



CITY OF
YELLOWKNIFE



Financial Report 2020
For the year ended
December 31, 2020

Billbradenphoto

City of Yellowknife

December 31, 2020

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FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

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

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

1. **Statement of Financial Position** – provides a summary of the City’s financial and physical assets and liabilities.
2. **Statement of Operations** – provides a summary of the funds raised by the City and the use of such funds during the year.
3. **Statement of Changes in Net Financial Assets (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 government transfers.

FUNDS AND RESERVES

The Statements reflect all resources and operations controlled by the City and include departments, funds and reserves. A fund is a grouping of accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City has established the following funds to achieve and demonstrate compliance with finance related requirements.

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

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

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

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

FINANCIAL HIGHLIGHTS

Key financial highlights for 2020 are as follows:

- The City had a strong financial year with revenues coming in slightly above budget and expenses coming in under budget resulting in an annual surplus of \$7.96 million. Higher grants and transfers and investment income, and lower than budgeted costs for salaries, wages and benefits and contracted costs had a positive impact on the City’s financial results.
- The City is in a strong financial position with net financial assets increasing \$12.6 million over the prior year. This increase can be attributed to an increase in cash and cash equivalents, as cash from operations exceeded cash used to construct and purchase tangible capital assets and meet financing obligations. This leaves the City in a strong position to manage financial implications that may arise in the future as a result of the ongoing global impacts of the COVID-19 pandemic.
- The Funds Stabilization component of the City’s Budget Policy specifies that the General Fund will maintain a balance of no less than 10.0% and no more than 15.0% of budgeted expenditures. The General Fund balance for 2020 is \$13.3 million, which is equal to 31% of the 2020 budgeted expenditures net of amortization. This balance is partially attributable to a strong opening position, the absence of a transfer to the capital fund in 2020, and COVID-19 related grants. The City has opted to leave the General Fund balance at this level, rather than transfer some of the surplus to the Capital Fund as has been historically done, in order to leave the City in a strong position to withstand the unpredictable financial impacts of COVID-19.

STATEMENT OF FINANCIAL POSITION

<i>(in thousands of dollars)</i>	2020	2019	Change
Financial Assets	\$107,631	\$90,300	\$17,331
Liabilities	(75,582)	(70,823)	(7,759)
Net Financial Assets (Liabilities)	32,049	19,477	12,572
Non-Financial Assets	284,076	288,690	(4,614)
Accumulated Surplus*	\$316,125	\$308,167	\$7,958

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

The Statement of Financial Position shows the City’s overall financial position increased by \$7.96 million over the previous year. This is primarily due to a \$17.3 million increase in financial assets, mainly cash and cash equivalents, due to operating surpluses and an increase in deferred revenue.

Accumulated Surplus (in thousands of dollars)	
Investment in Tangible Capital Assets	\$268,597
Net Surplus	36,366
Total Reserves	11,161
Accumulated Surplus	\$316,125

Investment in tangible capital assets makes up 85.0% of the balance in the accumulated surplus with net surplus and reserves making up the remaining 11.5% and 3.5% respectively. More detailed information on the accumulated surplus balance can be found in Note 16.

Significant Trends

<i>(in thousands of dollars)</i>	Average Annual Change	2020	2019	2018	2017	2016
Financial Assets	16.7%	\$107,631	\$90,300	\$70,100	\$59,234	\$58,991
Liabilities	2.7%	75,582	70,823	65,478	65,894	68,361
Net Financial Assets (Liabilities)		\$32,049	\$19,477	\$4,622	(\$6,660)	(\$9,370)

The City's net financial position has improved over the past five years, moving from a net liability position to a net financial asset position in 2018. This is a result of operating surpluses over the past five years and repayment of debt. The City expects to remain in a net financial asset position in 2021; however, this may change in 2022 if the City proceeds with the construction of an aquatic centre which would require the City to borrow to finance part of the construction.

<i>(in thousands of dollars)</i>	Average Annual Change	2020	2019	2018	2017	2016
Reserves	3.1%	\$11,161	\$10,847	\$10,511	\$9,441	\$9,930

The City allocates funds to reserves to meet future operating and capital requirements. Over the past five years, reserves have increased on average by 3.1% per year. This is primarily due to an increase in the Information Technology Reserve, Mobile Equipment Replacement Reserve and increase in the Community Fund Reserve due to unspent community grants.

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

STATEMENT OF OPERATIONS

Revenue

<i>(in thousands of dollars)</i>	Average Annual Change	2020	2019	2018	2017	2016
Municipal Taxes	4.8%	\$31,404	\$30,764	\$27,928	\$27,085	\$26,086
User Fees and Sale of Goods	2.8%	21,498	22,398	22,092	20,908	19,304
Other*	(6.9%)	3,300	4,079	4,035	3,660	4,568
Regular Operating Revenue	3.0%	56,202	57,241	54,055	51,653	49,958
Government Transfers						
Government of Canada	18.1%	3,618	3,531	10,955	14,422	5,511
Government of the Northwest Territories	8.7%	14,998	12,677	11,254	10,695	10,826
	7.5%	18,616	16,208	22,209	25,117	16,337
Land Sales	-	1,743	3,190	6,034	1,403	7,602
Contributed TCA	-	-	-	146	-	4,990
Total Revenue	(0.6%)	\$76,561	\$76,639	\$82,444	\$78,173	\$78,886

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

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

Comparison to Prior Year

Overall, revenue decreased by 0.1% from the previous year due to a decrease in land sales and user fees. Regular operating revenue decreased by 1.8%. Municipal taxes increased by 2.1% as a result of assessment growth and an increase in the tax rate of 1.63%. User fees and sale of goods were 4.0% lower than the previous year due to the COVID-19 facility closures. Other revenue decreased by 19.1% because the City waived interest and penalties on most accounts in 2020 to assist residents with financial challenges related to COVID-19.

Government transfers increased from the previous year as the City received additional funding of \$1.560 million due to the COVID-19 pandemic. Land sales decreased from the previous year as no new lots became available for sale and sales slowed down in the Engle Phase 2 Business District.

Significant Trends

Municipal tax revenues generally increase with assessment growth and tax rate increases. The increase in 2016 was related to assessment growth as there was no increase in the tax rate. Increases in 2017, 2018, 2019 and 2020 were a combination of assessment growth and tax rate increases. Going forward, the City expects to see municipal tax revenues continue to increase as a result of assessment growth and small annual tax rate increases.

User fees and sales of goods have generally increased due to rate increases to keep up with increasing costs. However, with the closure of recreation facilities and limited participation due to COVID-19 restrictions, user fee and sale of goods revenues were lower in 2020. The City expects these revenues to remain low until COVID-19 restrictions are reduced.

Other revenue had remained relatively stable over the past five years but decreased by 19.1% because the City waived interest and penalties on most accounts in 2020. Interest and penalty revenues are expected to return to normal levels in 2021 with interest and penalties being reinstated in 2021. Other fluctuations are mainly a result of the level of construction activity within the community.

Government transfers will fluctuate from year-to-year based on the capital projects in progress and the funding available from higher orders of government. The City received an additional \$1.560 million in COVID-19 Safe Restart funding in 2020, which was recognized in grant revenues. From 2021 through 2026, government transfers for capital projects are expected to be more in-line with 2017 and 2018 numbers.

Land sales fluctuate from year to year based on the lots available for sale and the market demand for land. In 2016 new residential lots and a limited number of industrial lots came available for sale which resulted in higher sales. Purchase incentives introduced by the City in 2014 also had a positive impact on 2016 sales. In 2018, the introduction of additional industrial lots in the Engle Phase 2 Business District resulted in higher sales. In 2021, the City expects to see a decline in land sales as no new lots are expected to become available for sale during the year.

Expenses

<i>(in thousands of dollars)</i>	Average Annual Change	2020	2019	2018	2017	2016
General Government*	3.6%	\$12,810	\$13,152	\$12,534	\$11,797	\$11,156
Community Services	1.6%	11,473	12,143	12,294	11,444	10,822
Planning & Development**	(0.3%)	1,397	1,502	1,666	1,369	1,457
Public Safety	6.0%	9,055	8,662	7,867	7,307	7,179
Public Works & Engineering	3.8%	12,089	12,103	11,132	11,148	10,460
Solid Waste Facility***	6.5%	3,326	3,170	3,156	2,486	2,655
Water and Sewage	4.3%	14,339	13,688	13,531	12,961	12,138
Interest on Long-term Debt	(8.4%)	464	515	566	615	660
Regular Operating Expenses	3.6%	64,953	64,935	62,746	59,127	56,527
Land	-	355	152	914	754	1,591
Landfill Closure and Post-Closure Cost (Recovery)	-	798	859	(481)	349	596
Minor Capital	-	2,497	3,946	3,787	4,688	3,047
		\$68,603	\$69,892	\$66,966	\$64,918	\$61,761

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

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

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

Land and minor capital costs have been shown separately as they vary significantly from year to year. Landfill closure and post-closure costs are shown separately as costs have had significant fluctuations, especially over the prior three years.

Comparison to Prior Year

Overall, expenses decreased 1.8% from the previous year. Regular operating expenses remained similar to 2019. Land sale costs increased from the previous year. Lot sale costs incurred by the City will vary depending on the work needed to prepare each site for sale. The landfill closure and post-closure expense and minor capital decreased from the previous year.

Significant Trends

Overall, the City's regular operating expenses increased on average by 3.6% per year over the last five years. This trend is expected to continue as costs continue to rise due to general inflation, and salaries, wages and benefits costs rise due to annual pay increases as negotiated in the collective agreements and the introduction of new full time positions as required.

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

Land costs will continue to fluctuate from year to year based on land sales. In 2021, the City anticipates land development costs to be comparable to 2020.

Significant fluctuations in the landfill closure and post-closure expense is not expected going forward, assuming there will be no significant changes to the landfill capacity. However, the landfill closure and post-closure liability is subject to significant measurement uncertainty and changes in assumptions, for example the discount rate used to value the liability, can cause the expense to fluctuate from year to year.

Minor capital expenses will continue to fluctuate from year to year and are influenced by both the level of capital expenditure as well as the type of capital projects taking place. In 2021, minor capital expenses are expected to be comparable to 2020 levels.

FUTURE OUTLOOK

Located along the northern shore of Great Slave Lake, Yellowknife is located on Chief Drygeese territory, which from time immemorial, has been the traditional land of the Yellowknives Dene First Nation, and more recently, the homeland of the North Slave Métis. Yellowknife is a lively and inclusive community, home to over 21,000 residents. As the capital city of the Northwest Territories, the City is a crossroads for people from across the NWT and the City works hard to serve all people who live, work and play in Yellowknife to ensure they can count on the best possible municipal programs and services.

A Balancing Act

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

There has also been growth in external pressures, especially from a regulatory perspective. The City takes the safety of staff and residents very seriously, and willingly implements the increasingly rigorous safe work practises legislated by the Workers' Safety and Compensation Commission, however these add time and cost to many routine activities. The Giant Mine Remediation project will contribute to the City's economy and will benefit area residents in the long run, but for the foreseeable future, it will also consume considerable City resources as staff work to ensure that the project's progress is

consistent with the best interests of citizens and businesses. Similarly, the City's current water license renewal process has been the most stringent yet, requiring considerable time and financial resources.

There are also ongoing citizen concerns with social issues, especially in the downtown core. While these are not within the City's municipal government mandate, their impact requires the City to find new and innovative ways to collaborate on solutions.

Counterbalancing all these growth pressures is the reality that development has slowed in recent months and the City's total taxable assessment in 2021 is expected to be only about 0.4% larger than it was in 2020. So while the City strives to respond to emerging growth and pressure, without an increased assessment base, even minor cost increases can translate more directly to a property tax increase.

The challenge is amplified by the ongoing formula funding shortfall. In 2014, the Government of the Northwest Territories identified and acknowledged that its communities were annually underfunded by a total of \$40 million. Of this \$40 million shortfall, the City of Yellowknife was underfunded by \$11 million each year, which significantly reduced the City's ability to deliver services and maintain infrastructure. The City pressured the GNWT to more fully consider its fiscal allocations, and in late 2020 saw a modest increase in its annual allocation for capital projects. However, the gap still exceeds \$10 million per year, and the City will continue its lobbying to encourage the GNWT to better support strong communities and a diversified economy, and to deliver a written plan to fully close this funding gap.

Working to Enhance Quality of Life

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

Top of mind for 2021 is the proposed aquatic centre. In 2018, Council approved the Aquatic Centre Advisory Committee's Pre-Design Plan that outlined what could be included in the new facility, and committed 2019 funds to move the process through the Design-Build process. In 2020, Council looked at additional options such as a smaller scale version of a new aquatic centre and early 2021 detailed planning should proceed for an 8 lane, 25 metre facility. A final design will be developed in 2021 and subject to Council and voter approval, construction could begin in 2022.

The City's submarine water intake line has reached the end of its life expectancy, and the City has been preparing for this eventuality for several years. In 2019, the City was successful in securing \$25.8 million in federal funding towards the project, and staff continue to seek external support for the remaining \$8.6 million of the anticipated cost. In the meantime, 2021 will see ongoing design and preparation for this critical piece of infrastructure that ensures safe drinking water for area residents.

In 2019, Council approved the Accessibility Audit Implementation Plan, and subsequent budgets have included allocations for ongoing work to remove barriers identified in the audit to enhance accessibility throughout City facilities.

Citizens have entrusted the City with the care and maintenance of a significant array of assets. These assets are crucial to the reliable delivery of municipal services and programs, and represent significant investments. The 2021 Budget includes allocations that will help the City formalize its asset management processes so it can ensure that its buildings, roads, pipes, parks, trails, and technology are properly looked after to obtain maximum benefit from each investment. Similarly, the 2021 Budget includes funding for capital projects that focus on looking after what the City already has, as well as capital projects that directly contribute to the quality of life in Yellowknife by addressing and improving services, programs, and safety considerations that directly serve citizens and stakeholders.

COVID-19 Pandemic

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

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

- The City received government grants to assist with its ongoing operations.
- The City implemented remote work arrangements for those able to do so.
- The City has implemented stringent health and safety procedures.
- The management of the City of has been proactive and diligent in addressing the implementation of infection prevention and other precautionary measures, guided by public health authorities, to limit the spread of COVID-19 and the impact of the pandemic and the related economic contraction on the entity.
- City facilities were closed to the public in March 2020 and partially re-opened to the public in between July and September 2020, under restrictions guided by the Chief Public Health Officer.
- To assist the City's residents with financial challenges as a result of COVID-19, the City did not charge for on-street parking from March 2020 to June 2020 and waived interest and penalties on most accounts to December 31, 2020.
- With the stringent health requirement implemented at all City facilities, as per the Chief Public Health Officer, attendance has decreased at recreation facilities resulting in reduced revenues.

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

The City anticipates revenues will continue to be impacted. These include: user fees related to recreation facilities and programs, parking and transit; and development levies, licenses and permits, as economic activity has declined significantly. The City's General Fund has an ending balance of \$13.3 million as of year-end which will help the City absorb the decrease in revenues.

Final Thoughts

The City is in a strong financial position with healthy reserve balances and a solid strategic plan that culminates into a forecasted three year operating and 10 year capital plan.

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

Sharolynn Woodward, B.Comm, NACLAA
Director of Corporate Services
April 26, 2021

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

For the year ended December 31, 2020

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

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

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

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

Sheila Bassi-Kellett
City Administrator
April 26, 2021

Sharolynn Woodward, B.Comm, NACLAA
Director of Corporate Services
April 26, 2021

AUDIT COMMITTEE'S REPORT

For the year ended December 31, 2020

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

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

Management has the primary responsibility for the financial statements and the reporting process, including the system of internal controls. Management represents that the City's financial statements are prepared in accordance with Canadian public sector accounting standards. Based on the Committee's review of the financial statements and discussions with Administration and the independent auditors, the Committee recommends that City Council adopt the audited financial statements for the year ended December 31, 2020.

Janet Toner, FCPA, CA, Chair
April 26, 2021

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the City of Yellowknife (the "City"), which comprise the statement of financial position as at December 31, 2020 and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2020 and its results of operations, its changes in net financial assets (liabilities) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

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

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

In preparing the financial statements, management is responsible for assessing the City's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the City or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirement

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

April 26, 2021
Yellowknife, Northwest Territories

Crowe Mackay LLP

Chartered Professional Accountants

STATEMENT OF FINANCIAL POSITION

As at December 31 (in thousands of dollars)

	2020	2019
Financial Assets		
Cash and cash equivalents (Note 4)	\$ 71,360	\$ 58,177
Grants receivable (Note 5)	1,188	2,978
Taxes receivable (Note 6)	3,992	1,256
Water and sewer receivable (Note 7)	1,400	1,389
Other receivable (Note 8)	11,248	7,202
Local improvement charge receivable (Note 9)	14,129	14,643
Land held for resale (Note 10)	4,314	4,622
Total Financial Assets	107,631	90,267
Liabilities		
Accounts payable and accrued liabilities	8,045	5,741
Accrued employee benefits (Note 11)	3,417	2,942
School taxes payable	2,891	2,898
Deposits payable	1,576	1,078
Deferred revenue (Note 12)	14,657	11,764
Debt (Note 13)	25,519	27,688
Landfill closure and post-closure liability (Note 14)	19,477	18,679
Total Liabilities	75,582	70,790
Net Financial Assets	32,049	19,477
Non-Financial Assets		
Tangible capital assets	282,260	287,185
Inventories	1,133	921
Prepays	683	584
	284,076	288,690
Accumulated Surplus (Note 16)	\$ 316,125	\$ 308,167
Contingencies (Note 17)		
Commitments (Note 18)		

See accompanying notes and schedules to the financial statements.

Approved by:

Mayor

City Administrator

STATEMENT OF OPERATIONS

	2020 Budget (Unaudited Note 20)	2020 Actual	2019 Actual
<i>For the years ended December 31 (in thousands of dollars)</i>			
Revenues			
Municipal taxation			
Property taxes	\$ 31,387	\$ 32,923	\$ 32,335
Payments in lieu of taxes	-	9,817	9,723
School taxes	-	(11,336)	(11,294)
Net municipal taxation	31,387	31,404	30,764
User fees and sale of goods	22,194	21,498	22,398
Land sales	2,306	1,743	3,190
Grants and transfers	837	3,051	1,462
Investment income	600	807	1,079
Fines, penalties and cost of taxes	1,095	345	870
Development levies, licenses and permits	985	1,072	1,053
Franchise fees (Note 22)	1,045	1,076	1,077
Total Revenues	60,449	60,996	61,893
Expenses			
General Government	14,874	13,274	13,667
Community Services	12,674	11,473	12,143
Planning and Development	2,105	1,752	1,654
Public Safety	9,338	9,055	8,662
Public Works and Engineering	12,477	12,089	12,103
Solid Waste Facility	3,887	4,124	4,029
Water and Sewer	15,196	14,339	13,688
Total Expenses	70,551	66,106	65,946
Annual Deficit before Other	(10,102)	(5,110)	(4,053)
Government transfers related to capital	18,688	15,565	14,746
Minor capital expense	(3,303)	(2,497)	(3,946)
Annual Surplus after Other	5,283	7,958	6,747
Accumulated Surplus, Beginning of Year	308,167	308,167	301,420
Accumulated Surplus, End of Year	\$ 313,450	\$ 316,125	\$ 308,167

See accompanying notes and schedules to the financial statements.

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

	2020 Budget (Unaudited Note 20)	2020 Actual	2019 Actual
<i>For the years ended December 31 (in thousands of dollars)</i>			
Annual Surplus	\$ 8,586	\$ 7,958	\$ 6,747
Acquisition of tangible capital assets	-	(10,508)	(7,203)
Amortization of tangible capital assets	14,943	15,133	15,378
Loss on disposal of tangible capital assets	-	91	87
Proceeds on disposal of tangible capital assets	-	209	71
	14,943	4,925	8,333
Increase (decrease) in inventories and prepaid expenses	-	(311)	(225)
Increase in Net Financial Assets	23,529	12,572	14,855
Net Financial Assets, Beginning of Year	19,477	19,477	4,622
Net Financial Assets, End of Year	\$ 43,006	\$ 32,049	\$ 19,477

See accompanying notes and schedules to the financial statements

STATEMENT OF CASH FLOWS

For the years ended December 31 (in thousands of dollars)

	2020	2019
Net inflow (outflow) of cash related to the following activities:		
Operations		
Annual Surplus	\$ 7,958	\$ 6,747
Non-cash changes to operations:		
Amortization of tangible capital assets	15,133	15,378
Loss on disposal of tangible capital assets	91	87
Landfill closure and post-closure liability	798	859
Bad debt	179	158
	24,159	23,229
Change in non-cash working capital balances related to operations:		
Grants receivable	1,789	964
Taxes receivable	(2,736)	(194)
Water and sewer receivable	(11)	135
Other receivable	(4,223)	2,022
Local improvement charge receivable	514	608
Land held for resale	308	(97)
Inventories	(212)	(56)
Prepays	(99)	(169)
Accounts payable and accrued liabilities	2,303	(3,849)
School taxes payable	(7)	212
Deposits payable	498	(86)
Deferred revenue	2,893	9,633
Accrued employee benefits	475	655
	1,492	9,778
Net Cash provided from Operations	25,651	33,007
Capital		
Acquisition of tangible capital assets	(10,508)	(7,203)
Proceeds on disposal of tangible capital assets	209	71
Net Cash used for Capital	(10,299)	(7,132)
Financing		
Debt repayments	(2,169)	(2,101)
Increase in Cash and Cash Equivalents	13,183	23,774
Cash and Cash Equivalents, Beginning of Year	58,177	34,403
Cash and Cash Equivalents, End of Year	\$ 71,360	\$ 58,177

See accompanying notes and schedules to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

1. SIGNIFICANT ACCOUNTING POLICIES

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

a) Reporting Entity

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

b) Basis of Accounting

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

c) Cash and Cash Equivalents

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

d) Designated Assets

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

e) Land Held for Resale

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

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

f) Deferred Revenue

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Liability for Contaminated Sites

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

- i) an environmental standard exists;
- ii) contamination exceeds the environmental standard;
- iii) the City is directly responsible or accepts responsibility;
- iv) it is expected that the future economic benefits will be given up; and
- v) a reasonable estimate of the amount can be made.

The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available. At each financial reporting date, management reviews the carrying amounts of the liability. Any revision required to the amount previously recognized is accounted for in the period revisions are made. As of December 31, 2020, the City has determined that no liability exists.

h) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

i) Tangible Capital Assets

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

	Useful Life
Land	Not amortized
Buildings	40-50 years
Roads & sidewalks infrastructure	20 years
Water & sewer infrastructure	10-40 years
Other infrastructure	8-40 years
Vehicles	10-21 years
Equipment	4-30 years
Work in progress	Not amortized

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Inventories

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

k) Government Transfers

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

l) Land Sale Revenue

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

m) School Taxes

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

n) Property Taxes

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

o) Revenue Recognition

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

p) Local Improvement Charges

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

q) Minor Capital Expenses

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

r) Accrued employee benefit

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

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

s) Measurement Uncertainty

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

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

t) Budget

Budget figures are unaudited and are those approved by Council on December 9, 2019.

u) Segment Disclosure

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

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

General Government:

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

u) Segment Disclosure (continued)

Community Services:

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

Planning and Development:

Includes the revenues and expenses pertaining to permitting (development, building and mechanical), building and structural inspections, land use planning, development and zoning, and land sales.

Public Safety:

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

Public Works and Engineering:

Includes the revenues and expenses pertaining to the maintenance and repair of the City's roadways and sidewalks, and the provision of a vehicle service to all City departments. Also included are expenses pertaining to project management of capital programs such as the roads and sidewalks program, the water and sewer program, the land development program, and the major and minor capital works for other City departments.

Solid Waste Facility:

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

Water and Sewer:

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

2. COVID-19 PANDEMIC

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

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

- The City received government grants to assist with its ongoing operations.
- The City has implemented remote work arrangements for those able to do so.
- The City has implemented stringent health and safety procedures.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

2. COVID-19 PANDEMIC (continued)

- The management of the City of has been proactive and diligent in addressing the implementation of infection prevention and other precautionary measures, guided by public health authorities, to limit the spread of COVID-19 and the impact of the pandemic and the related economic contraction on the entity.
- City facilities were closed to the public in March 2020 and partially re-opened to the public between July and September 2020, under restrictions guided by the Chief Public Health Officer.
- To assist the City's residents with financial challenges as a result of COVID-19, the City did not charge for on-street parking from March 2020 to June 2020 and waived all interest and penalties to December 31, 2020.
- With the stringent health requirement implemented at all City facilities, as per the guidance of the Chief Public Health Officer, attendance has decreased at recreation facilities resulting in reduced revenues.

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

3. FUTURE ACCOUNTING CHANGES

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

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

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

b) Foreign Currency Translation, Section PS 2601

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

This Section is effective for fiscal periods beginning on or after April 1, 2022. Earlier adoption is permitted. The impact of the transition to these accounting standards has been reviewed by management and is not considered significant.

c) Asset Retirement Obligations, Section PS 3280

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

3. FUTURE ACCOUNTING CHANGES (continued)

d) Revenue, Section PS 3400

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

This Section is effective for fiscal periods beginning on or after April 1, 2023. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

4. CASH AND CASH EQUIVALENTS

	2020	2019
Cash - unrestricted	\$ 37,095	\$ 27,172
Investments in money market funds - unrestricted	8,420	8,367
Cash held in trust - restricted (Note 21)	27	27
Cash - deferred revenue - restricted (Note 12)	14,657	11,764
Cash - designated for reserves (Note 16)	11,161	10,847
	\$ 71,360	\$ 58,177

The average yield earned from investments in money market funds was 0.63% (2019 - 1.58%).

5. GRANTS RECEIVABLE

	2020	2019
Government of the Northwest Territories		
Clean Water and Wastewater Fund	\$ -	\$ 817
District Energy	6	6
Public Library Services	2	2
Street Outreach Program	-	207
CEP Transportation Initiative	5	5
Visitor Services	40	121
Agricultural Strategy	-	5
New Building Fund and Small Communities	159	-
Ground Ambulance	-	37
McMeekan Causeway Stabilization	67	16
Paving Project (ICIP)	308	1,616
Tourism Product Diversification Program	1	-
Increasing Waste Diversion (ICIP)	261	-
Lagoon Expansion (ICIP)	33	-
Fire Smart Initiative	3	-
Government of Canada		
Indigenous and Northern Affairs Canada - Coalition Proposal Assessment	20	-
Disaster Mitigation and Adaptation Fund - Submarine Line	79	-
Indigenous and Northern Affairs Canada - YKDFN Shared Economic Development Strategy	24	-
Crown-Indigenous Relations and Northern Affairs Canada - Wildfire Readiness	82	-
Federation of Canadian Municipalities - Climate and Asset Management Network	12	60
Federation of Canadian Municipalities - Community Energy Plan	86	86
	\$ 1,188	\$ 2,978

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

6. TAXES RECEIVABLE

	2020		2019
Property taxes receivable	\$ 3,068	\$	2,276
Payments in lieu of taxes receivable	2,590		646
	5,658		2,922
Less: Allowance for doubtful taxes receivable	(1,666)		(1,666)
	\$ 3,992	\$	1,256

7. WATER AND SEWER RECEIVABLE

	2020		2019
Water and sewer receivables	\$ 1,826	\$	1,814
Less: Allowance for doubtful accounts	(426)		(425)
	\$ 1,400	\$	1,389

8. OTHER RECEIVABLE

	2020		2019
Land sales and trade accounts receivables	\$ 9,348	\$	5,477
Community services receivables	388		367
Municipal enforcement receivables	845		827
Power distribution franchise	1,076		1,077
GST receivable	584		315
Other	232		184
	12,473		8,247
Less: Allowance for doubtful accounts	(1,225)		(1,045)
	\$ 11,248	\$	7,202

9. LOCAL IMPROVEMENT CHARGE RECEIVABLE

	2020		2019
Niven Lake Subdivision - Phase 7	\$ 291	\$	321
Yellowknife Condominium Corporation No. 8	13,838		14,322
	\$ 14,129	\$	14,643

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

9. LOCAL IMPROVEMENT CHARGE RECEIVABLE (continued)

a) Niven Lake Subdivision - Phase 7

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

The owner of a property to which the LIC applies may pay the entire balance in full plus interest calculated up to the date of the payment.

b) Yellowknife Condominium Corporation No. 8

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

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

10. LAND HELD FOR RESALE

Land held for resale is classified as a financial asset. Land held for resale has an estimated market value of \$13.1 million (2019 - \$16.4 million).

11. ACCRUED EMPLOYEE BENEFITS

	2020	2019
Net accrued employee benefits obligation	\$ 1,592	\$ 1,369
Vacation	1,376	934
Wages	449	639
	\$ 3,417	\$ 2,942

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

11. ACCRUED EMPLOYEE BENEFITS (continued)

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

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

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

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

Vacation and wages represent benefits that have been earned by employees as of December 31, 2020.

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

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

	2020	2019
Accrued employee benefits obligation at beginning of year	\$ 2,064	\$ 1,230
Current service cost	156	150
Interest cost	76	46
Benefits paid	(107)	(57)
Actuarial loss	166	695
Accrued employee benefits obligation at the end of year	2,355	2,064
Unamortized net actuarial loss	(763)	(695)
Net accrued employee benefits obligation	\$ 1,592	\$ 1,369

Accrued employee benefits obligation is comprised of the following:

	2020	2019
Severance pay	\$ 1,972	\$ 1,718
Long service bonus	127	119
Compensated absences	256	227
Accrued employee benefits obligation at the end of the year	\$ 2,355	\$ 2,064

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

11. ACCRUED EMPLOYEE BENEFITS (continued)

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

	2020	2019
Current service cost	\$ 156	\$ 150
Interest cost	76	46
Benefits paid	(107)	(57)
Total expense	\$ 125	\$ 139

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

	2020	2019
Discount rate	1.8%	3.6%
Base wage inflation	2.0%	2.0%
Salary merit scale	0.5%	0.5%
Average remaining service life	7 years	7 years

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

12. DEFERRED REVENUE

	2019	Externally Restricted Inflows	Revenue Earned	2020
Government of the Northwest Territories				
Literacy Council	\$ -	\$ 3	\$ (2)	\$ 1
Community Capacity Building Fund	320	-	(320)	-
MACA CPI	1,358	2,863	(2,810)	1,411
Property Assessment Contract	12	125	(125)	12
Sport and Recreation	-	80	(71)	9
Sport and Recreation Emergency COVID-19	-	22	-	22
Visitor Services	-	81	(72)	9
Tourism Product Diversification Program	6	-	(6)	-
Hockey Day in Canada	25	-	(25)	-
Government of Canada				
Gas Tax	9,665	5,543	(2,543)	12,665
Coalition Proposal Assessment	15	-	(15)	-
Supporting Improved Visitor Experience/Wayfinding	86	-	(83)	3
Giant Mine Capacity Building Agreement	56	371	(90)	337
Senior Swim: Training and Trainers	-	14	(11)	3
Other	221	125	(161)	185
	\$ 11,764	\$ 9,227	\$ (6,334)	\$ 14,657

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

13. DEBT

	2020	2019
Capital - general		
TD Canada Trust Swap #904437T, authorized by By-law 4729 to finance completion of Phase 1 of the Multiplex, with monthly payments of \$10 thousand including principal & interest at 2.77%, expiring May 2023.	\$ 279	\$ 389
TD Canada Trust Swap #904866T, authorized by By-law 4681 to finance the cost of building a new Water Treatment Plant, with monthly payments of \$139 thousand including principal & interest at 3.10%, expiring June 2028.	11,154	12,456
TD Canada Trust Swap #909370T, authorized by By-law 4737 to finance the cost of building a new Water Treatment Plant, with monthly payments of \$6 thousand including principal & interest at 3.98%, expiring August 2028.	491	544
TD Canada Trust Swap #909371T, authorized by By-law 4737 to finance the cost of building a new Water Treatment Plant, with monthly payments of \$22 thousand including principal & interest at 3.71%, expiring August 2028.	1,740	1,932
	13,664	15,321
General		
TD Canada Trust Swap #903174T, authorized by By-law 4707 to finance the cost of a local improvement in the Yellowknife Condominium Corporation No. 8 Mobile Home Park, with monthly payments of \$27 thousand including principal & interest at 3.30%, expiring May 2038 (Note 9.b).	11,598	12,083
TD Canada Trust Swap #920732T, authorized by By-law 4766 to finance the cost of local improvements on certain properties in Stage 2, Phase 7, Niven Lake Subdivision, with monthly payments of \$7 thousand including principal & interest at 3.58%, expiring January 2029 (Note 9.a).	257	284
	11,855	12,367
	\$ 25,519	\$ 27,688

The City has an operating facility with TD Canada Trust with an authorized limit of \$10 million (2019 - \$10 million), of which \$0 (2019 - \$0) was utilized at year end. The operating facility bears interest at prime - 0.25% (2019 - 0.25%).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

13. DEBT (continued)

Debentures are covered by taxes and penalties levied, all grants and sundry revenues. Total interest paid in 2020 on long-term debt was \$462 thousand (2019 - \$513 thousand). The estimated fair value of long-term debt at December 31, 2020 is \$24.9 million (2019 - \$27.1 million). Fair value is estimated by discounting future cash flows at the rate currently offered by the City's bank for debt of similar credit quality and period to maturity. Annual principal repayment requirements on debt for the next five years are as follows:

2021	\$	2,240
2022		2,313
2023		2,318
2024		2,343
2025		2,420
2026 and thereafter		13,885
	\$	25,519

14. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

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

	2020	2019
Old Landfill Site	\$ 14,626	\$ 14,519
New Landfill - Cell A+B	4,851	4,160
	\$ 19,477	\$ 18,679

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

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

The costs to maintain a closed solid waste landfill site are based on estimated future expenses in current dollars by applying a discount rate at the City's average long-term borrowing rate of 1.31% (2019 - 2.94%) and an inflation rate of 0.0% (2019 - 1.7%).

a) Old Landfill Site

Total closure and post-closure costs are estimated to be \$14.6 million (2019 - \$14.5 million) of which \$12.2 million (2019 - \$12.1 million) is for site closure activities and \$2.4 million (2019 - \$2.4 million) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

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

b) New Landfill - Cell A and Cell B

Total closure and post-closure costs are estimated to be \$6.1 million of which \$4.9 million has been recognized (2019 - \$4.2 million). Of the total costs, \$4.2 million is for site closure activities and \$1.9 million is for post-closure care activities. The City has included \$3.4 million (2019 - \$2.9 million) for site closure costs and \$1.5 million (2019 - \$1.3 million) for post-closure care costs. The remaining estimated life of the landfill is 4 years and monitoring will be required indefinitely. Of the total capacity of 196,000 cubic meters, 40,859 cubic meters (21%) remains.

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

15. HOMELESSNESS PROJECT

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

Any funds received or unexpended at year end are not recognized in the financial statements. The unexpended funds received as of December 31, 2020 are \$2.35 million.

The agreement is effective until March 31, 2024.

16. FUND ACTIVITIES AND CHANGE IN FUND BALANCES

	General Fund	Land Development Fund	Solid Waste Management Fund	Water and Sewer Fund	Capital Fund	Service Connection Failure Assistance Fund	Reserves	Equity in Tangible Capital Assets	2020 Total
Balance, beginning of year	\$ 8,457	\$ 7,280	\$ (12,824)	\$ 1,217	\$ 19,713	\$ 1,611	\$ 10,847	\$ 271,866	\$ 308,167
Excess revenues (expenses)	(5,119)	1,851	(607)	(3,922)	5,046	201	-	-	(2,550)
Net inter-fund transfers									
Amortization of tangible capital assets	7,921	-	1,094	6,118	-	-	-	(15,133)	-
Tangible capital asset purchases	-	-	-	-	-	-	-	10,508	10,508
Net disposal of TCA	301	-	-	-	-	-	-	(301)	-
Long-term debt	-	-	-	-	(1,657)	-	-	1,657	-
Net transfer from (to) other funds/reserves	1,693	(405)	(340)	(1,255)	(7)	-	314	-	-
Balance, end of year	\$ 13,253	\$ 8,726	\$ (12,677)	\$ 2,158	\$ 23,095	\$ 1,812	\$ 11,161	\$ 268,597	\$ 316,125

The equity in tangible capital assets is comprised of tangible capital assets of \$282.260 million (2019 - \$287.185 million) less debt-capital of \$13.664 million (2019 - \$15.321 million).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

16. FUND ACTIVITIES AND CHANGE IN FUND BALANCES (continued)

Reserves consist of:	Opening Balance	Increases	Decreases	Closing Balance
Community grant reserve	\$ 5	\$ 61	\$ -	\$ 66
Downtown development reserve	894	113	(113)	894
Heritage reserve	186	17	(90)	113
Information technology reserve	1,659	700	(556)	1,803
Major community facility reserve	3,156	25	-	3,181
Mobile equipment replacement reserve	2,106	1,430	(1,275)	2,261
Revitalization initiative reserve	2,416	-	-	2,416
Samuel Colley library donation reserve	425	2	-	427
Twin pine hill trail reserve	-	-	-	-
Waterfront development reserve	-	-	-	-
	\$ 10,847	\$ 2,348	\$ (2,034)	\$ 11,161

17. CONTINGENCIES

a) Insurance

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

b) Litigation

In the normal course of operations, the City is subject to various legal claims. The City's estimated maximum exposure to legal claims is not considered to be significant. Management believes it has appropriate insurance coverage in place.

18. COMMITMENTS

a) Service Contracts

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

	Total
2021	\$ 3,280
2022	714
2023	683
2024	367
2025 and thereafter	1,062
	\$ 6,106

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

18. COMMITMENTS (continued)

b) Capital Contracts

The City regularly enters into contracts related to capital projects. The amount represents the uncompleted portions of these contracts as of December 31, 2020. The expected minimum payments for these contracts is \$3.4 million.

19. PENSION AGREEMENTS

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

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

	2020	2019
Employers' contribution	\$ 1,709	\$ 1,473
Employees' contribution	1,709	1,473
	\$ 3,418	\$ 2,946

Participating employers in the Plan, including the City, are required to make contributions to the plan of 8.00% (2019 - 8.00%) of pensionable earnings, and to remit employee contributions of 8.00% (2019 - 8.00%). These contributions cover current service costs and a provision for adverse deviation.

As at January 1, 2020, the Plan had a going concern surplus of \$30.5 million (2019 - \$25.3 million), a wind up deficit of \$142.7 million (2019 - \$128.9 million) and a funded ratio of 113.00% (2019 - 112.00%). The Plan serves 3,364 employee members and 117 participating employers.

The Plan is governed by the Northern Employee Benefits Services Pension Plan Act (in force October 1, 2015) (the "Act") and a Plan text document maintained by the administrator of the Plan. The Act and the Plan text document provide any going concern shortfalls, should they arise, are to be paid down over no more than 15 years and that contribution rates may be increased if necessary to do so. Pursuant to the Act, the Plan is exempt from compliance with the Pension Benefits Standards Act, 1985 ("PBSA") and is not required to be funded on a solvency basis.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

20. COMPARATIVE AMOUNTS

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

Budget figures have been reclassified to conform with the presentation adopted in the current year. The City's 2020 Financial Plan reported all capital expenditures including tangible capital assets acquisitions as operations expenses.

Capital expenditures have been reclassified as follows:

	2020 Budget
Capital purchases as presented in the budget	\$ 22,484
Less: Acquisition of tangible capital assets	18,718
Less: Interest on debt related to capital	463
Minor Capital Expense	\$ 3,303

The annual surplus (deficit) as approved in the 2020 Financial Plan has been reclassified as follows:

	2020 Budget
Annual surplus (deficit) as presented in the budget	\$ (153)
Add: Acquisitions of tangible capital assets	18,718
Add: Debt repayment	1,658
Less: Amortization	14,940
Annual surplus	\$ 5,283

21. CASH HELD IN TRUST

	2020	2019
Firefighters' Training Alternative Measures Agreement	\$ 5	\$ 5
Twin Pine Hill Escrow Agreement	22	22
	\$ 27	\$ 27

22. CONTRACTUAL RIGHTS

The City has entered into one-time agreements with higher orders of government that will result in transfers of funds to the City. Each agreement has stipulations that must be met before the transfer can be recognized as revenue. The total transfers expected to be received from these agreements in 2021 is \$1.123 million (2019 - \$633 thousand).

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020 (in thousands of dollars)

23. MEASUREMENT UNCERTAINTY

a) Liability for Contaminated Sites

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

The City has determined no liability related to contaminated sites exists as of December 31, 2020.

b) Provision for Landfill Closure

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

SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the years ended
December 31
(in thousands of dollars)

	Land	Buildings	Roads & Sidewalks Infrastructure	Water & Sewer Infrastructure	Other Infrastructure	Vehicles	Equipment	Work In Progress	2020 Totals
Cost									
Balance, beginning of year	\$ 35,846	\$ 131,528	\$ 93,824	\$ 188,030	\$ 23,052	\$ 3,651	\$ 20,548	\$ 429	\$ 496,908
Add: Additions during year	-	1,711	3,720	2,538	233	987	1,333	(14)	10,508
Less: Disposals during year	-	617	-	-	44	596	768	20	2,045
Balance, end of year	35,846	132,622	97,544	190,568	23,241	4,042	21,113	395	505,371
Accumulated amortization									
Balance, beginning of year	-	50,044	48,274	88,433	9,332	1,946	11,693	-	209,722
Add: Amortization during the year	-	3,581	4,119	4,418	1,382	286	1,347	-	15,133
Less: Accumulated amortization on disposals	-	555	-	-	33	596	560	-	1,744
Balance, end of year	-	53,070	52,393	92,851	10,681	1,636	12,480	-	223,111
Net book value of tangible capital assets	35,846	79,552	45,151	97,717	12,560	2,406	8,633	395	282,260
2019 Net book value of tangible capital assets	\$ 35,846	\$ 81,483	\$ 45,551	\$ 99,597	\$ 13,720	\$ 1,704	\$ 8,855	\$ 429	\$ 287,185

SCHEDULE OF SEGMENT DISCLOSURE

<i>For the years ended December 31 (in thousands of dollars)</i>	2020 Budget (Unaudited)	General Government	Community Services	Planning and Development	Public Safety	Public Works and Engineering	Solid Waste Facility	Water and Sewer	2020	2019
Revenues										
Municipal taxation	\$ 31,387	\$ 31,404	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,404	\$ 30,764
User fees and sale of goods	22,194	82	1,511	290	2,924	321	3,316	13,054	21,498	22,398
Land sales	2,306	-	-	1,743	-	-	-	-	1,743	3,190
Grants and transfers	837	2,146	188	-	123	-	201	393	3,051	1,462
Investment income	600	634	-	173	-	-	-	-	807	1,079
Fines, penalties and cost of taxes	1,095	63	4	3	257	-	-	18	345	870
Development levies, licenses and permits	985	447	23	507	95	-	-	-	1,072	1,053
Franchise fees	1,045	1,076	-	-	-	-	-	-	1,076	1,077
Total Revenues	60,449	35,852	1,726	2,716	3,399	321	3,517	13,465	60,996	61,893
Expenses										
Amortization of tangible assets	14,943	612	2,204	-	415	4,690	1,094	6,118	15,133	15,378
Provision for allowance	280	179	-	-	-	-	-	-	179	171
Bank charges and short-term interest	175	172	-	-	-	-	-	-	172	144
Materials and supplies	1,446	123	39	8	103	410	-	289	972	1,350
Contracted and general services	17,740	2,966	2,687	466	843	3,632	1,908	3,552	16,054	15,616
Insurance	860	768	-	-	-	-	-	-	768	759
Interest on long-term debt	467	464	-	(1)	-	-	-	-	463	513
Mayor and council expenses	688	561	-	-	-	-	-	-	561	608
Salaries, wages, employee benefits & unfunded liabilities	29,683	7,263	5,260	1,279	7,598	3,260	998	2,547	28,205	27,453
Utilities - electricity	2,951	108	925	-	64	63	62	1,403	2,625	2,794
Utilities - fuel	1,318	58	358	-	32	34	62	430	974	1,160
Total Expenses	70,551	13,274	11,473	1,752	9,055	12,089	4,124	14,339	66,106	65,946
Annual Surplus (Deficit) before Other	(10,102)	22,578	(9,747)	964	(5,656)	(11,768)	(607)	(874)	(5,110)	(4,053)
Government transfers related to capital	18,688	13,895	71	-	-	1,344	60	195	15,565	14,746
Minor capital expense	(3,303)	(334)	(742)	(1)	(54)	(528)	(130)	(708)	(2,497)	(3,946)
Annual Surplus (Deficit) after Other	\$ 5,283	\$ 36,139	\$ (10,418)	\$ 963	\$ (5,710)	\$ (10,952)	\$ (677)	\$ (1,387)	\$ 7,958	\$ 6,747

SCHEDULE OF GOVERNMENT TRANSFERS

<i>For the years ended December 31 (in thousands of dollars)</i>	2020 Budget (Unaudited)	2020 Actual	2019 Actual
Government of Canada			
Clean Water and Waste Water Agreement	\$ -	\$ 163	\$ 1,144
Gas Tax Agreement	1,722	2,543	2,036
Public Transit Infrastructure Agreement	-	-	51
Disaster Mitigation and Adaptation Fund	750	88	-
Community Capacity Building Fund	313	320	-
Sustainable Development Goals Funding Program	-	100	-
Wildfire Readiness	-	82	-
Canadian Northern Economic Development Agency (CanNor)			
Destination Marketing	-	-	3
Supporting Improved Visitor Experience/Wayfinding	-	83	52
Indigenous and Northern Affairs Canada			
Giant Mine	-	90	82
Indigenous Relations Advisor	-	35	132
Shared Economic Strategy	-	69	-
Canadian Heritage			
Canada Day Celebration	25	25	25
Other Contribution Agreements	10	20	6
	\$ 2,820	\$ 3,618	\$ 3,531

SCHEDULE OF GOVERNMENT TRANSFERS

<i>For the years ended December 31 (in thousands of dollars)</i>	2020 Budget (Unaudited)	2020 Actual	2019 Actual
Government of the Northwest Territories			
MACA Formula Funding	\$ 7,828	\$ 7,828	\$ 7,828
MACA Contribution Agreements			
Capital Grant - CPI	2,864	2,810	1,968
Property Assessment	125	125	125
Library Grant	105	105	105
Sport and Recreation Grant	80	71	80
Gound Ambulance and Highway Rescue	-	-	68
Water and Sewer Services	386	386	386
Small Communities Fund	2,375	314	-
Hockey Day In Canada	-	25	-
COVID-19 Safe Restart Funding	-	1,560	-
Street Outreach Program	137	-	252
Installation of Hydrant Vault for Sobering Centre	-	-	4
McMeekan Causeway Stabilization (ICIP)	-	197	16
Paving Project (ICIP)	2,756	1,140	1,616
Increasing Waste Diversion (ICIP)	-	265	-
Lagoon Expansion (ICIP)	-	33	-
Industry, Tourism and Investment Agreements			
Economic Development Officer	50	50	50
Win Your Space	-	-	15
Visitor Services	-	72	161
Agricultural Strategy	-	-	3
Tourism Product Diversification Program	-	7	-
NAKA Festival	-	10	-
	16,706	14,998	12,677
	\$ 19,526	\$ 18,616	\$ 16,208

SCHEDULE OF REVENUE AND EXPENDITURES

GAS TAX AGREEMENT

<i>For the years ended December 31 (in thousands of dollars)</i>	2020 Budget (Unaudited)	2020 Actual	2019 Actual	2018 Actual	2017 Actual	2016 Actual
Funding						
Opening Balance	\$ -	\$ 9,665	\$ 679	\$ -	\$ -	\$ -
Annual Gas Tax	1,722	5,511	11,022	5,511	5,272	5,273
Interest Earned	-	32	-	-	-	-
Total Funding	1,722	15,208	11,701	5,511	5,272	5,273
Eligible Expenditures						
Asset Management	292	18	-	-	-	-
CEP City Hall Boiler Design	-	-	20	-	-	-
Pumphouse 1 Infrastructure Upgrades	-	-	22	-	-	-
Pump Replacement Program	100	145	39	-	-	-
Backup Power Liftstation Generator Installation	-	187	17	-	-	-
Sewage Force Main Upgrade	250	250	-	-	-	-
Lagoon Control Structure Replacement	250	42	18	-	-	-
Water & Sewer Infrastructure Replacement	830	1,901	1,920	4,742	2,734	3,500
New Landfill Cell Construction	-	-	-	-	86	1,773
Centralized Biomass Boiler	-	-	-	-	1,376	-
Intersection Widening & New Traffic Light	-	-	-	-	300	-
Road and Sidewalk Rehabilitation	-	-	-	-	776	-
Transfer Station and Cell Access Improvements	-	-	-	90	-	-
Total Expenditures	1,722	2,543	2,036	4,832	5,272	5,273
Closing Balance - to Deferred Revenue	\$ -	\$ 12,665	\$ 9,665	\$ 679	\$ -	\$ -

SCHEDULE OF REVENUE AND EXPENDITURES

COMMUNITY PUBLIC INFRASTRUCTURE

<i>For the years ended December 31 (in thousands of dollars)</i>	2020 Budget (Unaudited)	2020 Actual	2019 Actual	2018 Actual	2017 Actual	2016 Actual
Funding						
Opening Balance	\$ -	\$ 1,358	\$ 463	\$ -	\$ -	\$ -
Annual CPI	2,864	2,863	2,863	2,210	2,210	2,210
Total Funding	2,864	4,221	3,326	2,210	2,210	2,210
Eligible Expenditures						
Roads and Sidewalk Rehabilitation	356	1,061	1,968	1,747	2,210	2,210
Asset Management	8	8	-	-	-	-
Accessibility Audit Implementation	584	197	-	-	-	-
YKCA Upgrade	20	5	-	-	-	-
Multiplex Iceplant Upgrade	595	555	-	-	-	-
Library Upgrades	94	120	-	-	-	-
Tommy Forest Ball Park Upgrade	60	60	-	-	-	-
Park Development	14	14	-	-	-	-
Columbarium	100	2	-	-	-	-
Curling Club Upgrades	36	19	-	-	-	-
City Hall Upgrades	367	367	-	-	-	-
FDM Software	65	65	-	-	-	-
Self-Containing Breathing Aparatus	225	243	-	-	-	-
Traffic Light Upgrades	90	84	-	-	-	-
Submarine Line	250	10	-	-	-	-
Total Expenditures	2,864	2,810	1,968	1,747	2,210	2,210
Closing Balance - to Deferred Revenue	\$ -	\$ 1,411	\$ 1,358	\$ 463	\$ -	\$ -

SCHEDULE OF REVENUE AND EXPENDITURES

CLEAN WATER AND WASTEWATER AGREEMENT

<i>For the years ended December 31 (in thousands of dollars)</i>	2020 Budget (Unaudited)	2020 Actual	2019 Actual	2018 Actual	2017 Actual	2016 Actual
Funding						
CWWF Funding	\$ -	\$ 162	\$ 1,097	\$ 4,731	\$ 8,157	\$ -
Holdback Receivable	-	-	47	1,090	-	-
Formula Funding	-	66	42	159	776	-
User Fees	-	-	455	1,552	2,173	-
Total Funding	-	228	1,641	7,532	11,106	-
Eligible Expenditures						
SCADA System Upgrades	-	-	-	-	-	-
Construction Contract	-	34	129	395	11	-
Design Costs	-	-	-	15	48	-
Material and Supplies	-	110	39	56	65	-
	-	144	168	466	124	-
Sewage Lift Station #5 Rehabilitation	-	-	-	-	-	-
Construction Contract	-	-	175	1,545	-	-
Design Costs	-	-	18	91	34	-
Material and Supplies	-	-	-	2	-	-
	-	-	193	1,638	34	-
Water and Sewer Replacement	-	-	-	-	-	-
Construction Contract	-	-	630	3,953	8,936	-
Design Costs	-	11	146	594	854	129
Material and Supplies	-	73	504	191	1,719	-
	-	84	1,280	4,738	11,509	129
Total Expenditures	-	228	1,641	6,842	11,667	129
Funding Surplus (Deficit)	\$ -	\$ -	\$ -	\$ 690	\$ (561)	\$ (129)

SCHEDULE OF REVENUE AND EXPENDITURES

PUBLIC TRANSIT INFRASTRUCTURE AGREEMENT

<i>For the years ended December 31 (in thousands of dollars)</i>	2020 Budget (Unaudited)	2020 Actual	2019 Actual	2018 Actual	2017 Actual	2016 Actual
Funding						
PTIF Funding	\$ -	\$ -	\$ 49	\$ 119	\$ 72	\$ -
Holdback Receivable	-	-	2	13	-	-
Formula Funding	-	-	17	43	24	-
Total Funding	-	-	68	175	96	-
Eligible Expenditures						
Construction Contract	-	-	68	174	97	-
Total Expenditures	-	-	68	174	97	-
Funding Surplus (Deficit)	\$ -	\$ -	\$ -	\$ 1	\$ (1)	\$ -

SCHEDULE OF REVENUE AND EXPENDITURES

INVESTING IN CANADA INFRASTRUCTURE PROGRAM

<i>For the years ended December 31 (in thousands of dollars)</i>	2020 Budget (Unaudited)	2020 Actual	2019 Actual	2018 Actual	2017 Actual	2016 Actual
Funding						
ICIP Funding	\$ 2,756	\$ 1,625	\$ 1,463	\$ -	\$ -	\$ -
Holdback Receivable	-	9	153	-	-	-
CPI Funding	-	1,061	1,968	-	-	-
Formula Funding	924	1,554	-	-	-	-
User Fees	-	98	-	-	-	-
Total Funding	3,680	4,347	3,584	-	-	-
Eligible Expenditures						
Paving	3,680	3,680	3,584	-	-	-
Increasing Waste Diversion (ICIP)	-	353	-	-	-	-
Lagoon Expansion (ICIP)	-	43	-	-	-	-
McMeekan Causeway Stabilization (ICIP)	-	271	-	-	-	-
Total Expenditures	3,680	4,347	3,584	-	-	-
Funding Surplus (Deficit)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

SCHEDULE OF REVENUE AND EXPENDITURES

SMALL COMMUNITIES FUND

<i>For the years ended December 31 (in thousands of dollars)</i>	2020 Budget (Unaudited)	2020 Actual	2019 Actual	2018 Actual	2017 Actual	2016 Actual
Funding						
Small Communities Funding	\$ 2,375	\$ 314	\$ -	\$ 59	\$ -	\$ -
Reserves	2,430	-	-	-	-	-
Formula Funding	-	105	27	20	-	-
Total Funding	4,805	419	27	79	-	-
Eligible Expenditures						
Aquatic Centre	4,805	419	27	79	-	-
Total Expenditures	4,805	419	27	79	-	-
Funding Surplus (Deficit)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

SCHEDULE OF REVENUE AND EXPENDITURES DISASTER MITIGATION AND ADAPTATION FUND

<i>For the years ended December 31 (in thousands of dollars)</i>	2020 Budget (Unaudited)	2020 Actual	2019 Actual	2018 Actual	2017 Actual	2016 Actual
Funding						
DMAF	\$ 750	\$ 79	\$ -	\$ -	\$ -	\$ -
CPI	250	10	-	-	-	-
Formula Funding	-	-	24	6	-	-
Total Funding	1,000	89	24	6	-	-
Eligible Expenditures						
Submarine Line	1,000	39	57	23	-	-
Funding Surplus (Deficit)	\$ -	\$ 50	\$ (33)	\$ (17)	\$ -	\$ -

SCHEDULE OF SALARIES, HONORARIA AND TRAVEL

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

				2020
Name	Salary	Honoraria	Travel	Total
Mayor				
Rebecca Alty	\$ 134	\$ -	\$ 3	\$ 137
Councillor/ Deputy Mayor				
Shauna Morgan	35	-	-	35
Niels Konge	35	-	-	35
Councillor				
Julian Morse	35	-	-	35
Steve Payne	35	-	-	35
Cynthia Mufandaedza	35	1	1	37
Rommel Silverio	35	-	-	35
Robin Williams	35	-	-	35
Stacie Smith	35	-	-	35
	\$ 414	\$ 1	\$ 4	\$ 419