



CITY OF
YELLOWKNIFE

Financial Report 2021

For the year ended
December 31, 2021



Billbradenphoto

City of Yellowknife

December 31, 2021

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FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

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 of Yellowknife (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** – 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 details on tangible capital assets, segment disclosures, and government transfers.

FUNDS AND RESERVES

The Statements reflect all resources and operations controlled by the City and include departments, 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 the residents 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 and trucked water and sewer services. The revenue is derived from user fees.
4. **Solid Waste Management Fund** - reports on activities related to garbage and waste collection services. The revenue is derived from user fees.
5. **Land Development Fund** – reports on activities related to the acquisition, development and sale of municipal lands. The revenue is derived from land sales.
6. **Service Connection Failure Assistance Fund (SCFA)** – established to provide customers with a low-cost program to cover water and sewer service repairs. The revenue is derived from 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 five Operating Reserves.

1. **Information Technology Reserve, Mobile Equipment Replacement 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. Downtown Development Reserve, Heritage Reserve, Samuel Colley Donation 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 2021 are as follows:

- The City had a strong financial year with revenues coming in above budget and expenses coming in under budget resulting in an annual surplus of \$15.8 million. Higher user fees and sale of goods, land sales and development levies, licences and permits, and lower than budgeted costs for salaries, wages and benefits and contracted costs had a positive impact on the City's financial results.
- The City is in a strong financial position with net financial assets increasing \$18.8 million over the prior year. This increase can be attributed to an increase in cash and cash equivalents, as cash from operations exceeded cash used to construct and purchase tangible capital assets and meet financing obligations. This leaves the City in a strong position to manage financial implications that may arise in the future as a result of the ongoing global impacts of the COVID-19 pandemic.
- The Funds Stabilization component of the City's Budget Policy specifies that the General Fund will maintain a balance of no less than 10.0% and no more than 15.0% of budgeted expenses. The City was able to transfer \$7.0 million in municipal taxes to the Capital Fund because revenues came in above budget while expenses came in under. User fees and sale of goods and investment income were higher than budget. Salaries, wages and benefits were lower than budgeted largely due to facility closures and staff vacancies. After this transfer to the Capital Fund, the General Fund balance for 2021 is \$10.7 million, which is equal to 24.7% of the 2021 budget expenditures net of amortization. Although this exceeds the 15% maximum identified in the Policy, the City has opted to leave the General Fund balance at this level in order to leave the City in a strong position to withstand the unpredictable financial impacts of COVID-19 and economic uncertainties of the future.

STATEMENT OF FINANCIAL POSITION

<i>(in thousands of dollars)</i>	2021	2020	Change
Financial Assets	\$122,362	\$107,631	\$14,731
Liabilities	(71,505)	(75,582)	4,077
Net Financial Assets	50,857	32,049	18,808
Non-Financial Assets	281,105	284,076	(2,971)
Accumulated Surplus*	\$331,962	\$316,125	\$15,837

*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 increased by \$15.8 million over the previous year. This is primarily due to a \$14.7 million increase in financial assets, mainly cash and cash equivalents, due to operating surpluses and an increase in deferred revenue.

<i>Accumulated Surplus (in thousands of dollars)</i>	
Investment in Tangible Capital Assets	\$267,289
Net Surplus	53,211
Total Reserves	11,462
Accumulated Surplus	\$331,962

Investment in tangible capital assets makes up 80.5% of the balance in the accumulated surplus with net surplus and reserves making up the remaining 16.0% and 3.5% respectively. More detailed information on the accumulated surplus balance can be found in Note 16.

Significant Trends

<i>(in thousands of dollars)</i>	Average Annual Change	2021	2020	2019	2018	2017
Financial Assets	16.1%	\$122,362	\$107,631	\$90,300	\$70,100	\$59,234
Liabilities	0.4%	71,505	75,582	70,823	65,478	65,894
Net Financial Assets (Liabilities)	50.9%	\$50,857	\$32,049	\$19,477	\$4,622	(\$6,660)

The City's net financial position has improved over the past five years, moving from a net liability position to a net financial asset position in 2018. This is a result of operating surpluses over the past five years and repayment of debt. This may change in 2022, as the City proceeds with the construction of the aquatic centre which will require the City to borrow to finance part of the construction.

<i>(in thousands of dollars)</i>	Average Annual Change	2021	2020	2019	2018	2017
Reserves	3.0%	\$11,462	\$11,161	\$10,847	\$10,511	\$9,441

The City allocates funds to reserves to meet future operating and capital requirements. Over the past five years, reserves have increased on average by 3.0% per year. This is primarily due to an increase in the Information Technology Reserve, Mobile Equipment Replacement Reserve and an increase in the Community Grant Reserve due to unspent community grants.

Going forward, reserves are expected to decline. The Major Community Facility Reserve will be used to fund the construction of the aquatic centre in 2022-2023. The Revitalization Initiative Reserve is also expected to be drawn down and there is no plan to contribute funds into this reserve in the future.

STATEMENT OF OPERATIONS

Revenue

<i>(in thousands of dollars)</i>	Average Annual Change	2021	2020	2019	2018	2017
Municipal Taxes	4.5%	\$32,235	\$31,404	\$30,764	\$27,928	\$27,085
User Fees and Sale of Goods	2.8%	23,217	21,498	22,398	22,092	20,908
Other*	5.3%	4,404	3,691	4,079	4,035	3,660
Regular Operating Revenue	3.8%	59,856	56,593	57,241	54,055	51,653
Government Transfers						
Government of Canada	(0.8%)	6,737	3,618	3,531	10,955	14,422
Government of the Northwest Territories	3.9%	11,903	14,998	12,677	11,254	10,695
	(5.9%)	18,640	18,616	16,208	22,209	25,117
Land Sales	-	3,118	1,743	3,190	6,034	1,403
Contributed TCA	-	909	-	-	146	-
Total Revenue	1.5%	\$82,523	\$76,952	\$76,639	\$82,444	\$78,173

*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 7.2% from the previous year due to increases in user fees and sale of goods revenue, land sales and the addition of a contributed capital asset. Regular operating revenue increased by 5.8%. Municipal taxes increased by 2.7% as a result of assessment growth and an increase in the tax rate of 2.5%. User fees and sale of goods increased by 8.0% due to higher water and sewer revenues, increased internal chargebacks related to capital project waste materials, and higher emergency services ambulance revenues.

Other revenues increased by 19.3% because interest and penalties originally waived in 2020 to assist residents with financial challenges related to COVID-19 were reinstated in 2021 and building service revenues were higher.

Government transfers increased slightly from the previous year as the City received special funding related to the COVID-19 pandemic. Land sales increased from the previous year as existing lots available were sold.

Significant Trends

Municipal tax revenues generally increase with assessment growth and tax rate increases. Going forward, the City expects to see municipal tax revenues 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 implemented to keep up with increasing costs. In 2021, user fees and sale of goods were slightly higher as COVID-19 restrictions were reduced and recreation facility hours and services increased. The City expects these revenues will return to normal levels now that COVID-19 restrictions have been removed.

Other revenue had remained relatively stable over the past five years but increased by 19.3% from 2020 because the City reinstated interest and penalties on most accounts in 2021. Other 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 orders of government. The City received an additional \$780 thousand in COVID-19 Safe Restart funding in 2021, which was recognized in grant revenues. From 2022 through 2027, government transfers for capital projects are expected to be more in-line with 2017 and 2018 numbers.

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. Land sales were strong in 2021 and in 2022, the City expects to see a similar level of sales.

Expenses

<i>(in thousands of dollars)</i>	Average Annual Change	2021	2020	2019	2018	2017
General Government*	2.7%	\$13,079	\$12,810	\$13,152	\$12,534	\$11,797
Community Services	1.2%	11,938	11,473	12,143	12,294	11,444
Planning & Development**	4.9%	1,605	1,397	1,502	1,666	1,369
Public Safety	4.8%	8,773	9,055	8,662	7,867	7,307
Public Works & Engineering	2.7%	12,395	12,089	12,103	11,132	11,148
Solid Waste Facility***	9.3%	3,484	3,326	3,170	3,156	2,486
Water and Sewage	3.1%	14,650	14,339	13,688	13,531	12,961
Interest on Long-term Debt	(10.2%)	783	855	515	566	615
Regular Operating Expenses	3.1%	66,707	65,344	64,935	62,746	59,127
Land	-	1,339	355	152	914	754
Landfill Closure and Post-Closure Cost (Recovery)	-	(3,346)	798	859	(481)	349
Minor Capital	-	1,986	2,497	3,946	3,787	4,688
Total Expenses	0.72%	\$66,686	\$68,994	\$69,892	\$66,966	\$64,918

*Corporate Services and Mayor and Council activities are included in General Government as this better represents the major activities and operations of the City.

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

***Landfill Closure and Post-Closure costs are 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 are also shown separately as costs have had significant fluctuations, especially over the prior three years.

Comparison to Prior Year

Overall, expenses decreased 3.4% from the previous year. Regular operating expenses were higher than 2020 as COVID-19 restrictions were reduced and recreation facility hours and services increased and land sale costs increased from the previous year. The landfill closure and post-closure expense decreased significantly from 2020 because the estimated capacity remaining increased per the engineering study, and minor capital decreased from the previous year.

Significant Trends

Overall, the City's regular operating expenses increased on average by 3.1% 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.

Planning and development, public safety, water and sewage and solid waste functions have seen the largest average annual increases in costs. An increase in service demands under planning and development and public safety has resulted in higher operating costs. Construction of a water treatment plant in 2014 has resulted in an increase in operating costs under the water and sewage function. Additional work like compaction and tire shredding being undertaken at the solid waste facility to extend the life of the site also contribute to increased operating costs.

Land costs will continue to fluctuate from year to year based on the work needed to prepare each site for sale and the volume of land sales. In 2022, the City anticipates land development costs will be lower compared to 2021.

Landfill closure and post-closure liability is subject to significant measurement uncertainty and changes in assumptions. Significant changes in landfill capacity will also impact the liability. The additional work undertaken at the solid waste facility to extend the life of the site is contributing to increased capacity at the landfill which may lead to fluctuations in the liability estimates in the future years.

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 2022, minor capital expenses are expected to be comparable to 2021 levels.

FUTURE OUTLOOK

Located along the ancient Precambrian shield of Great Slave Lake, Yellowknife is located on Chief Drygeese territory, which from time immemorial has been the traditional land of the Yellowknives Dene First Nation. We respect the histories, languages, and cultures of all other Indigenous Peoples including the North Slave Métis, and all First Nations, Métis, and Inuit whose presence continues to enrich our vibrant community.

Yellowknife is a lively and inclusive community, home to over 22,000 residents who enjoy an urban lifestyle on the edge of pristine wilderness. As the capital city of the Northwest Territories, the City is a crossroads for people from across the Northwest Territories and the Canadian arctic, and we welcome all people who live, work and visit our community. Council and the City work hard to ensure that all people who live, work and play in Yellowknife can count on the best possible municipal programs and services.

A Balancing Act

The City of Yellowknife's population growth has slowed in recent years, but its infrastructure growth has not. New neighbourhoods, facilities, roads, parks, and trails have been developed over the past decade, and they contribute positively to the fabric of life in Yellowknife. However, they also contribute to increasing maintenance and replacement costs, which are also facing upwards pressure from older, aging assets.

There has also been growth in external pressures, especially from a regulatory perspective, including: the need to renew the City's water license, a complex, multi-year process that requires the City to demonstrate regulatory compliance when drawing water and depositing waste and wastewater; the need to implement increasingly rigorous safe work practises, legislated by the Workers' Safety and Compensation Commission and essential to keeping our staff and residents safe; and the need to participate in the Giant Mine Remediation project, which has the potential to contribute to the City's economy and benefit area residents in the long run but continues to consume considerable City resources as staff work to ensure the project's progress is consistent with the best interests of citizens and businesses. In addition to regulatory requirements, there are also ongoing citizen concerns with social issues, heightened in these times of physical distancing, and while these are not within the City's municipal government mandate their impact requires the City to collaborate on solutions.

Counterbalancing these growth pressures is the reality that development slowed in recent years and the annual increase in the City's total taxable assessment was only about one half of one percent for 2021, resulting in minimal natural growth in taxation revenue. So while the City strives to respond to emerging growth and pressure, without an increased assessment base even minor cost increases translate more directly to a property tax increase.

The challenge is amplified by the ongoing formula funding shortfall. In 2014, the GNWT identified and acknowledged that its communities were annually underfunded by a total of \$40 million. Of this \$40 million shortfall, the City of Yellowknife was underfunded by \$11 million each year. Despite recent efforts to reduce this gap, it still exceeds \$10 million per year, which significantly reduces the City's ability to deliver services and build and maintain infrastructure. The City continues its lobbying to encourage the GNWT to better support strong communities and a diversified economy, and to deliver a written plan to fully close this funding gap.

Working to Enhance Quality of Life

Reliable, safe, and cost-effective provision of essential services remains the City's core priority. These responsibilities also encompass seeking more efficient ways to provide services, proactively identifying new opportunities to improve how the community's infrastructure is acquired and maintained, and delivering more of what citizens expect.

In 2022, planned operational investments focus on essentials, and include developing a talent management plan to ensure City staffing practices adapt to the rapidly changing labour market; advancing the City's Reconciliation Action Plan, including the Elder in Residence program at the Library; managing position growth to respond to increased demand for core services; and conducting the 2022 Civic Election.

Infrastructure investments in 2022 also concentrate on core and essential infrastructure, and the completion of carryover projects, as the City prepares for the implementation of several significant projects.

Consultation, planning, and design work for a new Aquatic Centre have been underway for several years, and in the fall of 2021 voters authorized the City to borrow up to \$10,001,000 towards its construction. Site work is expected to begin in the summer of 2022, with completion slated for late 2024.

Work is underway to replace the City's submarine water intake line, which has reached the end of its life expectancy. In 2019, the City secured \$25.8 million in federal funding towards the project, and staff continue to seek external support for the remaining \$8.6 million of the anticipated cost. In the meantime, 2022 will see continued design and preparation for this critical piece of infrastructure that ensures safe drinking water for area residents.

Citizens have entrusted the City with the care and maintenance of a significant array of assets. These assets are crucial to the reliable delivery of municipal services and programs, and represent significant investments. The City continues to strengthen its asset management processes in order to ensure that our buildings, roads, pipes, parks, trails, and technology are properly looked after to obtain maximum benefit from each investment.

Additional infrastructure projects in 2022 include continuing to implement the accessibility audit report recommendations; finalizing the design of the Fire Hall Expansion; furthering initiatives mandated by the terms of the City's water license; and investing in land surveying required for the transfer of Commissioners Land.

COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared a global pandemic. The outbreak of the novel strain of the coronavirus, COVID-19, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility. Governments and central banks including Canadian federal, provincial, territorial and municipal governments have responded with significant monetary and fiscal interventions designed to stabilize economic conditions.

At the time of approval of these financial statements, in response to the COVID-19 pandemic:

- The City implemented remote work arrangements for those able to do so, for the duration of the Public Health Orders.
- The City has implemented stringent health and safety procedures.
- The management of the City of has been proactive and diligent in addressing the implementation of infection prevention and other precautionary measures, guided by public health authorities, to limit the spread of COVID-19 and the impact of the pandemic and the related economic contraction on the entity.
- City facilities were closed during May, September and October 2021 in response to public exposure risk updates from the Government of the Northwest Territories, Office of the Chief Public Health Officer (OCPHO). When facilities were open to the public they operated under restrictions guided by the OCPHO.
- The City received federal COVID Safe Restart money in the amount of \$780,000 which continues to be administered to maximize benefits to Yellowknife residents and businesses. The GNWT has since served notice that no additional COVID funding will be forthcoming.
- The City remains poised to re-implement COVID restrictions and practises, should it become necessary.

The rapidly evolving event, including health and safety conditions, economic environment and resulting government measures, creates a high level of uncertainty and risk that may result in significant impacts to the City's activities, results of operations, and financial condition. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. As such it is not possible to estimate the length and severity of these developments and the impact on the financial results and condition on the City and its operations in future periods.

Final Thoughts

The City is in a strong financial position with healthy reserve balances and a solid strategic plan reflected in its forecasted three-year operating and 10-year capital plan. While it is anticipated that COVID will continue to impact operations and revenues for the foreseeable future, there are signs of economic recovery, including indications of several new developments.

The City will continue to monitor key economic indicators, sources of revenue and spending levels as part of its sound fiscal approach during these uncertain times.



Sharolynn Woodward, B. Comm., NACLA
Director of Corporate Services
May 9, 2022

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

For the year ended December 31, 2021

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.



Sheila Bassi-Kellett
City Manager
May 9, 2022



Sharolynn Woodward, B.Comm, NACLA
Director of Corporate Services
May 9, 2022

AUDIT COMMITTEE'S REPORT

For the year ended December 31, 2021

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, Paul Guy, Nicolas Leeson, Nathan Ensing 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, 2021.



Janet Toner, FCPA, CA, Chair
May 9, 2022

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, 2021 and the statements of operations and accumulated surplus, changes in net financial assets 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, 2021 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 "Auditors' 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 Statement Discussion and Analysis but does not include the financial statements and our auditors' 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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 made in accordance with the *Cities, Towns and Villages Act*, the regulations and the by-laws of the City.

May 9, 2022
Yellowknife, Northwest Territories

Crowe Mackay LLP

Chartered Professional Accountants

STATEMENT OF FINANCIAL POSITION

As at December 31, 2021 (in thousands of dollars)

	2021	2020
Financial Assets		
Cash and cash equivalents (Note 4)	\$ 93,030	\$ 71,360
Grants receivable (Note 5)	814	1,188
Taxes receivable (Note 6)	3,239	3,992
Water and sewer receivable (Note 7)	1,451	1,400
Other receivable (Note 8)	7,485	11,248
Local improvement charge receivable (Note 9)	13,598	14,129
Land held for resale (Note 10)	2,745	4,314
Total Financial Assets	122,362	107,631
Liabilities		
Accounts payable and accrued liabilities	7,050	8,045
Accrued employee benefits (Note 11)	3,731	3,417
School taxes payable	2,893	2,891
Deposits payable	2,003	1,576
Deferred revenue (Note 12)	16,417	14,657
Debt (Note 13)	23,279	25,519
Landfill closure and post-closure liability (Note 14)	16,132	19,477
Total Liabilities	71,505	75,582
Net Financial Assets	50,857	32,049
Non-Financial Assets		
Tangible capital assets	279,241	282,260
Inventories	1,111	1,133
Prepays	753	683
	281,105	284,076
Accumulated Surplus (Note 16)	\$ 331,962	\$ 316,125
Contingencies (Note 17)		
Commitments (Note 18)		
Contractual rights (Note 22)		

See accompanying notes and schedules to the financial statements.

Approved by:

Mayor



City Manager



STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

	2021 Budget (Note 20)	2021 Actual	2020 Actual
<i>For the year ended December 31, 2021 (in thousands of dollars)</i>			
Revenues			
Municipal taxation			
Property taxes	\$ 32,196	\$ 33,610	\$ 32,923
Payments in lieu of taxes	-	9,991	9,817
School taxes	-	(11,366)	(11,336)
Net municipal taxation	32,196	32,235	31,404
User fees and sale of goods	21,292	23,217	21,498
Land sales	2,492	3,118	1,743
Grants and transfers	2,527	2,315	3,051
Investment income	630	1,020	1,198
Fines, penalties and cost of taxes	917	753	345
Development levies, licenses and permits	850	1,555	1,072
Franchise fees	1,077	1,076	1,076
Total Revenues	61,981	65,289	61,387
Expenses			
General Government	15,034	13,862	13,665
Community Services	13,293	11,938	11,473
Planning and Development	2,666	2,944	1,752
Public Safety	9,142	8,773	9,055
Public Works and Engineering	12,941	12,395	12,089
Solid Waste Facility (Note 14)	4,133	138	4,124
Water and Sewer	15,126	14,650	14,339
Total Expenses	72,335	64,700	66,497
Annual Surplus (Deficit) before Other	(10,354)	589	(5,110)
Contributed tangible capital assets	-	909	-
Government transfers related to capital	20,077	16,325	15,565
Minor capital expense	(2,851)	(1,986)	(2,497)
Annual Surplus after Other	6,872	15,837	7,958
Accumulated Surplus, Beginning of Year	316,125	316,125	308,167
Accumulated Surplus, End of Year	\$ 322,997	\$ 331,962	\$ 316,125

See accompanying notes and schedules to the financial statements.

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

	2021 Budget (Note 20)	2021 Actual	2020 Actual
<i>For the year ended December 31, 2021 (in thousands of dollars)</i>			
Annual Surplus	\$ 6,872	\$ 15,837	\$ 7,958
Acquisition of tangible capital assets	(16,153)	(12,060)	(10,508)
Amortization of tangible capital assets	15,558	14,800	15,133
Loss on disposal of tangible capital assets	-	96	91
Proceeds on disposal of tangible capital assets	-	184	209
	(595)	3,020	4,925
Increase (decrease) in inventories and prepaid expenses	-	(49)	(311)
Increase in Net Financial Assets	6,277	18,808	12,572
Net Financial Assets, Beginning of Year	32,049	32,049	19,477
Net Financial Assets, End of Year	\$ 38,326	\$ 50,857	\$ 32,049

See accompanying notes and schedules to the financial statements

STATEMENT OF CASH FLOWS

For the year ended December 31, 2021 (in thousands of dollars)

	2021	2020
Net inflow (outflow) of cash related to the following activities:		
Operations		
Annual Surplus	\$ 15,837	\$ 7,958
Non-cash changes to operations:		
Amortization of tangible capital assets	14,800	15,133
Loss on disposal of tangible capital assets	96	91
Contributed tangible capital assets	(909)	-
Landfill closure and post-closure liability	(3,346)	798
Land held for resale transfer to tangible capital assets	(245)	-
	26,233	23,980
Change in non-cash working capital balances related to operations:		
Grants receivable	374	1,789
Taxes receivable	753	(2,736)
Water and sewer receivable	(49)	(11)
Other receivable	3,760	(4,044)
Local improvement charge receivable	531	514
Land held for resale	1,569	308
Inventories	21	(212)
Prepays	(70)	(99)
Accounts payable and accrued liabilities	(992)	2,303
School taxes payable	2	(7)
Deposits payable	427	498
Deferred revenue	1,760	2,893
Accrued employee benefits	313	475
	8,399	1,671
Net Cash provided from Operations	34,632	25,651
Capital		
Acquisitions of tangible capital assets	(10,906)	(10,508)
Proceeds on disposal of tangible capital assets	184	209
Net Cash used for Capital	(10,722)	(10,299)
Financing		
Debt repayments	(2,240)	(2,169)
Increase in Cash and Cash Equivalents	21,670	13,183
Cash and Cash Equivalents, Beginning of Year	71,360	58,177
Cash and Cash Equivalents, End of Year	\$ 93,030	\$ 71,360

See accompanying notes and schedules to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021 (in thousands of dollars)

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Yellowknife (the "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"), reserves and equity in tangible capital assets.

b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue in the period it is earned and measurable. Expenses are recognized in the period 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 and money market funds 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 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) 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.

f) 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 or related services are performed.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021 (in thousands of dollars)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) 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:

- i) an environmental standard exists;
- ii) contamination exceeds the environmental standard;
- iii) the City is directly responsible or accepts responsibility;
- iv) it is expected that the future economic benefits will be given up; and
- v) 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, 2021, the City has determined that no liability exists.

h) 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.

i) 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. Work in progress (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:

	Useful Life
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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021 (in thousands of dollars)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Inventories

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

k) Government Transfers

Government transfers are recognized as revenues in the period 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, in which case transfers are recognized as deferred revenue. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

l) Land Sales

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

m) 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.

n) 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.

o) Revenue Recognition

User fees and sale of goods are recognized as revenue when the services or goods are provided and there is reasonable assurance of collections. Investment income is recorded as revenue in the period earned. All other revenues are recognized in the year that the events giving rise to the revenues occur and the revenues earned.

p) 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.

q) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021 (in thousands of dollars)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

r) Accrued employee benefit

The City and its employees make contributions to the Northern Employee Benefits Services Pension Plan. As this plan is a multi-employer plan, contributions are expensed as incurred.

Compensated absences, long service bonuses and termination benefits also accrue to the City's employees. The liabilities related to these employee benefits are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The liabilities under these benefit plans are accrued based on projected benefits prorated as employees render services necessary to earn the future benefits. Actuarial gains and losses on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. The accumulated actuarial gains and losses are amortized over the average remaining service period of the active employees.

s) 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, accrued employee benefits, 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.

t) Budget

Budget figures are unaudited and are those approved by Council on December 20, 2020.

u) 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 budgeting processes. Segments include:

General Government:

Includes the revenues and expenses pertaining to Mayor and Council, administration, policy, corporate services, communications, economic development and strategy, human resources, office of the City Clerk, financial services, budgeting and financial reporting, property tax assessment, purchasing and risk management, information technology, Council meetings, participation in community events, conferences, memberships and public relations.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021 (in thousands of dollars)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

u) Segment Disclosure (continued)

Community Services:

Includes the revenues and expenses pertaining to recreation programs, City facilities, the library and community grants.

Planning and Development:

Includes the revenues 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 revenues and expenses pertaining to emergency services (fire, ambulance and dispatch), enforcement (municipal enforcement) and emergency preparedness.

Public Works and Engineering:

Includes the revenues 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 revenues and expenses pertaining to garbage and waste collection.

Water and Sewer:

Includes the revenues and expenses pertaining to the provision of piped and trucked water and sewer services.

2. COVID-19 PANDEMIC

On March 11, 2020, the World Health Organization declared a global pandemic. The outbreak of the novel strain of the coronavirus, COVID-19, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility. Governments and central banks including Canadian federal, provincial, territorial and municipal governments have responded with significant monetary and fiscal interventions designed to stabilize economic conditions.

At the time of approval of these financial statements, in response to the COVID-19 pandemic:

- The City implemented remote work arrangements for those able to do so, for the duration of the Public Health Orders.
- The City has implemented stringent health and safety procedures.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021 (in thousands of dollars)

2. COVID-19 PANDEMIC (continued)

- The management of the City of has been proactive and diligent in addressing the implementation of infection prevention and other precautionary measures, guided by public health authorities, to limit the spread of COVID-19 and the impact of the pandemic and the related economic contraction on the entity.
- City facilities were closed during May, September and October 2021 in response to public exposure risk updates from the Government of the Northwest Territories, Office of the Chief Public Health Officer (OCPHO). When facilities were open to the public they operated under restrictions guided by the OCPHO.
- The City received federal COVID Restart money in the amount of \$780,000, which continues to be administered to maximize benefits to Yellowknife residents and businesses. The GNWT has since served notice that no additional COVID funding will be forthcoming.
- The City remains poised to re-implement COVID restrictions and practises, should it become necessary.

The rapidly evolving event, including health and safety conditions, economic environment and resulting government measures, creates a high level of uncertainty and risk that may result in significant impacts to the City's activities, results of operations, and financial condition. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. As such it is not possible to estimate the length and severity of these developments and the impact on the financial results and condition on the City and its operations in future periods.

3. FUTURE ACCOUNTING CHANGES

a) 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, 2022. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

b) Foreign Currency Translation, Section PS 2601

This standard 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, 2022. Earlier adoption is permitted. The impact of the transition to these accounting standards has been reviewed by management and is not considered significant.

c) 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, 2022. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021 (in thousands of dollars)

3. FUTURE ACCOUNTING CHANGES (continued)

d) Revenue, Section PS 3400

This standard establishes 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, 2023. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

4. CASH AND CASH EQUIVALENTS

	2021	2020
Cash - unrestricted	\$ 56,692	\$ 37,095
Investments in money market funds - unrestricted	8,432	8,420
Cash held in trust - restricted (Note 21)	27	27
Cash - deferred revenue - restricted (Note 12)	16,417	14,657
Cash - designated for reserves (Note 16)	11,462	11,161
	<u>\$ 93,030</u>	<u>\$ 71,360</u>

The average yield earned from investments in money market funds was 0.12% (2020 - 1.58%).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021 (in thousands of dollars)

5. GRANTS RECEIVABLE

	2021	2020
Government of Canada		
CanNor YKDFN Shared Economic Development Strategy	\$ 52	\$ 24
CanNor Supporting Improved Visitor Experiences/Wayfinding	6	-
CanNor Yellowknife Visitor Centre Relocation Plan	55	-
Disaster Mitigation and Adaptation Fund - Submarine Line	43	79
Indigenous and Northern Affairs Canada - Coalition Proposal Assessment	-	20
CIRNAC Giant Mine - Municipal Capacity Building - Training	9	-
CIRNAC Giant Mine - Municipal Capacity Building - Wildfire Readiness	-	82
Government of the Northwest Territories		
District Energy	-	6
Public Library Services	-	2
Street Outreach	49	-
Economic Development Officer	50	-
CEP Transportation Initiative	5	5
Visitor Services	23	40
New Building Canada Fund and Small Communities Fund (SCF)	409	159
McMeekan Causeway Stabilization (ICIP)	9	67
Paving Project (ICIP)	48	308
Tourism Product Diversification Program	-	1
Increasing Waste Diversion (ICIP)	8	261
Lagoon Expansion (ICIP)	46	33
Fire Smart Initiative	-	3
Federation of Canadian Municipalities - Climate and Asset Management Network	-	12
Federation of Canadian Municipalities - Community Energy Plan	-	86
Other Grants	2	-
	\$ 814	\$ 1,188

6. TAXES RECEIVABLE

	2021	2020
Property taxes receivable	\$ 2,075	\$ 3,068
Payments in lieu of taxes receivable	2,830	2,590
	4,905	5,658
Less: Allowance for doubtful taxes receivable	(1,666)	(1,666)
	\$ 3,239	\$ 3,992

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021 (in thousands of dollars)

7. WATER AND SEWER RECEIVABLE

	2021	2020
Water and sewer receivables	\$ 1,875	\$ 1,826
Less: Allowance for doubtful accounts	(424)	(426)
	<u>\$ 1,451</u>	<u>\$ 1,400</u>

8. OTHER RECEIVABLE

	2021	2020
Land sales and trade accounts receivables	\$ 5,625	\$ 9,348
Community services receivables	264	388
Municipal enforcement receivables	903	845
Power distribution franchise	1,076	1,076
GST receivable	135	584
Other	776	232
	<u>8,779</u>	<u>12,473</u>
Less: Allowance for doubtful accounts	(1,294)	(1,225)
	<u>\$ 7,485</u>	<u>\$ 11,248</u>

9. LOCAL IMPROVEMENT CHARGE RECEIVABLE

	2021	2020
Niven Lake Subdivision - Phase 7	\$ 259	\$ 291
Yellowknife Condominium Corporation No. 8	13,339	13,838
	<u>\$ 13,598</u>	<u>\$ 14,129</u>

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021 (in thousands of dollars)

9. LOCAL IMPROVEMENT CHARGE RECEIVABLE (continued)

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.

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.

10. LAND HELD FOR RESALE

Land held for resale is classified as a financial asset. Land held for resale has an estimated market value of \$9.2 million (2020 - \$13.1 million).

11. ACCRUED EMPLOYEE BENEFITS

	2021	2020
Net accrued employee benefits obligation	\$ 1,794	\$ 1,592
Vacation and lieu	1,409	1,376
Wages	528	449
	\$ 3,731	\$ 3,417

The City's post employment benefits and compensated absences are comprised of:

Severance pay is payable under the various employment agreements. Qualifying employees are entitled to severance pay upon retirement, death or termination of service.

A long service bonus is payable to employees upon completion of five years of service and for each subsequent five years of service.

Compensated absences represent benefits expected to be paid during future employee absences in respect of sick leave earned in previous years.

Vacation and lieu and wages represent benefits that have been earned by employees as of December 31, 2021.

An actuarial valuation of the accrued employee benefits obligation was completed as of December 31, 2019, with an extrapolation done to December 31, 2021. Actuarial gains and losses are amortized on a straight-line basis over 7 years, which represents the expected average remaining service life of the employee group. Amortization is calculated beginning in the year following the year the actuarial gains or losses occur.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021 (in thousands of dollars)

11. ACCRUED EMPLOYEE BENEFITS (continued)

Information about the City's accrued employee benefits obligation is as follows:

	2021	2020
Accrued employee benefits obligation at beginning of year	\$ 2,355	\$ 2,064
Current service cost	189	156
Interest cost	44	76
Benefits paid	(155)	(107)
Actuarial loss	(119)	166
Accrued employee benefits obligation at the end of year	2,314	2,355
Unamortized net actuarial loss	(520)	(763)
Net accrued employee benefits obligation	\$ 1,794	\$ 1,592

Accrued employee benefits obligation is comprised of the following:

	2021	2020
Severance pay	\$ 1,928	\$ 1,972
Long service bonus	127	127
Compensated absences	259	256
Accrued employee benefits obligation at the end of the year	\$ 2,314	\$ 2,355

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021 (in thousands of dollars)

11. ACCRUED EMPLOYEE BENEFITS (continued)

Total expenses related to the future employee benefits include the following:

	2021	2020
Current service cost	\$ 189	\$ 156
Interest cost	44	76
Benefits paid	(155)	(107)
Total expense	\$ 78	\$ 125

The significant actuarial assumptions adopted in measuring the future employee benefits obligation are as follows:

	2021	2020
Discount rate (%)	2.2%	1.8%
Base wage inflation (%)	2.0%	2.0%
Salary merit scale (%)	0.5%	0.5%
Average remaining service life	7 years	7 years

12. DEFERRED REVENUE

	2020	Externally Restricted Inflows	Revenue Earned	2021
Government of the Northwest Territories				
Literacy Council	\$ 1	\$ 5	\$ (6)	\$ -
MACA CPI	1,411	855	(2,140)	126
Property Assessment Contract	12	125	(137)	-
Sport and Recreation	9	80	(9)	80
Sport and Recreation Emergency COVID-19	22	10	(32)	-
Visitor Services	9	-	(9)	-
Hydroseeder Waste Facility	-	41	-	41
Government of Canada				
Gas Tax	12,665	8,452	(5,463)	15,654
Supporting Improved Visitor Experience/Wayfinding	2	-	(2)	-
Giant Mine	337	159	(446)	50
Senior Swim: Training and Trainers	3	-	(3)	-
Enabling Accessibility Funding (EAF)	-	100	-	100
Other				
Federation of Canadian Municipalities Green Municipal Fund (GMF)	186	890	(833)	243
	-	123	-	123
	\$ 14,657	\$ 10,840	\$ (9,080)	\$ 16,417

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021 (in thousands of dollars)

13. DEBT

	2021	2020
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 \$10 thousand including principal & interest at 2.77%, expiring May 2023.	\$ 166	\$ 279
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 thousand including principal & interest at 3.10%, expiring June 2028.	9,812	11,154
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 thousand including principal & interest at 3.98%, expiring August 2028.	435	491
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 \$22 thousand including principal & interest at 3.71%, expiring August 2028.	1,540	1,740
	11,953	13,664
General		
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 thousand including principal & interest at 3.30%, expiring May 2038 (Note 9.b).	11,097	11,598
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 \$7 thousand including principal & interest at 3.58%, expiring January 2029 (Note 9.a).	229	257
	11,326	11,855
	\$ 23,279	\$ 25,519

The City has an operating facility with TD Canada Trust with an authorized limit of \$10 million (2020 - \$10 million), of which \$0 (2020 - \$0) was utilized at year end. The operating facility bears interest at prime - 0.25% (2020 - 0.25%) and is due on demand.

During the year the City was authorized to borrow up to \$10 million on the security of new debtures to be issued for the purpose of financing the development of an Aquatic Centre. The debt instruments shall be dated January 2, 2022 or such other date thereafter.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021 (in thousands of dollars)

13. DEBT (continued)

Debentures are covered by taxes and penalties levied, all grants and sundry revenues. Total interest paid in 2021 on debt was \$783 thousand (2020 - \$863 thousand). The estimated fair value of long-term debt at December 31, 2021 is \$22.8 million (2020 - \$24.9 million). 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 debt for the next five years are as follows:

2022	\$	2,313
2023		2,318
2024		2,343
2025		2,420
2026		2,500
2027 and thereafter		11,385
	\$	23,279

14. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

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 - Cells A+B.

	2021	2020
Old Landfill Site	\$ 11,868	\$ 14,626
New Landfill - Cell A+B	4,264	4,851
	\$ 16,132	\$ 19,477

The change in the landfill closure and post-closure liability is included in the Solid Waste Facility expenses on the Statement of Financial Operations. The change in liability for 2021 is a recovery of \$3,345 (2020 - expense of \$859).

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

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.

The costs to maintain a closed solid waste landfill site are based on estimated future expenses in current dollars by applying a discount rate at the City's average long-term borrowing rate of 1.87% (2020 - 1.31%) and an inflation rate of 1.9% (2020 - 0.0%).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021 (in thousands of dollars)

14. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY (continued)

a) Old Landfill Site

Total closure and post-closure costs are estimated to be \$18.0 million of which \$11.9 million has been recognized (2020 - \$14.6 million). Of the total costs, \$15.4 million is for site closure activities and \$2.6 million is for post-closure care activities. The City has included \$9.8 million (2020 - \$12.2 million) is for site closure activities and \$2.1 million (2020 - \$2.4 million) for post-closure care activities. In 2021, the estimated capacity was increased from 202,952 cubic metres to 275,000 cubic metres, of which 21% remains. The estimated remaining life of the landfill is four years and monitoring will be required indefinitely.

b) New Landfill - Cell A and Cell B

Total closure and post-closure costs are estimated to be \$7.3 million of which \$4.3 million has been recognized (2020 - \$4.9 million). Of the total costs, \$4.6 million is for site closure activities and \$2.7 million is for post-closure care activities. The City has included \$2.7 million (2020 - \$3.4 million) for site closure costs and \$1.6 million (2020 - \$1.5 million) for post-closure care costs. In 2021, the estimated landfill capacity was increased from 196,000 cubic metres to 305,613 cubic metres, of which only 128,280 cubic metres (42%) remains. The remaining estimated life of the landfill is 7 years and monitoring will be required indefinitely.

Future events may result in significant changes to the total estimated expenses, capacity used or total capacity and would be recognized prospectively as a change in estimate.

15. HOMELESSNESS PROJECT

The City, by agreement with the Government of Canada, is the Community Entity that administers funding from the Government of Canada's Reaching Home: Canada's Homeless Strategy on behalf of the Yellowknife Community Advisory Board on Homelessness (CAB). The revenues and expenses are not reflected in the City's budget or audited financial statements. A separate schedule of revenues and expenses is prepared and submitted to the Government of Canada.

Any funds received or unexpended at year end are not recognized in the financial statements. The unexpended funds received as of December 31, 2021 are \$0.

The agreement is effective until March 31, 2024.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021 (in thousands of dollars)

16. FUND ACTIVITIES AND CHANGE IN FUND BALANCES

	General Fund	Land Development Fund	Solid Waste Management Fund	Water and Sewer Fund	Capital Fund	Service Connection Failure Assistance Fund	Reserves	Equity in Tangible Capital Assets	2021 Total
Balance, beginning of year	\$ 13,253	\$ 8,726	\$ (12,677)	\$ 2,158	\$ 23,095	\$ 1,812	\$ 11,161	\$ 268,597	\$ 316,125
Excess revenues (expenses)	(12,123)	2,262	3,854	(3,489)	13,774	(256)	-	-	4,022
Net inter-fund transfers									
Amortization of tangible capital assets	7,684	-	1,069	6,047	-	-	-	(14,800)	-
Tangible capital asset purchases	-	-	-	-	-	-	-	12,060	12,060
Land held for resale transfer to tangible capital assets	-	(245)	-	-	-	-	-	-	(245)
Net disposal of TCA	279	-	-	-	-	-	-	(279)	-
Long-term debt	-	-	-	-	(1,711)	-	-	1,711	-
Net transfer from (to) other funds/reserves	1,651	(402)	(349)	(1,145)	(56)	-	301	-	-
Balance, end of year	\$ 10,744	\$ 10,341	\$ (8,103)	\$ 3,571	\$ 35,102	\$ 1,556	\$ 11,462	\$ 267,289	\$ 331,962

The equity in tangible capital assets is comprised of tangible capital assets of \$279.241 million (2020 - \$282.2605 million) less debt-capital of \$11.952 million (2020 - \$13.664 million).

Reserves consist of:	Opening Balance	Increases	Decreases	Closing Balance
Community grant reserve	\$ 66	\$ 11	\$ -	\$ 77
Downtown development reserve	895	145	(113)	927
Heritage reserve	113	28	-	141
Information technology reserve	1,804	650	(477)	1,977
Major community facility reserve	3,180	40	-	3,220
Mobile equipment replacement reserve	2,259	1,470	(1,454)	2,275
Revitalization initiative reserve	2,416	-	-	2,416
Samuel Colley library donation reserve	428	1	-	429
	\$ 11,161	\$ 2,345	\$ (2,044)	\$ 11,462

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021 (in thousands of dollars)

17. 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. Management believes it has appropriate insurance coverage in place.

18. 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:

	Total
2022	\$ 5,501
2023	5,187
2024	3,669
2025	2,504
2026 and thereafter	3,153
	\$ 20,014

b) Capital Contracts

The City regularly enters into contracts related to capital projects. The amount represents the uncompleted portions of these contracts as of December 31, 2021. The expected minimum payments for these contracts is \$70.2 million. Of this total, \$67.3 million is for the aquatic centre which is expected to be completed between 2022 and 2024.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021 (in thousands of dollars)

19. PENSION AGREEMENTS

Eligible employees of the City are members of the Northern Employee Benefits Services ("NEBS") Pension Plan (the "Plan"), a multi-employer defined benefit plan. The Plan is administered by NEBS as part of a 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 Plan were as follows:

	2021	2020
Employers' contribution	\$ 1,596	\$ 1,709
Employees' contribution	1,601	1,709
	<u>\$ 3,197</u>	<u>\$ 3,418</u>

Participating employers in the Plan, including the City, are required to make contributions to the plan of 8.00% (2020 - 8.00%) of pensionable earnings, and to remit employee contributions of 8.00% (2020 - 8.00%). These contributions cover current service costs and a provision for adverse deviation.

As at January 1, 2021, the Plan had a going concern surplus of \$47.1 million (2020 - \$30.5 million), a wind up deficit of \$165.4 million (2020 - \$142.7 million) and a funded ratio of 119.00% (2020 - 113.00%). The Plan serves 3,564 employee members and 117 participating employers.

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. 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.

Both the Act and the Plan text document provide that participating employers, such as the City, are liable for their share of any funding shortfalls in the Plan as determined on a going concern basis, and on Plan windup. It is expected that should the City cease to be a member of the Plan it would also be liable for their share of any funding shortfalls. Management does not have concerns on the Plan's ability to continue as a going concern and have evaluated the risk of Plan windup as low. Management believes the City will continue to be a member of the Plan for the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021 (in thousands of dollars)

20. COMPARATIVE AMOUNTS

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

During the year, management reviewed the disposal of tangible capital assets recorded and determined that disposals of fully amortized assets were incorrectly recorded in prior years resulting in the cost and accumulated amortization balance being understated in prior years. There was no impact on the net book value and as such management has adjusted the cost and accumulated amortization balances, beginning of the year.

Budget figures have been reclassified to conform with the presentation adopted in the current year. The City's 2021 Financial Plan reported all capital expenditures including tangible capital assets acquisitions as operations expenses.

Capital expenditures have been reclassified as follows:

	2021 Budget
Capital purchases as presented in the budget	\$ 19,413
Less: Acquisition of tangible capital assets	16,153
Less: Interest on debt related to capital	409
Minor Capital Expense	\$ 2,851

The annual surplus (deficit) as approved in the 2021 Financial Plan has been reclassified as follows:

	2021 Budget
Annual surplus (deficit) as presented in the budget	\$ 4,566
Add: Acquisitions of tangible capital assets	16,153
Add: Debt repayment	1,711
Less: Amortization	15,558
Annual surplus	\$ 6,872

21. CASH HELD IN TRUST

	2021	2020
Firefighters' Training Alternative Measures Agreement	\$ 5	\$ 5
Twin Pine Hill Escrow Agreement	22	22
	\$ 27	\$ 27

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021 (in thousands of dollars)

22. CONTRACTUAL RIGHTS

The City has entered into one-time agreements with higher orders 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 capital transfers expected to be received from these agreements is \$55,109 and includes the following:

• New Building Canada Fund - Aquatic Centre (2022-2023)	\$	11,905
• ICIP - Increasing Waste Diversion (2022-2027)	\$	1,452
• ICIP - Lagoon Expansion & Sludge Removal (2022-2027)	\$	5,579
• ICIP - Paving (2022-2027)	\$	6,810
• ICIP - New Landfill Cell Development (2022-2027)	\$	3,638
• DMAF - Submarine Line (2022-2028)	\$	25,725

The City receives an operating transfer for power distribution franchise fees based on a percentage of gross revenue of the franchisee until December 31, 2025.

23. 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 related to contaminated sites exists as of December 31, 2021.

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, capacity and capacity used. 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.

SCHEDULE OF TANGIBLE CAPITAL ASSETS

<i>For the year ended December 31, 2021 (in thousands of dollars)</i>	Land	Buildings	Roads & Sidewalks Infrastructure	Water & Sewer Infrastructure	Other Infrastructure	Vehicles	Equipment	Work In Progress	2021 Totals
Cost									
Revised Balance, beginning of year	\$ 35,846	\$ 132,622	\$ 97,196	\$ 191,410	\$ 23,238	\$ 4,387	\$ 21,539	\$ 395	\$ 506,633
Add: Additions during year	245	602	2,918	3,569	1,603	674	1,065	1,384	12,060
Less: Disposals during year	-	6	3,275	1,539	95	170	2,683	-	7,768
Balance, end of year	36,091	133,218	96,839	193,440	24,746	4,891	19,921	1,779	510,925
Accumulated amortization									
Revised balance, beginning of year	-	53,070	52,046	93,693	10,677	1,981	12,906	-	224,373
Add: Amortization during the year	-	3,524	4,294	4,378	1,466	330	808	-	14,800
Less: Accumulated amortization on disposals	-	6	3,142	1,539	88	170	2,544	-	7,489
Balance, end of year	-	56,588	53,198	96,532	12,055	2,141	11,170	-	231,684
Net book value of tangible capital assets	36,091	76,630	43,641	96,908	12,691	2,750	8,751	1,779	279,241
2020 Net book value of tangible capital assets	\$ 35,846	\$ 79,552	\$ 45,150	\$ 97,717	\$ 12,561	\$ 2,406	\$ 8,633	\$ 395	\$ 282,260

SCHEDULE OF SEGMENT DISCLOSURE

<i>For the year ended December 31, 2021 (in thousands of dollars)</i>	2021 Budget	General Government	Community Services	Planning and Development	Public Safety	Public Works and Engineering	Solid Waste Facility	Water and Sewer	2021	2020
Revenues										
Municipal taxation	\$ 32,196	\$ 32,235	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,235	\$ 31,404
User fees and sale of goods	21,292	395	1,394	307	3,324	305	3,991	13,501	23,217	21,498
Land sales	2,492	-	-	3,118	-	-	-	-	3,118	1,743
Grants and transfers	2,527	1,188	347	58	294	-	1	427	2,315	3,051
Investment income	630	819	-	201	-	-	-	-	1,020	1,198
Fines, penalties and cost of taxes	917	368	5	-	316	-	-	64	753	345
Development levies, licenses and permits	850	503	32	915	105	-	-	-	1,555	1,072
Franchise fees	1,077	1,076	-	-	-	-	-	-	1,076	1,076
Total Revenues	61,981	36,584	1,778	4,599	4,039	305	3,992	13,992	65,289	61,387
Expenses										
Amortization of tangible assets	15,558	407	2,214	-	306	4,758	1,069	6,046	14,800	15,133
Provision for allowance	280	62	-	-	-	-	-	-	62	179
Bank charges and short-term interest	163	192	-	-	-	-	-	-	192	172
Materials and supplies	1,461	122	30	17	97	393	-	239	898	973
Contracted and general services	18,489	3,252	2,560	1,476	872	3,922	(2,184)	3,852	13,750	16,054
Insurance	819	899	-	-	-	-	-	-	899	768
Interest debt	413	784	-	(1)	-	-	-	-	783	853
Mayor and council expenses	666	546	-	-	-	-	-	-	546	561
Salaries, wages, employee benefits & unfunded liabilities	30,310	7,420	5,784	1,452	7,401	3,229	1,117	2,634	29,037	28,205
Utilities - electricity	2,865	105	975	-	67	58	62	1,391	2,658	2,625
Utilities - fuel	1,311	73	375	-	30	35	74	488	1,075	974
Total Expenses	72,335	13,862	11,938	2,944	8,773	12,395	138	14,650	64,700	66,497
Annual Surplus (Deficit) before Other	(10,354)	22,722	(10,160)	1,655	(4,734)	(12,090)	3,854	(658)	589	(5,110)
Contributed tangible capital assets	-	909	-	-	-	-	-	-	909	-
Government transfers related to capital	20,077	16,316	9	-	-	-	-	-	16,325	15,565
Net Transfer Administration Fees	-	1,873	-	(379)	-	-	(349)	(1,145)	-	-
Minor capital expense	(2,851)	(335)	(379)	-	(187)	(564)	(211)	(310)	(1,986)	(2,497)
Annual Surplus (Deficit) after Other	\$ 6,872	\$ 41,485	\$ (10,530)	\$ 1,276	\$ (4,921)	\$ (12,654)	\$ 3,294	\$ (2,113)	\$ 15,837	\$ 7,958

SCHEDULE OF GOVERNMENT TRANSFERS OPERATING

<i>December 31, 2021</i> <i>(in thousands of dollars)</i>	2021 Budget	2021 Actual	2020 Actual
Government of Canada			
Sustainable Development Goals Funding Program	\$ -	\$ -	\$ 100
New Horizon	-	3	11
Library Grant	5	-	-
Canadian Northern Economic Development Agency (CanNor)			
Supporting Improved Visitor Experiences/Wayfinding (1819-CN-000064)	-	8	83
YKDFN Shared Economic Development Strategy (1920-CN-000038)	-	29	69
Yellowknife Visitor Centre Relocation Plan (2021-CN-000704)	-	109	-
Indigenous and Northern Affairs Canada			
Giant Mine	100	274	172
Indigenous Relations Advisor	-	-	35
Canadian Heritage			
Canada Day Celebration	25	15	25
Illumination	-	-	10
Organize the national Ice Competition-Winterlude	-	40	-
	\$ 130	\$ 478	\$ 505

SCHEDULE OF GOVERNMENT TRANSFERS OPERATING

<i>December 31, 2021</i> <i>(in thousands of dollars)</i>	2021 Budget	2021 Actual	2020 Actual
Government of the Northwest Territories			
MACA Contribution Agreements			
Property Assessment	\$ 125	\$ 137	\$ 125
Library Grant	105	108	105
Gound Ambulance and Highway Rescue	37	74	-
MACA Water and Sewer Funding	386	429	386
Hockey Day In Canada	-	-	25
COVID-19 Safe Restart Funding	1,560	780	1,560
Fire Smart Initiative	-	-	3
Street Outreach Program	130	130	-
Emergency Sport Funding	-	32	-
SWF Increasing Waste Diversity Operating (ICIP)	-	-	203
Recreation Special Events Grants/Clean Up - GNWT	-	2	-
COVID-19 Wastewater Sampling Initiative	-	5	-
Education, Culture and Employment Agreements			
Arts in the Park	4	5	-
Industry, Tourism and Investment Agreements			
Agriculture Awareness Program	-	6	-
Economic Development Officer	50	50	50
Visitor Services	-	31	72
Tourism Product Diversification Program	-	-	7
NAKA Festival	-	-	10
Literacy Council	-	7	-
Other			
Federation of Canadian Municipalities: CEDI Program 5-year Strategy	-	35	-
Federation of Canadian Municipalities: CEDI Program Graduation Event	-	6	-
	2,397	1,837	2,546
	\$ 2,527	\$ 2,315	\$ 3,051

SCHEDULE OF GOVERNMENT TRANSFERS CAPITAL

December 31, 2021 (in thousands of dollars)	2021 Budget	2021 Actual	2020 Actual
Government of Canada			
Clean Water and Waste Water Fund Agreement	\$ -	\$ -	\$ 163
Gas Tax (GTF) Funding	6,351	5,463	2,543
Disaster Mitigation and Adaptation Fund (DMAF)	750	74	79
New Building Canada Fund and Small Communities Fund (SCF)	-	622	314
Community Capacity Building Fund	-	-	319
Giant Mine (2021-HQ-000146 Amend. 0001)	-	100	-
Indigenous and Northern Affairs Canada			
Canadian Heritage			
	7,101	6,259	3,418
Government of the Northwest Territories			
MACA Formula Funding	7,828	7,828	7,828
MACA Contribution Agreements			
Capital Grant - Community Public Infrastructure (CPI) Funding	2,672	2,140	2,810
Sport and Recreation Grant	80	9	71
McMeekan Causeway Stabilization (ICIP)	-	4	197
Paving Project (ICIP)	-	48	1,140
Increasing Waste Diversion (ICIP)	-	-	60
Lagoon Expansion (Lagoon Sludge Removal) (ICIP)	1,350	58	33
Community Energy Program Waste Strategic Plan (ICIP)	-	8	7
Energy Monitoring Design (Energy Conservation Program)	-	(6)	-
Federation of Canadian Municipalities - YK Community Energy Plan Renewal	-	(23)	-
	11,930	10,066	12,146
	\$ 19,031	\$ 16,325	\$ 15,564

SCHEDULE OF REVENUE AND EXPENDITURES

GAS TAX AGREEMENT

<i>December 31, 2021</i> <i>(in thousands of dollars)</i>	2021 Budget	2021 Actual	2020 Actual	2019 Actual	2018 Actual	2017 Actual
Funding						
Opening Balance	\$ -	\$ 12,665	\$ 9,665	\$ 679	\$ -	\$ -
Annual Gas Tax	6,351	8,370	5,511	11,022	5,511	5,272
Interest Earned	-	82	32	-	-	-
Total Funding	6,351	21,117	15,208	11,701	5,511	5,272
Eligible Expenditures						
Asset Management	-	70	18	-	-	-
Roads and Sidewalk Rehabilitation	2,500	2,477	-	-	-	776
Paving Program 2021/2027	-	16	-	-	-	-
New Landfill/Landfill Expansion - Cell Design	350	27	-	-	-	86
Backup Power Liftstation Generator Installation	-	135	187	17	-	-
Lagoon Control Structure Replacement	-	15	42	18	-	-
Water & Sewer Infrastructure Replacement	3,501	2,723	1,901	1,920	4,742	2,734
Pump Replacement Program	-	-	145	39	-	-
Sewage Force Main Upgrade	-	-	250	-	-	-
CEP City Hall Boiler Design	-	-	-	20	-	-
Pumphouse 1 Infrastructure Upgrades	-	-	-	22	-	-
Intersection Widening & New Traffic Light	-	-	-	-	-	300
Centralized Biomass Boiler	-	-	-	-	-	1,376
Transfer Station and Cell Access Improvements	-	-	-	-	90	-
Total Expenditures	6,351	5,463	2,543	2,036	4,832	5,272
Closing Balance - to Deferred Revenue	\$ -	\$ 15,654	\$ 12,665	\$ 9,665	\$ 679	\$ -

SCHEDULE OF REVENUE AND EXPENDITURES

COMMUNITY PUBLIC INFRASTRUCTURE

<i>December 31, 2021</i> <i>(in thousands of dollars)</i>	2021 Budget	2021 Actual	2020 Actual	2019 Actual	2018 Actual	2017 Actual
Funding						
Opening Balance	\$ -	\$ 1,411	\$ 1,358	\$ 463	\$ -	\$ -
Annual CPI	2,672	855	2,863	2,863	2,210	2,210
Total Funding	2,672	2,266	4,221	3,326	2,210	2,210
Eligible Expenditures						
Accessibility Audit Implementation	969	786	197	-	-	-
Tommy Forest Ball Park Upgrade	-	15	60	-	-	-
Columbarium	98	17	2	-	-	-
Traffic Light Upgrades	76	48	84	-	-	-
Submarine Line	240	25	10	-	-	-
Water & Sewer Infrastructure Replacement	1,249	1,249	-	-	-	-
Multiplex Iceplant Upgrade	40	-	555	-	-	-
Library Upgrades	-	-	120	-	-	-
Park Development	-	-	14	-	-	-
Curling Club Upgrades	-	-	19	-	-	-
City Hall Upgrades	-	-	367	-	-	-
FDM Software	-	-	65	-	-	-
Self-Containing Breathing Aparatus	-	-	243	-	-	-
Asset Management	-	-	8	-	-	-
Road and Sidewalks Rehabilitation	-	-	1,061	1,968	1,747	2,210
YKCA Upgrade	-	-	5	-	-	-
Total Expenditures	2,672	2,140	2,810	1,968	1,747	2,210
Closing Balance - to Deferred Revenue	\$ -	\$ 126	\$ 1,411	\$ 1,358	\$ 463	\$ -

SCHEDULE OF REVENUE AND EXPENDITURES

CLEAN WATER AND WASTEWATER AGREEMENT

<i>December 31, 2021</i> <i>(in thousands of dollars)</i>	2021 Budget	2021 Actual	2020 Actual	2019 Actual	2018 Actual	2017 Actual
Funding						
CWWF Funding	\$ -	\$ -	\$ 162	\$ 1,097	\$ 4,731	\$ 8,157
Holdback Receivable	-	-	-	47	1,090	-
Formula Funding	-	-	66	42	159	776
User Fees	-	-	-	455	1,552	2,173
Total Funding	-	-	228	1,641	7,532	11,106
Eligible Expenditures						
SCADA System Upgrades	-	-	-	-	-	-
Construction Contract	-	-	34	129	395	11
Design Costs	-	-	-	-	15	48
Material and Supplies	-	-	110	39	56	65
	-	-	144	168	466	124
Sewage Lift Station #5 Rehabilitation	-	-	-	-	-	-
Construction Contract	-	-	-	175	1,545	-
Design Costs	-	-	-	18	91	34
Material and Supplies	-	-	-	-	2	-
	-	-	-	193	1,638	34
Water and Sewer Replacement	-	-	-	-	-	-
Construction Contract	-	-	-	630	3,953	8,936
Design Costs	-	-	11	146	594	854
Material and Supplies	-	-	73	504	191	1,719
	-	-	84	1,280	4,738	11,509
Total Expenditures	-	-	228	1,641	6,842	11,667
Funding Surplus (Deficit)	\$ -	\$ -	\$ -	\$ -	\$ 690	\$ (561)

SCHEDULE OF REVENUE AND EXPENDITURES

PUBLIC TRANSIT INFRASTRUCTURE AGREEMENT

<i>December 31, 2021</i> <i>(in thousands of dollars)</i>	2021 Budget	2021 Actual	2020 Actual	2019 Actual	2018 Actual	2017 Actual
Funding						
PTIF Funding	\$ -	\$ -	\$ -	\$ 49	\$ 119	\$ 72
Holdback Receivable	-	-	-	2	13	-
Formula Funding	-	-	-	17	43	24
Total Funding	-	-	-	68	175	96
Eligible Expenditures						
Construction Contract	-	-	-	68	174	97
Total Expenditures	-	-	-	68	174	97
Funding Surplus (Deficit)	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ (1)

SCHEDULE OF REVENUE AND EXPENDITURES

INVESTING IN CANADA INFRASTRUCTURE PROGRAM

<i>December 31, 2021</i> <i>(in thousands of dollars)</i>	2021 Budget	2021 Actual	2020 Actual	2019 Actual	2018 Actual	2017 Actual
Funding						
ICIP Funding	\$ 1,350	\$ 118	\$ 1,625	\$ 1,463	\$ -	\$ -
Holdback Receivable	-	-	9	153	-	-
CPI Funding	-	-	1,061	1,968	-	-
Formula Funding	-	3	1,554	-	-	-
User Fees	450	19	98	-	-	-
Gas Tax	-	16	-	-	-	-
Total Funding	1,800	156	4,347	3,584	-	-
Eligible Expenditures						
Paving (ICIP)	-	63	3,680	3,584	-	-
Increasing Waste Diversion (ICIP)	-	11	353	-	-	-
Lagoon Expansion (Lagoon Sludge Removal) (ICIP)	1,800	76	43	-	-	-
McMeekan Causeway Stabilization (ICIP)	-	6	271	-	-	-
Total Expenditures	1,800	156	4,347	3,584	-	-
Funding Surplus (Deficit)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

SCHEDULE OF REVENUE AND EXPENDITURES SMALL COMMUNITIES FUND

<i>December 31, 2021 (in thousands of dollars)</i>	2021 Budget	2021 Actual	2020 Actual	2019 Actual	2018 Actual	2017 Actual
Funding						
Small Communities Funding	\$ -	\$ 622	\$ 314	\$ -	\$ 59	\$ -
Formula Funding	-	208	105	27	20	-
Total Funding	-	830	419	27	79	-
Eligible Expenditures						
Aquatic Centre	-	830	419	27	79	-
Total Expenditures	-	830	419	27	79	-
Funding Surplus (Deficit)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

SCHEDULE OF REVENUE AND EXPENDITURES DISASTER MITIGATION AND ADAPTATION FUND

<i>December 31, 2021</i> <i>(in thousands of dollars)</i>	2021 Budget	2021 Actual	2020 Actual	2019 Actual	2018 Actual	2017 Actual
Funding						
DMAF	\$ 750	\$ 73	\$ 79	\$ -	\$ -	\$ -
CPI	-	25	10	-	-	-
Formula Funding	-	-	-	24	6	-
User Fees	250	-	-	-	-	-
Total Funding	1,000	98	89	24	6	-
Eligible Expenditures						
Submarine Line	1,000	98	39	57	23	-
Funding Surplus (Deficit)	\$ -	\$ -	\$ 50	\$ (33)	\$ (17)	\$ -

SCHEDULE OF SALARIES, HONORARIA AND TRAVEL

For the year ended December 31, 2021
(in thousands of dollars)

Name	Salary	Honoraria	Travel	2021 Total
Mayor				
Rebecca Alty	\$ 137	\$ -	\$ 1	\$ 138
Councillor/ Deputy Mayor				
Steve Payne	37	-	-	37
Councillor				
Julian Morse	35	-	-	35
Shauna Morgan	35	-	-	35
Niels Konge	33	-	-	33
Cynthia Mufandaedza	35	-	-	35
Rommel Silverio	35	-	-	35
Robin Williams	35	-	-	35
Stacie Smith	35	-	-	35
	\$ 417	\$ -	\$ 1	\$ 418