves	(877,600)	(59,700)	(436,666)
	(3,566,100)	(2,390,686)	(4,480,315)
Increase (Decrease) in Fund Balance Before Reallocation of Expenses Related to Investment in Tangible Capital Assets	(1,225,701)	3,143,967	(3,493,633)
Reallocation of Expenses Related to Investment in Tangible Capital Assets	-	-	6,174
Increase (decrease) in Fund Balance	(1,225,701)	3,143,967	(3,487,459)
Opening Fund Balance	965,665	965,665	4,453,124
Closing Fund Balance	\$ (260,036)	\$ 4,109,632	\$ 965,665

City of Yellowknife
Schedule of Fund Activities and Change in Fund Balance
SOLID WASTE MANAGEMENT FUND
For the year ended December, 31, 2018

	2018 Budget (Unaudited)	2018 Actual	2017 Actual
Revenues			
User Fees and Sale of Goods	\$ 3,227,419	\$ 3,577,601	\$ 3,544,887
Government Transfers	-	4,684	3,816
Total Revenues	3,227,419	3,582,285	3,548,703
Expenses			
Environmental and Public Health Services	3,221,038	3,155,891	2,485,249
Landfill Closure and Post-Closure Expense (Recovery)	693,000	(480,864)	348,877
Total Expenses	3,914,038	2,675,027	2,834,126
Net Revenue (Expense)	(686,619)	907,258	714,577
Interfund Transfer			
From (To) General Fund	(333,800)	(334,000)	(326,000)
From (To) Capital Fund	-	-	661,330
Decrease in Fund Balance Before Reallocation of Amortization of Investment in Tangible Capital Assets	(1,020,419)	573,258	1,049,907
Reallocation of Amortization	1,131,000	1,084,399	670,227
Increase (decrease) in Fund Balance	110,581	1,657,657	1,720,134
Opening Fund Balance	(14,655,532)	(14,655,532)	(16,375,666)
Closing Fund Balance	\$ (14,544,951)	\$ (12,997,875)	\$ (14,655,532)

City of Yellowknife
Schedule of Fund Activities and Change in Fund Balance
WATER AND SEWER FUND
For the year ended December, 31, 2018

	2018 Budget (Unaudited)	2018 Actual	2017 Actual
Revenues			
User Fees and Sale of Goods	\$ 8,000,470	\$ 8,083,756	\$ 7,835,471
Fines and Penalties	83,200	83,935	81,786
Government Transfers	281,000	326,000	281,000
Total Revenues	8,364,670	8,493,691	8,198,257
Expenses			
Water and Sewage	12,609,100	12,406,292	12,094,715
Total Expenses	12,609,100	12,406,292	12,094,715
Net Expense	(4,244,430)	(3,912,601)	(3,896,458)
Interfund Transfer			
To General Fund	(1,212,700)	(1,213,000)	(1,183,000)
Decrease in Fund Balance Before Reallocation of Expenses Related to Investment in Tangible Capital Assets	(5,457,130)	(5,125,601)	(5,079,458)
Reallocation of Amortization	5,877,000	5,693,067	5,622,312
Increase in Fund Balance	419,870	567,466	542,854
Opening Fund Balance	(250,617)	(250,617)	(793,471)
Closing Fund Balance	\$ 169,253	\$ 316,849	\$ (250,617)

City of Yellowknife
Schedule of Fund Activities and Change in Fund Balance
CAPITAL FUND
For the year ended December, 31, 2018

	2018 Budget (Unaudited)	2018 Actual	2017 Actual
Revenue			
Property Taxation	\$ -	\$ 600,000	\$ 1,200,000
Government Transfers	21,972,125	20,907,720	24,294,842
User Fees and Sales of Goods	2,750,000	3,552,072	3,063,264
Total Revenues	24,722,125	25,059,792	28,558,106
Expenditures			
General Government	910,000	786,440	1,018,333
Corporate Services	732,000	552,381	409,357
Public Safety	681,000	367,540	261,518
Public Works and Engineering	6,744,863	7,228,127	6,731,543
Planning and Development	1,600,000	434,883	4,101,253
Community Services	1,138,500	823,182	857,218
Solid Waste Facility	850,000	388,594	262,655
Water and Sewage	13,477,500	11,932,757	15,164,831
Total Expenditures	26,133,863	22,513,904	28,806,708
Net Revenue (Expenditures) before Other	(1,411,738)	2,545,888	(248,602)
Contributed Tangible Capital Assets	-	146,238	-
Net Revenue (Expenditures) after Other	(1,411,738)	2,692,126	(248,602)
Interfund Transfers			
(To) From Information Technology Reserve	(128,000)	(364,556)	(312,033)
(To) From Land Fund	2,500,000	2,141,986	3,859,649
(To) From General Fund	-	50,054	-
(To) From Mobile Equipment Replacement Reserve	(213,470)	(464,722)	1,413,454
(To) From Twin Pine Hill Trail Reserve	-	189,428	78,491
(To) From Downtown Development Reserve	75,000	-	2,374
(To) From Revitalization Reserve	-	-	-
(To) From Solid Waste Fund	-	-	(661,330)
(To) From Heritage Reserve	55,000	-	-
	2,288,530	1,552,190	4,380,605
	876,792	4,244,316	4,132,003
Less: Debt Repayment	(1,556,000)	(1,552,117)	(1,507,074)
Increase (Decrease) in Fund Balance	(679,208)	2,692,199	2,624,929
Opening Fund Balance	11,242,863	11,242,863	8,617,934
Closing Fund Balance	\$ 10,563,655	\$ 13,935,062	\$ 11,242,863

City of Yellowknife
Schedule of Fund Activities and Change in Fund Balance
SERVICE CONNECTION FAILURE ASSISTANCE FUND
For the year ended December, 31, 2018

	2018 Budget (Unaudited)	2018 Actual	2017 Actual
Revenues			
User Fees and Sale of Goods	\$ 1,242,000	\$ 1,242,739	\$ 1,251,542
Total Revenues	1,242,000	1,242,739	1,251,542
Expenses			
Water and Sewage	1,242,000	1,125,091	866,671
Total Expenditures	1,242,000	1,125,091	866,671
Net Revenue (Expense)	-	117,648	384,871
Opening Fund Balance	1,050,373	1,050,373	665,502
Closing Fund Balance	\$ 1,050,373	\$ 1,168,021	\$ 1,050,373

City of Yellowknife
Schedule of Fund Activities and Change in Fund Balance
RESERVES
For the year ended December, 31, 2018

	2018 Budget (Unaudited)	2018 Actual	2017 Actual
Net Interfund Transfers			
(To) From General Fund			
Community Grant Reserve	\$ -	\$ (1,750)	\$ 2,450
Downtown Development Reserve	50,000	168,956	148,632
Heritage Reserve	-	-	17,072
Major Community Facility Reserve	80,000	92,521	85,861
Mobile Equipment Replacement Reserve	-	105,000	-
Samuel Colley Library Donation	-	4,205	2,486
Twin Pine Hill Trail Reserve	-	442	1,514
	<u>130,000</u>	<u>369,374</u>	<u>258,015</u>
(To) From Land Fund			
Downtown Development Reserve	20,000	22,500	10,456
Revitalization Initiative Reserve	857,600	37,200	426,210
	<u>877,600</u>	<u>59,700</u>	<u>436,666</u>
(To) From Capital Fund			
Downtown Development Reserve	(75,000)	-	(2,374)
Information Technology Reserve	128,000	364,556	312,033
Major Community Facility Reserve	-	-	-
Mobile Equipment Replacement Reserve	213,470	464,722	(1,413,454)
Revitalization Initiative Reserve	-	-	-
Heritage Reserve	(55,000)	-	-
Twin Pine Hill Trail Reserve	-	(189,428)	(78,491)
	<u>211,470</u>	<u>639,850</u>	<u>(1,182,286)</u>
Increase (Decrease) in Reserves	<u>1,219,070</u>	<u>1,068,924</u>	<u>(487,605)</u>
Opening Reserves Balance	<u>9,441,437</u>	<u>9,441,437</u>	<u>9,929,042</u>
Closing Reserves Balance	<u>10,660,507</u>	<u>10,510,361</u>	<u>9,441,437</u>
Reserve Balances			
Community Grant Reserve	-	700	2,450
Downtown Development Reserve	657,000	940,795	749,518
Heritage Reserve	144,000	155,750	155,750
Information Technology Reserve	852,000	1,531,607	1,167,051
Major Community Facility Reserve	2,932,000	3,069,146	2,976,625
Mobile Equipment Replacement Reserve	444,000	2,176,133	1,606,411
Revitalization Initiative Reserve	3,658,000	2,415,872	2,378,672
Samuel Colley Library Donation Reserve	212,000	220,358	216,154
Twin Pine Hill Trail Reserve	260,000	-	188,806
Waterfront Development Reserve	-	-	-
	<u>\$ 9,159,000</u>	<u>\$ 10,510,361</u>	<u>\$ 9,441,437</u>

City of Yellowknife
Schedule of Salaries, Honoraria and Travel
For the year ended December, 31, 2018

Name	Salary	Honoraria	Travel	Total
Mayor				
Mark Heyck	\$ 107,181	\$ -	\$ 12,433	\$ 119,614
Councillor/Mayor				
Rebecca Alty	33,897	-	504	34,401
Councillor				
Adrian Bell	24,914	1,040	2,308	28,262
Linda Bussey	22,789	-	-	22,789
Neils Konge	26,511	-	-	26,511
Shauna Morgan	28,012	-	-	28,012
Julian Morse	27,748	1,040	1,761	30,549
Cynthia Mufandaedza	4,269	-	-	4,269
Steve Payne	27,748	-	-	27,748
Rommel Silverio	27,748	3,120	4,192	35,060
Stacie Smith	4,269	-	-	4,269
Robin Williams	4,269	-	-	4,269
	\$ 339,355	\$ 5,200	\$ 21,198	\$ 365,753



Photo: Bob Wilson, City of Yellowknife

Our yellowknife

For some, it's the supernaturally long summer nights. For others, it's the dancing skies of winter. For one, it's a place of solitude, far from the rest of the world. For another, it's a bustling city filled with people from around the globe. For all of us, it's Yellowknife. *Our Yellowknife.*



CITY OF
YELLOWKNIFE

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Yellowknife boasts the finest facilities for conference and meetings in the North. Well-equipped venues host over 700 delegates while nearby fishing resorts cater to smaller executive groups. Travel to Yellowknife is smooth with four airlines giving easy connections from anywhere in the world.