



CITY OF
YELLOWKNIFE

Financial Report 2016

For the year ended
December 31, 2016





CITY OF YELLOWKNIFE



PREPARED BY CORPORATE SERVICES, 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, 2015

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, 2015. 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
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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.

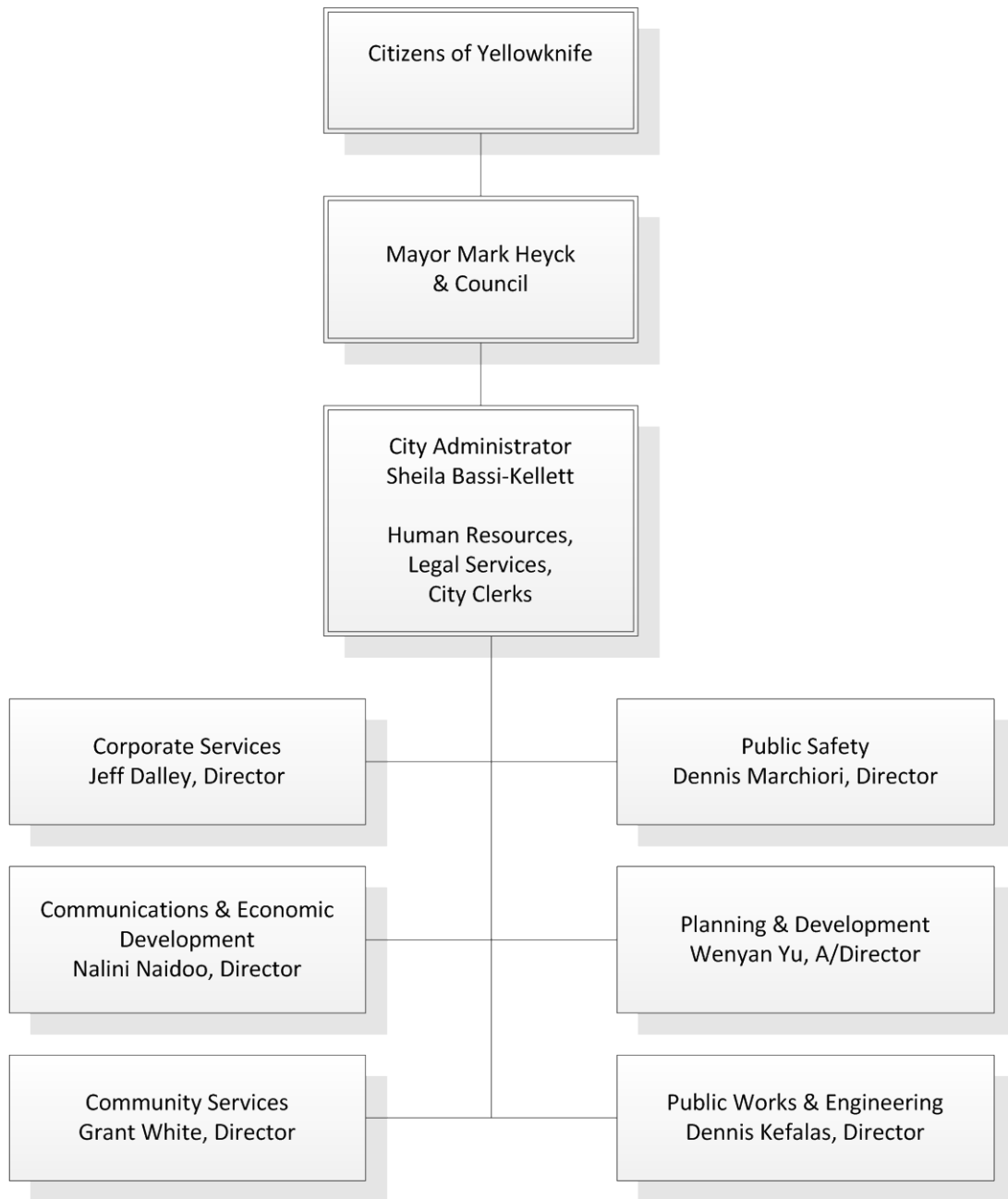


City Council, left to right: Adrian Bell, Steve Payne, Niels Konge, Linda Bussey, Mayor Mark Heyck, Rebecca Alty, Julian Morse, Shauna Morgan, Rommel Silverio

City Administration

City Administrator:	Sheila Bassi-Kellett
Director of Communication & Economic Development:	Nalini Naidoo
Director of Community Services:	Grant White
Director of Corporate Services:	Jeff Dalley
Acting Director of Planning & Development:	Wenyan Yu
Director of Public Safety:	Dennis Marchiori
Director of Public Works & Engineering:	Dennis Kefalas
City Auditors:	Crowe MacKay LLP
City Bankers:	TD Canada Trust
City Solicitors:	McLennan Ross LLP

Organizational Chart



OLD TOWN KIDZ
REFRESHMENTS



CITY OF
YELLOWKNIFE



Financial Section 2016
For the year ended
December 31, 2016

City of Yellowknife
Consolidated Financial Statement Discussion and Analysis
For the year ended December 31, 2016

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 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 six Operating Reserves.

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

FINANCIAL HIGHLIGHTS

Key financial highlights for 2016 are as follows:

- The City had an annual surplus of \$17.1 million which is \$13.0 million higher than budgeted. Revenue from **contributed tangible capital assets** and increases in **land sales** and **user fees, licences and permits** revenue are the primary reasons that the surplus balance is higher than budgeted.
- During the year, ownership of the water and sewer infrastructure in Phases 1, 2 and 3 of Block 501 (“Hall Crescent”) transferred from the developer to the City. The water and sewer infrastructure is valued at \$5.8 million of which the City invested \$0.8 million with the remaining \$5.0 million recorded as **contributed tangible capital assets** revenue.
- **Land sales** revenue was higher due to several factors. During the year, the City developed land in Kam Lake (Grace Lake South) and Frame Lake (Hordal-Bagon) to be sold as individual residential lots. Fifty-three new residential lots became available for sale in the fall of 2016 of which ten lots sold by December 31st. All eleven remaining lots in Engle District Phase 1 sold during the year which exceeded expectations. Purchase incentives and an increase in market demand can explain the increase in sales in this area. As no lots remained in Engle District Phase 1, the City sold two lots in Engle District Phase 2 and will begin development of this area in 2017.
- **User fees, licences and permit** revenue increased due to higher fees for water and sewer and solid waste services and an increase in development. Construction of a new hospital and hotel buildings resulted in higher permit revenue.
- During the year, a new reserve, called the **Revitalization Initiative Reserve**, was established. The purpose of the reserve is to target land assembly that supports revitalization initiatives within targeted areas. The targeted areas include Downtown, Old Town, Old Airport Road and Kam Lake. 30% of all land sales from the date the reserve was established are to be put into the reserve. As of December 31st, \$2.0 million has been transferred to the reserve.
- Upgrades to the water and sewer infrastructure in Yellowknife Condominium Corporation No. 8 (“Condo Corp”) were substantially completed in 2015. The City levied a local improvement charge on January 11, 2016 per By-law No. 4887 on all properties located within the Condo Corp. A summary of project revenues and costs and a reconciliation of the Condo Corp **local improvement charge receivable** balance are below.

Total Project Costs and Local Improvement Levy for Condo Corp:

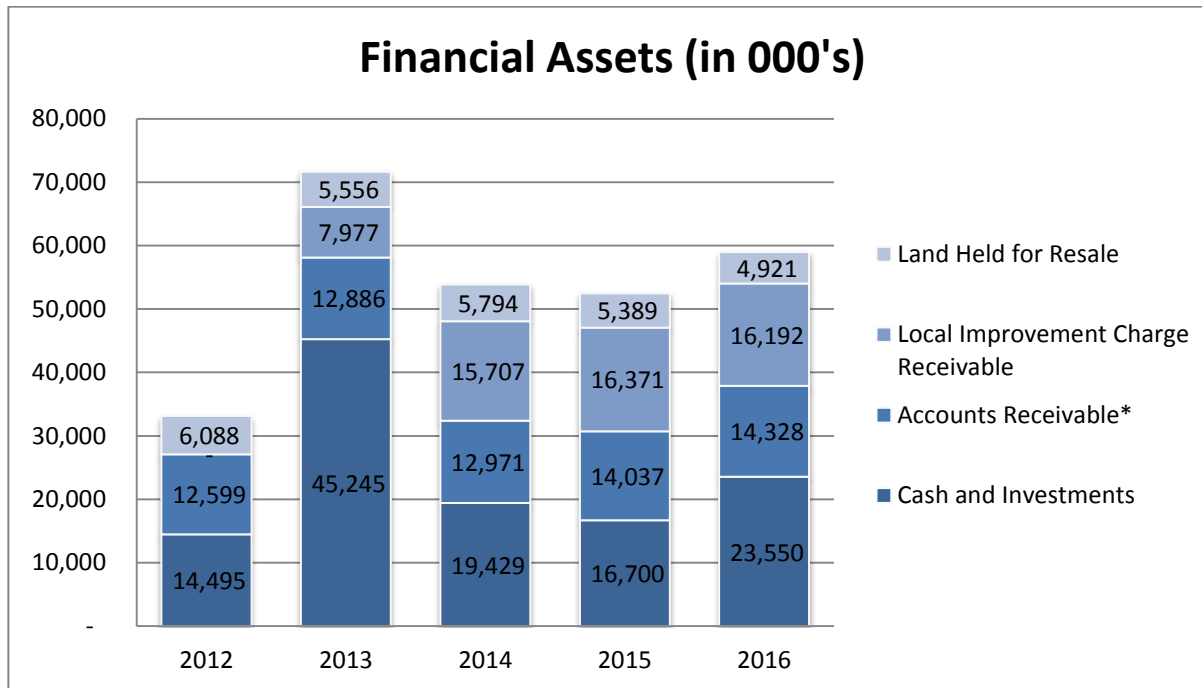
Contracted Project Costs	\$15,869,313	Project costs incurred through life of project
Less: Interest Revenue	300,789	City invested proceeds of debt over life of the project. This represents total interest earned on the invested funds.
Less: Payment from Northlands	721,100	Northlands paid \$0.8 million to apply against LIC receivable in December 2015. An early payment penalty was netted against this payment.
Net Project Costs	14,847,424	
Interest Expense	7,077,252	City borrowed \$15.8 million to finance project. This represents total interest paid to be paid over 25 years.
Total Local Improvement Levy	\$21,924,676	
Number of benefitting properties	258	
Cost per benefitting property	\$84,979	Total Local improvement levy on each property
Annual local improvement levy	\$3,399	Local improvement is levied over 25 years

Reconciliation of Condo Corp Local Improvement Charge Receivable at December 31, 2016:

Net Project Costs	\$14,847,424	
Plus: Interest expense to date	1,772,265	Represents interest expense paid up to December 31, 2016
	\$16,619,689	
Less: annual local improvement levy	876,942	Annual local improvement levy multiplied by 258 properties
Plus: uncollected portion	42,651	Uncollected portion of annual local improvement levy
Local Improvement Receivable	\$15,785,398	

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 increased \$6.5 million (12.4%) from the previous year primarily due to an increase in cash and investments.

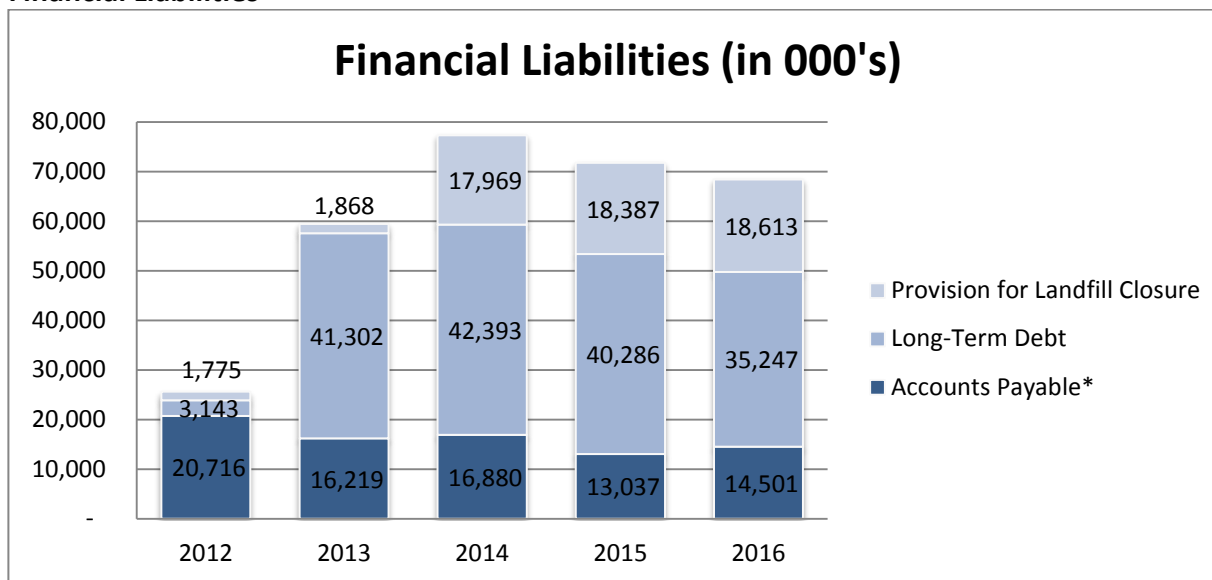
Financial assets increased significantly in 2013 primarily as a result of an influx of cash from debt proceeds for loans taken out to finance the construction of the water treatment plant and the water and sewer infrastructure upgrades in Northlands. A local improvement charge receivable was also recorded 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 and 2015 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**.

The increase in **cash and investments** in 2016 is a due to the higher **land sale** and **user fees, licences and permits** revenues.

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

Financial Liabilities



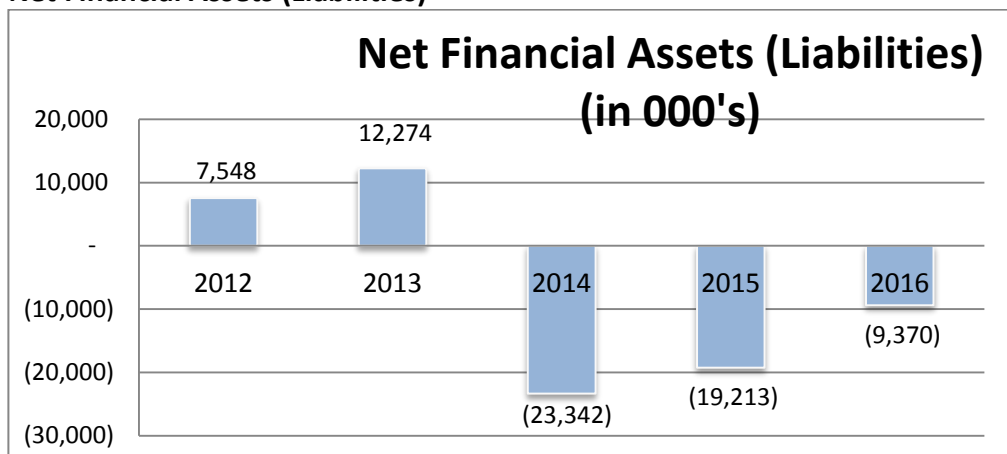
*Includes accounts payable and accrued liabilities, wages and compensated absences payable, retirement benefits liability, school taxes payable, deposits payable and deferred revenue.

The City's financial liabilities are comprised of **accounts payable**, **long-term debt** and **provision for landfill closure**. Financial liabilities decreased \$3.3 million (4.7%) from the previous year primarily due to repayment of **long-term debt**. The \$5.0 million reduction in **long-term debt** was partially offset by an increase of \$1.5 million in **accounts payable** of which a significant portion of the increase is due to an increase in deferred revenue.

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**.

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

Net Financial Assets (Liabilities)

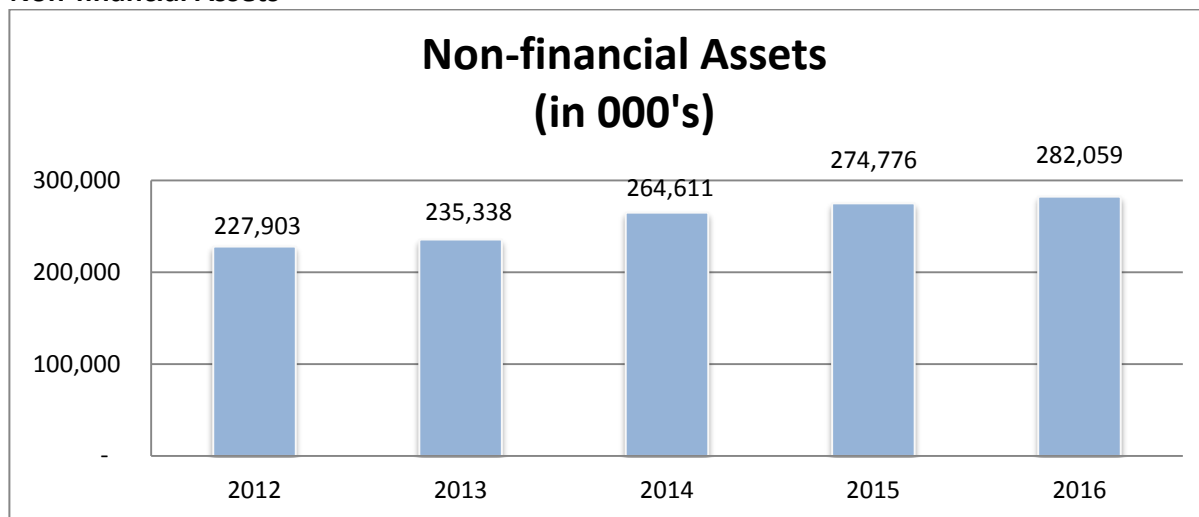


The City went from a net asset position of \$12.2 million in 2013 to a net liability position of (\$23.3) million in 2014, a change of \$35.5 million. \$19.1 million of the \$35.5 million change is due to financing the construction of the water treatment plant to meet the City's current and future needs.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

Net financial liabilities have declined in 2015 and 2016 as a result of debt repayment and operating surpluses.

Going forward, the City expects to see the net financial liabilities position continue to improve.

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 \$7.3 million (2.7%) over the previous year primarily due to tangible capital asset additions.

Net **tangible capital asset additions** were \$19.9 million and included:

- \$1.0 million for fleet and equipment upgrades
- \$3.6 million to expand the Landfill
- \$3.8 million on road and sidewalk improvements
- \$3.7 million on general water and sewer upgrades
- \$5.8 million for Hall Crescent water and sewer infrastructure including \$5.0 million in contributed tangible capital assets
- \$2.0 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

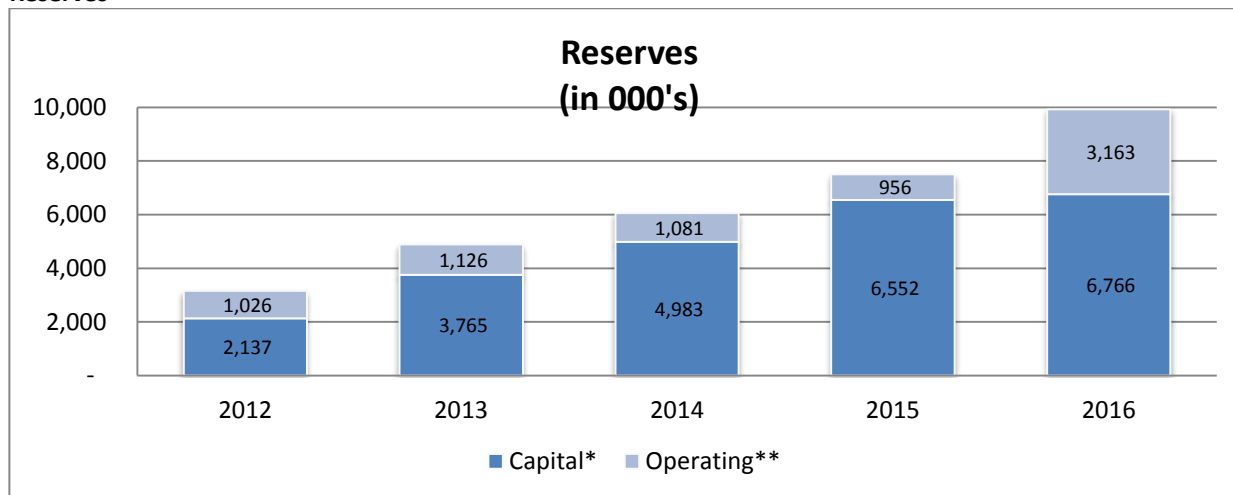
(in '000's)	2016	2015	2014 (Restated)	2013	2012
Investment in TCA	\$260,876	\$252,204	\$240,645	\$209,844	\$225,107
Reserves	9,929	7,507	6,064	4,892	3,164
Net Surplus (Deficit)*	1,883	(4,148)	(5,440)	32,876	7,180
	\$272,688	\$255,563	\$241,269	\$247,612	\$235,451

*Comprised of surplus (deficit) from all funds.

95.7% of the City's accumulated surplus has already been spent through **investment in tangible capital assets** with the remaining 4.3% of the balance comprised of **reserves** and **net surplus**.

Going forward, the City expects to maintain a net surplus 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, Twin Pine Hill Trail Reserve, and Revitalization Initiative Reserve.

The City allocates funds to reserves to meet future operating and capital requirements. There was a significant change in the **operating reserves** due to the establishment of the Revitalization Initiative Reserve. The Revitalization Initiative Reserve was set-up for the purpose of land assembly that supports revitalization initiatives within targeted areas of the City. The **capital reserves** have not increased significantly from the previous year but have increased by \$4.6 million over the past five years. This is primarily due to an increase in the **Major Community Facility Reserve** which had a balance of \$0.04 million in 2012 and has a balance of \$2.9 million as of the end of 2016. The **Mobile Equipment Reserve** has also increased by \$1.6 million since 2012 which is primarily due to delays in equipment purchases.

CONSOLIDATED STATEMENT OF OPERATIONS

Revenues

Prior Year Comparison

(in '000's)	2016	2015	Variance	% change
Municipal Taxes	\$26,086	\$25,634	\$452	1.8%
User Fees, Licences and Permits	21,401	19,829	1,572	7.9%
Government Transfers – Operating	632	449	184	41.0%
Government Transfers – Capital	15,704	15,122	582	3.8%
Land Sales	7,602	1,779	5,823	327.4%
Contributed Tangible Capital Assets	4,990	8,599	(3,609)	(42.0%)
Other *	2,471	2,363	108	4.6%
	\$78,886	\$73,775	\$5,112	6.9%

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

Overall, revenue increased 6.9% over the previous year. If the **contributed tangible capital assets** revenue is excluded from the analysis, 2016 revenue is \$8.7 million (13.4%) higher than the previous year. This is primarily a result of higher **land sales** and **user fees, licences and permits** revenue.

Municipal taxes were 1.8% higher in 2016 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 7.9% higher in 2016 than the previous year primarily due to an increase in fees for water and sewer and solid waste services, higher parking meter revenue and an increase in development permit revenue due to increased level of construction.

Government transfers – operating were 41.0% higher in 2016 than the previous year primarily due to an increase in water and sewer services funding from the GNWT and a one-time grant from the federal government for New Year’s Eve Celebration.

Government transfers – capital were 3.8% higher in 2016 than the previous year primarily due to an increase in Gas Tax funding.

Land sales were 327.4% higher in 2016 than the previous year primarily due to sales in the Engle Business district being higher than anticipated and the introduction of new residential lots.

Contributed tangible capital assets in the current year are for water and sewer infrastructure in Hall Crescent. In the previous year, the revenue related to water and sewer upgrades in Northlands. These are not re-occurring revenue items.

Other revenue is 4.6% higher in 2016 than the previous year primarily due to an increase in investment income as a result of land sale arrangements that include an interest component.

Comparison to Budget

(in '000's)	2016	Budget	Variance	% change
Municipal Taxes	\$26,086	\$25,933	\$153	0.6%
User Fees, Licences and Permits	21,401	20,004	1,397	7.0%
Government Transfers – Operating	632	422	210	49.9%
Government Transfers – Capital	15,704	15,202	502	3.3%
Land Sales	7,602	2,834	4,768	168.3%
Contributed Tangible Capital Assets	4,990	-	4,990	N/A
Other *	2,471	2,454	17	0.7%
	\$78,886	\$66,849	\$12,038	18.0%

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

Revenues were 18.0% higher than budgeted. The higher revenue is primarily a result of **contributed tangible capital assets**, and higher **land sales** and **user fees, licences and permits** revenue. If the **contributed tangible capital assets** revenue is excluded from the analysis, 2016 revenue is \$7.0 million (10.5%) higher than the previous year.

User fees, licences and permits were 7.0% higher than budgeted primarily as a result of increases to fees for water and sewer and solid waste services and an increase in development permit revenue due to increased level of construction.

Government transfers – operating were 49.9% and **Government transfers – capital** were 3.3% higher than budgeted as the City was able to secure additional funding during the year.

Land sales were 168.3% higher than budgeted as sales in the Engle Business district were higher than anticipated.

5 Year Trend (excludes Contributed Tangible Capital Assets)

(in '000's)	2016	2015	2014	2013	2012
Municipal Taxes	\$26,086	\$25,634	\$25,372	\$23,588	\$23,415
User Fees, Licences and Permits	21,401	19,829	19,205	18,433	17,747
Government Transfers – Operating	632	449	351	291	500
Government Transfers – Capital	15,704	15,122	16,907	20,126	15,013
Land Sales	7,602	1,779	3,697	4,335	9,885
Other *	2,471	2,363	2,698	2,723	2,327
	\$73,897	\$65,176	\$68,230	\$64,496	\$68,887

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

Municipal taxes generally increase with growth and tax rate increases. Increases in 2013, 2015 and 2016 were related to growth as there was no increase in the tax rates. The increase in 2014 was 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 2012, a significant number of lots became available in Kam Lake (Grace Lake and Enterprise Extension) which resulted in higher sales. From 2013 to 2015 there was little development and no new lots came on the market. In 2016 new lots came available in Frame Lake (Hordal-Bagon) and Kam Lake (Grace Lake South and Engle Business District Phase 2) which resulted in higher sales in 2016. Purchase incentives introduced by the City in 2014 also had a positive impact on 2016 sales.

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. 2016 investment income did see an increase as a result of land sale arrangements that have an interest component.

Expenses

Prior Year Comparison

(in '000's)	2016	2015	Variance	% change
Administration*	\$2,868	\$2,969	\$(101)	(3.4%)
Amortization	12,672	11,480	1,192	10.4%
Contracted and General Services	10,608	10,528	80	0.8%
Grants	418	415	3	0.7%
Interest on Long-Term Debt	660	707	(47)	(6.6%)
Land Expenses	1,586	639	947	148.2%
Landfill Closure and Post-Closure	596	418	178	42.6%
Minor Capital	3,047	3,689	(642)	(17.4%)
Salaries, Wages and Benefits	24,710	23,883	827	3.5%
Utilities	3,649	3,695	(46)	(1.2%)
Vehicle Operations & Maintenance	948	1,058	(110)	(10.4%)
	\$61,762	\$59,481	\$2,281	3.8%

*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.

Overall, expenses increased 3.8% from the previous year. This is primarily a result of an increase in **amortization, land expenses** and **salaries, wages and benefits**.

Amortization was 10.4% higher in 2016 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 148.2% higher in 2016 than the previous year as the number of lots sold in the year was significantly higher.

Landfill closure and post-closure costs were 42.6% higher in 2016 than the previous year as the Landfill accepted more waste.

Minor capital expenses were 17.4% lower in 2016 than the previous year as overall capital expenditures decreased.

Salaries, wages and benefits expenses were 3.5% higher in 2016 than the previous year primarily due to annual pay increases of 1.5%-2.0% per the collective agreements and a decrease in vacant positions.

Vehicle operations and maintenance expenses were 10.4% lower than the previous year primarily due to a decrease in the number of repairs required.

Comparison to Budget

(in '000's)	2016	Budget	Variance	% change
Administration*	\$2,868	\$2,955	\$87	2.9%
Amortization	12,672	12,837	165	1.3%
Contracted and General Services	10,608	11,642	1,034	8.9%
Grants	418	418	-	0.1%
Interest on Long-Term Debt	660	662	2	0.4%
Land Expenses	1,586	1,241	(345)	(27.8%)
Landfill Closure and Post-Closure	596	94	(502)	(534.0%)
Minor Capital	3,047	2,975	(73)	(2.4%)
Salaries, Wages and Benefits	24,710	24,871	161	0.6%
Utilities	3,649	4,088	438	10.7%
Vehicle Operations & Maintenance	948	975	(28)	2.8%
	\$61,652	\$62,758	\$995	1.6%

*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 1.6%.

Contracted and general service expenses were 8.9% lower than budgeted due to several factors. The SCFA program did not complete as many repairs, IT communication infrastructure and maintenance costs were lower than expected, contracted costs for transit were below budget, annual road patching and sidewalk maintenance was not completed, and costs for public relations and tourism development were not as high as projected.

Land expenses were 27.8% higher than budgeted as more land was sold than expected.

Landfill closure and post-closure expenses were 534.0% higher than budgeted as the budget number was based on previous closure requirement assumptions and not the 2016 report on the landfill closure and post-closure costs and activities.

Utilities expenses were 10.7% lower than budgeted due to lower fuel costs and lower than expected power costs for the Water Treatment Plant and Pumphouse #1.

5 Year Trend

(in '000's)	2016	2015	2014 (Restated)	2013	2012
Administration*	\$2,868	\$2,969	\$3,448	\$3,025	\$3,101
Amortization	12,672	11,480	10,791	10,491	8,942
Contracted and General Services	10,608	10,528	10,789	10,427	9,506
Grants	418	415	418	412	419
Interest on Long-Term Debt	660	707	758	463	113
Land Expenses	1,586	639	217	1,493	4,041
Minor Capital	3,047	3,689	4,538	4,620	3,466
Salaries, Wages and Benefits	24,710	23,883	22,784	22,129	21,721
Utilities	3,649	3,695	3,593	3,210	2,938
Vehicle Operations & Maintenance	948	1,058	1,135	971	997
Expenses before Landfill Closure and Post-Closure	61,166	59,062	58,471	57,241	55,244
Landfill Closure and Post-Closure	596	418	16,100	94	444
	\$61,762	\$59,481	\$74,571	\$57,335	\$55,688

*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 five year average annual increase in **expenses before landfill closure and post-closure care** is 2.6% 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 and 2016 results.

Annual Surplus

The annual surplus of \$17.1 million is \$13.0 million higher than budgeted. The large variance is primarily due to **contributed tangible capital assets revenue** and higher revenues from **land sales and user fees, licences and permits**. Of the 2016 annual surplus, \$8.7 million represents the net investment in tangible capital assets, \$2.4 million was designated to reserves and \$6.0 million contributed to the net surplus.

SUMMARY OF FUNDS

	Opening Fund Balance	Annual Surplus (Deficit)	Closing Fund Balance
General Fund	\$4,983,319	\$332,259	\$5,315,578
Land Development Fund	2,590,788	1,862,336	4,453,124
Solid Waste Management Fund	(16,629,637)	253,971	(16,375,666)
Water and Sewer Fund	(1,134,835)	341,364	(793,471)
Capital Fund	5,967,877	2,650,057	8,617,934
Service Connection Failure Assistance Fund	73,649	591,853	665,502
	(\$4,148,839)	\$6,031,840	\$1,883,001

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 an increase in land sales. The surplus will be used towards future development as well as to complete paving and development of trails in areas of town for which the lots have already been sold.

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 2016 annual surplus was higher than budgeted because the transfer to the General Fund was reduced from \$318,000 to \$0 given the large deficit balance in the fund and the healthy position of the General Fund.

The **Water and Sewer Fund** improved its position from the previous year as a result of higher revenues and cost savings (excluding amortization). As a result of ongoing improvements to water meter reading accuracy, it is expected that the position of this fund will continue 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 and an increase in property taxation revenue allocated from the General Fund.

The **SCFA Fund** improved its position from the previous year due to a decrease in the number of water and sewer service connection repairs completed. There is a back-log of water and sewer service connection repairs and it is expected that the surplus will decrease in future years.

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 City has 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 ten-year financial plan outlines the City's asset management plan over the next ten years with an expected reserve of \$6.5 million at the end of that period to go towards funding additional approved capital projects. The City is expecting a total reserve balance of \$9.2 million at the end of 2017.

The City's Aa2 rating benefits from a history of positive operating outcomes supporting predictable operating cash flow generation, solid governance and management policies and a developed institutional framework for municipalities in the Northwest Territories. These positive factors are balanced against the City's narrow economic base and a high debt burden. The City's total debt burden has fell over the past couple of years and this trend will continue through the next couple of years before rising in 2020 as a result of planned borrowing to support capital expenditures.

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, eco-tourism, tourism and foreign investment.



Jeff Dalley, MBA, CPA, CGA
Director of Corporate Services
April 6, 2017


City of Yellowknife
Management's Responsibility for the Consolidated Financial Statements
For the year ended December 31, 2016

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.

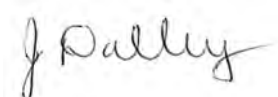
Administration maintains a system of internal accounting controls to ensure that transactions are accurately recorded on a timely basis, properly approved and result in reliable consolidated financial statements. There are limits inherent in all systems based on the recognition that the cost of such 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 Professional 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.



Sheila Bassi-Kellett
City Administrator



Jeff Dalley, MBA, CPA, CGA
Director of Corporate Services

City of Yellowknife
Audit Committee's Report
For the year ended December 31, 2016

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, 2016.



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, 2016, 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, 2016, 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.

April 24, 2017
Yellowknife, Northwest Territories



Chartered Professional Accountants



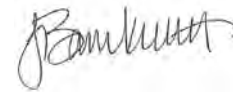
City of Yellowknife
Consolidated Statement of Financial Position
As at December 31, 2016

	<u>2016</u>	<u>2015</u>
Financial Assets		
Cash and Cash Equivalents (Note 3)	\$23,549,688	\$14,700,312
Investments	-	2,000,000
Grants Receivable (Note 4)	246,350	87,907
Taxes Receivable (Note 5)	1,060,775	1,843,016
Water and Sewer Receivable (Note 6)	1,092,996	1,297,937
Other Receivable (Note 7)	11,927,526	10,807,861
Local Improvement Charge Receivable (Note 8)	16,192,450	16,370,537
Land Held For Resale (Note 9)	4,920,821	5,389,410
Total Financial Assets	<u>58,990,606</u>	<u>52,496,980</u>
Liabilities		
Accounts Payable and Accrued Liabilities	6,717,206	6,525,706
Wages and Compensated Absences Payable (Note 10)	777,174	601,823
Retirement Benefits Liability (Note 11)	1,168,538	1,036,553
School Taxes Payable	2,561,196	2,487,840
Deposits Payable	1,273,611	1,210,981
Deferred Revenue (Note 12)	2,003,091	1,174,294
Long-term Debt (Note 13)	35,247,237	40,285,863
Provision for Landfill Closure (Note 14)	18,612,938	18,386,748
Total Liabilities	<u>68,360,991</u>	<u>71,709,808</u>
Net Financial Liabilities	<u>(9,370,385)</u>	<u>(19,212,828)</u>
Non-Financial Assets		
Tangible Capital Assets (Note 15)	280,866,256	273,654,492
Inventories	647,076	584,026
Prepays	540,795	525,918
Deferred Expenses - Protective Services (Note 16)	4,524	11,420
	<u>282,058,651</u>	<u>274,775,856</u>
Accumulated Surplus (Note 18)	<u>\$272,688,266</u>	<u>\$255,563,028</u>
Contingencies (Note 20)		
Commitments (Note 21)		

Approved by:



Mayor



City Administrator

City of Yellowknife
Consolidated Statement of Operations
For the year ended December 31, 2016

	2016 Budget (Unaudited Note 23)	2016 Actual	2015 Actual
Revenues			
Municipal Taxation			
Property Taxes	\$ -	\$ 30,452,544	\$ 29,853,969
Payments in Lieu of Taxes	-	5,804,626	5,724,037
Less: School Taxes	-	(10,171,323)	(9,944,495)
Net Municipal Taxation	25,932,757	26,085,847	25,633,511
User Fees and Sale of Goods	18,096,449	18,684,817	18,039,197
Land Sales	2,834,408	7,602,219	1,778,849
Government Transfers	422,000	632,414	448,546
Investment Income	120,000	437,276	193,654
Fines, Penalties and Cost of Taxes	1,333,558	1,010,218	1,115,805
Development Levies, Licenses and Permits	1,908,000	2,716,590	1,790,052
Franchise and Concessions Contracts	1,000,000	1,023,681	1,053,639
Total Revenues	51,647,172	58,193,062	50,053,253
Expenses			
General Government	5,128,082	4,755,295	5,361,171
Community Services	10,760,955	10,821,865	10,461,072
Corporate Services	6,197,073	5,822,662	5,586,246
Mayor and Council	648,788	578,292	527,260
Planning and Development	2,812,277	3,048,055	1,759,659
Public Safety	7,001,571	7,179,455	6,507,940
Public Works and Engineering	11,124,269	10,459,800	10,663,171
Solid Waste Facility	2,900,358	3,250,944	2,980,492
Water and Sewage	12,546,910	12,138,081	11,237,486
Interest on Long-term Debt	662,000	659,647	706,544
Total Expenses	59,782,283	58,714,096	55,791,041
Annual Deficit before Other	(8,135,111)	(521,034)	(5,737,788)
Contributed Tangible Capital Assets	-	4,989,553	8,598,616
Government Transfers Related to Capital	15,202,000	15,703,997	15,122,377
Minor Capital Expense	(2,974,543)	(3,047,278)	(3,689,253)
Annual Surplus after Other	4,092,346	17,125,238	14,293,952
Accumulated Surplus at Beginning of Year	255,563,028	255,563,028	241,269,076
Accumulated Surplus at End of Year	\$ 259,655,374	\$ 272,688,266	\$ 255,563,028

City of Yellowknife
Consolidated Statement of Changes in Net Financial Liabilities
For the year ended December, 31, 2016

	Budget 2016 (Unaudited)	Actual 2016	Actual 2015
Annual Surplus (Deficit)	\$ 4,092,346	\$ 17,125,238	\$ 14,293,952
Acquisition of Tangible Capital Assets	(16,855,741)	(20,120,993)	(21,731,560)
Amortization of Tangible Capital Assets	12,837,000	12,671,930	11,479,675
(Gain) Loss on Disposal of Tangible Capital Assets	-	110,899	(154,937)
Proceeds on Disposal of Tangible Capital Assets	-	126,400	262,399
	(4,018,741)	(7,211,764)	(10,144,423)
Changes In Inventories, Prepaid Expenses and Deferred Expenses - Protective Services	-	(71,031)	(20,626)
Changes in Net Financial Liabilities	73,605	9,842,443	4,128,903
Net Financial Liabilities, Beginning of Year	(19,212,828)	(19,212,828)	(23,341,731)
Net Financial Liabilities, End of Year	\$ (19,139,223)	\$ (9,370,385)	\$ (19,212,828)

City of Yellowknife
Consolidated Statement of Cash Flows
For the year ended December 31, 2016

	2016	2015
	Actual	Actual
Operations		
Annual Surplus (Deficit)	\$ 17,125,238	\$ 14,293,952
Non-cash changes to operations:		
Amortization	12,671,930	11,479,675
(Gain) Loss on Disposal of Tangible Capital Assets	110,899	(154,937)
Contributed Tangible Capital Assets	(4,989,553)	(8,598,616)
Retirement Benefits Liability	131,986	133,914
Provision for Landfill Closure	226,190	417,926
	25,276,690	17,571,914
Change in non-cash working capital balances related to operations:		
Grants Receivable	(158,443)	(10,000)
Taxes Receivable	782,241	(724,757)
Water and Sewer Receivable	204,941	(87,173)
Other Receivable	(3,308,999)	(244,248)
Local Improvement Charge Receivable	178,087	(663,388)
Land Held for Resale	468,589	404,350
Inventories	(63,053)	(13,857)
Prepays	(14,877)	(15,484)
Deferred Expenses - Protective Services	6,896	8,715
Accounts Payable and Accrued Liabilities	191,942	(3,215,363)
School Taxes Payable	73,356	34,196
Deposits Payable	62,630	143,606
Deferred Revenue	828,797	(204,119)
Wages and Compensated Absences Payable	175,351	(735,969)
	(572,542)	(5,323,491)
Net Cash provided from Operations	24,704,148	12,248,423
Capital		
Acquisitions of Tangible Capital Assets	(15,131,440)	(13,132,944)
Proceeds on Disposal of Tangible Capital Assets	126,400	262,399
Net Cash used for Capital	(15,005,040)	(12,870,545)
Investing		
Proceeds from Investments	2,000,000	10,258,971
Financing		
Long-term Debt Repayments	(2,849,732)	(2,106,781)
Increase (Decrease) in Cash and Cash Equivalents	8,849,376	7,530,068
Cash and Cash Equivalents, Beginning of Year	14,700,312	7,170,244
Cash and Cash Equivalents, End of Year (Note 3)	\$ 23,549,688	\$ 14,700,312

City of Yellowknife
Notes to the Consolidated Financial Statements
For the year ended December 31, 2016

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, 2016

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 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 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, 2016. 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, 2016

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, 2016

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 14, 2015.

City of Yellowknife
Notes to the Consolidated Financial Statements
For the year ended December 31, 2016

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, 2016

2. 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.

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.

City of Yellowknife
Notes to the Consolidated Financial Statements
For the year ended December 31, 2016

2. FUTURE ACCOUNTING CHANGES (CONTINUED)

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.

3. CASH AND CASH EQUIVALENTS

	<u>2016</u>	<u>2015</u>
Unrestricted		
Cash	\$ 14,398,583	\$ 6,979,402
Cash Held in Reserves	813,781	756,769
Investments in Money Market Funds	8,073,098	6,693,642
Restricted		
Cash Held in Trust (Note 24)	264,226	270,499
	<u>\$ 23,549,688</u>	<u>\$ 14,700,312</u>

City of Yellowknife
Notes to the Consolidated Financial Statements
For the year ended December 31, 2016

4. GRANTS RECEIVABLE

	2016	2015
Government of the Northwest Territories		
Economic Development Planning	\$ 25,000	\$ 25,000
Community Grants	-	10,000
District Energy	6,000	6,000
Thermal Buffer Tank Pellet Boiler	-	5,000
Property Assessment	125,000	-
Government of Canada		
Canadian Northern Economic Development - 50 Street Revitalization	-	17,500
Canadian Northern Economic Development - Eco-Housing	-	10,000
Canadian Northern Economic Development - Government Dock	-	10,000
Heritage Canada	10,000	
Deton'Cho Corporation - Twin Pine Trail	-	4,407
Federation of Canadian Municipalities - Community Energy Plan	80,350	-
	\$ 246,350	\$ 87,907

5. TAXES RECEIVABLE

	2016	2015
Property Taxes Receivable	\$ 2,688,096	\$ 3,435,643
Less: Allowance for Doubtful Taxes Receivable	(1,627,321)	(1,592,627)
	\$ 1,060,775	\$ 1,843,016

6. WATER AND SEWER RECEIVABLE

	2016	2015
Water and Sewer Receivables	\$ 1,520,535	\$ 1,715,923
Less: Allowance for Doubtful Accounts	(427,539)	(417,986)
	\$ 1,092,996	\$ 1,297,937

City of Yellowknife
Notes to the Consolidated Financial Statements
For the year ended December 31, 2016

7. OTHER RECEIVABLE

	<u>2016</u>	<u>2015</u>
Land Sales and Trade Accounts Receivables	\$ 9,314,369	\$ 5,722,707
Community Services Receivables	221,604	193,527
Municipal Enforcement Receivables	645,413	623,926
Northland Utilities Ltd. Power Distribution Franchise	1,074,865	1,106,321
Due From Homelessness Coalition - Bailey House Note 20 (c)	992,879	1,101,825
Due From Homelessness Coalition - Lynn's Place Note 20 (c)	-	2,189,334
GST Receivable	21,870	156,684
Other	599,109	587,943
	<u>12,870,109</u>	<u>11,682,267</u>
Less: Allowance for Doubtful Accounts	(942,583)	(874,406)
	<u>\$ 11,927,526</u>	<u>\$ 10,807,861</u>

8. LOCAL IMPROVEMENT CHARGE RECEIVABLE

	<u>2016</u>	<u>2015</u>
Niven Lake Subdivision - Phase 7	\$ 407,052	\$ 561,906
Yellowknife Condominium Corporation No. 8	15,785,398	15,808,631
	<u>\$ 16,192,450</u>	<u>\$ 16,370,537</u>

a) Niven Lake Subdivision - Phase 7

The City has levied a local improvement charge ("LIC") on certain properties in Blocks 308 and 309, Plan 4204, known as Stage 2, Phase 7, Niven Lake Subdivision to pay for the costs of infrastructure and other local improvements. Each owner of the affected properties is responsible for paying the LIC. The LIC 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, 2016

8. LOCAL IMPROVEMENT CHARGE RECEIVABLE (CONTINUED)

b) Yellowknife Condominium Corporation No. 8

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

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

9. LAND HELD FOR RESALE

Land held for resale is classified as a financial asset. Land held for resale has a market value of \$12,928,800 (2015 - \$15,991,092).

	2016	2015
Land Held for Resale - Financial Asset	\$ 4,920,821	\$ 5,389,410

10. WAGES AND COMPENSATED ABSENCES PAYABLE

	2016	2015
Accrued Wages and Compensated Absences		
Payroll (Advance)	\$ 66,615	\$ (85,306)
Vacation and Lieu Time	723,988	697,120
	790,603	611,814
Wage Assignments	(13,429)	(9,991)
	\$ 777,174	\$ 601,823

Payroll

The payroll period ending December 31, 2016 was paid on December 30, 2016. Accrued payroll is comprised of estimated retro pay to be paid out in 2017.

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.

City of Yellowknife
Notes to the Consolidated Financial Statements
For the year ended December 31, 2016

10. WAGES AND COMPENSATED ABSENCES PAYABLE (CONTINUED)

Wage Assignments

The wage assignment receivable is comprised of payments made by the City on behalf of employees as at December 31, 2016 that will be recovered by payroll deduction from the first payroll of 2017.

11. RETIREMENT BENEFITS LIABILITY

	<u>2016</u>	<u>2015</u>
Balance, Beginning of Year	\$ 1,036,553	\$ 902,639
Net Expense	218,935	311,180
Paid-Out	(86,950)	(177,266)
Balance, End of Year	<u>\$ 1,168,538</u>	<u>\$ 1,036,553</u>

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, 2016 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%

12. DEFERRED REVENUE

	<u>2015</u>	<u>Externally Restricted Inflows</u>	<u>Revenue Earned</u>	<u>2016</u>
Government Transfers				
Government of the Northwest Territories				
Community Capacity Building Fund	\$ 600,821	\$ -	\$ (273,486)	\$ 327,335
Library Grant	20,000	20,000	(20,000)	20,000
Sport and Recreation Grant	-	80,000	(51,352)	28,648
Property Assessment Contract	11,667	-	-	11,667
Government of Canada				
Department of Indian Affairs and Northern Development Canada	-	608	-	608
Canadian Northern Economic Development	237,055	-	(10,000)	227,055
Developer Contribution	-	1,049,760	-	1,049,760
Other	304,751	268,018	(234,751)	338,018
	<u>\$ 1,174,294</u>	<u>\$ 1,418,386</u>	<u>\$ (589,589)</u>	<u>\$ 2,003,091</u>

City of Yellowknife
Notes to the Consolidated Financial Statements
For the year ended December 31, 2016

13. LONG-TERM DEBT

	2016	2015
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.	\$ 700,662	\$ 799,063
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.	16,126,844	17,276,527
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.	693,197	738,983
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.	2,469,330	2,635,462
	19,990,033	21,450,035
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 20 (c).	992,879	1,101,825
Registered Mortgage #185,050 with the Northwest Territories Housing Corporation, transferred to The Young Women's Christian Association of Yellowknife. Note 20 (c).	-	2,189,334
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 8 (b).	13,445,358	14,672,434
TD Canada Trust Swap #920732T, authorized by By-law 4766 to finance the cost of local improvements on certain properties in Stage 2, Phase 7, Niven Lake Subdivision, with monthly payments of \$6,968 including principal & interest at 3.58%, expiring January 2029. Note 8 (a).	818,967	872,235
	\$ 35,247,237	\$ 40,285,863

City of Yellowknife
Notes to the Consolidated Financial Statements
For the year ended December 31, 2016

13. LONG-TERM DEBT (CONTINUED)

Debentures are covered by taxes and penalties levied, all grants and sundry revenues. Total interest payable in 2016 on long-term debt was \$671,825 (2015 - \$716,032). The estimated fair value of long-term debt at December 31, 2016 is \$33,665,216 (2015 - \$36,358,432). 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:

2017	\$	2,143,761
2018		2,217,581
2019		2,294,077
2020		2,373,356
2021		2,455,527
2022 and thereafter		23,762,935
	<u>\$</u>	<u>35,247,237</u>

14. PROVISION FOR LANDFILL CLOSURE

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

	<u>2016</u>	<u>2015</u>
Old Landfill Site	\$ 16,345,235	\$ 16,715,045
New Landfill - Cell A	2,267,703	1,671,703
	<u>\$ 18,612,938</u>	<u>\$ 18,386,748</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 \$16,345,235 (2015 - \$16,715,045) of which \$13,123,332 is for site closure activities and \$3,219,903 for post-closure care activities. The liability was reduced by \$369,809 to account for remediation activities that occurred in 2016. 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, 2016

14. PROVISION FOR LANDFILL CLOSURE (CONTINUED)

b) New Landfill - Cell A and Cell B

In 2016, the City built Cell B which has increased the capacity from 80,000 cubic meters to 196,000 cubic meters. Total closure and post-closure costs are estimated to be \$7,122,909 (2015 - \$2,907,309) of which \$4,721,009 (2015 - \$1,926,942) is for site closure activities and \$2,401,900 (2015 - \$980,367) for post-closure care activities. The City has included \$1,503,015 (2015 - \$1,107,992) for site closure costs and \$764,686 (2015 - \$563,711) for post-closure care costs. The remaining estimated life of the landfill is 10 years and monitoring will be required indefinitely. Of the total capacity of 196,000 cubic meters, 133,600 cubic meters (68%) remains.

15. TANGIBLE CAPITAL ASSETS

	Net Book Value	
	2016	2015
Land	\$ 35,852,653	\$ 35,913,767
Buildings	86,377,711	89,024,285
Roads & Sidewalks Infrastructure	36,960,326	36,617,360
Water & Sewer Infrastructure	95,226,089	90,017,979
Other Infrastructure	14,975,226	12,025,109
Vehicles	1,225,632	1,010,907
Equipment	8,938,948	8,332,571
Work in Progress	1,309,671	712,514
	\$ 280,866,256	\$ 273,654,492

In 2016, \$366,000 in buildings and \$4,623,553 in water and sewer infrastructure were contributed to the City. These contributions were recorded at their fair market value at the time received.

16. 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 2016, \$6,896 (2015 - \$8,715) was spent on training initiatives. The General Fund includes \$4,524 (2015 - \$11,420) to continue to fund these training initiatives.

17. DONATED LAND

During the year, the City donated a portion of land to Habitat for Humanity. The value of the land donated is \$60,890.

City of Yellowknife
Notes to the Consolidated Financial Statements
For the year ended December 31, 2016

18. ACCUMULATED SURPLUS

	2016	2015
Surplus		
Investment in Capital		
Tangible Capital Assets (Note 15)	\$ 280,866,256	\$ 273,654,492
Long-term Debt - Capital - General (Note 13)	(19,990,033)	(21,450,035)
	<u>260,876,223</u>	<u>252,204,457</u>
General Fund Balance	5,315,578	4,983,319
Land Development Fund Balance	4,453,124	2,590,788
Solid Waste Fund Balance	(16,375,666)	(16,629,637)
Utility Fund Balance	(793,471)	(1,134,835)
Capital Fund Balance	8,617,934	5,967,877
SCFA Fund Balance	665,502	73,649
Total Surplus	<u>262,759,224</u>	<u>248,055,618</u>
Reserves		
Downtown Development Reserve	592,804	572,444
Heritage Reserve	138,678	162,739
Information Technology Reserve	855,018	891,195
Major Community Facility Reserve	2,890,764	2,802,500
Mobile Equipment Replacement Reserve	3,019,865	2,858,044
Revitalization Initiative Reserve	1,952,462	-
Samuel Colley Library Donation Reserve	213,668	211,643
Twin Pine Hill Trail Reserve	265,783	8,845
Waterfront Development Reserve	-	-
Total Reserves	<u>9,929,042</u>	<u>7,507,410</u>
	<u>\$ 272,688,266</u>	<u>\$ 255,563,028</u>

19. 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, 2016

19. 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.
Revitalization Initiative Reserve:	Starting 2016, 30% of land sales is transferred to the Revitalization Initiative Reserve to target land assembly that supports revitalization initiatives within targeted areas.
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, 2016

19. FUNDS AND RESERVES (CONTINUED)

Reserves for operating and capital activities changed as follows:

	Opening Balance	Appropriations to (from) Reserves	Closing Balance
Downtown Development Reserve	\$ 572,444	\$ 20,360	\$ 592,804
Heritage Reserve	162,739	(24,061)	138,678
Information Technology Reserve	891,195	(36,177)	855,018
Major Community Facility Reserve	2,802,500	88,264	2,890,764
Mobile Equipment Replacement Reserve	2,858,044	161,821	3,019,865
Revitalization Initiative Reserve	-	1,952,462	1,952,462
Samuel Colley Library Donation Reserve	211,643	2,025	213,668
Twin Pine Hill Trail Reserve	8,845	256,938	265,783
Waterfront Development Reserve	-	-	-
	<u>\$ 7,507,410</u>	<u>\$ 2,421,632</u>	<u>\$ 9,929,042</u>

20. 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 exposure to most legal claims is not considered to be significant based on Canadian public sector accounting standards.

c) Mortgage

Construction of the Bailey House was completed in 2009, but transfer of title was delayed beyond December 31, 2009. 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, 2016, 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 \$992,879 (note 13) and other accounts receivable from the Homelessness Coalition of \$992,879 (note 7).

City of Yellowknife
Notes to the Consolidated Financial Statements
For the year ended December 31, 2016

20. 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 YWCA NWT and the NWT Housing Corporation, title and registered mortgage #185,050 is to transfer from the City to the YWCA NWT at the time of completion. Transfer of title occurred in 2016 and the mortgage has been discharged.

21. COMMITMENTS

a) Service Contracts

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

	<u>Total</u>
2017	\$ 4,599,344
2018	4,137,341
2019	3,179,166
2020	2,040,543
2021 and later	1,141,539
	<u><u>\$ 15,097,933</u></u>

b) Capital Contracts

The City regularly enters into contracts related to capital projects. The amounts below represent the uncompleted portions of these contracts as of December 31, 2016. The expected minimum payments for these contracts are:

	<u>Total</u>
2017	<u><u>\$ 1,605,765</u></u>

22. PENSION AGREEMENTS

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

City of Yellowknife
Notes to the Consolidated Financial Statements
For the year ended December 31, 2016

22. PENSION AGREEMENTS (CONTINUED)

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

	2016	2015
Employers' contribution	\$ 1,312,230	\$ 1,279,904
Employees' contribution	1,312,230	1,279,904
	\$ 2,624,460	\$ 2,559,808

Participating employers in the Plan, including the City are required to make contributions to the plan of 8% (2015 - 8%) of pensionable earnings, and to remit employee contributions of 8% (2015 - 8%). These contributions cover current service costs and a provision for adverse deviation.

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

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

As at January 1, 2016, the NEBS Pension Plan had a going concern surplus of \$12,500,000 (2015 - \$2,600,000) and a funded ratio of 109% (2016 - 102%). The Plan serves 2481 employee members and 93 participating employers.

23. 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 2016 Financial Plan reported all capital expenditures including tangible capital assets acquisitions as operations expenses.

Capital expenditures have been reclassified as follows:

	2016 Budget
Capital purchases as presented in the budget	\$ 20,492,284
Less: Acquisitions of Tangible Capital Assets	16,855,741
Less: Interest on Long-term Debt Related to Capital	662,000
Minor Capital Expense	\$ 2,974,543

City of Yellowknife
Notes to the Consolidated Financial Statements
For the year ended December 31, 2016

23. COMPARATIVE AMOUNTS (CONTINUED)

The annual surplus (deficit) as approved in the 2016 Financial Plan has been reclassified as follows:

	2016 Budget
Annual Surplus (Deficit) as presented in the budget	\$ (1,386,395)
Add: Acquisitions of Tangible Capital Assets	16,855,741
Add: Debt Repayment	1,460,000
Less: Amortization	12,837,000
Annual Surplus (Deficit)	<u>\$ 4,092,346</u>

24. CASH HELD IN TRUST

	2016	2015
McLennan Ross LLP for Firefighters' Training Alternative Measures Agreement	\$ 11,783	\$ 20,499
McLennan Ross LLP for Twin Pine Hill Escrow Agreement	252,443	250,000
	<u>\$ 264,226</u>	<u>\$ 270,499</u>

25. MEASUREMENT UNCERTAINTY

a) Liability for Contaminated Sites

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

The City had an environmental impairment assessment completed during the year and has determined no liability exists as of December 31, 2016.

On August 25, 2016, the City discovered a fuel spill on private property that resulted in contamination of City land. The extent of contamination and required remediation is unknown at the date of release of these financial statements.

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 on April 27, 2016.

City of Yellowknife
Consolidated Schedule of Tangible Capital Assets
For the year ended December 31, 2016

	Land	Buildings	Roads & Sidewalks Infrastructure	Water & Sewer Infrastructure	Other Infrastructure	Vehicles	Equipment	Work in Progress	Totals
Cost									
Balance, beginning 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
Add: Additions during year	-	656,268	3,883,808	9,064,110	3,791,305	409,287	1,719,058	597,157	20,120,993
Less: Disposals during year	61,114	-	283,893	-	-	212,315	321,379	-	878,701
Balance, End of year	35,852,653	126,290,132	74,217,869	173,374,493	20,811,800	3,228,973	18,247,025	1,309,671	453,332,616
Accumulated amortization									
Balance, beginning of year	-	36,609,579	34,000,594	74,292,404	4,995,386	2,021,094	8,516,775	-	160,435,832
Add: Amortization during the year	-	3,302,842	3,437,574	3,856,000	841,188	194,562	1,039,764	-	12,671,930
Less: Accumulated amortization on disposals	-	-	180,625	-	-	212,315	248,462	-	641,402
Balance, End of year	-	39,912,421	37,257,543	78,148,404	5,836,574	2,003,341	9,308,077	-	172,466,360
Net book value of Tangible Capital Assets	\$ 35,852,653	\$ 86,377,711	\$ 36,960,326	\$ 95,226,089	\$ 14,975,226	\$ 1,225,632	\$ 8,938,948	\$ 1,309,671	\$ 280,866,256

City of Yellowknife
Consolidated Schedule of Segment Disclosure
For the year ended December, 31, 2016

	2016 Budget (Unaudited)	General Government	Community Services	Corporate Services	Mayor and Council	Planning and Development	Subtotal
Revenues							
Property Taxation	\$ 25,932,757	\$ 26,085,847	\$ -	\$ -	\$ -	\$ -	\$ 26,085,847
User Fees, Licences and Permits, Sale of Goods, Levies, Fines and Penalties	21,338,007	316,936	2,217,424	659,399	1,349	1,679,920	4,875,028
Land Sales	2,834,408	-	-	-	-	7,602,219	7,602,219
Government Transfers	422,000	50,000	213,759	125,000	-	12,155	400,914
Other	1,120,000	1,242,228	-	-	-	218,729	1,460,957
Total Revenues	51,647,172	27,695,011	2,431,183	784,399	1,349	9,513,023	40,424,965
Expenses							
Amortization	12,837,000	587,360	1,954,669	-	-	-	2,542,029
Bad Debt	300,000	127,764	-	-	-	-	127,764
Bank Charges and Short-term Interest	186,900	189,945	-	-	-	-	189,945
Construction and Maintenance Supplies	769,300	-	-	-	-	-	-
Contracted and General Services	11,641,619	652,484	1,787,318	1,570,445	82,154	123,048	4,215,449
Loss (Gain) on Disposal of Tangible Capital Assets	-	106,186	-	-	-	4,713	110,899
Grants	418,000	-	417,563	-	-	-	417,563
Insurance	801,900	-	-	804,516	-	-	804,516
Interest on Long-term Debt	662,000	659,647	-	-	-	-	659,647
Land	1,240,947	-	-	-	-	1,586,305	1,586,305
Office and Administrative Supplies	572,500	68,357	43,349	137,222	130,085	959	379,972
Professional Services	200,000	104,479	-	106,238	-	-	210,717
Landfill Closure and Post-Closure	94,000	-	-	-	-	-	-
Salaries, Wages and Benefits	24,871,276	2,597,153	5,122,643	3,200,352	366,053	1,332,286	12,618,487
Transfers to Other Organizations	124,000	176,769	-	-	-	-	176,769
Utilities- Electricity	3,025,595	98,952	1,067,164	-	-	-	1,166,116
Utilities - Fuel	1,062,100	45,846	373,334	-	-	-	419,180
Vehicle Operations and Maintenance	975,146	-	55,825	3,889	-	744	60,458
Total Expenses	59,782,283	5,414,942	10,821,865	5,822,662	578,292	3,048,055	25,685,816
Annual Surplus (Deficit) before Other Contributed Tangible Capital Assets	(8,135,111)	22,280,069	(8,390,682)	(5,038,263)	(576,943)	6,464,968	14,739,149
Government Transfers Related to Capital Minor Capital	15,202,000	15,577,645	51,352	-	-	-	15,628,997
	2,974,543	43,672	36,717	429,529	-	118,463	628,381
Annual Surplus (Deficit) after Other	\$ 4,092,346	\$ 37,814,042	\$ (8,376,047)	\$ (5,467,792)	\$ (576,943)	\$ 6,346,505	\$ 29,739,765

City of Yellowknife
Consolidated Schedule of Segment Disclosure (CONTINUED)
For the year ended December, 31, 2016

	Subtotal Carried Forward	Public Safety	Public Works and Engineering	Solid Waster Facility	Water and Sewage	2016	2015
Revenues							
Property Taxation	\$ 26,085,847	\$ -	\$ -	\$ -	\$ -	\$ 26,085,847	\$ 25,633,512
User Fees, Licences and Permits Sale of Goods, Levies, Fines and Penalties	4,875,028	2,742,698	463,572	3,117,028	11,213,299	22,411,625	20,945,053
Land Sales	7,602,219	-	-	-	-	7,602,219	1,778,849
Government Transfers	400,914	-	-	7,500	224,000	632,414	448,546
Local Improvement Charges	-	-	-	-	-	-	-
Other	1,460,957	-	-	-	-	1,460,957	1,247,293
Total Revenues	40,424,965	2,742,698	463,572	3,124,528	11,437,299	58,193,062	50,053,253
Expenses							
Amortization	2,542,029	266,524	3,867,269	658,387	5,337,721	12,671,930	11,479,675
Bad Debt	127,764	-	-	-	-	127,764	233,132
Bank Charges and Short-term Interest	189,945	-	-	-	-	189,945	179,775
Construction and Maintenance Supplies	-	-	378,609	-	378,647	757,256	720,889
Contracted and General Services	4,215,449	437,831	2,682,305	881,859	2,390,441	10,607,885	10,530,584
Loss (Gain) on Disposal of Tangible Capital Assets	110,899	-	-	-	-	110,899	(154,937)
Grants	417,563	-	-	-	-	417,563	414,854
Insurance	804,516	-	-	-	-	804,516	773,894
Interest on Long-term Debt	659,647	-	-	-	-	659,647	706,544
Land	1,586,305	-	-	-	-	1,586,305	639,054
Office and Administrative Supplies	379,972	96,807	13,151	-	-	489,930	851,497
Professional Services	210,717	-	-	-	-	210,717	243,588
Landfill Closure and Post-Closure	-	-	-	595,999	-	595,999	417,926
Salaries, Wages and Benefits	12,618,487	6,117,183	2,869,909	950,399	2,154,013	24,709,991	23,882,786
Transfers to Other Organizations	176,769	-	-	-	-	176,769	118,762
Utilities- Electricity	1,166,116	62,339	51,749	62,017	1,453,410	2,795,631	2,766,716
Utilities - Fuel	419,180	36,632	48,539	33,676	315,815	853,842	928,622
Vehicle Operations and Maintenance	60,458	162,139	548,269	68,607	108,034	947,507	1,057,680
Total Expenses	25,685,816	7,179,455	10,459,800	3,250,944	12,138,081	58,714,096	55,791,041
Annual Surplus (Deficit) before Other	14,739,149	(4,436,757)	(9,996,228)	(126,416)	(700,782)	(521,034)	(5,737,788)
Contributed Tangible Capital Assets	-	-	-	-	4,989,553	4,989,553	8,598,616
Government Transfers Related to Capital	15,628,997	-	75,000	-	-	15,703,997	15,122,377
Minor Capital	628,381	372,555	559,686	244,646	1,242,010	3,047,278	3,689,253
Annual Surplus (Deficit) after Other	\$ 29,739,765	\$ (4,809,312)	\$ (10,480,914)	\$ (371,062)	\$ 3,046,761	\$ 17,125,238	\$ 14,293,952

City of Yellowknife
Consolidated Schedule of Government Transfers
For the year ended December, 31, 2016

	2016 Budget (Unaudited)	2016 Actual	2015 Actual
Government of Canada			
Gas Tax Agreement	\$ 5,273,000	\$ 5,272,500	\$ 4,519,000
YK Smart Community Grant (CanNor)	-	10,000	293,819
Giant Mine Air Quality Monitoring Station (DIAND)	-	12,155	-
District Heating (CanNor/AANDC)	-	-	200,000
New Year's Eve Celebration (Canadian Heritage)	-	100,000	-
	<u>5,273,000</u>	<u>5,394,655</u>	<u>5,012,819</u>
Government of the Northwest Territories			
MACA Formula Funding (not including insurance)	7,639,000	7,713,000	7,639,000
MACA Contribution Agreements			
Capital Grant	2,210,000	2,210,000	2,210,000
Property Assessment	125,000	125,000	125,000
Library Grant	105,000	105,000	105,000
Sports and Recreation Grant	80,000	51,352	80,000
Ground Ambulance and Highway Rescue	-	75,000	53,169
Library Renovation	-	-	-
Capital Area Development Plan	-	-	17,368
Waterfront Tourism Plan	-	-	-
Water and Sewer Services	131,000	224,000	131,000
Water License Renewal	-	-	20,000
Community Capacity Building Fund	-	273,486	51,388
Environment and Natural Resources Contribution Agreements			
Energy Conservation Program	-	-	50,000
Industry, Tourism and Investment Agreements			
Economic Development Officer	50,000	50,000	50,000
Park Signage	-	-	4,000
	<u>10,340,000</u>	<u>10,826,838</u>	<u>10,535,925</u>
Other Contribution Agreements	<u>1,000</u>	<u>114,918</u>	<u>22,179</u>
	<u>\$ 15,614,000</u>	<u>\$ 16,336,411</u>	<u>\$ 15,570,923</u>

City of Yellowknife
Schedule of Revenue and Expenditures
Gas Tax Agreement
For the year ended December, 31, 2016

	2016 Budget (Unaudited)	2016 Actual	2015 Actual
Revenue			
Government of Canada	\$ 5,273,000	\$ 5,272,500	\$ 4,519,000
Total Revenues	5,273,000	5,272,500	4,519,000
Expenditures			
Pumphouse Replacement/Water Treatment Plant	-	-	2,344,000
New Landfill Cell Construction	1,773,000	1,773,000	-
Water & Sewer Replacement	3,500,000	3,499,500	2,175,000
	-	-	-
Total Expenditure	5,273,000	5,272,500	4,519,000
Net Revenue	\$ -	\$ -	\$ -

Gas Tax Revenue of \$5,273,000 was received in 2016. There is no balance deferred as at December 31, 2016. No interest was earned 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, 2016

	2016 Budget (Unaudited)	2016 Actual	2015 Actual
Revenues			
Property Taxation	\$ 25,404,757	\$ 28,474,545	\$ 28,639,969
Payments in Lieu of Taxes			
Government of Canada	-	1,780,521	1,776,859
Government of the Northwest Territories	-	3,854,013	3,777,086
Crown Corporation	-	170,091	170,091
Total Payment in Lieu of Taxes	-	5,804,625	5,724,036
Total Property Taxation	25,404,757	34,279,170	34,364,005
Less: School Taxes	-	(10,171,323)	(9,944,495)
Net Municipal Taxation	25,404,757	24,107,847	24,419,510
User Fees and Sale of Goods	3,748,150	4,203,253	4,195,123
Government Transfers	366,000	400,914	300,178
Investment Income	100,000	218,547	172,180
Fines, Penalties and Cost of Taxes	1,171,500	932,161	1,012,554
Development Levies, Licenses and Permits	1,908,000	2,716,590	1,790,052
Franchise and Concessions Contracts	1,000,000	1,023,681	1,053,639
Total Revenues	33,698,407	33,602,993	32,943,236
Expenses			
General Government	5,128,082	4,755,295	5,361,172
Community Services	10,760,955	10,821,865	10,461,071
Corporate Services	6,197,073	5,822,662	5,586,246
Mayor and Council	648,788	578,292	527,261
Planning and Development	1,571,330	1,457,037	1,300,347
Public Safety	7,001,571	7,179,455	6,507,940
Public Works and Engineering	11,124,269	10,459,800	10,663,170
Total Operating Expenses	42,432,068	41,074,406	40,407,207
Net Expense	(8,733,661)	(7,471,413)	(7,463,971)
Interfund Transfers			
From Water and Sewer Fund	1,154,200	1,154,000	1,126,000
From Solid Waster Fund	317,800	-	-
From Land Development Fund	179,400	179,000	175,000
From (To) Reserves	(75,000)	(381,333)	34,709
	1,576,400	951,667	1,335,709
Decrease in Fund Balance			
Before Reallocation of Expenses Related to Investment in Tangible Capital Assets	(7,157,261)	(6,519,746)	(6,128,262)
Reallocation of Expenses Related to Investment in Tangible Capital Assets	6,992,000	6,852,005	6,594,014
Increase in Fund Balance	(165,261)	332,259	465,752
Opening Fund Balance	4,983,319	4,983,319	4,517,567
Closing Fund Balance	\$ 4,818,058	\$ 5,315,578	\$ 4,983,319

City of Yellowknife
Schedule of Fund Activities and Change in Fund Balance
LAND DEVELOPMENT FUND
For the year ended December, 31, 2016

	2016 Budget (Unaudited)	2016 Actual	2015 Actual
Revenues			
User Fees and Sale of Goods	\$ 232,000	\$ 447,810	\$ 222,332
Land Sales	2,834,408	7,602,219	1,778,849
Government Transfers	-	-	17,368
Total Revenues	3,066,408	8,050,029	2,018,549
Expenses			
Land Development	1,240,947	1,591,018	459,314
Total Expenditures	1,240,947	1,591,018	459,314
Net Revenue	1,825,461	6,459,011	1,559,235
Interfund Transfer			
To Capital Fund	(3,500,000)	(2,518,827)	(341,705)
To General Fund	(179,400)	(179,000)	(175,000)
To Reserves	-	(1,959,962)	-
	(3,679,400)	(4,657,789)	(516,705)
Increase (Decrease) in Fund Balance Before Reallocation of Expenses Related to Investment in Tangible Capital Assets	(1,853,939)	1,801,222	1,042,530
Reallocation of Expenses Related to Investment in Tangible Capital Assets	-	61,114	82,660
Increase (decrease) in Fund Balance	(1,853,939)	1,862,336	1,125,190
Opening Fund Balance	2,590,788	2,590,788	1,465,598
Closing Fund Balance	\$ 736,849	\$ 4,453,124	\$ 2,590,788

City of Yellowknife
Schedule of Fund Activities and Change in Fund Balance
SOLID WASTE MANAGEMENT FUND
For the year ended December, 31, 2016

	2016 Budget (Unaudited)	2016 Actual	2015 Actual
Revenues			
User Fees and Sale of Goods	\$ 2,749,800	\$ 2,839,028	\$ 2,993,879
Government Transfers	-	7,500	-
Total Revenues	2,749,800	2,846,528	2,993,879
Expenses			
Environmental and Public Health Services	2,806,358	2,654,945	2,562,565
Landfill Closure and Post-Closure Expense	94,000	595,999	417,926
Total Expenses	2,900,358	3,250,944	2,980,491
Net Revenue (Expense)	(150,558)	(404,416)	13,388
Interfund Transfer			
To General Fund	(317,800)	-	-
Decrease in Fund Balance Before Reallocation of Amortization of Investment in Tangible Capital Assets	(468,358)	(404,416)	13,388
Reallocation of Amortization	661,000	658,387	652,045
Increase (decrease) in Fund Balance	192,642	253,971	665,433
Opening Fund Balance	(16,629,637)	(16,629,637)	(17,295,070)
Closing Fund Balance	\$ (16,436,995)	\$ (16,375,666)	\$ (16,629,637)

City of Yellowknife
Schedule of Fund Activities and Change in Fund Balance
WATER AND SEWER FUND
For the year ended December, 31, 2016

	2016 Budget (Unaudited)	2016 Actual	2015 Actual
Revenues			
User Fees and Sale of Goods	\$ 7,277,899	\$ 7,333,368	\$ 6,389,734
Fines and Penalties	162,058	78,057	103,252
Government Transfers	131,000	224,000	131,000
Total Revenues	<u>7,570,957</u>	<u>7,635,425</u>	<u>6,623,986</u>
Expenses			
Water and Sewage	11,470,910	11,477,782	10,273,404
Total Expenses	<u>11,470,910</u>	<u>11,477,782</u>	<u>10,273,404</u>
Net Expense	(3,899,953)	(3,842,357)	(3,649,418)
Interfund Transfer			
To General Fund	(1,154,200)	(1,154,000)	(1,126,000)
Decrease in Fund Balance Before Reallocation of Expenses Related to Investment in Tangible Capital Assets	<u>(5,054,153)</u>	<u>(4,996,357)</u>	<u>(4,775,418)</u>
Reallocation of Amortization	5,184,000	5,337,721	4,258,418
Increase (Decrease) in Fund Balance	<u>129,847</u>	<u>341,364</u>	<u>(517,000)</u>
Opening Fund Balance	(1,134,835)	(1,134,835)	(617,835)
Closing Fund Balance	<u>\$ (1,004,988)</u>	<u>\$ (793,471)</u>	<u>\$ (1,134,835)</u>

City of Yellowknife
Schedule of Fund Activities and Change in Fund Balance
CAPITAL FUND
For the year ended December, 31, 2016

	2016 Budget (Unaudited)	2016 Actual	2015 Actual
Revenue			
Property Taxation	\$ 528,000	\$ 1,978,000	\$ 1,214,000
Government Transfers	15,202,000	15,703,997	15,122,377
User Fees and Sales of Goods	2,829,000	2,827,935	3,064,991
Total Revenues	18,559,000	20,509,932	19,401,368
Expenditures			
General Government	712,000	703,318	750,523
Corporate Services	484,000	601,800	1,132,713
Public Safety	417,000	636,874	388,598
Public Works and Engineering	6,320,184	5,088,380	2,612,334
Planning and Development	3,500,000	2,871,549	982,254
Community Services	292,000	192,540	2,396,355
Solid Waste Facility	4,787,100	3,807,693	539,600
Water and Sewage	3,980,000	9,925,708	17,325,055
Total Expenditures	20,492,284	23,827,862	26,127,432
Net Revenue (Expenditures) before Other	(1,933,284)	(3,317,930)	(6,726,064)
Contributed Tangible Capital Assets	-	4,989,553	8,598,616
Net Revenue (Expenditures) after Other	(1,933,284)	1,671,623	1,872,552
Interfund Transfers			
(To) From Information Technology Reserve	(16,000)	36,177	(83,997)
(To) From Land Fund	3,500,000	2,518,827	341,705
(To) From Major Community Facility Reserve	-	-	(600,000)
(To) From Mobile Equipment Replacement Reserve	(629,000)	(161,821)	(807,510)
(To) From Twin Pine Hill Trail Reserve	-	-	13,253
(To) From Downtown Development Reserve	-	37,807	-
(To) From Revitalization Reserve	-	7,501	-
	2,855,000	2,438,491	(1,136,549)
	921,716	4,110,114	736,003
Less: Debt Repayment	(1,460,000)	(1,460,057)	(1,414,516)
Increase (Decrease) in Fund Balance	(538,284)	2,650,057	(678,513)
Opening Fund Balance	5,967,877	5,967,877	6,646,390
Closing Fund Balance	\$ 5,429,593	\$ 8,617,934	\$ 5,967,877

City of Yellowknife
Schedule of Fund Activities and Change in Fund Balance
SERVICE CONNECTION FAILURE ASSISTANCE FUND
For the year ended December, 31, 2016

	2016 Budget (Unaudited)	2016 Actual	2015 Actual
Revenues			
User Fees and Sale of Goods	\$ 1,204,600	\$ 1,252,152	\$ 1,194,612
Total Revenues	1,204,600	1,252,152	1,194,612
Expenses			
Water and Sewage	1,076,000	660,299	964,081
Total Expenditures	1,076,000	660,299	964,081
Net Revenue (Expense)	128,600	591,853	230,531
Opening Fund Balance	73,649	73,649	(156,882)
Closing Fund Balance	\$ 202,249	\$ 665,502	\$ 73,649

City of Yellowknife
Schedule of Fund Activities and Change in Fund Balance
RESERVES
For the year ended December 31, 2016

	2016 Budget (Unaudited)	2016 Actual	2015 Actual
Net Interfund Transfers			
(To) From General Fund			
Downtown Development Reserve	\$ 15,000	\$ 58,167	\$ 95,300
Heritage Reserve	-	(24,061)	38,054
Samuel Colley Library Donation	-	2,025	2,193
Twin Pine Hill Trail Reserve	-	256,938	(247,335)
Major Community Facility Reserve	60,000	88,264	77,098
	<u>75,000</u>	<u>381,333</u>	<u>(34,690)</u>
(To) From Land Fund			
Revitalization Initiative Reserve	-	1,959,962	-
(To) From Capital Fund			
Information Technology Reserve	16,000	(36,177)	83,997
Major Community Facility Reserve	-	-	600,000
Mobile Equipment Replacement Reserve	629,000	161,821	807,510
Twin Pine Hill Trail Reserve	-	-	(13,253)
Downtown Development Reserve	-	(37,807)	-
Revitalization Initiative Reserve	-	(7,500)	-
	<u>645,000</u>	<u>80,337</u>	<u>1,478,254</u>
Increase in Reserves	<u>720,000</u>	<u>2,421,632</u>	<u>1,443,564</u>
Opening Reserves Balance	<u>7,507,410</u>	<u>7,507,410</u>	<u>6,063,846</u>
Closing Reserves Balance	<u>8,227,410</u>	<u>9,929,042</u>	<u>7,507,410</u>
Reserve Balances			
Downtown Development Reserve	507,000	592,804	572,444
Heritage Reserve	125,000	138,678	162,739
Information Technology Reserve	626,000	855,018	891,195
Major Community Facility Reserve	2,845,000	2,890,764	2,802,500
Mobile Equipment Replacement Reserve	2,661,000	3,019,865	2,858,044
Revitalization Initiative Reserve	-	1,952,462	-
Samuel Colley Library Donation Reserve	210,000	213,668	211,643
Twin Pine Hill Trail Reserve	270,000	265,783	8,845
Waterfront Development Reserve	-	-	-
	<u>\$ 7,244,000</u>	<u>\$ 9,929,042</u>	<u>\$ 7,507,410</u>

City of Yellowknife
Schedule of Salaries, Honoraria and Travel
For the year ended December, 31, 2016

Position	Salary	Honoraria	Travel	Annual Indemnity	Total
Mayor	\$ 94,645	\$ -	\$ 3,738	\$ 37,824	\$ 136,207
Deputy Mayor	19,521	1,300	2,728	9,210	32,759
Councillor	18,682	-	-	8,805	27,487
Councillor	18,411	1,560	3,050	8,592	31,613
Councillor	17,216	-	-	8,592	25,808
Councillor	18,411	-	-	8,592	27,003
Councillor	18,411	1,690	2,173	8,592	30,866
Councillor	18,411	-	-	8,592	27,003
Councillor	18,411	3,380	6,007	8,592	36,390
	\$ 242,119	\$ 7,930	\$ 17,696	\$ 107,391	\$ 375,136



CITY OF
YELLOWKNIFE

Statistical Section 2016

For the year ended

December 31, 2016

Unaudited



City of Yellowknife - Statistical Section
For the year ended December 31, 2016
(Unaudited)

Consolidated Statement of Operations - 5 Year Comparative

	2016	2015	2014 (Restated)	2013	2012
Revenue					
Municipal Taxes	\$ 26,085,847	\$ 25,633,511	\$ 25,371,852	\$ 23,587,839	\$ 23,274,513
User Fees	18,684,817	18,039,197	17,713,239	16,615,457	16,209,507
Land Sales	7,602,219	1,778,849	3,697,117	4,335,237	9,884,605
Government Transfers	632,414	448,546	351,045	291,302	500,000
Government Transfers Related to Capital	15,703,997	15,122,377	16,906,676	20,125,636	15,013,335
Investment Income	437,276	193,654	625,277	661,352	267,282
Fines, Penalties and Cost of Taxes	1,010,218	1,115,805	1,144,979	1,105,943	1,109,880
Development Levies, Licenses and Permits	2,716,590	1,790,052	1,491,573	1,817,462	1,677,215
Franchise Fee	1,023,681	1,053,639	927,589	955,451	949,602
Contributed Tangible Capital Assets	4,989,553	8,598,616	-	-	-
Total Revenues	78,886,612	73,774,246	68,229,347	69,495,679	68,885,939
Expenses					
General Government	4,755,295	5,361,171	4,987,080	4,283,415	4,475,056
Community Services	10,821,865	10,461,072	10,367,658	10,047,479	9,267,038
Corporate Services	5,822,662	5,586,246	5,405,857	5,329,928	4,631,445
Mayor and Council	578,292	527,260	550,574	506,313	522,681
Planning and Development	3,048,055	1,759,659	1,652,808	2,864,701	5,603,036
Public Safety	7,179,455	6,507,940	6,083,403	5,960,764	5,563,020
Public Works and Engineering	10,459,800	10,663,171	10,255,616	10,064,694	9,789,446
Solid Waste Facility	3,250,944	2,980,492	18,923,410	2,748,982	3,047,423
Water and Sewage	12,138,081	11,237,486	11,050,093	10,445,499	9,210,289
Minor Capital	3,047,278	3,689,253	4,537,902	4,619,654	3,465,589
Interest on Long-term Debt	659,647	706,544	757,752	462,970	112,524
	61,761,374	59,480,294	74,572,153	57,334,399	55,687,547
Net Revenue	17,125,238	14,293,952	(6,342,806)	12,161,280	13,198,392
Accumulated Surplus at Beginning of Year	255,563,028	241,269,076	247,611,882	235,450,602	222,252,210
Accumulated Surplus at End of Year	\$ 272,688,266	\$ 255,563,028	\$ 241,269,076	\$ 247,611,882	\$ 235,450,602

City of Yellowknife - Statistical Section
For the year ended December 31, 2016
(Unaudited)

Fund Balances - 5 Year Comparative

	2016	2015	2014 (Restated)	2013	2012
Changes in Fund Balances					
General	\$ 332,259	\$ 465,752	\$ 1,094,057	\$ 523,968	\$ 618,492
Land Development	1,862,336	1,125,190	1,781,649	882,231	1,337,888
Solid Waste Management	253,971	665,433	(15,591,123)	(26,620)	(775,491)
Water and Sewer	341,364	(517,000)	(317,587)	(160,712)	242,749
Service Connection Failure Assistance	591,853	230,531	(156,882)	-	(32,900)
Capital	2,650,057	(678,513)	(25,126,195)	24,476,822	662,092
Reserves					
Downtown Development	20,360	95,300	12,207	62,102	36,364
Heritage Committee	(24,061)	38,054	16,638	36,725	15,463
Information Technology	(36,177)	83,997	22,513	91,599	65,972
Major Community Facility	88,264	677,098	904,332	1,186,000	783,497
Mobile Equipment Replacement	161,821	807,510	290,885	350,619	(50,856)
Samuel Colley Library Donation	2,025	2,193	2,373	2,314	2,350
Twin Pine Hill Trail	256,938	(260,588)	3,365	(1,084)	3,325
Waterfront Development	-	-	(80,338)	-	-
	<u>\$ 6,501,010</u>	<u>\$ 2,734,957</u>	<u>\$ (37,144,106)</u>	<u>\$ 27,423,964</u>	<u>\$ 2,908,945</u>
Fund Balances					
General	\$ 5,315,578	\$ 4,983,319	\$ 4,517,567	\$ 3,423,510	\$ 2,899,542
Land Development	4,453,124	2,590,788	1,465,598	(316,051)	(1,198,282)
Solid Waste Management	(16,375,666)	(16,629,637)	(17,295,070)	(1,703,947)	(1,677,327)
Water and Sewer	(793,471)	(1,134,835)	(617,835)	(300,248)	(139,536)
Service Connection Failure Assistance	665,502	73,649	(156,882)	-	-
Capital	8,617,934	5,967,877	6,646,390	31,772,585	7,295,763
Reserves					
Downtown Development	592,804	572,444	477,144	464,937	402,835
Heritage Committee	138,678	162,739	124,685	108,047	71,322
Information Technology	855,018	891,195	807,198	784,685	693,086
Major Community Facility	2,890,764	2,802,500	2,125,402	1,221,070	35,070
Mobile Equipment Replacement	3,019,865	2,858,044	2,050,534	1,759,649	1,409,030
Revitalization Initiative	1,952,462	-	-	-	-
Samuel Colley Library Donation	213,668	211,643	209,450	207,077	204,763
Twin Pine Hill Trail	265,783	8,845	269,433	266,068	267,152
Waterfront Development	-	-	-	80,338	80,338
	<u>\$ 11,812,043</u>	<u>\$ 3,358,571</u>	<u>\$ 623,614</u>	<u>\$ 37,767,720</u>	<u>\$ 10,343,756</u>

City of Yellowknife - Statistical Section
For the year ended December 31, 2016
(Unaudited)

Net Financial Assets (Liabilities) - 5 Year Comparative

	2016	2015	2014	2013	2012
Financial Assets	\$ 58,990,606	\$ 52,496,980	\$ 53,900,667	\$ 71,663,549	\$ 33,181,561
Financial Liabilities	(68,360,991)	(71,709,808)	(77,242,398)	(59,389,367)	(25,633,823)
	<u>\$ (9,370,385)</u>	<u>\$ (19,212,828)</u>	<u>\$ (23,341,731)</u>	<u>\$ 12,274,182</u>	<u>\$ 7,547,738</u>

Government Transfers - 5 Year Comparative

	2016	2015	2014	2013	2012
GNWT - Formula Funding	\$ 7,713,000	\$ 7,639,000	\$ 7,422,000	\$ 7,332,000	\$ 7,137,666
GNWT Capital Grants	2,210,000	2,210,000	2,210,000	2,210,190	2,210,000
Community Capacity Building Fund	-	-	-	-	-
Gas Tax Agreement	5,272,500	4,519,000	6,454,311	9,535,806	4,111,760
Municipal Rural Infrastructure Fund	-	-	-	-	-
Other	1,140,911	1,202,923	1,171,410	1,339,942	2,053,909
	<u>\$ 16,336,411</u>	<u>\$ 15,570,923</u>	<u>\$ 17,257,721</u>	<u>\$ 20,417,938</u>	<u>\$ 15,513,335</u>

City of Yellowknife - Statistical Section
For the year ended December 31, 2016
(Unaudited)

Expenses by Object - 5 Year Comparative

	2016	2015	2014 (Restated)	2013	2012
Amortization	\$ 12,671,930	\$ 11,479,675	\$ 10,791,145	\$ 10,490,683	\$ 8,942,086
Bad Debt	127,764	233,132	299,937	346,069	293,897
Bank Charges and Short-term interest	189,945	179,775	220,251	203,104	171,210
Minor Capital	3,047,278	3,689,253	4,537,902	4,619,654	3,465,589
Construction and Maintenance					
Supplies	757,256	720,889	890,622	726,316	681,196
Contracted and General Services	10,607,885	10,530,584	10,789,395	10,427,094	9,503,467
Grants	417,563	414,854	418,000	412,000	419,000
Insurance	804,516	773,894	738,238	770,952	725,122
Interest on Long-term Debt	659,647	706,544	757,752	462,970	112,524
Land	1,586,305	639,054	217,199	1,492,725	4,041,099
Landfill Closure and Post-Closure	595,999	417,926	16,100,119	93,549	444,434
Loss (Gain) on Disposal of Tangible Capital Assets	110,899	(154,937)	581,750	179,163	344,529
Office and Administrative					
Supplies	489,930	851,497	476,557	484,772	505,286
Professional Services	210,717	243,588	139,434	207,392	284,301
Salaries, Wages and Benefits	24,709,991	23,882,786	22,784,053	22,129,286	21,720,786
Transfers to Other Organizations	176,769	118,762	101,659	107,480	98,010
Utilities - Electricity	2,795,631	2,766,716	2,366,285	2,037,844	1,869,124
Utilities - Fuel	853,842	928,622	1,226,572	1,172,380	1,069,167
Vehicle Operations and Maintenance	947,507	1,057,680	1,135,283	970,966	996,720
	<u>\$ 61,761,374</u>	<u>\$ 59,480,294</u>	<u>\$ 74,572,153</u>	<u>\$ 57,334,399</u>	<u>\$ 55,687,547</u>

City of Yellowknife - Statistical Section
For the year ended December 31, 2016
(Unaudited)

Capital Financing - 5 Year Comparative

	2016	2015	2014	2013	2012
Revenue					
Municipal Taxes	\$ 1,978,000	\$ 1,214,000	\$ 1,645,000	\$ 1,695,585	\$ 1,812,000
Government Transfers Related to Capital	15,703,997	15,122,377	16,906,676	20,125,636	15,197,542
User Fees	2,827,935	3,064,991	3,214,260	3,136,987	3,115,752
Contributed Tangible Capital Assets	4,989,553	8,598,616	-	-	-
	<u>25,499,485</u>	<u>27,999,984</u>	<u>21,765,936</u>	<u>24,958,208</u>	<u>20,125,294</u>
Debt Issued	-	-	-	24,879,995	-
Debt Principal Repayments	(1,460,057)	(1,414,516)	(1,609,419)	(2,159,209)	(649,409)
Fund Transfers	2,438,491	(1,136,549)	767,717	262,913	4,019,723
Fund Balance Used (Accumulated)	(2,650,057)	678,513	25,126,195	24,476,822	662,092
Total Revenues	<u><u>23,827,862</u></u>	<u><u>26,127,432</u></u>	<u><u>46,050,429</u></u>	<u><u>23,465,085</u></u>	<u><u>22,833,516</u></u>
Expenses					
General Government	43,671	43,979	97,775	72,193	17,000
Community Services	192,540	2,396,355	1,857,382	1,277,308	2,509,996
Corporate Services	601,800	1,132,713	2,021,553	1,692,965	1,422,859
Planning and Development	2,871,549	982,254	2,982,074	2,823,271	7,283,106
Public Safety	636,874	388,598	147,571	307,287	711,508
Public Works and Engineering	5,088,380	2,612,334	4,575,057	5,212,569	3,358,778
Solid Waste Facility	3,807,693	539,600	1,598,034	382,245	454,051
Water and Sewage	9,925,708	17,325,055	31,982,231	11,234,277	6,963,694
Interest on Long-term Debt	659,647	706,544	757,752	462,970	112,524
	<u><u>\$ 23,827,862</u></u>	<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>

City of Yellowknife - Statistical Section
For the year ended December 31, 2016
(Unaudited)

Analysis of Property Assessment and Taxation Schedule - 5 Year Comparative

	2016	2015	2014	2013	2012
Revenue					
Assessed Value of Property (in '000's)*	\$ 3,080,126	\$ 3,073,811	\$ 2,973,127	\$ 2,972,244	\$ 2,067,140
Municipal Mill Rates					
Residential	6.00	6.00	6.00	8.48	8.48
Multi-Residential	6.35	6.35	6.35	9.12	9.12
Commercial/Industrial	12.78	12.78	12.78	15.52	15.52
Mining/Quarrying	16.69	16.69	16.69	17.53	17.53
High Density Parking	6.67	6.67	6.67	8.10	8.10
Agriculture	6.12	6.12	6.12	8.48	8.48
School Mill Rate	3.34	3.34	3.34	4.64	4.64
 Municipal Tax Levy	 \$ 26,085,847	 \$ 25,633,511	 \$ 25,371,852	 \$ 23,587,839	 \$ 23,274,512
Taxes Collected and Transferred to					
Local School Boards					
Public School Board	\$ 6,081,339	\$ 5,886,522	\$ 5,770,935	\$ 5,696,835	\$ 5,614,346
Separate School Board	4,089,984	4,057,973	4,025,462	3,761,917	3,702,658
	<u>\$ 10,171,323</u>	<u>\$ 9,944,495</u>	<u>\$ 9,796,397</u>	<u>\$ 9,458,752</u>	<u>\$ 9,317,004</u>
 Median Residential Property Tax Bill					
(based on average residential home in Yellowknife)					
Municipal Taxes	\$ 1,757	\$ 1,738	\$ 1,738	\$ 1,640	\$ 1,658
School Taxes	978	967	967	897	907
	<u>\$ 2,735</u>	<u>\$ 2,705</u>	<u>\$ 2,705</u>	<u>\$ 2,537</u>	<u>\$ 2,565</u>
 Outstanding Property Taxes**	 \$ 1,060,775	 \$ 1,843,016	 \$ 1,118,259	 \$ 750,699	 \$ 644,151
Outstanding Property Taxes as a Percentage of the Tax Levy	2.9 %	5.2 %	3.2 %	2.3 %	2.0 %

*Includes taxable and grantable properties only.

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

City of Yellowknife - Statistical Section
For the year ended December 31, 2016
(Unaudited)

Principal Corporate Taxpayers

	2016	2015	Percent of 2016 Total
Northern Property REIT & Urbco Inc.	\$ 2,299,336	\$ 2,305,766	6.34 %
Dundeal Canada West (GP) Inc	\$ 1,068,409	\$ 1,070,196	2.95 %
Polar Developments Ltd & 5119 NWT Ltd	\$ 504,482	\$ 316,719	1.39 %
RTL Robinson Enterprises Ltd and Robinson Trucking Ltd	\$ 466,145	\$ 466,145	1.29 %
HREIT Holdings 18 Corp. and 32 Corp.	\$ 348,301	\$ 348,301	0.96 %
Gold Bar Development & Andromeda Investment Ltd.	\$ 333,300	\$ 333,300	0.92 %
4912 NWT Ltd o/a Explorer Hotel	\$ 331,831	\$ 331,831	0.92 %
Northwestel Inc.	\$ 330,232	\$ 345,412	0.91 %
Yellowknife Dairies Ltd	\$ 255,484	\$ 255,484	0.70 %
Royal Host GP Inc (Yellowknife Inn)	\$ 213,589	\$ 213,589	0.59 %

Analysis of Long-term Debt - 5 Year Comparative

	2016	2015	2014	2013	2012
Debt Outstanding*					
Supported by Property Taxes	\$ 19,990,033	\$ 21,450,034	\$ 22,864,605	\$ 24,474,024	\$ 1,753,238
Supported by Local Improvement Charges	14,264,325	15,544,669	16,031,019	15,528,451	-
	<u>\$ 34,254,358</u>	<u>\$ 36,994,703</u>	<u>\$ 38,895,624</u>	<u>\$ 40,002,475</u>	<u>\$ 1,753,238</u>
Legal Debt Limit**	\$ 117,737,416	\$ 122,300,416	\$ 117,379,066	\$ 126,860,000	\$ 114,676,000
Per Capita Debt					
Supported by Property Taxes	\$ 954	\$ 1,039	\$ 1,147	\$ 1,206	\$ 89
Supported by Local Improvement Charges	681	753	804	765	-
	<u>\$ 1,635</u>	<u>\$ 1,792</u>	<u>\$ 1,951</u>	<u>\$ 1,971</u>	<u>\$ 89</u>
Interest and Principal Repayments as a Percentage of Total Expenses***					
Capital	3.4 %	3.6 %	3.2 %	4.6 %	1.4 %
Debt Burden (Overlapping Debt)					
City***	\$ 19,990,033	\$ 21,450,034	\$ 22,864,605	\$ 24,474,024	\$ 1,753,238
Public School Board****	-	-	-	-	-
Separate School Board****	2,369,017	3,189,515	3,969,156	4,710,149	5,414,515
	<u>\$ 22,359,050</u>	<u>\$ 24,639,549</u>	<u>\$ 26,833,761</u>	<u>\$ 29,184,173</u>	<u>\$ 7,167,753</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 - Statistical Section
For the year ended December 31, 2016
(Unaudited)

Community Profile - 5 Year Comparative

	2016	2015	2014	2013	2012
Population*					
Population	20,960	20,637	19,940	20,300	19,752
Households**	7,581	7,581	7,581	7,581	7,581
Construction Values (in '000's)					
Residential	\$ 43,444	\$ 40,487	\$ 22,761	\$ 33,083	\$ 34,696
Commercial/Industrial	159,840	32,681	18,856	69,188	16,987
	\$ 203,284	\$ 73,168	\$ 41,617	\$ 102,271	\$ 51,683
City Employees					
Continuous full time	185	186	190	186	183
Per 1,000 population	8.8	9.0	9.5	9.2	9.3
Employee Turnover	16 %	14 %	13 %	10 %	17 %
City Infrastructure (kms)					
Paved roads and alleys	83.2	85.4	75.3	75.3	77.1
Unpaved roads and alleys	24.7	22.3	30.7	30.7	41.1
	107.9	107.7	106.0	106.0	118.2
Water lines	76.1	76.1	75.5	75.5	74.1
Sewer lines	63.2	63.0	63.0	63.0	62.0
Storm drain lines	21.5	21.5	21.5	21.5	21.0
Fire hydrants (number of)	350	348	327	327	326

*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.