



CITY OF
YELLOWKNIFE

Financial Report 2015

For the year ended
December 31, 2015



Photo Credit: Pat Kane



CITY OF YELLOWKNIFE



PREPARED BY THE CITY OF YELLOWKNIFE

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Government Finance Officers Association

**Canadian Award
for
Financial Reporting**

Presented to

**City of Yellowknife
Northwest Territories**

For its Annual
Financial Report
for the Year Ended

December 31, 2014

Executive Director/CEO

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Canadian Award for Financial Reporting to the City of Yellowknife for its annual financial report for the fiscal year ended December 31, 2014. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

In order to be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments, and address user needs.

A Canadian Award for Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Canadian Award for Financial Reporting program requirements, and we are submitting it to the GFOA.

**City of Yellowknife
Table of Contents
December 31, 2015**

Page

Introductory Section

City Council and Administration	2
Organizational Chart	3

Financial Section

Consolidated Financial Statement Discussion and Analysis	5 - 16
Management's Responsibility for Consolidated Financial Statements	17
Audit Committee's Report	18
Independent Auditors' Report	19 - 20
Consolidated Statement of Financial Position	21
Consolidated Statement of Operations	22
Consolidated Statement of Changes in Net Financial Assets	23
Consolidated Statement of Cash Flows	24
Notes to the Consolidated Financial Statements	25 - 46
Consolidated Schedule of Tangible Capital Assets	47
Consolidated Schedule of Segment Disclosure	48 - 49
Consolidated Schedule of Government Transfers	50
Schedule of Revenue and Expenditures - Gas Tax Agreement	51
Schedule of Fund Activities and Change in Fund Balance	
General Fund	52
Land Development Fund	53
Solid Waste Management Fund	54
Water and Sewer Fund	55
Capital Fund	56
Service Connection Failure Assistance Fund	57
Reserves	58
Schedule of Salaries, Honoraria and Travel	59

Statistical Section

Consolidated Statement of Operations	61
Fund Balances	62
Net Financial Assets (Liabilities)	63
Government Transfers	63
Expenses by Object	64
Capital Financing	65
Analysis of Property Assessment and Taxation Schedule	66
Principal Corporate Taxpayers	67
Analysis of Long-term Debt	67
Community Profile	68

THE CITY OF YELLOWKNIFE, NORTHWEST TERRITORIES

COMMUNITY VISION

A welcoming, inclusive, vibrant and family-oriented City with a strong sense of community pride. We will strive to be self-sufficient while actively promoting economic development and tourism and protecting our unique history, culture and natural beauty.

COUNCIL MISSION

Council will provide leadership, vision and direction in responding to the needs and aspirations of the community by working cooperatively with staff and residents to provide municipal infrastructure, programs and services that are fiscally responsible and sustainable.

CORPORATE VISION

To be an inclusive and well managed community.

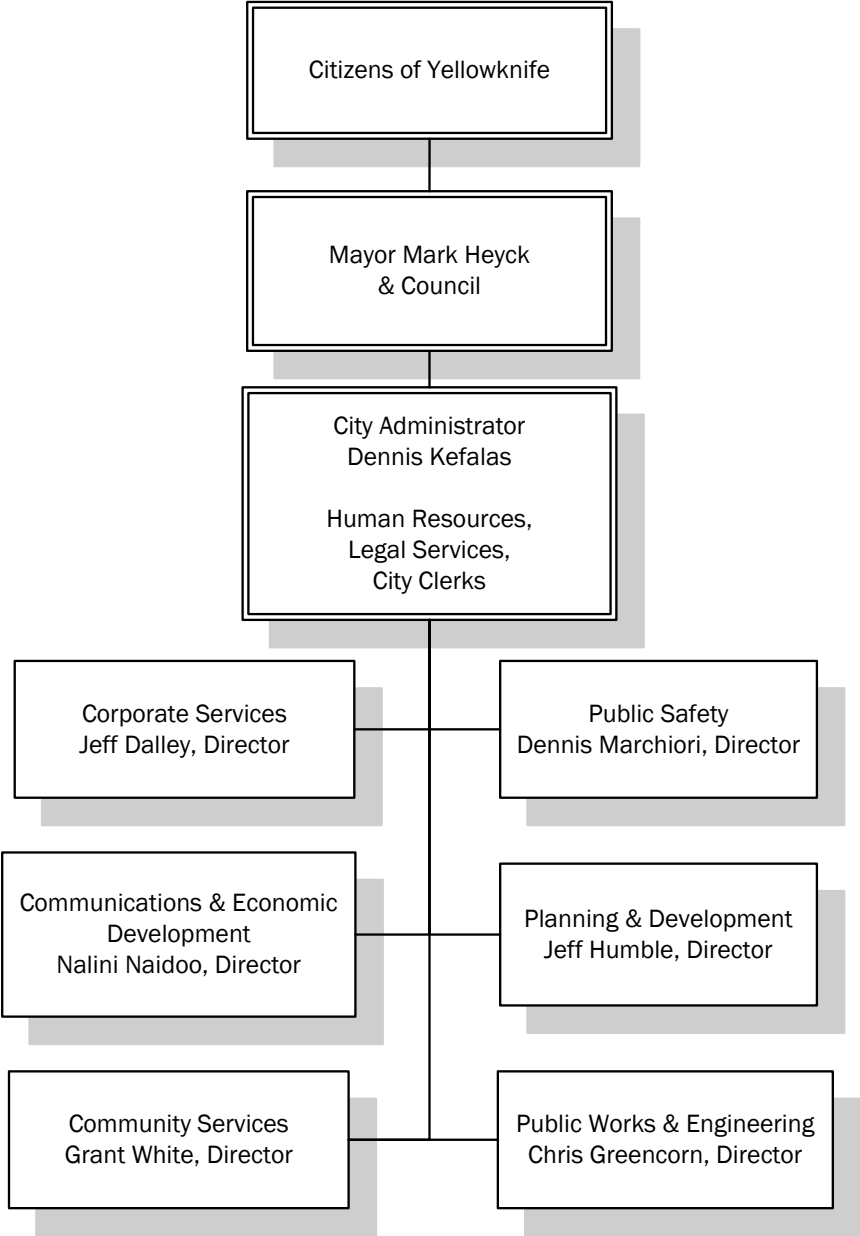


City Council, left to right: Adrian Bell, Steve Payne, Niels Konge, Linda Bussey, Mayor Mark Heyck, Rebecca Alty, Julian Morse, Shauna Morgan, Rommel Silverio

City Administration

City Administrator:	Dennis Kefalas
Director of Corporate Services:	Jeff Dalley
Director of Communication & Economic Development:	Nalini Naidoo
Director of Public Works & Engineering:	Chris Greencorn
Director of Community Services:	Grant White
Director of Public Safety:	Dennis Marchiori
Director of Planning & Development:	Jeffrey Humble
City Auditors:	Crowe MacKay LLP
City Bankers:	TD Canada Trust
City Solicitors:	McLennan Ross LLP

Organizational Chart





CITY OF
YELLOWKNIFE

OLDTOWN GARDEN
YELLOWKNIFE
COMMUNITY GARDEN
COLLECTIVE



Financial Section 2015
For the year ended
December 31, 2015

City of Yellowknife
Consolidated Financial Statement Discussion and Analysis
For the year ended December 31, 2015

The following Financial Statement Discussion and Analysis (FSD&A) has been prepared by management. The FSD&A of the City of Yellowknife (the City) should be read in conjunction with the audited consolidated 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) of the Chartered Professional Accountants of Canada.

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

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

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

FUNDS AND RESERVES

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

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

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

1. **Information Technology Reserve, Mobile Equipment Reserve and the Major Community Facility Reserve** – set-up to finance current and anticipated future capital projects, thereby reducing or eliminating the need to issue debt.
2. **Waterfront Development Reserve, Downtown Development Reserve, Heritage Reserve, Samuel Colley Donation Reserve and the Twin Pine Hill Trail Reserve** – provide designated revenue to fund expenses related to future projects in these areas.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2015 are as follows:

- The 2014 financial statements were restated to record a \$16.1 million increase to the provision for landfill closure. A third party review of the landfill closure requirements and costs was completed after a regulatory body identified that the City's interim landfill closure and reclamation plan was missing certain requirements. The report identified that the liability was understated resulting in a prior period adjustment.
- Upgrades to the water and sewer infrastructure in Yellowknife Condominium Corporation No. 8 were substantially completed in 2015 resulting in the recognition of \$8.6 million in contributed tangible capital assets.
- The 2015 financial statements show an annual surplus of \$14.3 million compared to the restated annual deficit of (\$6.3) million in 2014.

Provision for Landfill Closure and restatement of Financial Statements

The City's landfill is currently comprised of two separate sites, known as the old landfill site and Cell A, both located within the same general area. In May 2015, a regulatory body identified additional closure requirements that were not included in the City's interim landfill closure and reclamation plan. The City had an independent review completed to determine the costs of closure and post-closure activities. The report incorporated the additional requirements identified by the regulatory body. The report indicated that the current liability recorded by the City for closure of the landfill was understated by \$16.1 million. The 2014 financial statements have been restated to reflect this cost. As a result of the restatement, the 2014 annual surplus (deficit) as shown on the consolidated statement of operations changed from \$9.7 million to (\$6.3) million and the accumulated surplus decreased from \$257.4 million to \$241.3 million.

Upgrades to Yellowknife Condominium Corporation No. 8 Water and Sewer Infrastructure

In May 2012 a Memorandum of Understanding (MOU) between the City and Yellowknife Condominium Corporation No. 8 (Northlands) was signed in order to facilitate the replacement of the water and sewer infrastructure owned by Northlands. The MOU led to a petition supporting a Local Improvement Charge (LIC) to allow the City to complete the water and sewer infrastructure upgrades on behalf of Northlands and recover the costs. By-law No.4696 authorizing the City to undertake local improvements for Northlands, with 100% of the total costs of the local improvements to be financed through a LIC, was passed in July 2012. The MOU stated that Northlands would turn over the new infrastructure to the City upon completion.

Replacement of the water and sewer infrastructure began in 2013 and the project was substantially completed in November 2015. The City recorded a contribution of tangible capital assets of \$8.6 million on the consolidated statement of operations in the current year. The \$8.6 million represents the transfer of ownership of the water and sewer infrastructure from Northlands to the City. As of December 31, 2015 the local improvement charge receivable was \$15.8 million. Remaining project costs to be incurred in 2016 are estimated at \$0.3 million.

A summary of the project costs and revenues is below.

Total Project Costs and Reconciliation of LIC Receivable as of December 31, 2015:

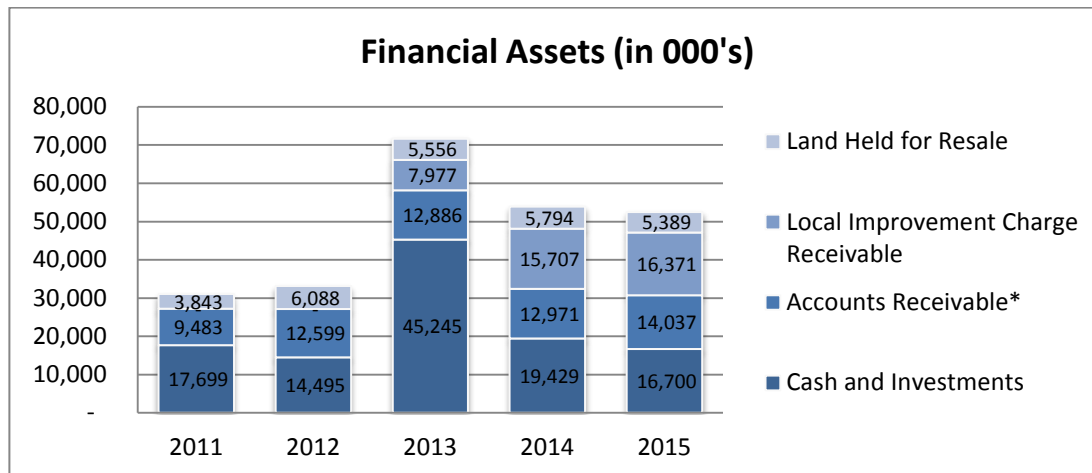
Contracted Project Costs	\$15,587,499	Project costs incurred from January 2013 – December 31, 2015
Interest Expense	1,322,229	City borrowed \$15.8 million to finance project. This represents total interest paid up to December 2015.
Total Project Costs	16,909,728	
Less: Interest Revenue	(301,097)	City invested proceeds of debt over life of the project. This represents total interest earned on the invested funds.
Less: Payment from Northlands	(800,000)	Northlands paid \$0.8 million to apply against LIC receivable in December 2015
LIC Receivable	\$15,808,631	

Breakdown of costs between Contributed Tangible Capital Assets and other project costs:

Contributed Tangible Capital Assets	\$8,598,616	Portion of costs that represent Tangible Capital Assets for the City
Other costs	8,311,112	Replacement of water and sewer service connections (connection between City main and residence) which is the responsibility of the homeowner and interest costs.
Total Project Costs	\$16,909,728	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Financial Assets



*Includes grants receivable, taxes receivable, water and sewer receivable and other receivable.

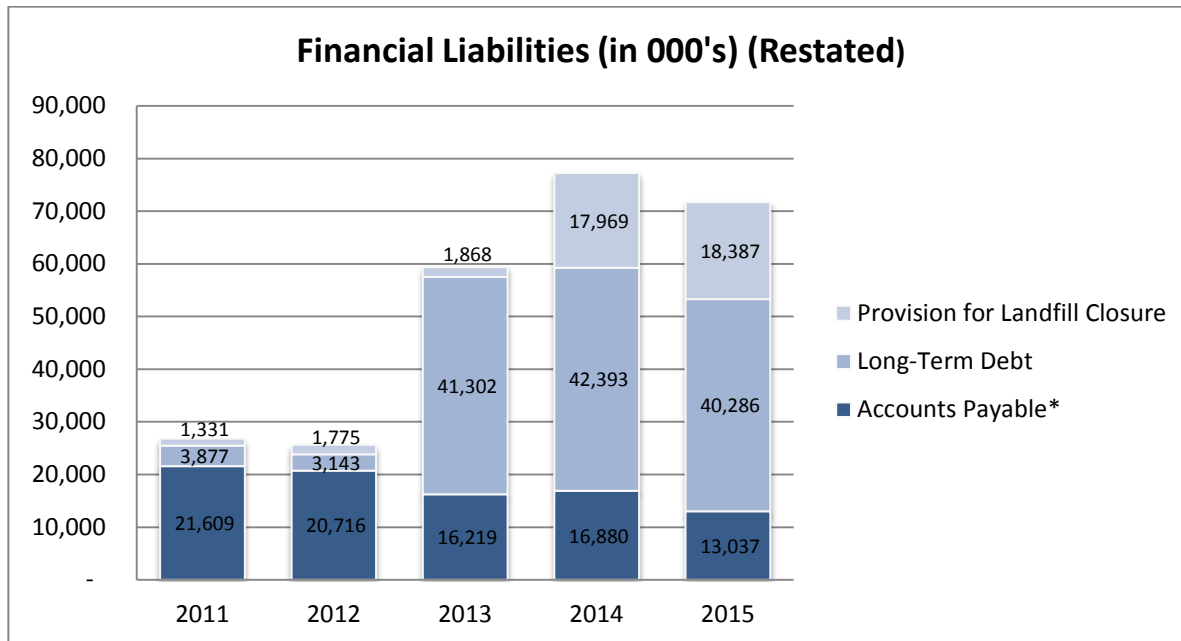
The City’s financial assets are comprised of **cash and investments**, **accounts receivable**, **local improvement charge receivable** and **land held for resale**. Financial assets decreased \$1.4 million (2.6%) from the previous year primarily due to a decrease in cash and investments.

Financial assets increased significantly in 2013 primarily as a result of an influx of cash from debt proceeds for loans taken out to finance the construction of the water treatment plant and the water and sewer infrastructure upgrades in Northlands. A local improvement charge receivable was also recorded for upgrades to properties in Niven Lake Subdivision and for the work completed on the water and sewer upgrades in Northlands.

Financial assets decreased in 2014 as the cash from the debt proceeds was used to pay for the projects discussed above. The decrease in **cash and investments** was partially offset by an increase in the **local improvement charge receivable**.

Going forward, the City expects financial assets to decline as the **local improvement charge receivable** is recovered.

Financial Liabilities



*Includes accounts payable and accrued liabilities, wages and compensated absences payable, retirement benefits liability, school taxes payable, deposits payable and deferred revenue.

The City's financial liabilities are comprised of **accounts payable**, **long-term debt** and **provision for landfill closure**. Financial liabilities decreased \$5.5 million (7.2%) from the previous year primarily due to repayment of **long-term debt** and a decrease in **accounts payable**.

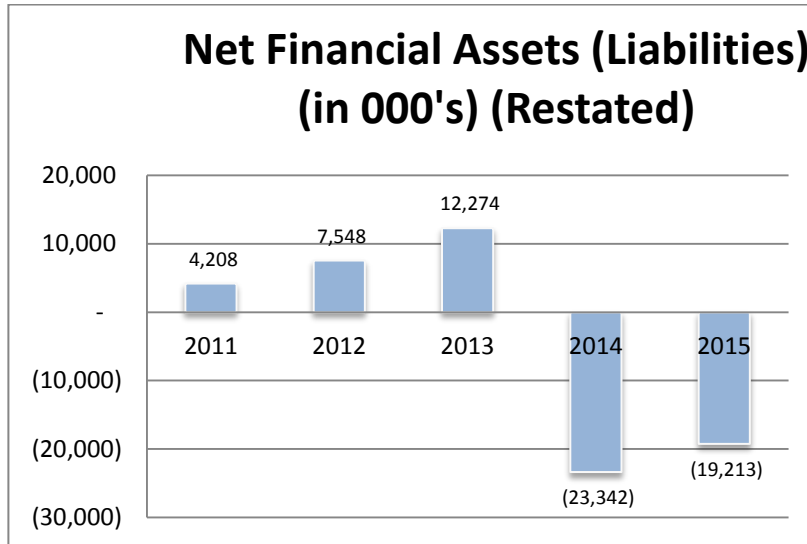
Financial liabilities increased significantly in 2013 primarily as a result of **long-term debt** borrowed to finance the construction of the water treatment plant and the water and sewer infrastructure upgrades in Northlands.

There was another significant increase in financial liabilities in 2014 primarily as a result of an increase to the **provision for landfill closure**. The 2014 financial statement numbers were restated to record the increase of \$16.1 million to the **provision for landfill closure**.

Accounts payable have declined over the past five years primarily due to a decrease in deferred revenue as deferred gas tax funding was used to partially finance the construction of the water treatment plant.

Going forward, the City expects financial liabilities to decline as **long-term debt** is repaid.

Net Financial Assets (Liabilities)

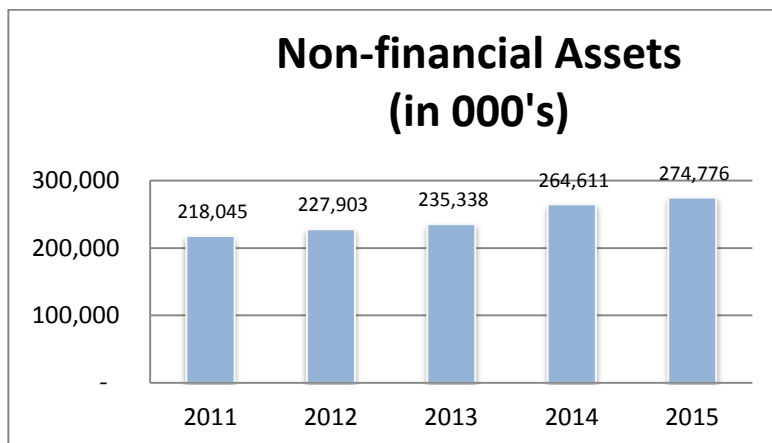


The City went from a net asset position of \$12.2 million in 2013 to a net liability position of (\$23.3) million in 2014, a change of \$35.5 million. \$19.1 million of the \$35.5 million change is due to financing the construction of the water treatment plant to meet the City's current and future needs.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

Net financial liabilities are (\$19.2) million at December 31, 2015. The \$4.1 million reduction in net liabilities from the previous year can be explained by a repayment of long-term debt of \$2.1 million and net reduction of other obligations as a result of the annual surplus.

Going forward, the City expects to see an improvement in the net financial liabilities position.

Non-financial Assets



The City's non-financial assets are comprised of **tangible capital assets (99.6%)** and **inventories, prepaid expenses and deferred expenses (0.4%)**. Non-financial assets increased by \$10.2 million (3.8%) over the previous year primarily due to tangible capital asset additions.

Net **tangible capital asset additions** were \$21.6 million and included:

- \$2.0 million for ice plant upgrades at YK Arena
- \$4.4 million for the Water Treatment Plant
- \$1.6 million on road and sidewalk improvements
- \$2.8 million on general water and sewer upgrades
- \$8.6 million for Northlands water and sewer infrastructure upgrades
- \$2.2 million on other capital improvements.

Going forward, the City expects to see an increase in non-financial assets as it continues to invest in infrastructure.

Accumulated Surplus

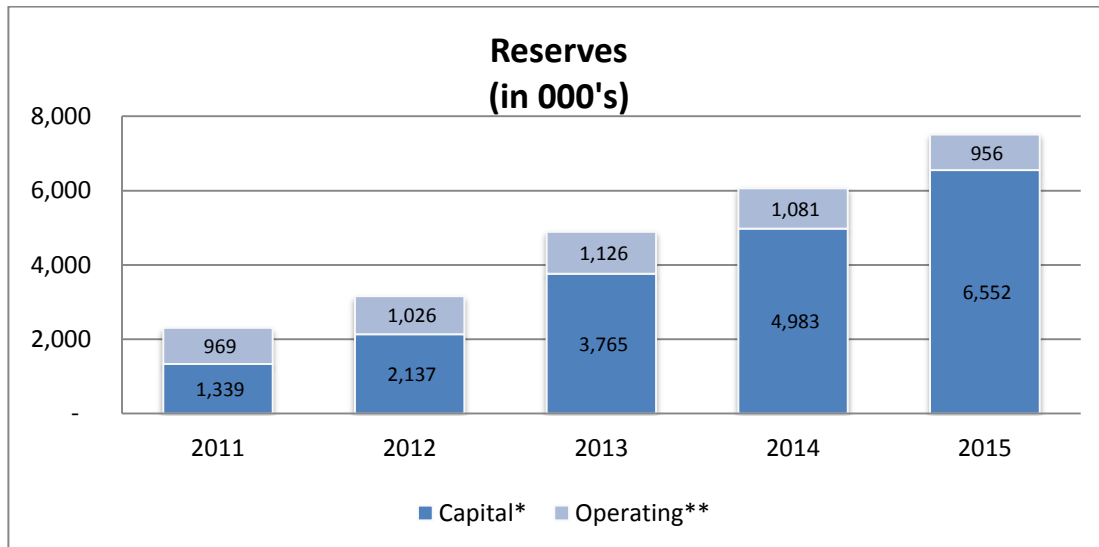
(in '000's)	2015	2014 (Restated)	2013	2012	2011
Investment in TCA	\$252,204	\$240,645	\$209,844	\$225,107	\$214,820
Reserves	7,507	6,064	4,892	3,164	2,306
Net (Deficit) Surplus*	(4,148)	(5,440)	32,876	7,180	5,127
	\$255,563	\$241,269	\$247,612	\$235,451	\$222,253

*Comprised of surplus (deficit) from all funds.

98.7% of the City's accumulated surplus has already been spent through **investment in tangible capital assets** with the remaining 1.3% of the balance comprised of **reserves** and **net deficit**. The prior year restatement of \$16.1 million to increase the liability for the landfill closure has put the City in a net deficit position.

Going forward, the City expects to see a decrease in the net deficit position by generating annual operating surpluses.

Reserves



*Includes the Information Technology Reserve, Mobile Equipment Reserve and the Major Community Facility Reserve.

**Includes the Waterfront Development Reserve, Downtown Development Reserve, Heritage Reserve, Samuel Colley Donation Reserve and the Twin Pine Hill Trail Reserve.

The City allocates funds to reserves to meet future operating and capital requirements. There has been little change in the **operating reserves** over the past five years. The **capital reserves** have increased by \$5.2 million over the past five years. This is primarily due to an increase in the **Major Community Facility Reserve** which had a negative balance of (\$0.7) million in 2011 and has a balance of \$2.8 million as of the end of 2015. The **Mobile Equipment Reserve** has increased by \$1.4 million which is primarily due to delays in equipment purchases.

CONSOLIDATED STATEMENT OF OPERATIONS

Revenues

Prior Year Comparison

(in '000's)	2015	2014	Variance	% change
Municipal Taxes	\$25,634	\$25,372	\$262	1.0%
User Fees, Licences and Permits	19,829	19,205	624	3.3%
Government Transfers – Operating	449	351	98	27.8%
Government Transfers – Capital	15,122	16,907	(1,784)	(10.6%)
Land Sales	1,779	3,697	(1,918)	(51.9%)
Contributed Tangible Capital Assets	8,599	0	8,599	N/A
Other *	2,363	2,698	(335)	(12.4%)
	\$73,775	\$68,230	\$5,545	8.1%

*Other includes investment revenue, fines and penalties, and franchise fees.

Overall, revenue increased 8.1% over the previous year. This is primarily a result of the **contributed tangible capital assets** of \$8.6 million related to the water and sewer upgrades in Northlands. If the **contributed tangible capital assets** revenue was excluded from the analysis, 2015 revenue would have been 4.5% lower than the previous year.

Municipal taxes were 1% higher in 2015 than the previous year as a result of assessment growth as there was no increase in the tax rate.

User fees, licences and permits were 3.3% higher in 2015 than the previous year primarily due to an increase in fees for water and sewer, emergency response and transit services, and an increase in development permit revenue due to increased level of construction.

Government transfers – operating were 27.8% higher in 2015 than the previous year primarily due to new funding for water and sewer services from the GNWT.

Government transfers – capital were 10.6% lower in 2015 than the previous year primarily due to a decrease in Gas Tax funding as the previous year included recognition of Gas Tax funding that had been carried forward in deferred revenue.

Land sales were 51.9% lower in 2015 than the previous year because the City introduced purchase incentives for lots in the Engle Business district in 2014 which resulted in increased sales in that area.

Other revenue is 12.4% lower in 2015 than the previous year primarily due to a decrease in investment income as the level of investments held by the City has declined with the completion of the water treatment plant and the local improvements for Northlands.

Comparison to Budget

(in '000's)	2015	Budget	Variance	% change
Municipal Taxes	\$25,634	\$25,585	\$49	0.2%
User Fees, Licences and Permits	19,829	19,368	461	2.4%
Government Transfers – Operating	449	421	28	6.5%
Government Transfers – Capital	15,122	14,468	654	4.5%
Land Sales	1,779	2,415	(636)	(26.3%)
Contributed Tangible Capital Assets	8,599	0	8,599	N/A
Other *	2,363	2,383	(20)	(0.8%)
	\$73,775	\$64,640	\$9,135	14.1%

*Other includes investment revenue, fines and penalties, and franchise fees.

Revenues were 14.1% higher than budgeted. The increase is primarily a result of the **contributed tangible capital assets**. If the **contributed tangible capital assets** revenue was excluded from the analysis, 2015 revenue would have been 0.8% higher than budgeted.

User fees, licences and permits were 2.4% higher than budgeted primarily as a result of increases to emergency response and transit fees.

Government transfers – operating were 6.5% and **Government transfers – capital** were 4.5% higher than budgeted as the City was able to secure additional funding during the year.

Land sales were 26.3% lower than budgeted as sales in the Engle Business district were lower than anticipated.

5 Year Trend (excludes Contributed Tangible Capital Assets)

(in '000's)	2015	2014	2013	2012	2011
Municipal Taxes	\$25,634	\$25,372	\$23,588	\$23,415	\$22,309
User Fees, Licences and Permits	19,829	19,205	18,433	17,747	16,458
Government Transfers – Operating	449	351	291	500	314
Government Transfers – Capital	15,122	16,907	20,126	15,013	16,400
Land Sales	1,779	3,697	4,335	9,885	4,203
Other *	2,363	2,698	2,723	2,327	2,373
	\$65,176	\$68,230	\$64,496	\$68,887	\$62,057

*Other includes investment revenue, fines and penalties, and franchise fees.

Municipal taxes generally increase with growth and tax rate increases. Increases in 2013 and 2015 were related to growth as there was no increase in the tax rates. Increases in 2012 and 2014 were a combination of growth and tax rate increases.

User fees, licences and permits have generally increased due to rate increases.

Government transfers – capital will fluctuate from year-to-year based on the capital projects in progress. 2013 and 2014 were higher because Gas Tax funding carried forward in deferred revenue was recognized against eligible expenditures for construction of the water treatment plant.

Land sales will fluctuate from year to year based on the lots available for sale. In 2011 and 2012, a significant number of lots became available in Niven and Kam Lake respectively (Grace Lake and Enterprise Extension) which resulted in higher sales. Since 2012 there has been little development and new lots have not come on the market. The City has been introducing purchase incentives since 2014 to promote sales of available land. New lots are expected to become available for sale in 2016.

Other revenue has been relatively stable with the exception of 2013 and 2014 which were higher as a result of increased investment income. Investment income was higher as the proceeds from debt received in 2013 for the water treatment plant and Northlands upgrades were invested. As these projects have been completed, investments have declined and investment income has returned to normal levels.

Expenses

Prior Year Comparison

(in '000's)	2015	2014 (Restated)	Variance	% change
Administration*	\$2,969	\$3,448	\$(479)	(13.9%)
Amortization	11,480	10,791	689	6.4%
Contracted and General Services	10,528	10,789	(261)	(2.4%)
Grants	415	418	(3)	(0.8%)
Interest on Long-Term Debt	707	758	(51)	(6.8%)
Land Expenses	639	217	422	194.2%
Landfill Closure and Post-Closure	418	16,100	(15,682)	(97.4%)
Minor Capital	3,689	4,538	(849)	(18.7)%
Salaries, Wages and Benefits	23,883	22,784	1,099	4.8%
Utilities	3,695	3,593	102	2.9%
Vehicle Operations & Maintenance	1,058	1,135	(77)	(6.8%)
	\$59,481	\$74,571	\$(15,090)	(20.2%)

*Administration includes bad debt, bank charges and short-term interest, construction and maintenance supplies, (gain) loss on disposal of TCA, insurance, office and administrative supplies, professional services and transfers to other organizations.

Overall, expenses decreased 20.2% from the previous year. This is primarily a result of a decrease in the **landfill closure and post-closure** expense. The 2014 financial statements were restated to increase the provision for landfill closure which resulted in an expense of \$16.1 million. The 2015 **landfill closure and post-closure** expense is based on the landfill capacity used in 2015 and significant fluctuations in the expense from year to the year are not expected going forward.

If the **landfill closure and post-closure** expense is excluded from the analysis, expenses would have been 1.0% higher than the previous year.

Administration expenses were 13.9% lower in 2015 than the previous year primarily due to a net gain on disposal of tangible capital assets versus a net loss in 2014. The decrease was partially offset by higher professional fees and office expenses.

Amortization was 6.4% higher in 2015 than the previous year as the expense continues to increase as the City's investment in tangible capital assets continues to grow.

Land expenses were 194.2% higher in 2015 than the previous year as the land inventory sold had higher development costs. The cost of land development varies significantly based on the area it is located.

Minor capital expenses were 18.7% lower in 2015 than the previous year as overall capital expenditures decreased.

Salaries, wages and benefits expenses were 4.8% higher in 2015 than the previous year primarily due to annual pay increases of 3% per the collective agreements and a decrease in vacant positions.

Comparison to Budget

(in '000's)	2015	Budget	Variance	% change
Administration*	\$2,969	\$2,780	\$(189)	(6.8%)
Amortization	11,480	11,389	(91)	(0.8%)
Contracted and General Services	10,528	11,595	1,067	9.2%
Grants	415	418	3	0.8%
Interest on Long-Term Debt	707	707	0	0%
Land Expenses	639	1,008	369	36.6%
Landfill Closure and Post-Closure	418	94	(324)	(344.6%)
Minor Capital	3,689	3,496	(193)	(5.5%)
Salaries, Wages and Benefits	23,883	24,293	410	1.7%
Utilities	3,695	4,472	777	17.4%
Vehicle Operations & Maintenance	1,058	915	(143)	(15.6%)
	\$59,481	\$61,167	\$1,686	2.8%

*Administration includes bad debt, bank charges and short-term interest, construction and maintenance supplies, (gain) loss on disposal of TCA, insurance, office and administrative supplies, professional services and transfers to other organizations.

Actual expenses were lower than budgeted expenses by 2.8%.

Administration expenses were 6.8% higher than budgeted due to higher professional fees and office expenses.

Contracted and general service expenses were 9.2% lower than budgeted due to several factors. The SCFA program did not complete as many repairs, IT communication infrastructure and maintenance costs were lower as the communication infrastructure project was only completed part way through the year, contracted costs for water delivery and transit were below budget, shipping costs for recyclables declined due to decreased recyclable sales and costs for public relations and tourism development were not as high as projected.

Land expenses were 36.6% lower than budgeted as the inventory value of the land sold was below the cost budgeted.

Landfill closure and post-closure expenses were 344.6% higher than budgeted as the budget number was based on previous closure requirement assumptions and not the recent report on the landfill closure and post-closure costs and activities.

Utilities expenses were 17.4% lower than budgeted primarily due to lower fuel costs.

Vehicle operations and maintenance expenses were 15.6% higher than budgeted as the number of repairs required for vehicle and fleet equipment was higher than expected.

5 Year Trend

(in '000's)	2015	2014 (Restated)	2013	2012	2011
Administration*	\$2,969	\$3,448	\$3,025	\$3,101	\$2,942
Amortization	11,480	10,791	10,491	8,942	8,933
Contracted and General Services	10,528	10,789	10,427	9,506	9,307
Grants	415	418	412	419	449
Interest on Long-Term Debt	707	758	463	113	152
Land Expenses	639	217	1,493	4,041	1,504
Minor Capital	3,689	4,538	4,620	3,466	5,413
Salaries, Wages and Benefits	23,883	22,784	22,129	21,721	20,946
Utilities	3,695	3,593	3,210	2,938	2,928
Vehicle Operations & Maintenance	1,058	1,135	971	997	1,128
Expenses before Landfill Closure and Post-Closure	59,062	58,471	57,241	55,244	53,702
Landfill Closure and Post-Closure	418	16,100	94	444	79
	\$59,481	\$74,571	\$57,335	\$55,688	\$53,781

*Administration includes bad debt, bank charges and short-term interest, construction and maintenance supplies, (gain) loss on disposal of TCA, insurance, office and administrative supplies, professional services and transfers to other organizations.

The four year average annual increase in **expenses before landfill closure and post-closure care** is 2.4% and this is primarily due to general inflation.

Amortization expense has increased annually as the City's investment in tangible capital assets continues to grow.

Interest on long-term debt increased in 2013 as the City borrowed funds during the year to build the water treatment plant and complete the infrastructure upgrades in Northlands.

Land expenses fluctuate from year to year based on the number of sales as well as the value of the land inventory sold. Land inventory value varies significantly depending on what area the land is located. Some of the land available for sale has required significant development before it could be sold while other parcels of land required minimal development.

Minor capital expenses 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.

Significant fluctuations in the **landfill closure and post-closure** expenses are not expected going forward. Annual expenses are expected to be similar to 2015 results.

Annual Surplus

The annual surplus of \$14.3 million is \$10.8 million higher than budgeted. The large variance is primarily due to the **contribution of tangible capital assets** of \$8.6 million for the Northlands water and sewer infrastructure upgrades. If the **contributed tangible capital assets** were removed, the annual surplus would be \$5.7 million which is \$2.2 million higher than budgeted. Of the 2015 annual surplus, \$11.6 million was invested in tangible capital assets, \$1.4 million was designated to reserves and \$1.3 million was contributed to the net deficit.

SUMMARY OF FUNDS

	Opening Fund Balance	Annual Surplus (Deficit)	Closing Fund Balance
General Fund	\$4,517,567	\$465,752	\$4,983,319
Land Development Fund	1,465,598	1,125,190	2,590,788
Solid Waste Management Fund	(17,295,070)	665,433	(16,629,637)
Water and Sewer Fund	(617,835)	(517,000)	(1,134,835)
Capital Fund	6,646,390	(678,513)	5,967,877
Service Connection Failure Assistance Fund	(156,882)	230,531	73,649
	(\$5,440,232)	\$1,291,393	(\$4,148,839)

The **General Fund** is in a healthy position with the closing fund balance equal to 15% of budgeted expenditures (net of expenses related to investment in tangible capital assets) which is in-line with the City's Stabilization Funds policy.

The **Land Development Fund** is in a healthy position with the ending balance being higher than projected primarily due to the interfund transfer to the Capital Fund being much lower than budgeted as a result of capital project delays.

The **Solid Waste Management Fund** has a large deficit balance as a result of the \$16.1 million increase to the provision for landfill closure in the restated 2014 financial statements. The 2015 annual increase was higher than budgeted because the transfer to the General Fund was reduced from \$310,000 to \$0 given the large deficit balance in the fund and the healthy position of the General Fund.

The **Water and Sewer Fund** continues to struggle although the net decrease was lower than budgeted. As a result of ongoing improvements to water meter reading accuracy, it is expected that the position of this fund will start to improve.

The **Capital Fund** is in a healthy position with the ending balance being higher than projected primarily due to a delay in capital projects that will be completed in the subsequent year.

The **SCFA Fund** improved its position from the previous year due to a decline in water and sewer service connection repairs.

FUTURE OUTLOOK

Yellowknife is recognized as a vibrant community enjoying high service levels and an excellent quality of life. To continue to provide this level of service and meet the expectations of its residents the City must continue to address the challenges related to the community's limited tax base and increasing costs of providing these services.

The City will continue to monitor key economic indicators, sources of revenue and spending levels as part of its sound conservative fiscal approach. The ten-year financial plan outlines the City's asset management plan over the next ten years with an expected reserve of \$8.6 million at the end of that period to go towards funding additional approved capital projects.

The City will continue to look for ways to increase its revenues and attract new residents who will contribute to the City's growth. Areas of potential growth include increased development, tourism and foreign investment.



Jeff Dalley, MBA, CGA
 Director of Corporate Services
 August 2, 2016

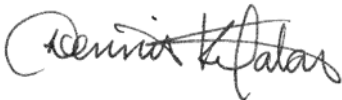
City of Yellowknife
Management's Responsibility for the Consolidated Financial Statements
For the year ended December 31, 2015

City Council, which is responsible for, among other things, the consolidated financial statements of the City of Yellowknife, delegates to Administration the responsibility for the production of the consolidated financial statements. City Council appoints independent auditors to examine and report directly to Council on the consolidated financial statements. Administration prepares the consolidated financial statements. Canadian public sector accounting standards have been followed as required by the Department of Municipal and Community Affairs, as provided for in the *Cities, Towns and Villages Act* of the Northwest Territories, and the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Administration maintains a system of internal accounting controls to ensure that transactions are accurately recorded on a timely basis, properly approved and result in reliable consolidated financial statements. There are limits inherent in all systems based on the recognition that the cost of such systems should not exceed the benefits to be derived. Administration believes its system provides the appropriate balance in this respect.

The City Council carries out its responsibility for review of the consolidated financial statements primarily through the Audit Committee. This Committee meets regularly with Administration to discuss financial matters, including the results of audit examinations. The Committee reports its findings to City Council for its consideration in approving the consolidated financial statements for issuance.

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



Dennis Kefalas, P.Eng
City Administrator



Jeff Dalley, MBA, CGA
Director of Corporate Services

**City of Yellowknife
Audit Committee's Report
For the year ended December 31, 2015**

The Audit Committee oversees the City's financial reporting process on behalf of City Council. The Committee is comprised of: Mayor Mark Heyck (ex-officio), Councillor Rommel Silverio, Tara Clowes, Justin Hazenberg, Adam Vivian and Erik Bech.

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 consolidated financial statements and the reporting process, including the system of internal controls. Management represents that the City's consolidated financial statements are prepared in accordance with Canadian public sector accounting standards. Based on the Committee's review of the consolidated financial statements and discussions with Administration and the independent auditors, the Committee recommends that City Council adopt the audited consolidated financial statements for the year ended December 31, 2015.



Tara Clowes, CPA, CA, Chair

Independent Auditors' Report

To the Mayor and Members of Council:

We have audited the accompanying consolidated financial statements of the City of Yellowknife, which comprise the consolidated statement of financial position as at December 31, 2015, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and notes comprised of the summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City of Yellowknife as at December 31, 2015, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirement

We further report, in accordance with the *Cities, Towns and Villages Act* of the Northwest Territories, that proper books and records of account have been kept by the City of Yellowknife, that the consolidated financial statements are in agreement therewith, and that the transactions that have come under our examination have been, in all material respects, within the statutory powers of the City.


ALAN MACKAY LLP

August 2, 2016
Yellowknife, Northwest Territories

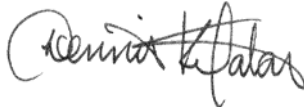
Chartered Accountants

City of Yellowknife
Consolidated Statement of Financial Position
As at December 31, 2015

	2015	2014 (Restated Note 20)
Financial Assets		
Cash and Cash Equivalents (Note 4)	\$14,700,312	\$7,170,244
Investments (Note 5)	2,000,000	12,258,971
Grants Receivable (Note 6)	87,907	77,907
Taxes Receivable (Note 7)	1,843,016	1,118,259
Water and Sewer Receivable (Note 8)	1,297,937	1,210,764
Other Receivable (Note 9)	10,807,861	10,563,613
Local Improvement Charge Receivable (Note 10)	16,370,537	15,707,149
Land Held For Resale (Note 11)	5,389,410	5,793,760
Total Financial Assets	52,496,980	53,900,667
Liabilities		
Accounts Payable and Accrued Liabilities	6,525,706	9,741,069
Wages and Compensated Absences Payable (Note 12)	601,823	1,337,792
Retirement Benefits Liability (Note 13)	1,036,553	902,639
School Taxes Payable	2,487,840	2,453,644
Deposits Payable	1,210,981	1,067,375
Deferred Revenue (Note 15)	1,174,294	1,378,413
Long-term Debt (Note 16)	40,285,863	42,392,644
Provision for Landfill Closure (Note 17)	18,386,748	17,968,822
Total Liabilities	71,709,808	77,242,398
Net Financial Liabilities	(19,212,828)	(23,341,731)
Non-Financial Assets		
Tangible Capital Assets (Note 18)	273,654,492	263,510,069
Inventories	584,026	570,169
Prepaid Expenses	525,918	510,434
Deferred Expenses -Protective Services (Note 19)	11,420	20,135
	274,775,856	264,610,807
Accumulated Surplus (Note 21)	\$255,563,028	\$241,269,076
Contingencies (Note 23)		
Commitments (Note 24)		

Approved by: 

 Mayor



 City Administrator

City of Yellowknife
Consolidated Statement of Operations
For the year ended December 31, 2015

	2015 Budget (Unaudited Note 25)	2015 Actual	2014 Actual (Restated Note 20)
Revenues			
Municipal Taxation			
Property Taxes	\$ -	\$ 29,853,969	\$ 29,438,167
Payments in Lieu of Taxes	-	5,724,037	5,730,082
Less: School Taxes	-	(9,944,495)	(9,796,397)
Net Municipal Taxation	25,585,000	25,633,511	25,371,852
User Fees and Sale of Goods	17,599,815	18,039,197	17,713,239
Land Sales	2,415,410	1,778,849	3,697,117
Government Transfers	421,000	448,546	351,045
Investment Income	164,000	193,654	625,277
Fines, Penalties and Cost of Taxes	1,240,300	1,115,805	1,144,979
Development Levies, Licenses and Permits	1,768,400	1,790,052	1,491,573
Franchise and Concessions Contracts	978,300	1,053,639	927,589
Total Revenues	50,172,225	50,053,253	51,322,671
Expenses			
General Government	4,792,434	5,361,171	4,987,080
Community Services	10,698,949	10,461,072	10,367,658
Corporate Services	6,009,300	5,586,246	5,405,857
Mayor and Council	560,150	527,260	550,574
Planning and Development	2,594,700	1,759,659	1,652,808
Public Safety	6,769,317	6,507,940	6,083,403
Public Works and Engineering	10,999,261	10,663,171	10,255,616
Solid Waste Facility	2,745,000	2,980,492	18,923,410
Water and Sewage	11,794,883	11,237,486	11,050,093
Interest on Long-term Debt	707,000	706,544	757,752
Total Expenses	57,670,994	55,791,041	70,034,251
Annual Surplus (Deficit) before Other	(7,498,769)	(5,737,788)	(18,711,580)
Contributed Tangible Capital Assets	-	8,598,616	-
Government Transfers Related to Capital	14,468,000	15,122,377	16,906,676
Minor Capital Expense	(3,496,231)	(3,689,253)	(4,537,902)
Annual Surplus (Deficit) after Other	3,473,000	14,293,952	(6,342,806)
Accumulated Surplus at Beginning of Year	241,269,076	241,269,076	247,611,882
Accumulated Surplus at End of Year	\$ 244,742,076	\$ 255,563,028	\$ 241,269,076

City of Yellowknife
Consolidated Statement of Changes in Net Financial Liabilities
For the year ended December, 31, 2015

	Budget 2015 (Unaudited)	Actual 2015	Actual 2014 (Restated Note 20)
Annual Surplus (Deficit)	\$ 3,473,000	\$ 14,293,952	\$ (6,342,806)
Acquisition of Tangible Capital Assets	(19,811,979)	(21,731,560)	(40,723,179)
Amortization of Tangible Capital Assets	11,389,000	11,479,675	10,791,145
(Gain) Loss on Disposal of Tangible Capital Assets	-	(154,937)	581,750
Proceeds on Disposal of Tangible Capital Assets	-	262,399	159,000
	(8,422,979)	(10,144,423)	(29,191,284)
Changes In Inventories, Prepaid Expenses and Deferred Expenses - Protective Services	-	(20,626)	(81,823)
Changes in Net Financial Liabilities	(4,949,979)	4,128,903	(35,615,913)
Net Financial Assets (Liabilities), Beginning of Year	(23,341,731)	(23,341,731)	12,274,182
Net Financial Liabilities, End of Year	\$ (28,291,710)	\$ (19,212,828)	\$ (23,341,731)

City of Yellowknife
Consolidated Statement of Cash Flows
For the year ended December 31, 2015

	2015 Actual	2014 Actual (Restated Note 20)
Operations		
Annual Surplus (Deficit)	\$ 14,293,952	\$ (6,342,806)
Non-cash changes to operations:		
Amortization	11,479,675	10,791,145
(Gain) Loss on Disposal of Tangible Capital Assets	(154,937)	581,750
Contributed Tangible Capital Assets	(8,598,616)	-
Retirement Benefits Liability	133,914	96,902
Provision for Landfill Closure	417,926	16,100,119
	<u>17,571,914</u>	<u>21,227,110</u>
Change in non-cash working capital balances related to operations:		
Grants Receivable	(10,000)	2,701,556
Taxes Receivable	(724,757)	(367,560)
Water and Sewer Receivable	(87,173)	(58,363)
Other Receivable	(244,248)	(2,360,825)
Local Improvement Charge Receivable	(663,388)	(7,730,318)
Land Held for Resale	404,350	(237,472)
Inventories	(13,857)	(54,183)
Prepaid Expenses	(15,484)	(46,714)
Deferred Expenses -Protective Services	8,715	19,075
Accounts Payable and Accrued Liabilities	(3,215,363)	819,968
School Taxes Payable	34,196	147,893
Deposits Payable	143,606	(37,604)
Deferred Revenue	(204,119)	(555,503)
Wages and Compensated Absences Payable	(735,969)	190,864
	<u>(5,323,491)</u>	<u>(7,569,186)</u>
Net Cash provided from Operations	<u>12,248,423</u>	<u>13,657,924</u>
Capital		
Acquisitions of Tangible Capital Assets	(13,132,944)	(40,723,179)
Proceeds on Disposal of Tangible Capital Assets	262,399	159,000
Net Cash used for Capital	<u>(12,870,545)</u>	<u>(40,564,179)</u>
Investing		
Proceeds from Investments	<u>10,258,971</u>	<u>12,100,029</u>
Financing		
Long-term Debt Repayments	(2,106,781)	(2,171,609)
Long-term Debt Issuance	-	3,262,000
Net Cash from (used for) Financing	<u>(2,106,781)</u>	<u>1,090,391</u>
Increase (Decrease) in Cash and Cash Equivalents	7,530,068	(13,715,835)
Cash and Cash Equivalents, Beginning of Year	7,170,244	20,886,079
Cash and Cash Equivalents, End of Year (Note 4)	\$ 14,700,312	\$ 7,170,244

City of Yellowknife
Notes to the Consolidated Financial Statements
For the year ended December 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES

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

a) Reporting Entity

The consolidated 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 organizations that are owned or controlled by the municipality and are, therefore, accountable to the 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 consolidated 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.

b) Basis of Accounting

The basis of accounting followed in the consolidated financial statement presentation includes revenues recognized in the period in which transactions or events occurred that gave rise to the revenues, and expenses recognized in the period the goods and services are incurred and a liability is incurred or transfers are due.

c) Cash and Cash Equivalents

Cash and cash equivalents are comprised of the amounts held at financial institutions and highly liquid financial instruments with maturity terms of three months or less at acquisition.

d) Investments

Investments are recorded at cost and consist of financial instruments with maturity terms of three months or greater at acquisition. Investment income is reported as revenue in the period earned.

e) Land Held for Resale

Land held for resale is recorded at the lower of cost and the net recoverable amount. Cost includes the amounts for improvements to prepare the land for sale. 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) Wages and Compensated Absences Liabilities

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

City of Yellowknife
Notes to the Consolidated Financial Statements
For the year ended December 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Retirement and Post-Retirement Benefits Liability

City employees in service at age 55 or greater, having completed 10 years service, are eligible for formula severance benefit equal to one week's base pay for each year of service up to a maximum of 25 years. The City accrues sufficient liability to meet the future expense.

The City and its employees make contributions to a pension plan administered by Northern Employee Benefits Services ("NEBS"). This is a multi-employer contributory defined benefit plan and accordingly contributions are expensed as incurred. The NEBS benefit plan is a defined benefit pension plan for which both the employee and employer contribute an equal amount evenly throughout the year. As the plan is accounted for by multiple unrelated employers, actuarial services of the plans surplus/deficit were not readily available and as such is measured using the defined contribution method.

Employees are insured through the Northern Employee Benefits Services. Coverage includes Group Life, Accidental Death and Dismemberment and Long-Term Disability Insurance, Extended Health Care Insurance, and Dental Plan. The City is not liable for any future liabilities of this plan.

h) Deferred Revenue

Deferred revenue consists mainly of government transfers for which the events giving rise to the transfer has not yet occurred. The deferred revenue will be recognized in the consolidated financial statements as revenue in the period in which the related expenses are incurred.

i) Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The City recognizes a liability for remediation of contaminated sites when the following criteria have been met:

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

The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available as at December 31, 2015. At each financial reporting date, management reviews the carrying amounts of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made.

City of Yellowknife
Notes to the Consolidated Financial Statements
For the year ended December 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) 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 consolidated change in net financial assets for the year.

k) Tangible Capital Assets

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

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

l) Inventories

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

m) Government Transfers

Government transfers are recognized in the consolidated financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, the municipality has met any eligibility criteria, and reasonable estimates of the amounts can be made.

n) Land Sale Revenue

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

City of Yellowknife
Notes to the Consolidated Financial Statements
For the year ended December 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o) 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 uncollectable accounts, are paid or payable to the School Boards.

p) 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.

q) 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.

r) 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 they are acquired and are reported at cost. Government contributions for the acquisition of capital assets are recorded as revenue and do not reduce capital asset costs. Minor capital assets are not amortized.

s) Use of Estimates

The preparation of the consolidated 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 consolidated financial statements and the amounts of revenues and expenses during the period. Significant items subject to estimates include the provision for landfill closure and post closure costs, retirement benefits liability, allowances for doubtful accounts, provisions for contingencies and the determination of useful lives of tangible capital assets. These estimates are reviewed periodically and adjustments are reported in earnings in the year in which they become known.

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

t) Budget

Budget figures are unaudited and are those approved by Council on December 15, 2014.

City of Yellowknife
Notes to the Consolidated Financial Statements
For the year ended December 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

u) Segment Disclosure

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

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

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

City of Yellowknife
Notes to the Consolidated Financial Statements
For the year ended December 31, 2015

2. ACCOUNTING STANDARDS ADOPTED IN THE CURRENT YEAR

The City has adopted PSAS Section PS 3260 - Liability for contaminated sites. PS 320 specifies that a liability for a contaminated site must be recognized when, as the financial reporting date, all of the following criteria are met for a site or a portion of a site which is no longer in productive use:

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

Management has concluded that there is no contamination that exceeds environment standards and as a result there is no liability to recognize as of the financial reporting date.

3. FUTURE ACCOUNTING CHANGES

a) Related Party Disclosures, Section PS 2200

This new section defines a related party and establishes disclosures required for related party transactions.

This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

b) Inter-entity Transactions, Section PS 3420

This new section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

c) Assets, Section PS 3210

This new section provides guidance for applying the definition of assets and establishes general disclosure standards for assets. Disclosure information about the major categories of assets that are not recognized is required.

This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

City of Yellowknife
Notes to the Consolidated Financial Statements
For the year ended December 31, 2015

3. FUTURE ACCOUNTING CHANGES (CONTINUED)

d) Contingent Assets, Section PS 3320

This new section defines and establishes disclosure on contingent assets. Disclosure of information about contingent assets is required when the occurrence of the confirming future event is likely.

This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

e) Contractual Rights, Section PS 3380

This new section defines and establishes disclosure standards on contractual rights. Disclosure of the nature, extent, and timing or any contractual rights is required.

This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

f) Restructuring Transactions, Section PS 3430

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

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

g) 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, 2019. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

h) Foreign Currency Translation, Section PS 2601

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

This Section is effective for fiscal periods beginning on or after April 1, 2019. Earlier adoption is permitted. The impact of the transition to these accounting standards has been reviewed by management and is not considered significant.

City of Yellowknife
Notes to the Consolidated Financial Statements
For the year ended December 31, 2015

4. CASH AND CASH EQUIVALENTS

	2015	2014
Unrestricted		
Cash	\$ 6,979,402	\$ 3,370,566
Cash Held in Reserves	756,769	978,269
Investments in Money Market Funds	6,693,642	2,044,470
Restricted		
Cash Held in Trust (Note 26)	270,499	39,620
Investments in Money Market Funds - Yellowknife Condominium Corporation No. 8 Infrastructure Replacement	-	737,319
	<u>\$ 14,700,312</u>	<u>\$ 7,170,244</u>

5. INVESTMENTS

Investments are comprised of guaranteed investment certificates maturing in 2016. The interest rate earned on investments is 1.6% (2014 - 1.25% to 1.80%).

6. GRANTS RECEIVABLE

	2015	2014
Government of the Northwest Territories		
Economic Development Planning	\$ 25,000	\$ 25,000
Community Grants	10,000	10,000
District Energy	6,000	6,000
Thermal Buffer Tank Pellet Boiler	5,000	-
Waterfront Tourism	-	5,000
Government of Canada		
Aboriginal Affairs and Northern Development Canada - Community Grants	-	7,500
Canadian Northern Economic Development - 50 Street Revitalization	17,500	-
Canadian Northern Economic Development - Eco-Housing	10,000	10,000
Canadian Northern Economic Development - Government Dock	10,000	10,000
Deton'Cho Corporation - Twin Pine Trail	4,407	4,407
	<u>\$ 87,907</u>	<u>\$ 77,907</u>

7. TAXES RECEIVABLE

	2015	2014
Property Taxes Receivable	\$ 3,435,643	\$ 2,522,976
Less: Allowance for Doubtful Taxes Receivable	(1,592,627)	(1,404,717)
	<u>\$ 1,843,016</u>	<u>\$ 1,118,259</u>

City of Yellowknife
Notes to the Consolidated Financial Statements
For the year ended December 31, 2015

8. WATER AND SEWER RECEIVABLE

	2015	2014
Water and Sewer Receivables	\$ 1,715,923	\$ 1,637,160
Less: Allowance for Doubtful Accounts	(417,986)	(426,396)
	\$ 1,297,937	\$ 1,210,764

9. OTHER RECEIVABLE

	2015	2014
Land Sales and Trade Accounts Receivables	\$ 5,722,707	\$ 5,282,498
Community Services Receivables	193,527	328,049
Municipal Enforcement Receivables	623,926	542,015
Northland Utilities Ltd. Power Distribution Franchise	1,106,321	1,066,881
Due From Homelessness Coalition - Bailey House Note 23(c)	1,101,825	1,204,020
Due From Homelessness Coalition - Lynn's Place Note 23(c)	2,189,334	2,293,000
GST Receivable	156,684	323,612
Other	587,943	328,921
	11,682,267	11,368,996
Less: Allowance for Doubtful Accounts	(874,406)	(805,383)
	\$ 10,807,861	\$ 10,563,613

10. LOCAL IMPROVEMENT CHARGE RECEIVABLE

	2015	2014
Niven Lake Subdivision - Phase 7	\$ 561,906	\$ 676,788
Yellowknife Condominium Corporation No. 8	15,808,631	15,030,361
	\$ 16,370,537	\$ 15,707,149

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 will be levied over a fifteen year period starting January 2014. A 3.59% annual interest rate is charged to recover the carrying costs incurred by the City as a result of the local improvements.

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

City of Yellowknife
Notes to the Consolidated Financial Statements
For the year ended December 31, 2015

10. LOCAL IMPROVEMENT CHARGE RECEIVABLE (CONTINUED)

b) Yellowknife Condominium Corporation No. 8

The City has undertaken local improvements to certain properties in Block 163, Plan C2090, known as Yellowknife Condominium Corporation No. 8 ("Condo Corp."). The local improvements are comprised of the installation of water and sewer infrastructure servicing the Condo Corp.. The cost of the local improvement is \$15,869,314 plus carrying costs incurred by the City. 100% of total costs less interest earned on funds borrowed will be financed through a LIC against the properties principally benefiting from this local improvement. Total interest earned on borrowed funds is \$301,098. As of December 31, 2015, \$16,909,729 including interest charges of \$1,322,229 (2014 - \$15,069,524 including interest charges of \$830,893) has been spent on the local improvements. The remaining \$281,814 in local improvement costs will be incurred over the next year. On December 18, 2015, \$800,000 was received from the Condo Corp. and applied against the local improvement receivable balance.

Upon completion of the local improvements, the responsibility of the LIC will transfer from the Condo Corp. to the affected property owners. The LIC will be payable over a period of 25 years starting in the year after the improvements are complete. A property owner required to pay the LIC can request to pay the LIC in a lump sum payment.

11. LAND HELD FOR RESALE

Land held for resale is classified as a financial assets or a non-financial asset based on when the sale of land is expected to occur. Land inventory that is expected to be sold within one year of the financial statement date is classified as a financial asset with the remaining inventory classified as a non-financial asset. Land held for resale has a market value of \$15,991,092 (2014 - \$19,479,959).

	2015	2014
Land Held for Resale - Financial Asset	\$ 5,389,410	\$ 5,793,760
Land Held for Resale - Non-Financial Asset	-	-
	\$ 5,389,410	\$ 5,793,760

12. WAGES AND COMPENSATED ABSENCES PAYABLE

	2015	2014
Accrued Wages and Compensated Absences		
Payroll (Advance)	\$ (85,306)	\$ 655,019
Vacation and Lieu Time	697,120	711,920
	611,814	1,366,939
Wage Assignments	(9,991)	(29,147)
	\$ 601,823	\$ 1,337,792

City of Yellowknife
Notes to the Consolidated Financial Statements
For the year ended December 31, 2015

12. WAGES AND COMPENSATED ABSENCES PAYABLE (CONTINUED)

Payroll

The payroll period ending January 1, 2016 was paid on December 31, 2015 which has resulted in a payroll advance.

Vacation and Lieu Time

The vacation and lieu time liability is comprised of the vacation and lieu time that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year.

Wage Assignments

The wage assignment receivable is comprised of payments made by the City on behalf of employees as at December 31, 2015 that will be recovered by payroll deduction from the first payroll of 2016.

13. RETIREMENT BENEFITS LIABILITY

	2015	2014
Balance, Beginning of Year	\$ 902,639	\$ 805,737
Net Expense	311,180	127,904
Paid-Out	(177,266)	(31,002)
Balance, End of Year	\$ 1,036,553	\$ 902,639

City employees retiring over the age of 55 with 10 or more years of service are entitled to one weeks pay for each year of service to a maximum of 25 weeks pay. The retirement allowance liability is calculated from the weekly wages of all employees with 10 years of service multiplied by years of service as at December 31, 2015 and factored by a probability that the employee will remain in service at age 55 as follows:

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

City of Yellowknife
Notes to the Consolidated Financial Statements
For the year ended December 31, 2015

14. PENSION AGREEMENTS

The City makes contributions to the Northern Employee Benefits Services (NEBS) Pension Plan, which is a multi-employer plan, on behalf of some members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to the NEBS pension plan was \$1,279,904 (2014 - \$1,207,950) for current services and is included as an expense in the Consolidated Statement of Operations.

The contributions are calculated at a rate of 8% (2014 - 8%) of regular earnings.

15. DEFERRED REVENUE

	2014	Externally Restricted Inflows	Revenue Earned	2015
Government Transfers				
Government of the Northwest Territories				
Capital Area Development Plan	\$ 12,368	\$ -	\$ (12,368)	\$ -
Community Capacity Building Fund	652,210	-	(51,389)	600,821
Economic Development Officer	50,000	-	(50,000)	-
Energy Conservation Program	35,000	-	(35,000)	-
Ground Ambulance Services	53,169	-	(53,169)	-
Library Grant	20,000	20,000	(20,000)	20,000
Property Assessment Contract	11,667	-	-	11,667
Government of Canada				
Aboriginal Affairs and Northern Development Canada	90,000	-	(90,000)	-
Canadian Northern Economic Development	255,874	-	(18,819)	237,055
Other	198,125	245,581	(138,955)	304,751
	<u>\$ 1,378,413</u>	<u>\$ 265,581</u>	<u>\$ (469,700)</u>	<u>\$ 1,174,294</u>

City of Yellowknife
Notes to the Consolidated Financial Statements
For the year ended December 31, 2015

16. LONG-TERM DEBT

	2015	2014
Capital - General		
TD Canada Trust Swap #904437T, authorized by By-law 4729 to finance completion of Phase 1 of the Multiplex, with monthly payments of \$9,944 including principal & interest at 2.77%, expiring May 2023.	\$ 799,063	\$ 894,775
TD Canada Trust Swap #904866T, authorized by By-law 4681 to finance the cost of building a new Water Treatment Plant, with monthly payments of \$139,061 including principal & interest at 3.10%, expiring June 2028.	17,276,527	18,391,290
TD Canada Trust Swap #909370T, authorized by By-law 4737 to finance the cost of building a new Water Treatment Plant, with monthly payments of \$6,198 including principal & interest at 3.98%, expiring August 2028.	738,983	782,986
TD Canada Trust Swap #909371T, authorized by By-law 4737 to finance the cost of building a new Water Treatment Plant, with monthly payments of \$21,754 including principal & interest at 3.71%, expiring August 2028.	2,635,462	2,795,556
	21,450,035	22,864,607
General		
Registered Mortgage #158,048 with the Northwest Territories Housing Corporation, authorized by By-law 4468, to finance the construction of Bailey House, with annual payments of \$181,728 including principal & interest at 6.5%, expiring January 2023. Note 22 (c).	1,101,825	1,204,020
Registered Mortgage #185,050 with the Northwest Territories Housing Corporation, authorized by By-law 4786, to finance the construction of Lynn's Place, with annual payments of \$204,329 including principal & interest at 4.39%, expiring April 2029. Note 22 (c).	2,189,334	2,293,000
TD Canada Trust Swap #903174T, authorized by By-law 4707 to finance the cost of a Local Improvement in the Yellowknife Condominium Corporation No. 8 Mobile Home Park, with monthly payments of \$27,256 including principal and interest at 3.30%, expiring May 2038. Note 9 (b).	14,672,434	15,107,494
TD Canada Trust Swap #920732T, authorized by By-law 4766 to finance the cost of local improvements on certain properties in Stage 2, Phase 7, Niven Lake Subdivision, with monthly payments of \$6,968 including principal & interest at 3.58%, expiring January 2029.	872,235	923,523
	\$ 40,285,863	\$ 42,392,644

City of Yellowknife
Notes to the Consolidated Financial Statements
For the year ended December 31, 2015

16. LONG-TERM DEBT (CONTINUED)

Debentures are covered by taxes and penalties levied, all grants and sundry revenues. Total interest payable in 2015 on long-term debt was \$716,032 (2014 - \$766,143). The estimated fair value of long-term debt at December 31, 2015 is \$36,358,432 (2014 - \$41,585,877). Fair value is estimated by discounting future cash flows at the rate currently offered by the City's bank for debt of similar credit quality and period to maturity. Annual principal repayment requirements on long-term debt for the next five years is as follows:

2016	\$	2,180,551
2017		2,256,729
2018		2,335,508
2019		2,417,181
2020		2,501,864
2021 and thereafter		28,594,030
	<u>\$</u>	<u>40,285,863</u>

17. PROVISION FOR LANDFILL CLOSURE

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

	2015	2014 (Restated Note 20)
Old Landfill Site	\$ 16,715,045	\$ 16,715,045
New Landfill - Cell A	1,671,703	1,253,777
	<u>\$ 18,386,748</u>	<u>\$ 17,968,822</u>

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

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

a) Old Landfill Site

Total closure and post-closure costs are estimated to be \$16,715,045 (2014 - \$16,715,045) of which \$13,495,142 is for site closure activities and \$3,219,903 for post-closure care activities. The remaining estimated life of the landfill is 1 year and monitoring will be required indefinitely. Of the total capacity of 700,000 cubic meters, less than 1% remains.

City of Yellowknife
Notes to the Consolidated Financial Statements
For the year ended December 31, 2015

17. PROVISION FOR LANDFILL CLOSURE (CONTINUED)

b) New Landfill - Cell A

Total closure and post-closure costs are estimated to be \$2,907,309 (2014 - \$2,907,309) of which \$1,926,942 is for site closure activities and \$980,367 for post-closure care activities. The City has included \$1,107,992 (2014 - \$830,994) for site closure costs and \$563,711 (2014 - \$422,783) for post-closure care costs. The remaining estimated life of the landfill is 3 years and monitoring will be required indefinitely. Of the total capacity of 80,000 cubic meters, 34,000 cubic meters (42%) remains.

18. TANGIBLE CAPITAL ASSETS

	Net Book Value	
	2015	2014
Land	\$ 35,913,767	\$ 35,996,427
Buildings	89,024,285	54,345,750
Roads & Sidewalks Infrastructure	36,617,360	38,409,832
Water & Sewer Infrastructure	90,017,979	82,554,996
Other Infrastructure	12,025,109	10,549,943
Vehicles	1,010,907	1,241,354
Equipment	8,332,571	8,450,988
Work in Progress	712,514	31,960,779
	\$ 273,654,492	\$ 263,510,069

19. DEFERRED EXPENSES - PROTECTIVE SERVICES

Under an Alternative Measures Agreement with the Workers' Safety and Compensation Commission of the Northwest Territories and Nunavut, the City has allocated \$300,000 to be used to fund future training initiatives for members of its Fire Division. Accordingly, this amount is held in a trust account with the City's solicitors until such training has occurred. This cash has been included with the general cash on the Consolidated Statement of Financial Position and a liability has been recorded to reflect this obligation. As the members utilize the training funds, the liability will be reduced and the related expense will be recognized. In 2015, \$8,715 (2014 - \$19,485) was spent on training initiatives and the funds held in trust earned interest of \$363. The General Fund includes \$11,420 (2014 - \$20,135) to continue to fund these training initiatives.

City of Yellowknife
Notes to the Consolidated Financial Statements
For the year ended December 31, 2015

20. PRIOR PERIOD ADJUSTMENT

In May 2015, a regulatory body identified additional landfill closure requirements that were not included in the City's interim landfill closure and reclamation plan. As a result, the City completed a comprehensive review of the landfill closure and post-closure requirements and the related costs. The review identified closure and post-closure activities that had not been anticipated. The financial statements have been retroactively adjusted to reflect these additional costs.

The impact of these changes resulted in a \$16,100,119 decrease to the annual surplus and closing accumulated surplus as follows:

	2014 (Restated)	2014 (As Reported)	Change
Statement of Financial Position			
Provision for Landfill Closure	\$ 17,968,822	\$ 1,868,703	\$ 16,100,119
Statement of Operations			
Revenues	\$ 68,229,347	\$ 68,229,347	\$ -
Expenses and expenditures other than Landfill			
Closure and Post-Closure	58,472,034	58,472,034	-
Landfill Closure and Post-Closure expense	16,100,119	-	16,100,119
Annual Surplus (Deficit)	\$ (6,342,806)	\$ 9,757,313	\$ (16,100,119)
Accumulated Surplus at Beginning of Year	\$247,611,882	\$247,611,882	\$ -
Accumulated Surplus at End of Year	\$241,269,076	\$257,369,195	\$ (16,100,119)

City of Yellowknife
Notes to the Consolidated Financial Statements
For the year ended December 31, 2015

21. ACCUMULATED SURPLUS

	2015	2014 (Restated Note 20)
Surplus		
Investment in Capital		
Tangible Capital Assets (Note 18)	\$ 273,654,492	\$ 263,510,069
Long-term Debt - Capital - General (Note 16)	(21,450,035)	(22,864,607)
	252,204,457	240,645,462
General Fund Balance	4,983,319	4,517,567
Land Development Fund Balance	2,590,788	1,465,598
Solid Waste Fund Balance	(16,629,637)	(17,295,070)
Utility Fund Balance	(1,134,835)	(617,835)
Capital Fund Balance	5,967,877	6,646,390
SCFA Fund Balance	73,649	(156,882)
Total Surplus	248,055,618	235,205,230
Reserves		
Downtown Development Reserve	572,444	477,144
Heritage Reserve	162,739	124,685
Information Technology Reserve	891,195	807,198
Major Community Facility Reserve	2,802,500	2,125,402
Mobile Equipment Replacement Reserve	2,858,044	2,050,534
Samuel Colley Library Donation Reserve	211,643	209,450
Twin Pine Hill Trail Reserve	8,845	269,433
Waterfront Development Reserve	-	-
Total Reserves	7,507,410	6,063,846
	\$ 255,563,028	\$ 241,269,076

22. FUNDS AND RESERVES

Management funds consist of the general, land development, water and sewer, solid waste management, service connection failure assistance, capital funds, and reserves. Transfers between funds are recorded as adjustments to the appropriate equity account. The interfund transfers are excluded from the consolidated statement of operations. The purpose of the funds are:

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

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

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

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

City of Yellowknife
Notes to the Consolidated Financial Statements
For the year ended December 31, 2015

22. FUNDS AND RESERVES (CONTINUED)

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

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

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

The community maintains the following reserves:

Downtown Development Reserve:	Starting 2002, 25% of the parking meter revenue is transferred to the Downtown Development Reserve to fund future projects that impact the downtown area.
Heritage Reserve:	Amounts approved by Council for future heritage project expenses are transferred to the Heritage Reserve.
Information Technology Reserve:	Amounts approved by Council for future information technology are transferred to the Information Technology Reserve.
Major Community Facility Reserve:	Amounts approved by Council for future community facilities are transferred to the Major Community Facility Reserve.
Mobile Equipment Replacement Reserve:	Amounts budgeted for future mobile equipment replacement are transferred to the Mobile Equipment Replacement Reserve.
Samuel Colley Library Donation Reserve:	To provide for the Yellowknife Public Library.
Twin Pine Hill Trail Reserve:	Amounts approved by Council for future development of the Twin Pine Hill Trail are transferred to the Twin Pine Hill Trail Reserve.
Waterfront Development Reserve:	Amounts approved by Council for future waterfront development are transferred to the Waterfront Development Reserve.

City of Yellowknife
Notes to the Consolidated Financial Statements
For the year ended December 31, 2015

22. FUNDS AND RESERVES (CONTINUED)

Reserves for operating and capital activities changed as follows:

	Opening Balance	Appropriations to (from) Reserves	Closing Balance
Downtown Development Reserve	\$ 477,144	\$ 95,300	\$ 572,444
Heritage Reserve	124,685	38,054	162,739
Information Technology Reserve	807,198	83,997	891,195
Major Community Facility Reserve	2,125,402	677,098	2,802,500
Mobile Equipment Replacement Reserve	2,050,534	807,510	2,858,044
Samuel Colley Library Donation Reserve	209,450	2,193	211,643
Twin Pine Hill Trail Reserve	269,433	(260,588)	8,845
Waterfront Development Reserve	-	-	-
	<u>\$ 6,063,846</u>	<u>\$ 1,443,564</u>	<u>\$ 7,507,410</u>

23. 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 an 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 exposure to most legal claims is not considered to be significant. The City is also involved in a Human Rights claim for which a decision has been reached in favor of the claimant. The amount of damages, if any, is unknown at this time. A liability, if any, will be accounted for as a current transaction in the year the losses are determined.

c) Mortgage

Construction of the Bailey House was completed in 2009, but transfer of title was delayed beyond December 31, 2009 pending the resolution of construction deficiency issues. As per a construction loan agreement between the City, the Council of The Salvation Army of Canada and the NWT Housing Corporation, title and registered mortgage #158,048 is to transfer from the City to The Salvation Army at the time of completion. Simultaneously, the receivable amount recorded as Due from Homelessness Coalition will be considered to be paid in full by the transfer of the title and this mortgage and will be recorded as such. Under clause 23 of the Agreement, failure on the part of the Salvation Army to act in accordance with the Agreement as defined therein would cause the title and balance of mortgage #158,048 at the time of default to return as a liability to the City. This contingent liability will be disclosed as a note to the consolidated financial statements of the City until such time as the mortgage is discharged.

As at December 31, 2015, The Salvation Army has been compliant with the terms of the Agreement and NWT Housing Corporation has credited forgivable payments to the mortgage as scheduled for a balance of \$1,101,825 (note 16) and other accounts receivable from the Homelessness Coalition of \$1,101,825 (note 9).

City of Yellowknife
Notes to the Consolidated Financial Statements
For the year ended December 31, 2015

23. CONTINGENCIES (CONTINUED)

c) Mortgage

Construction of Lynn's Place was completed in 2014, but transfer of title was delayed beyond December 31, 2014 pending the resolution of administrative issues. As per a construction loan agreement between the City, The Young Women's Christian Association of Yellowknife and the NWT Housing Corporation, title and registered mortgage #185,050 is to transfer from the City to The Young Women's Christian Association of Yellowknife at the time of completion. Simultaneously, the receivable amount recorded as Due from Homelessness Coalition will be considered to be paid in full by the transfer of the title and this mortgage and will be recorded as such. Under clause 23 of the Agreement, failure on the part of The Young Women's Christian Association of Yellowknife to act in accordance with the Agreement as defined therein would cause the title and balance of mortgage #185,050 at the time of default to return as a liability to the City. This contingent liability will be disclosed as a note to the consolidated financial statements of the City until such time as the mortgage is discharged.

As at December 31, 2015, The Young Women's Christian Association of Yellowknife has been compliant with the terms of the Agreement. The mortgage balance is \$2,189,334 (note 16) and other accounts receivable from the Homelessness Coalition is \$2,189,334 (note 9).

24. 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
2016	\$ 2,922,863
2017	729,497
2018	637,596
2019	154,771
2020 and later	128,447
	<u>\$ 4,573,174</u>

b) Capital Contracts

The City regularly enters into contracts related to capital projects. The amounts below represent the uncompleted portions of these contracts as of December 31, 2015. The expected minimum payments for these contracts are:

	Total
2016	<u>\$ 1,903,424</u>

City of Yellowknife
Notes to the Consolidated Financial Statements
For the year ended December 31, 2015

25. COMPARATIVE AMOUNTS

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

Budget figures have been reclassified to conform with the presentation adopted in the current year. The City's 2015 Financial Plan reported all capital expenditures including tangible capital assets acquisitions as operations expenses.

Capital expenditures have been reclassified as follows:

	2015 Budget
Capital purchases as presented in the budget	\$ 24,015,210
Less: Acquisitions of Tangible Capital Assets	19,811,979
Less: Interest on Long-term Debt Related to Capital	707,000
Minor Capital Expense	<u>\$ 3,496,231</u>

The annual surplus (deficit) as approved in the 2015 Financial Plan has been reclassified as follows:

	2015 Budget
Annual Surplus (Deficit) as presented in the budget	\$ (6,364,979)
Add: Acquisitions of Tangible Capital Assets	19,811,979
Add: Debt Repayment	1,415,000
Less: Amortization	(11,389,000)
Annual Surplus (Deficit)	<u>\$ 3,473,000</u>

26. CASH HELD IN TRUST

	2015	2014
McLennan Ross LLP for Firefighters' Training Alternative Measures Agreement	\$ 20,499	\$ 39,620
McLennan Ross LLP for Twin Pine Hill Escrow Agreement	250,000	
	<u>\$ 270,499</u>	<u>\$ 39,620</u>

City of Yellowknife
Notes to the Consolidated Financial Statements
For the year ended December 31, 2015

27. MEASUREMENT UNCERTAINTY

a) Liability for Contaminated Sites

The City implemented Section PS 3260 - Liability for Contaminated Sites in the current year. 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 completed an internal review of its properties and has determined no liability exists as of December 31, 2015. Until a formal assessment is completed, uncertainty exists regarding any potential liabilities.

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.

City of Yellowknife
Consolidated Schedule of Tangible Capital Assets
For the year ended December 31, 2015

	Land	Buildings	Roads & Sidewalks Infrastructure	Water & Sewer Infrastructure	Other Infrastructure	Vehicles	Equipment	Work in Progress	Totals
Cost									
Balance, beginning of year	\$ 35,996,427	\$ 88,602,014	\$ 68,828,818	\$ 154,958,387	\$ 14,792,673	\$ 3,032,001	\$ 15,987,107	\$ 31,960,779	\$ 414,158,206
Add: Additions during year	-	37,031,850	1,789,136	11,068,778	2,227,822	-	862,239	(31,248,265)	21,731,560
Less: Disposals during year	82,660	-	-	1,716,782	-	-	-	-	1,799,442
Balance, End of year	35,913,767	125,633,864	70,617,954	164,310,383	17,020,495	3,032,001	16,849,346	712,514	434,090,324
Accumulated amortization									
Balance, beginning of year	-	34,256,264	30,418,986	72,403,391	4,242,730	1,790,647	7,536,119	-	150,648,137
Add: Amortization during the year	-	2,353,315	3,581,608	3,580,993	752,656	230,447	980,656	-	11,479,675
Less: Accumulated amortization on disposals	-	-	-	1,691,980	-	-	-	-	1,691,980
Balance, End of year	-	36,609,579	34,000,594	74,292,404	4,995,386	2,021,094	8,516,775	-	160,435,832
Net book value of Tangible Capital Assets	\$ 35,913,767	\$ 89,024,285	\$ 36,617,360	\$ 90,017,979	\$ 12,025,109	\$ 1,010,907	\$ 8,332,571	\$ 712,514	\$ 273,654,492

CITY OF YELLOWKNIFE
Consolidated Schedule of Segment Disclosure
For the year ended December, 31, 2015

	2015 Budget (Unaudited)	General Government	Community Services	Corporate Services	Mayor and Council	Planning and Development	Subtotal
Revenues							
Property Taxation	\$ 25,585,000	\$ 25,633,511	\$ -	\$ -	\$ -	\$ -	\$ 25,633,511
User Fees, Licences and Permits, Sale of Goods, Levies, Fines and Penalties	20,608,515	444,060	2,163,884	660,256	1,416	804,434	4,074,050
Land Sales	2,415,410	-	-	-	-	1,778,849	1,778,849
Government Transfers	421,000	50,000	125,178	125,000	-	17,368	317,546
Other	1,142,300	1,225,819	-	-	-	21,474	1,247,293
Total Revenues	50,172,225	27,353,390	2,289,062	785,256	1,416	2,622,125	33,051,249
Expenses							
Amortization	11,389,000	524,424	1,769,028	-	-	-	2,293,452
Bad Debt	200,000	233,132	-	-	-	-	233,132
Bank Charges and Short-term Interest	224,560	179,775	-	-	-	-	179,775
Construction and Maintenance Supplies	679,700	-	-	-	-	-	-
Contracted and General Services	11,594,681	787,181	1,693,426	1,427,308	47,070	45,224	4,000,209
Loss (Gain) on Disposal of Tangible Capital Assets	-	24,803	-	-	-	(179,740)	(154,937)
Grants	418,000	-	414,854	-	-	-	414,854
Insurance	774,600	-	-	773,894	-	-	773,894
Interest on Long-term Debt	707,000	706,544	-	-	-	-	706,544
Land	1,008,100	-	-	-	-	639,054	639,054
Office and Administrative Supplies	588,300	409,566	40,709	166,724	126,547	9,296	752,842
Professional Services	191,000	147,414	-	95,499	-	675	243,588
Landfill Closure and Post-Closure	94,000	-	-	-	-	-	-
Salaries, Wages and Benefits	24,293,070	2,779,224	4,977,377	3,118,566	353,643	1,244,278	12,473,088
Transfers to Other Organizations	122,000	118,762	-	-	-	-	118,762
Utilities- Electricity	2,968,900	107,304	1,049,251	-	-	-	1,156,555
Utilities - Fuel	1,503,183	49,586	449,298	-	-	-	498,884
Vehicle Operations and Maintenance	914,900	-	67,129	4,255	-	872	72,256
Total Expenses	57,670,994	6,067,715	10,461,072	5,586,246	527,260	1,759,659	24,401,952
Annual Surplus (Deficit) before Other Contributed Tangible Capital Assets	(7,498,769)	21,285,675	(8,172,010)	(4,800,990)	(525,844)	862,466	8,649,297
Government Transfers Related to Capital Minor Capital	14,468,000	14,819,208	80,000	150,000	-	-	15,049,208
	3,496,231	43,978	270,321	637,498	-	299,809	1,251,606
Annual Surplus (Deficit) after Other	\$ 3,473,000	\$ 36,060,905	\$ (8,362,331)	\$ (5,288,488)	\$ (525,844)	\$ 562,657	\$ 22,446,899

CITY OF YELLOWKNIFE
Consolidated Schedule of Segment Disclosure (CONTINUED)
For the year ended December, 31, 2015

	Subtotal Carried Forward	Public Safety	Public Works and Engineering	Solid Waster Facility	Water and Sewage	2015	2014 (Restated Note 20)
Revenues							
Property Taxation	\$ 25,633,511	\$ -	\$ -	\$ -	\$ -	\$ 25,633,511	\$ 25,371,852
User Fees, Licences and Permits Sale of Goods, Levies, Fines and Penalties	4,074,050	2,620,571	503,966	2,993,879	10,752,588	20,945,054	20,349,791
Land Sales	1,778,849	-	-	-	-	1,778,849	3,697,117
Government Transfers	317,546	-	-	-	131,000	448,546	351,045
Local Improvement Charges	-	-	-	-	-	-	-
Other	1,247,293	-	-	-	-	1,247,293	1,552,866
Total Revenues	33,051,249	2,620,571	503,966	2,993,879	10,883,588	50,053,253	51,322,671
Expenses							
Amortization	2,293,452	249,783	4,025,979	652,045	4,258,416	11,479,675	10,791,145
Bad Debt	233,132	-	-	-	-	233,132	299,937
Bank Charges and Short-term Interest	179,775	-	-	-	-	179,775	220,251
Construction and Maintenance Supplies	-	-	420,617	-	300,272	720,889	890,622
Contracted and General Services	4,000,209	319,529	2,782,779	740,615	2,684,778	10,527,910	10,789,395
Loss (Gain) on Disposal of Tangible Capital Assets	(154,937)	-	-	-	-	(154,937)	581,750
Grants	414,854	-	-	-	-	414,854	418,000
Insurance	773,894	-	-	-	-	773,894	738,238
Interest on Long-term Debt	706,544	-	-	-	-	706,544	757,752
Land	639,054	-	-	-	-	639,054	217,199
Office and Administrative Supplies	752,842	84,319	17,010	-	-	854,171	476,557
Professional Services	243,588	-	-	-	-	243,588	139,434
Landfill Closure and Post-Closure	-	-	-	417,926	-	417,926	16,100,119
Salaries, Wages and Benefits	12,473,088	5,649,417	2,617,463	962,805	2,180,013	23,882,786	22,784,053
Transfers to Other Organizations	118,762	-	-	-	-	118,762	101,659
Utilities- Electricity	1,156,555	65,476	55,017	79,209	1,410,459	2,766,716	2,366,285
Utilities - Fuel	498,884	43,207	64,638	31,924	289,969	928,622	1,226,572
Vehicle Operations and Maintenance	72,256	96,209	679,668	95,968	113,579	1,057,680	1,135,283
Total Expenses	24,401,952	6,507,940	10,663,171	2,980,492	11,237,486	55,791,041	70,034,251
Annual Surplus (Deficit) before Other Contributed Tangible Capital Assets	8,649,297	(3,887,369)	(10,159,205)	13,387	(353,898)	(5,737,788)	(18,711,580)
Government Transfers Related to Capital	15,049,208	53,169	-	-	8,598,616	8,598,616	-
Minor Capital	1,251,606	322,819	508,507	199,938	1,406,383	15,122,377	16,906,676
Annual Surplus (Deficit) after Other	\$ 22,446,899	\$ (4,157,019)	\$ (10,667,712)	\$ (186,551)	\$ 6,858,335	\$ 14,293,952	\$ (6,342,806)

CITY OF YELLOWKNIFE
Consolidated Schedule of Government Transfers
For the year ended December, 31, 2015

	2015 Budget (Unaudited)	2015 Actual	2014 Actual
Government of Canada			
Gas Tax Agreement	\$ 4,519,000	\$ 4,519,000	\$ 6,454,311
YK Smart Community Grant (CanNor)	-	293,819	120,265
District Heating (CanNor/AANDC)	-	200,000	161,540
Economic Development Planning (CanNor)	-	-	100,000
Fibre Optics Study (CanNor)	-	-	47,350
	4,519,000	5,012,819	6,883,466
Government of the Northwest Territories			
MACA Formula Funding (not including insurance)	7,639,000	7,639,000	7,422,000
MACA Contribution Agreements			
Capital Grant	2,210,000	2,210,000	2,210,000
Assessment Contract	125,000	125,000	125,000
Library Grant	105,000	105,000	105,000
Sports and Recreation Grant	80,000	80,000	91,817
Ground Ambulance and Highway Rescue	-	53,169	33,333
Library Renovation	-	-	50,000
Capital Area Development Plan	-	17,368	7,632
Waterfront Tourism Plan	-	-	25,000
Water and Sewer Services	130,000	131,000	-
Water License Renewal	-	20,000	-
Environment and Natural Resources Contribution Agreements			
Energy Conservation Program	-	50,000	10,000
Industry, Tourism and Investment Agreements			
Economic Development Officer	50,000	50,000	50,000
Park Signage	-	4,000	-
	10,339,000	10,484,537	10,129,782
Other Contribution Agreements	31,000	73,567	244,473
	\$ 14,889,000	\$ 15,570,923	\$ 17,257,721

CITY OF YELLOWKNIFE
Schedule of Revenue and Expenditures
Gas Tax Agreement
For the year ended December, 31, 2015

	2015 Budget (Unaudited)	2015 Actual	2014 Actual
Revenue			
Government of Canada	\$ 4,519,000	\$ 4,519,000	\$ 6,454,311
Total Revenues	4,519,000	4,519,000	6,454,311
Expenditures			
Pumphouse Replacement/Water Treatment Plant	2,344,000	2,344,000	1,228,263
New Piping for Pumphouses & Liftstations	-	-	10,087
Water & Sewer Replacement	2,175,000	2,175,000	4,708,961
Centralized Composting Project	-	-	507,000
Total Expenditure	4,519,000	4,519,000	6,454,311
Net Revenue	\$ -	\$ -	\$ -

Gas Tax Revenue of \$4,519,000 was received in 2015. There is no balance deferred as at December 31, 2015. No interest was earned (2014 - \$11,491) on Gas Tax funds as eligible expenditures were incurred prior to receiving the funds.

CITY OF YELLOWKNIFE
Schedule of Fund Activities and Change in Fund Balance
GENERAL FUND
For the year ended December, 31, 2015

	2015 Budget (Unaudited)	2015 Actual	2014 Actual
Revenues			
Property Taxation	\$ 24,971,000	\$ 28,639,969	\$ 27,793,167
Payments in Lieu of Taxes			
Government of Canada	-	1,776,859	1,777,669
Government of the Northwest Territories	-	3,777,086	3,766,489
Crown Corporation	-	170,091	185,924
Total Payment in Lieu of Taxes	-	5,724,036	5,730,082
Total Property Taxation	24,971,000	34,364,005	33,523,249
Less: School Taxes	-	(9,944,495)	(9,796,397)
Net Municipal Taxation	24,971,000	24,419,510	23,726,852
User Fees and Sale of Goods	3,753,215	4,195,123	3,853,563
Government Transfers	290,000	300,178	351,045
Investment Income	150,000	172,180	616,803
Fines, Penalties and Cost of Taxes	1,083,500	1,012,554	997,496
Development Levies, Licenses and Permits	1,768,400	1,790,052	1,491,573
Franchise and Concessions Contracts	978,300	1,053,639	927,589
Total Revenues	32,994,415	32,943,236	31,964,921
Expenses			
General Government	4,792,434	5,361,172	4,987,080
Community Services	10,698,949	10,461,071	10,367,658
Corporate Services	6,009,300	5,586,246	5,405,857
Mayor and Council	560,150	527,261	550,574
Planning and Development	1,586,600	1,300,347	1,435,611
Public Safety	6,769,317	6,507,940	6,083,403
Public Works and Engineering	10,999,261	10,663,170	10,255,616
Total Operating Expenses	41,416,011	40,407,207	39,085,799
Net Expense	(8,421,596)	(7,463,971)	(7,120,878)
Interfund Transfers			
From Water and Sewer Fund	1,126,000	1,126,000	1,172,212
From Solid Waster Fund	310,000	-	306,988
From Land Development Fund	175,000	175,000	175,000
From (To) Reserves	(75,000)	34,709	(168,916)
	1,536,000	1,335,709	1,485,284
Decrease in Fund Balance			
Before Reallocation of Expenses Related to Investment in Tangible Capital Assets	(6,885,596)	(6,128,262)	(5,635,594)
Reallocation of Expenses Related to Investment in Tangible Capital Assets	6,618,000	6,594,014	6,729,651
Increase in Fund Balance	(267,596)	465,752	1,094,057
Opening Fund Balance	4,517,567	4,517,567	3,423,510
Closing Fund Balance	\$ 4,249,971	\$ 4,983,319	\$ 4,517,567

CITY OF YELLOWKNIFE
Schedule of Fund Activities and Change in Fund Balance
LAND DEVELOPMENT FUND
For the year ended December, 31, 2015

	2015 Budget (Unaudited)	2015 Actual	2014 Actual
Revenues			
User Fees and Sale of Goods	\$ 214,000	\$ 222,332	\$ 216,508
Land Sales	2,415,410	1,958,589	3,697,117
Government Transfers	-	17,368	-
Total Revenues	2,629,410	2,198,289	3,913,625
Expenses			
Land Development	1,008,100	639,054	217,199
Total Expenditures	1,008,100	639,054	217,199
Net Revenue	1,621,310	1,559,235	3,696,426
Interfund Transfer			
To Capital Fund	(1,124,000)	(341,705)	(1,739,777)
To General Fund	(175,000)	(175,000)	(175,000)
	(1,299,000)	(516,705)	(1,914,777)
Increase (Decrease) in Fund Balance Before Reallocation of Expenses Related to Investment in Tangible Capital Assets	322,310	1,042,530	1,781,649
Reallocation of Expenses Related to Investment in Tangible Capital Assets	-	82,660	-
Increase (decrease) in Fund Balance	322,310	1,125,190	1,781,649
Opening Fund Balance	1,465,598	1,465,598	(316,051)
Closing Fund Balance	\$ 1,787,908	\$ 2,590,788	\$ 1,465,598

CITY OF YELLOWKNIFE
Schedule of Fund Activities and Change in Fund Balance
SOLID WASTE MANAGEMENT FUND
For the year ended December, 31, 2015

	2015 Budget (Unaudited)	2015 Actual	2014 Actual (Restated Note 20)
Revenues			
User Fees and Sale of Goods	\$ 2,943,000	\$ 2,993,879	\$ 3,021,064
Total Revenues	2,943,000	2,993,879	3,021,064
Expenses			
Environmental and Public Health Services	2,651,000	2,562,565	2,823,291
Landfill Closure and Post-Closure Expense	94,000	417,926	16,100,119
Total Expenses	2,745,000	2,980,491	18,923,410
Net Revenue (Expense)	198,000	13,388	(15,902,346)
Interfund Transfer			
To General Fund	(310,000)	-	(306,988)
Decrease in Fund Balance Before Reallocation of Amortization of Investment in Tangible Capital Assets	(112,000)	13,388	(16,209,334)
Reallocation of Amortization	487,000	652,045	618,211
Increase (decrease) in Fund Balance	375,000	665,433	(15,591,123)
Opening Fund Balance	(17,295,070)	(17,295,070)	(1,703,947)
Closing Fund Balance	\$ (16,920,070)	\$ (16,629,637)	\$ (17,295,070)

CITY OF YELLOWKNIFE
Schedule of Fund Activities and Change in Fund Balance
WATER AND SEWER FUND
For the year ended December, 31, 2015

	2015 Budget (Unaudited)	2015 Actual	2014 Actual
Revenues			
User Fees and Sale of Goods	\$ 6,452,300	\$ 6,389,734	\$ 6,202,838
Fines and Penalties	156,800	103,252	147,483
Government Transfers	130,000	131,000	-
Total Revenues	6,739,100	6,623,986	6,350,321
Expenses			
Water and Sewage	10,578,583	10,273,404	9,679,730
Total Expenses	10,578,583	10,273,404	9,679,730
Net Expense	(3,839,483)	(3,649,418)	(3,329,409)
Interfund Transfer			
To General Fund	(1,126,000)	(1,126,000)	(1,172,212)
Decrease in Fund Balance			
Before Reallocation of Expenses Related to			
Investment in Tangible Capital Assets	(4,965,483)	(4,775,418)	(4,501,621)
Reallocation of Amortization	4,284,000	4,258,418	4,184,034
Increase (Decrease) in Fund Balance	(681,483)	(517,000)	(317,587)
Opening Fund Balance	(617,835)	(617,835)	(300,248)
Closing Fund Balance	\$ (1,299,318)	\$ (1,134,835)	\$ (617,835)

CITY OF YELLOWKNIFE
Schedule of Fund Activities and Change in Fund Balance
CAPITAL FUND
For the year ended December, 31, 2015

	2015 Budget (Unaudited)	2015 Actual	2014 Actual
Revenue			
Property Taxation	\$ 614,000	\$ 1,214,000	\$ 1,645,000
Government Transfers	14,468,000	15,122,377	16,906,676
User Fees and Sales of Goods	3,035,000	3,064,991	3,214,260
Total Revenues	18,117,000	19,401,368	21,765,936
Expenditures			
General Government	807,000	750,523	855,527
Corporate Services	1,503,910	1,132,713	2,021,553
Public Safety	347,000	388,598	147,571
Public Works and Engineering	3,916,000	2,612,334	4,575,057
Planning and Development	1,724,000	982,254	2,982,074
Community Services	2,216,800	2,396,355	1,857,382
Solid Waste Facility	1,124,500	539,600	1,598,034
Water and Sewage	12,376,000	17,325,055	31,982,231
Total Expenditures	24,015,210	26,127,432	46,019,429
Net Revenue (Expenditures) before Other	(5,898,210)	(6,726,064)	(24,253,493)
Contributed Tangible Capital Assets	-	8,598,616	-
Net Revenue (Expenditures) after Other	(5,898,210)	1,872,552	(24,253,493)
Interfund Transfers			
(To) From Information Technology Reserve	(47,000)	(83,997)	(22,513)
(To) From Land Fund	1,124,000	341,705	1,739,777
(To) From Major Community Facility Reserve	(600,000)	(600,000)	(770,000)
(To) From Mobile Equipment Replacement Reserve	(150,000)	(807,510)	(290,885)
(To) From Twin Pine Hill Trail Reserve	-	13,253	-
(To) From Waterfront Development Reserve	-	-	80,338
	327,000	(1,136,549)	736,717
	(5,571,210)	736,003	(23,516,776)
Less: Debt Repayment	(1,415,000)	(1,414,516)	(1,609,419)
Increase (Decrease) in Fund Balance	(6,986,210)	(678,513)	(25,126,195)
Opening Fund Balance	6,646,390	6,646,390	31,772,585
Closing Fund Balance	\$ (339,820)	\$ 5,967,877	\$ 6,646,390

CITY OF YELLOWKNIFE
Schedule of Fund Activities and Change in Fund Balance
SERVICE CONNECTION FAILURE ASSISTANCE FUND
For the year ended December, 31, 2015

	2015 Budget (Unaudited)	2015 Actual	2014 Actual
Revenues			
User Fees and Sale of Goods	\$ 1,216,300	\$ 1,194,612	\$ 1,213,481
Total Revenues	1,216,300	1,194,612	1,213,481
Expenses			
Water and Sewage	1,216,300	964,081	1,370,363
Total Expenditures	1,216,300	964,081	1,370,363
Net Revenue (Expense)	-	230,531	(156,882)
Opening Fund Balance	(156,882)	(156,882)	-
Closing Fund Balance	\$ (156,882)	\$ 73,649	\$ (156,882)

CITY OF YELLOWKNIFE
Schedule of Fund Activities and Change in Fund Balance
RESERVES
For the year ended December 31, 2015

	2015 Budget (Unaudited)	2015 Actual	2014 Actual
Net Interfund Transfers			
(To) From General Fund			
Downtown Development Reserve	\$ 15,000	\$ 95,300	\$ 12,207
Heritage Reserve	-	38,054	16,639
Samuel Colley Library Donation	-	2,193	2,373
Twin Pine Hill Trail Reserve	-	(247,335)	3,365
Major Community Facility Reserve	60,000	77,098	134,331
	<u>75,000</u>	<u>(34,690)</u>	<u>168,915</u>
(To) From Capital Fund			
Information Technology Reserve	47,000	83,997	22,513
Major Community Facility Reserve	600,000	600,000	770,000
Mobile Equipment Replacement Reserve	150,000	807,510	290,885
Twin Pine Hill Trail Reserve	-	(13,253)	-
Waterfront Development Reserve	-	-	(80,338)
	<u>797,000</u>	<u>1,478,254</u>	<u>1,003,060</u>
Increase in Reserves	<u>872,000</u>	<u>1,443,564</u>	<u>1,171,975</u>
Opening Reserves Balance	<u>6,063,846</u>	<u>6,063,846</u>	<u>4,891,871</u>
Closing Reserves Balance	<u>6,935,846</u>	<u>7,507,410</u>	<u>6,063,846</u>
Reserve Balances			
Downtown Development Reserve	480,000	572,444	477,144
Heritage Reserve	108,000	162,739	124,685
Information Technology Reserve	753,000	891,195	807,198
Major Community Facility Reserve	2,701,000	2,802,500	2,125,402
Mobile Equipment Replacement Reserve	2,075,000	2,858,044	2,050,534
Samuel Colley Library Donation Reserve	209,000	211,643	209,450
Twin Pine Hill Trail Reserve	269,000	8,845	269,433
Waterfront Development Reserve	-	-	-
	<u>\$ 6,595,000</u>	<u>\$ 7,507,410</u>	<u>\$ 6,063,846</u>

City of Yellowknife
Schedule of Salaries, Honoraria and Travel
For the year ended December, 31, 2015

Position	Salary	Honoraria	Travel	Annual Indemnity	Total
Mayor	\$ 89,524	\$ -	\$ 3,053	\$ 38,513	\$ 131,090
Deputy Mayor	20,183	1,950	2,510	9,604	34,247
Councillor	18,942	-	-	8,924	27,866
Councillor	18,739	1,040	1,371	8,765	29,915
Councillor	10,821	2,600	3,883	5,065	22,369
Councillor	17,513	-	-	8,765	26,278
Councillor	14,625	-	-	7,320	21,945
Councillor	15,823	1,560	3,213	7,427	28,023
Councillor	15,648	2,860	5,542	7,320	31,370
Councillor	3,125	-	-	1,461	4,586
Councillor	3,125	-	-	1,461	4,586
Councillor	3,125	-	-	1,461	4,586
Councillor	3,125	-	-	1,461	4,586
	\$ 234,318	\$ 10,010	\$ 19,572	\$ 107,547	\$ 371,447



CITY OF
YELLOWKNIFE

Statistical Section 2015

For the year ended

December 31, 2015

Unaudited



City of Yellowknife
Consolidated Statement of Operations - Comparative for 5 Years
For the year ended December, 31, 2015

	2015	2014 (Restated)	2013	2012	2011
Revenue					
Municipal Taxes	\$ 25,633,511	\$ 25,371,852	\$ 23,587,839	\$ 23,274,513	\$ 22,309,352
User Fees	18,039,197	17,713,239	16,615,457	16,209,507	14,925,627
Land Sales	1,778,849	3,697,117	4,335,237	9,884,605	4,202,616
Government Transfers	448,546	351,045	291,302	500,000	314,465
Government Transfers Related to Capital	15,122,377	16,906,676	20,125,636	15,013,335	16,400,154
Investment Income	193,654	625,277	661,352	267,282	339,579
Fines, Penalties and Cost of Taxes	1,115,805	1,144,979	1,105,943	1,109,880	1,124,672
Development Levies, Licenses and Permits	1,790,052	1,491,573	1,817,462	1,677,215	1,532,844
Franchise Fee	1,053,639	927,589	955,451	949,602	908,651
Contributed Tangible Capital Assets	8,598,616	-	-	-	-
Total Revenues	73,774,246	68,229,347	69,495,679	68,885,939	62,057,960
Expenses					
General Government	5,361,171	4,987,080	4,283,415	4,475,056	3,975,023
Community Services	10,461,072	10,367,658	10,047,479	9,267,038	8,668,319
Corporate Services	5,586,246	5,405,857	5,329,928	4,631,445	4,725,890
Mayor and Council	527,260	550,574	506,313	522,681	478,598
Planning and Development	1,759,659	1,652,808	2,864,701	5,603,036	3,038,339
Public Safety	6,507,940	6,083,403	5,960,764	5,563,020	5,336,716
Public Works and Engineering	10,663,171	10,255,616	10,064,694	9,789,446	9,593,910
Solid Waste Facility	2,980,492	18,923,410	2,748,982	3,047,423	2,658,985
Water and Sewage	11,237,486	11,050,093	10,445,499	9,210,289	9,740,125
Minor Capital	3,689,253	4,537,902	4,619,654	3,465,589	5,412,957
Interest on Long-term Debt	706,544	757,752	462,970	112,524	151,753
	59,480,294	74,572,153	57,334,399	55,687,547	53,780,615
Net Revenue	14,293,952	(6,342,806)	12,161,280	13,198,392	8,277,345
Accumulated Surplus at Beginning of Year	241,269,076	247,611,882	235,450,602	222,252,210	213,974,865
Accumulated Surplus at End of Year	\$ 255,563,028	\$ 241,269,076	\$ 247,611,882	\$ 235,450,602	\$ 222,252,210

**City of Yellowknife
Fund Balances
For the year ended December, 31, 2015**

	2015	2014 (Restated)	2013	2012	2011
Changes in Fund Balances					
General	\$ 465,752	\$ 1,094,057	\$ 523,968	\$ 618,492	\$ 204,808
Land Development	1,125,190	1,781,649	882,231	1,337,888	(1,194,355)
Solid Waste Management	665,433	(15,591,123)	(26,620)	(775,491)	(562,308)
Water and Sewer	(517,000)	(317,587)	(160,712)	242,749	(465,554)
Service Connection Failure Assistance	230,531	(156,882)	-	(32,900)	32,900
Capital	(678,513)	(25,126,195)	24,476,822	662,092	2,135,886
Reserves					
Downtown Development	95,300	12,207	62,102	36,364	102,449
Heritage Committee	38,054	16,638	36,725	15,463	7,965
Information Technology	83,997	22,513	91,599	65,972	(157,432)
Major Community Facility	677,098	904,332	1,186,000	783,497	170,292
Mobile Equipment Replacement	807,510	290,885	350,619	(50,856)	(60,749)
Samuel Colley Library Donation	2,193	2,373	2,314	2,350	2,311
Twin Pine Hill Trail	(260,588)	3,365	(1,084)	3,325	3,276
Waterfront Development	-	(80,338)	-	-	-
	<u>\$ 2,734,957</u>	<u>\$ (37,144,106)</u>	<u>\$ 27,423,964</u>	<u>\$ 2,908,945</u>	<u>\$ 219,489</u>

Fund Balances					
General	\$ 4,983,319	\$ 4,517,567	\$ 3,423,510	\$ 2,899,542	\$ 2,281,050
Land Development	2,590,788	1,465,598	(316,051)	(1,198,282)	(2,536,170)
Solid Waste Management	(16,629,637)	(17,295,070)	(1,703,947)	(1,677,327)	(901,836)
Water and Sewer	(1,134,835)	(617,835)	(300,248)	(139,536)	(382,285)
Service Connection Failure Assistance	73,649	(156,882)	-	-	32,900
Capital	5,967,877	6,646,390	31,772,585	7,295,763	6,633,671
Reserves					
Downtown Development	572,444	477,144	464,937	402,835	366,471
Heritage Committee	162,739	124,685	108,047	71,322	55,859
Information Technology	891,195	807,198	784,685	693,086	627,114
Major Community Facility	2,802,500	2,125,402	1,221,070	35,070	(748,427)
Mobile Equipment Replacement	2,858,044	2,050,534	1,759,649	1,409,030	1,459,886
Samuel Colley Library Donation	211,643	209,450	207,077	204,763	202,413
Twin Pine Hill Trail	8,845	269,433	266,068	267,152	263,827
Waterfront Development	-	-	80,338	80,338	80,338
	<u>\$ 3,358,571</u>	<u>\$ 623,614</u>	<u>\$ 37,767,720</u>	<u>\$ 10,343,756</u>	<u>\$ 7,434,811</u>

City of Yellowknife
Net Financial Assets (Liabilities)
For the year ended December, 31, 2015

	2015	2014	2013	2012	2011
Financial Assets	\$ 52,496,980	\$ 53,900,667	\$ 71,663,549	\$ 33,181,561	\$ 31,025,207
Financial Liabilities	(71,709,808)	(77,242,398)	(59,389,367)	(25,633,823)	(26,817,171)
	<u>\$ (19,212,828)</u>	<u>\$ (23,341,731)</u>	<u>\$ 12,274,182</u>	<u>\$ 7,547,738</u>	<u>\$ 4,208,036</u>

City of Yellowknife
Government Transfers
For the year ended December, 31, 2015

	2015	2014	2013	2012	2011
GNWT - Formula Funding	\$ 7,639,000	\$ 7,422,000	\$ 7,332,000	\$ 7,137,666	\$ 6,753,000
GNWT Capital Grants	2,210,000	2,210,000	2,210,190	2,210,000	2,210,190
Community Capacity Building Fund	-	-	-	-	13,154
Gas Tax Agreement	4,519,000	6,454,311	9,535,806	4,111,760	5,777,747
Municipal Rural Infrastructure Fund	-	-	-	-	-
Other	1,202,923	1,171,410	1,338,942	2,053,909	1,960,528
	<u>\$ 15,570,923</u>	<u>\$ 17,257,721</u>	<u>\$ 20,416,938</u>	<u>\$ 15,513,335</u>	<u>\$ 16,714,619</u>

**City of Yellowknife
Expenses by Object
For the year ended December, 31, 2015**

	2015	2014 (Restated)	2013	2012	2011
Amortization	\$ 11,479,675	\$ 10,791,145	\$ 10,490,683	\$ 8,942,086	\$ 8,933,258
Bad Debt	233,132	299,937	346,069	293,897	417,455
Bank Charges and Short-term interest	179,775	220,251	203,104	171,210	172,113
Minor Capital	3,689,253	4,537,902	4,619,654	3,465,589	5,412,957
Construction and Maintenance					
Supplies	720,889	890,622	726,316	681,196	812,051
Contracted and General Services	10,527,910	10,789,395	10,427,094	9,503,467	9,307,175
Grants	414,854	418,000	412,000	419,000	449,000
Insurance	773,894	738,238	770,952	725,122	703,775
Interest on Long-term Debt	706,544	757,752	462,970	112,524	151,753
Land	639,054	217,199	1,492,725	4,041,099	1,503,605
Landfill Closure and Post-Closure Loss (Gain) on Disposal of Tangible Capital Assets	(154,937)	581,750	179,163	344,529	-
Office and Administrative					
Supplies	854,171	476,557	484,772	505,286	537,799
Professional Services	243,588	139,434	207,392	284,301	216,443
Salaries, Wages and Benefits	23,882,786	22,784,053	22,129,286	21,720,786	20,946,103
Transfers to Other Organizations	118,762	101,659	107,480	98,010	82,850
Utilities - Electricity	2,766,716	2,366,285	2,037,844	1,869,124	1,898,944
Utilities - Fuel	928,622	1,226,572	1,172,380	1,069,167	1,028,577
Vehicle Operations and Maintenance	1,057,680	1,135,283	970,966	996,720	1,127,938
	<u>\$ 59,480,294</u>	<u>\$ 74,572,153</u>	<u>\$ 57,334,399</u>	<u>\$ 55,687,547</u>	<u>\$ 53,780,615</u>

City of Yellowknife
Capital Financing
For the year ended December, 31, 2015

	2015	2014	2013	2012	2011
Revenue					
Municipal Taxes	\$ 1,214,000	\$ 1,645,000	\$ 1,695,585	\$ 1,812,000	\$ 1,436,000
Government Transfers Related to Capital	15,122,377	16,906,676	20,125,636	15,197,542	16,400,154
User Fees	3,064,991	3,214,260	3,136,987	3,115,752	2,961,743
Contributed Tangible Capital Assets	8,598,616	-	-	-	-
	<u>27,999,984</u>	<u>21,765,936</u>	<u>24,958,208</u>	<u>20,125,294</u>	<u>20,797,897</u>
Debt Issued	-	-	24,879,995	-	-
Debt Principal Repayments	(1,414,516)	(1,609,419)	(2,159,209)	(649,409)	(734,244)
Fund Transfers	(1,136,549)	736,717	262,913	4,019,723	3,894,812
Fund Balance Used (Accumulated)	678,513	25,126,195	24,476,822	662,092	2,135,886
Total Revenues	<u><u>26,127,432</u></u>	<u><u>46,019,429</u></u>	<u><u>23,465,085</u></u>	<u><u>22,833,516</u></u>	<u><u>21,822,579</u></u>
Expenses					
General Government	43,979	97,775	72,193	17,000	51,613
Community Services	2,396,355	1,857,382	1,277,308	2,509,996	1,177,581
Corporate Services	1,132,713	2,021,553	1,692,965	1,422,859	1,665,384
Planning and Development	982,254	2,982,074	2,823,271	7,283,106	5,375,129
Public Safety	388,598	147,571	307,287	711,508	891,308
Public Works and Engineering	2,612,334	4,575,057	5,212,569	3,358,778	3,880,439
Solid Waste Facility	539,600	1,598,034	382,245	454,051	3,478,209
Water and Sewage	17,325,055	31,982,231	11,234,277	6,963,694	5,151,163
Interest on Long-term Debt	706,544	757,752	462,970	112,524	151,753
	<u>\$ 26,127,432</u>	<u>\$ 46,019,429</u>	<u>\$ 23,465,085</u>	<u>\$ 22,833,516</u>	<u>\$ 21,822,579</u>

City of Yellowknife
Analysis of Property Assessment and Taxation Schedule
For the year ended December, 31, 2015

	2015	2014	2013	2012	2011
Revenue					
Assessed Value of Property (in '000's)*	\$ 3,073,811	\$ 2,973,127	\$ 2,972,244	\$ 2,067,140	\$ 1,996,863
Municipal Mill Rates					
Residential	6.00	6.00	8.48	8.48	8.25
Multi-Residential	6.35	6.35	9.12	9.12	8.87
Commercial/Industrial	12.78	12.78	15.52	15.52	15.09
Mining/Quarrying	16.69	16.69	17.53	17.53	17.05
High Density Parking	6.67	6.67	8.10	8.10	7.88
Agriculture	6.12	6.12	8.48	8.48	8.25
School Mill Rate	3.34	3.34	4.64	4.64	4.64
Municipal Tax Levy	\$ 25,633,511	\$ 25,371,852	\$ 23,587,839	\$ 23,274,512	\$ 22,309,352
Taxes Collected and Transferred to					
Local School Boards					
Public School Board	\$ 5,886,522	\$ 5,770,935	\$ 5,696,835	\$ 5,614,346	\$ 5,557,992
Separate School Board	4,057,973	4,025,462	3,761,917	3,702,658	3,605,293
	<u>\$ 9,944,495</u>	<u>\$ 9,796,397</u>	<u>\$ 9,458,752</u>	<u>\$ 9,317,004</u>	<u>\$ 9,163,285</u>
Median Residential Property Tax Bill					
Municipal Taxes	\$ 1,738	\$ 1,738	\$ 1,640	\$ 1,658	\$ 1,529
School Taxes	967	967	897	907	894
	<u>\$ 2,705</u>	<u>\$ 2,705</u>	<u>\$ 2,537</u>	<u>\$ 2,565</u>	<u>\$ 2,423</u>
Outstanding Property Taxes**	\$ 1,843,016	\$ 1,118,259	\$ 750,699	\$ 644,151	\$ 727,596
Outstanding Property Taxes as a Percentage of the Tax Levy	5.2 %	3.2 %	2.3 %	2.0 %	2.3 %

*Includes taxable and grantable properties only.

**Includes outstanding municipal and school taxes net of allowance for doubtful accounts.

City of Yellowknife
Principal Corporate Taxpayers
For the year ended December, 31, 2015

	2015	2014	Percent of 2015 Total
Northern Property REIT & Urbco Inc.	\$ 2,305,766	\$ 2,270,511	6.45 %
Dundeal Canada West (GP) Inc	\$ 1,070,196	\$ 1,073,727	2.99 %
RTL Robinson Enterprises Ltd and Robinson Trucking Ltd	\$ 466,145	\$ 507,472	1.30 %
HREIT Holdings 18 Corp. and 32 Corp.	\$ 348,301	\$ 338,766	0.97 %
NorthwesTel Inc.	\$ 345,412	\$ 348,301	0.97 %
Gold Bar Development & Andromeda Investment Ltd.	\$ 333,300	\$ 333,300	0.93 %
4912 NWT Ltd o/a Explorer Hotel	\$ 331,831	\$ 331,831	0.93 %
Polar Developments Ltd & 5119 NWT Ltd	\$ 316,719	\$ 463,582	0.89 %
Yellowknife Dairies Ltd	\$ 255,484	\$ 261,030	0.71 %
Royal Host GP Inc (Yellowknife Inn)	\$ 213,589	\$ 213,589	0.60 %

City of Yellowknife
Analysis of Long-term Debt
For the year ended December, 31, 2015

	2015	2014	2013	2012	2011
Debt Outstanding*					
Supported by Property Taxes	\$ 21,450,034	\$ 22,864,605	\$ 24,474,024	\$ 1,753,238	\$ 2,402,647
Supported by Local Improvement Charges	15,544,669	16,031,019	15,528,451	-	-
	<u>\$ 36,994,703</u>	<u>\$ 38,895,624</u>	<u>\$ 40,002,475</u>	<u>\$ 1,753,238</u>	<u>\$ 2,402,647</u>
Legal Debt Limit**	\$ 133,352,962	\$ 135,757,752	\$ 135,338,232	\$ 121,618,000	\$ 115,142,000
Per Capita Debt					
Supported by Property Taxes	\$ 1,039	\$ 1,147	\$ 1,206	\$ 89	\$ 119
Supported by Local Improvement Charges	753	804	765	-	-
	<u>\$ 1,792</u>	<u>\$ 1,951</u>	<u>\$ 1,971</u>	<u>\$ 89</u>	<u>\$ 119</u>
Interest and Principal Repayments as a Percentage of Total Expenses**					
Capital	3.6 %	3.2 %	4.6 %	1.4 %	1.6 %
Debt Burden (Overlapping Debt)					
City***	\$ 21,450,034	\$ 22,864,605	\$ 24,474,024	\$ 1,753,238	\$ 2,402,647
Public School Board****	-	-	-	-	-
Separate School Board****	3,189,515	3,969,156	4,710,149	5,414,515	4,705,313
	<u>\$ 24,639,549</u>	<u>\$ 26,833,761</u>	<u>\$ 29,184,173</u>	<u>\$ 7,167,753</u>	<u>\$ 7,107,960</u>

*Debt amounts are gross debt. The City does not have sinking funds.

**Annual debt limit is two times eligible revenue of the previous fiscal year.

***Excludes debt that is supported by Local Improvement Charges.

****School board debt is as of June 30th each year.

**City of Yellowknife
Community Profile
For the year ended December, 31, 2015**

	2015	2014	2013	2012	2011
Population*					
Population	20,637	19,940	20,300	19,752	20,248
Households**	7,581	7,581	7,581	7,581	6,938
Construction Values (in '000's)					
Residential	\$ 40,487	\$ 22,761	\$ 33,083	\$ 34,696	\$ 30,725
Commercial/Industrial	32,681	18,856	69,188	16,987	13,612
	\$ 73,168	\$ 41,617	\$ 102,271	\$ 51,683	\$ 44,337
City Employees					
Continuous full time	186	190	186	183	188
Per 1,000 population	9.0	9.5	9.2	9.3	9.3
Employee Turnover	14 %	13 %	10 %	17 %	15 %
City Infrastructure (kms)					
Paved roads and alleys	85.4	75.3	75.3	77.1	75.2
Unpaved roads and alleys	22.3	30.7	30.7	41.1	42.0
	107.7	106.0	106.0	118.2	117.2
Water lines	76.1	75.5	75.5	74.1	74.1
Sewer lines	63.0	63.0	63.0	62.0	62.0
Storm drain lines	21.5	21.5	21.5	21.0	21.0
Fire hydrants (number of)	348	327	327	326	317

*Source: Northwest Territories Bureau of Statistics.

**Updated information is not available.

Photo: Bob Wilson, City of Yellowknife

Our yellowknife

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



CITY OF
YELLOWKNIFE

yellowknife.ca



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