



2008

FINANCIAL REPORT  
December 31, 2008



**YELLOWKNIFE LIFE**



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## City of Yellowknife Financial Report

For the year ended December 31, 2008

Prepared by the City of Yellowknife,

Department of Corporate Services

4807 - 52nd Street Yellowknife, NT Canada (867) 920-5600



**Yellowknife**  
DIAMOND CAPITAL  
of NORTH AMERICA™

### Cover Photos

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# *Summary of 2008 Financial Statements*

The following condensed financial statements are derived from the City's Audited Financial Report which is prepared according to Canadian Generally Accepted Accounting Principles. The financial statements are the responsibility of management.

The Auditor's responsibility is to express an opinion on these financial statements based on their audit. Visit City Hall or the City website to see the Audited Financial Report, which contains the complete audited financial statements and other key financial information.



# MANAGEMENT DISCUSSION AND ANALYSIS

December 31, 2007

## SUMMARY

The City is managing its financial resources in a prudent manner during a period of reduced economic growth and a general global economic downturn. In 2008 the City has managed to maintain a sound financial position with Fund and Reserve balances of \$16.5 million (2007 - \$18.1 million) as of December 31. The City is also continuing its good progress in reducing reliance on long-term debt to fund core capital funding obligations. The City's long term capital debt was \$5.0 million compared to \$6.4 million in 2007; a reduction of 22%. The City acquired a mortgage of \$1.75 million to complete construction of Bailey House in 2008. By contract, this loan will be assumed by the Governing Council of the Salvation Army in Canada upon transfer of ownership.

Less than anticipated land sales have seen the Land Development Fund balance reduced to \$110,000 from \$1.3 million in 2007. Expenditures of this fund have increased the City's holdings in land inventory available for sale. Future land sales will be instrumental in the City's ability to finance development in the Niven Lake residential subdivision and the Engle Industrial District west of the airport.

The City is continuing to adapt to the financial challenges associated with mine closures resulting in reduced industrial property assessments, and water and sewer costs that exceed associated revenues. The City is continuing its active plan to mitigate these financial concerns in 2009 and beyond.

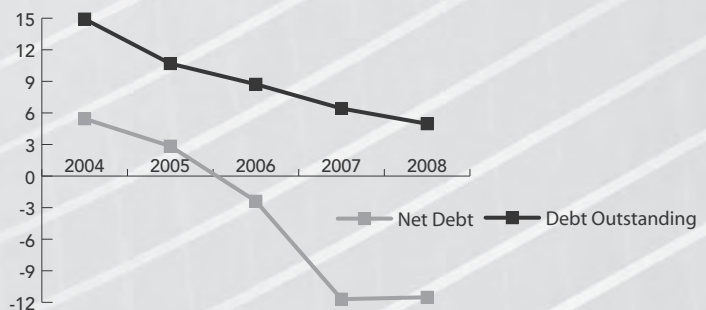
## FINANCIAL POSITION

The City has a very healthy financial position. The City maintained a strong liquidity position in 2008 which was partly due to \$2.8 million in grants from the Gas Tax Rebate Program and Community Capacity Building Fund and Infrastructure Grants that were received in 2008 but will be expended in 2009 and beyond.

The City has five operating funds: General Fund, Land Development Fund, Solid Waste Development Fund, Water and Sewer Fund and Service Connection Failure Assistance Fund. The current balances in these operating funds are \$2.6 million compared to \$4.0 million last year, as the City utilized \$2.3 million in 2008 from Land Fund to finance site development of the Niven Lake subdivision VII. The Solid Waste Management Fund, Land Development Fund and Service Connection Failure Fund are well funded within the budget policies of Council. The General Fund and the Water and Sewer Fund will need to improve their balances in order to achieve the objectives set by the Budget Stabilization Policy. The City budgeted and initiated increases to the user fees starting in 2008 and it is anticipated that the Water and Sewer Fund will be stabilized by 2010.

The City maintains a Capital Fund and Reserves to fund major capital projects. Both the Capital Fund and Reserves are adequately funded based on Council's approved capital plans. The outlook for capital projects has improved since 2004 with the announcement of new federal funding sources under the Municipal Rural Infrastructure Fund, the Building Canada Fund and the Gas Tax Rebate Agreement. The City completed an Infrastructure Needs Assessment in 2006 that identified a \$67.8 million infrastructure gap over the next ten years. An updated review of infrastructure gap factoring into the inflationary pressure is about \$73 million. The long-term capital funding support under the Gas Tax Rebate Agreement and other infrastructure grant programs will be critical to the City in its vision to eliminate the infrastructure gap over the next ten years. Over the next three years, the City plans to use the Gas Tax Rebate to finance the water treatment plants.

## DEBT LEVELS



## BUDGET VARIANCE

The City's overall consolidated operating deficit was \$3.4 million lower than the budgeted surplus in 2008.

Overall revenues were down \$7.0 million from budget primarily due to lower than expected land sales by \$8.5 million. This \$8.5 million shortfall was partially offset by opportunity increases in government grants of \$1.4 million. Higher than anticipated revenues reported by Northland Utilities led to higher than expected franchise tax revenues for the City.

The overall expenditures were \$3.4 million less than budget primarily due to lower than expected land sales leading to lower cost of land sold. The City also experienced a high level of vacancies due to staff turnover of 27%.



Carl Bird, Director of Corporate Services

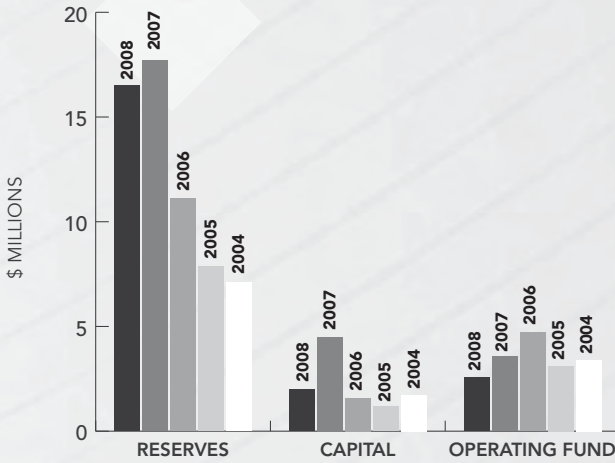
## AUDIT COMMITTEE

City Council has appointed an Audit Committee to ensure that the City's financial reporting is of the highest quality. The Committee reports directly to City Council and has complete access to all City records, management and the independent auditors. The 2008 financial statements and audit procedures were reviewed in detail by Committee members.

The Committee is comprised of: Mayor Gordon Van Tighem (ex-officio), Councillor Dave McCann, Malinda Kellett, Brian George, John Doyle and Eitan Dehtiar.

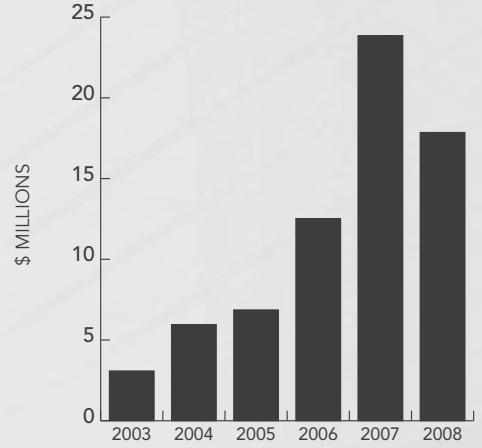
<b>Budget Variance</b>	<b>Over (Under) Budget</b>
<b>Revenue</b>	
Development Levies, Licenses and Permits	(140)
Government Transfers	1,376
Land Sales	(8,535)
Other	360
Property Taxation	24
User Fees	(78)
<hr/> Under Budgeted Revenues	<hr/> (6,993)
<b>Expenditures</b>	
Capital	(150)
Computer Capital	(67)
Contracted and General Services	450
Cost of Land Sold	(8,134)
Debenture Interest	(10)
Other	3,862
Professional Services	(7)
Utilities - electricity and fuel	186
Vehicle Operating and Maintenance	254
<hr/> Under Budgeted Expenditure	<hr/> (3,616)
Net Revenue Under Budget	<hr/> (3,378)

## FUND BALANCE



Reserves are established at the discretion of Council to set aside funds for the future operating and capital expenditures. Operating funds include general, water and sewer, solid waste management, land development, and service connections failure assistance program operations.

## YEAR END CASH BALANCE



# our city council



Mayor Gord Van Tighem



Bob Brooks



Mark Heyck



Shelagh Montgomery



Kevin Kennedy



Lydia Bardak



David Wind



David McCann



Paul Falvo

## POLITICAL STRUCTURE

The political structure of the City is organized so that decisions are made in public at City Council meetings. Council decisions are made after deliberations of one of the two standing committees: the Priorities, Policies and Budget Committee and the Municipal Services Committee. As the most accessible form of government, municipalities actively encourage citizens to give input on Council decisions. Public presentations are invited at meetings of Council and of the Municipal Services Committee. In addition to hearing presentations, the City gathers input through advisory committees, hearings, surveys, and one-on-one discussions.

## CIVIC ADMINISTRATION

City Administrator . . . . . M. Hall  
 Director of Corporate Services . . . . . C. Bird  
 Director of Economic Development . . . P. Neugebauer  
 Director of Community Services . . . . . G. White  
 Director of Public Safety . . . . . D. Marchiori  
 Director of Planning and Development . . . J. Humble  
 Director of Public Works and Engineering . . G. Kehoe  
 City Auditors . . . . . MacKay LLP  
 City Bankers . . . . . TD Canada Trust  
 City Solicitors . . . . . McLennan Ross





## Management Responsibility For Financial Statements

City Council, which is responsible for, among other things, the financial statements of the City of Yellowknife, delegates to Administration the responsibility of the financial statements. City Council appoints independent auditors to examine and report directly to them on the financial statements. Administration prepares the financial statements. Accounting principles have been followed as recommended by the Department of Municipal and Community Affairs, based upon the requirements of the Cities, Towns and Villages Act of the Northwest Territories, and the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

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 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 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 financial statements of issuance.

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



Max Hall,  
City Administrator



Carl Bird,  
Director of  
Corporate Services

## Audit Committee's Report

Audit Committee oversees the City's financial reporting process on behalf of City Council.

The Committee is comprised of: Mayor Gordon Van Tighem (ex-officio); Councillor Dave McCann; Malinda Kellett; Eitan Dehtiar; Brian George, and John Doyle.

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 auditor, 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 generally accepted accounting standards.

Management has the primary responsibility for the financial statements and the reporting process, including the system of internal controls. Management represents that the City's financial statements are prepared in accordance with Canadian generally accepted accounting principles. Based on the Committee's review of the financial statements and discussions with management and the independent auditors, the Committee recommends that City Council adopt the audited financial statements for the year ended December 31, 2008.



Eitan Dehtiar, Chair



# AUDITORS' REPORT

## To the Mayor and Members of Council:

To the Mayor and Members of Council:

We have audited the consolidated statement of financial position of the City of Yellowknife as at December 31, 2008 and the consolidated statement of financial activities, consolidated statement of changes in fund balances and the consolidated statement of changes in financial position for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

As defined in the Public Sector Accounting Board Handbook, the Arctic Winter Games Host Society meets the definition of a government reporting entity. As a result, the results of their operations should be consolidated with the City of Yellowknife and reported in these statements. As City Management feels that the Arctic Winter Games Host Society is not part of the operations of the City of Yellowknife, the operations of the Arctic Winter Games Host Society have not been included in the City's statements.

In our opinion, except for the effect of adjustments, if any, which may have determined to be necessary had we been able to satisfy ourselves concerning the results of the Arctic Winter Games Host Society as referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2008 and the results of its financial activities and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

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

*Mackay LLP*

April 11, 2008  
Yellowknife, Northwest Territories  
Chartered Accountants

# Consolidated Statement of Financial Position

as at December 31, 2008

		2008 Actual (\$000's)	2007 Actual (\$000's)
<b>Financial Assets</b>			
Cash		\$ 17,855	\$ 23,847
Accounts Receivable			
Grants	Note 2	2,063	1,796
Taxes	Note 3	1,474	1,689
Water and Sewer	Note 4	801	805
Other	Note 4	5,508	3,529
Land Held for Resale		2,564	1,028
Deferred Expenses	Note 5	224	256
Prepays		315	299
<b>Total Financial Assets</b>		<b>30,804</b>	<b>33,249</b>
<b>Physical Assets</b>			
Capital Assets	Note 6	252,426	236,177
<b>Total Physical Assets</b>		<b>252,426</b>	<b>236,177</b>
		<b>\$ 283,230</b>	<b>\$ 269,426</b>
<b>Liabilities</b>			
Accounts Payable and Accrued Liabilities		\$ 4,560	\$ 3,476
Wages and Benefits Payable		1,113	1,015
School Taxes Payable		2,161	2,138
Deposits Payable		531	461
Deferred Revenue	Note 8	2,889	6,889
Long-Term Debt	Note 9	6,719	6,422
Provision for Landfill Closure	Note 10	1,314	1,152
<b>Total Liabilities</b>		<b>19,287</b>	<b>21,553</b>
<b>Municipal Position</b>			
Equity in Physical Assets		247,455	229,755
Capital Fund	Note 11	1,982	4,503
		<b>249,437</b>	<b>234,258</b>
General Fund	Note 5	2,446	2,639
Land Development Fund		110	1,258
Solid Waste Management Fund		173	180
Water and Sewer Fund		(158)	(96)
Service Connection Failure Assistance Fund		-	-
Reserves	Note 12	11,934	9,635
		<b>14,506</b>	<b>13,615</b>
<b>Total Municipal Position</b>		<b>263,943</b>	<b>247,873</b>
		<b>\$ 283,230</b>	<b>\$ 269,426</b>

Approved by:   
Gordon Van Tighem, Mayor

  
Max Hall, City Administrator

# Consolidated Statement of Financial Activities

For the year ended December 31, 2008

	2008 Budget (\$000's)	2008 Actual (\$000's)	2007 Actual (\$000's)
<b>Revenues</b>			
Property Taxation	\$ 22,763	\$ 22,653	\$ 21,733
Payments in Lieu of Taxes	4,657	4,656	4,443
Less: School Taxes	(8,902)	(8,767)	(8,612)
Net Municipal Taxation	18,518	18,542	17,564
User Fees and Sale of Goods	24,246	15,633	13,252
Government Transfers	13,522	14,898	18,173
Investment Income	331	770	836
Fines Penalties and Costs of Taxes	971	765	784
Development Levies, Licenses and Permits	1,392	1,252	1,482
Franchise and Concessions Contracts	693	820	728
<b>Total Revenues</b>	59,673	52,680	52,819
<b>Expenditures</b>			
<b>Operating</b>			
General Government	8,769	8,235	8,479
Protective Services	4,586	4,270	4,217
Transportation and Public Works	5,288	5,737	4,917
Land Development	9,207	5,398	1,313
Recreation and Culture	5,351	5,693	5,211
Environmental and Public Health Services	1,330	1,469	1,550
Water and Sewage	4,838	5,005	4,606
Fiscal	289	462	171
<b>Total Operating Expenditures</b>	39,658	36,269	30,464
<b>Capital</b>			
General Government	845	778	2,935
Capital	15,971	15,811	10,111
<b>Total Capital Expenditures</b>	16,816	16,589	13,046
<b>Total Expenditures</b>	56,474	52,858	43,510
<b>Net Revenue (Expenditures)</b>	3,199	(178)	9,309
Add: New Debt Issued	-	-	-
Less: Debt Repayment	(1,447)	(1,451)	(2,301)
<b>Increase (Decrease) in Fund Balances</b>	1,752	(1,629)	7,008
<b>Opening Fund Balances</b>	18,011	18,119	11,112
<b>Closing Fund Balances</b>	\$ 19,763	\$ 16,490	\$ 18,119



# Consolidated Statement of Changes in Fund Balances

For the year ended December 31, 2008

	General Fund (\$000's)	Water and Sewer Fund (\$000's)	Land Dev. Fund (\$000's)	Capital Fund (\$000's)	Connect. Failure-Assist. Fund (\$000's)	Solid Waste Mgmt. Fund (\$000's)	Reserves (\$000's)	2008 Total (\$000's)	2007 Total (\$000's)
Net Revenue (Expenditures)	(1,455)	910	(973)	1,168	-	170	-	(178)	9,309
Net Interfund Transfers									
(To) From General Fund	-	(972)	(175)	-	-	(177)	61	(1,263)	(898)
(To) From Water and Sewer Fund	972	-	-	-	-	-	-	972	846
(To) From Solid Waste Fund	177	-	-	-	-	-	-	177	152
(To) From Land Development Fund	175	-	-	-	-	-	-	175	175
(To) From Capital Fund	-	-	-	-	-	-	2,237	2,237	3,540
(To) From SCFA Fund	-	-	-	-	-	-	-	-	(163)
(To) From Reserves	(61)	-	-	(2,237)	-	-	-	(2,298)	(3,652)
Debt Repayment	(192)	(62)	(1,148)	(1,069)	-	(7)	2,298	(178)	9,309
Change in Fund Balance	(192)	(62)	(1,148)	(1,451)	-	(7)	2,298	(1,451)	(2,301)
Fund Balance, Beginning of Year	2,638	(96)	1,258	4,503	-	180	9,635	(1,629)	7,008
Fund Balance, End of Year	\$ 2,446	\$ (158)	\$ 110	\$ 1,983	\$ -	\$ 173	\$ 11,933	\$ 16,490	\$ 18,119
<b>Reserves consist of:</b>									
Downtown Development Reserve	244		94	68	270				
Heritage Reserve	6		-	-	6				
Information Technology Reserve	884		517	258	1,143				
Major Community Facility Reserve	6,119		3,646	1,137	8,628				
Mobile Equipment Replacement Reserve	1,803		889	1,340	1,352				
Samuel Colley Donation Reserve	249		8	59	198				
Twin Pine Hill Trail Reserve	250		7	-	257				
Waterfront Development Reserve	80		-	-	80				
	\$ 9,635	\$ 5,161	\$ 2,862	\$ 11,934					

# Consolidated Statement of Changes in Financial Position

For the year ended December 31, 2008

<b>Operations</b>	2008 Actual (\$000's)	2007 Actual (\$000's)
Net Revenue (Expenditures)	\$ (178)	\$ 9,309
Add back non-cash items		
Land Held for Resale	(1,536)	(740)
Grants Receivable	(266)	(1,251)
Taxes Receivable	215	(826)
Water and Sewer Receivable	3	62
Other Receivables	(1,979)	4,258
Deferred Expenses	32	44
Prepays	(17)	18
Accounts Payable and Accrued Liabilities	1,084	(226)
Wages and Benefits Payable	98	226
Deposits Payable	71	180
Provision for Landfill Closure	162	116
School Taxes Payable	24	111
Deferred Revenue	(4,001)	1,856
Bailey House Mortgage	1,748	-
Net Cash from Operations	<u>(4,541)</u>	<u>13,137</u>
Investing		
Land Acquisitions	-	-
Land Disposals	-	488
Net Cash from Investing	<u>-</u>	<u>488</u>
Financing		
Long-Term Debt Issued	-	-
Long-Term Debt Repayments - Capital	(1,451)	(2,301)
Long-Term Debt Repayments - Land	-	-
Net Cash (used for) Financing	<u>(1,451)</u>	<u>(2,301)</u>
Increase (Decrease) in Cash and Cash Equivalents	(5,992)	11,324
<b>Cash, Opening Balance</b>	<b>\$ 23,847</b>	<b>\$ 12,523</b>
Cash, Closing Balance	<u>17,855</u>	<u>23,847</u>
Comprised of:		
Cash	<u>17,855</u>	<u>23,847</u>

# Schedule Of Consolidated Expenditures By Object

For the year ended December 31, 2008

	2008 Budget (\$000's)	2008 Actual (\$000's)	2007 Actual (\$000's)
<b>Expenditures</b>			
Bank Charges and Short-term Interest	\$ 172	\$ 212	\$ 192
Capital Purchases	16,481	16,264	12,602
Construction and Maintenance Supplies	545	611	520
Contingency	100	20	126
Contracted and General Services	7,829	8,279	7,854
Grants	430	427	426
Insurance	699	574	797
Interest on Long-term Debt	335	325	444
Land	8,554	4,796	780
Mayor and Council Expenses	571	526	526
Office and Administrative Supplies	297	341	330
Professional Services	269	262	367
Provision for Allowances (Recovery)	50	175	(85)
Salaries, Wages and Benefits	17,059	16,516	15,537
Transfers to Other Organizations	67	74	64
Utilities - Electricity	1,447	1,500	1,358
Utilities - Fuel	996	1,129	990
Vehicle O & M	572	826	682
<b>Total Expenditures</b>	<b>\$ 56,474</b>	<b>\$ 52,858</b>	<b>\$ 43,510</b>



# Schedule Of Government Transfers

For the year ended December 31, 2008

	2008 Budget (\$000's)	2008 Actual (\$000's)	2007 Actual (\$000's)
<b>Government of Canada</b>			
Municipal Rural Infrastructure Fund	\$ 782	\$ 782	\$ 879
MRIF Innovation Fund	133	-	-
Community Capacity Building Fund	-	101	4,971
Gas Tax Agreement	2,217	2,846	2,319
Community Services Somba K'e Grant (INAC)	20	15	221
YK Smart Community Grant (INAC)	-	190	28
<b>Government of the Northwest Territories</b>			
MACA Formula Funding (not including Insurance)	6,068	6,072	6,068
MACA Contribution Agreements			
Infrastructure Grant	1,213	1,538	935
Insurance Grant	446	400	488
Capital Grant	2,210	2,219	1,783
Assessment Contract	195	195	177
Library Grant	88	88	88
Sports and Recreation Grant	80	76	80
Ground Ambulance Equipment	-	-	21
Con Mine Geothermal Study	-	123	-
Shooting Club - Land Grant	-	-	12
Environment and Natural Resources Contribution Agreements			
Community Transfers	60	77	50
<b>Other Contribution Agreements</b>	10	173	53
	<b>\$ 13,522</b>	<b>\$ 14,895</b>	<b>\$ 18,173</b>

SCHEDULE OF REVENUE AND EXPENDITURES

# Gas Tax Agreement

For the year ended December 31, 2008

	2008 Budget (\$000's)	2008 Actual (\$000's)	2007 Actual (\$000's)
<b>Revenue</b>			
Government of Canada	\$ 2,217	\$ 2,250	\$ 1,795
<b>Deferred Revenue</b>			
From Previous Year	-	1,762	2,285
Balance in Deferred	1,633	(1,166)	(1,762)
From (to) Deferred Revenue	1,633	596	523
<b>Total Revenues</b>	<b>3,850</b>	<b>2,846</b>	<b>2,318</b>
<b>Expenditures</b>			
<b>2007 Carry Forwards</b>			
Bus Shelters	-	-	8
New Landfill	-	-	23
Baling Facility Software	75	-	-
YK Smart Growth Redevelopment Plan	74	74	26
Energy Conservation Program	283	283	271
Weigh Scale & Site Work	148	42	12
PH Replacement/ Water Treatment Plant	900	900	268
PH #4 New Piping	120	120	66
Remote Pressure & Temp	33	7	27
	1,633	1,426	701
Landfill Site Restoration	158	26	-
3 Cell Salvaging System	150	11	-
Ban Commercial Cardboard	25	-	-
Centralized Composting Pilot Project	25	16	-
CEP Implementation	115	-	-
Energy Conservation Program	252	207	-
Baling Facility Mechanical	-	-	20
Transfer Station Bins	-	-	49
Waste Audit and Curbside Recycling	-	-	21
Landfill Fire Control	-	-	25
PH Replacement/ Water Treatment Plant	1,492	1,160	1,449
Monitor & Control Assessment	-	-	53
	2,217	1,420	1,617
<b>Total Expenditures</b>	<b>3,850</b>	<b>2,846</b>	<b>2,318</b>
<b>Net Revenue</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

# Community Capacity Building Fund

For the year ended December 31, 2008

	2008 Budget (\$000's)	2008 Actual (\$000's)	2007 Actual (\$000's)
<b>Revenue</b>			
Government of Canada	\$ -	\$ -	\$ 3,201
<b>Deferred Revenue</b>			
From Previous Year	-	890	2,660
Balance in Deferred	-	(789)	(890)
From (to) Deferred Revenue	-	101	1,770
<b>Total Revenues</b>	-	101	4,971
<b>Expenditures</b>			
Yellowknife Association of Concerned Citizens for Seniors	-	-	-
Northern Arts and Cultural Centre	-	-	-
Royal Canadian Legion	-	-	-
Yellowknife Metis Local 66	-	-	402
Mildred Hall Community Park	-	-	270
911 Emergency Services	-	101	1
Homelessness - Bailey House	-	-	1,500
To MCFR - Somba K'e Park	-	-	2,000
To Land Fund	-	-	798
<b>Total Expenditures</b>	-	101	4,971
<b>Net Revenue over Expenditures</b>	\$ -	\$ -	\$ -



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2008

## 1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the City of Yellowknife ("City") are the representations of management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the City of Yellowknife are as follows:

### a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and changes in financial position of the City of Yellowknife. It is comprised of all 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.

The schedule of taxes levied also includes requisitions for education that are not part of the City of Yellowknife.

### b) Basis of Accounting

The basis of accounting followed in the financial statement presentation includes revenues recognized in the period in which the transactions or events occurred that gave rise to the revenues, and expenditures recognized in the period the goods and services are acquired and a liability is incurred or transfers are due, with the exception of pension expenditures as disclosed in Note 1(g).

### c) Fund Accounting

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 statements. The purposes of the funds are:

**General Fund** – to account for tax and other general revenue, general expenditures 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.

**Capital Fund** – to account for revenue related to capital and all capital expenditures 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 expenditures. Transfers to and or from reserves are reflected as an adjustment to the respective fund.

### d) Land Held for Resale

Land inventory is recorded at the lower of cost and the net recoverable amount. The net recoverable amount is the amount the City estimates it will collect from the sale of the land inventory within the next fifteen years. 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.

### e) Capital Assets

Capital assets are recognized as expenditures in the period they are acquired and are reported at cost. Certain planning and maintenance costs are expended and carried as capital assets under their respective function. Government contributions for the acquisition of capital assets are recorded as revenue and do not reduce capital asset costs. Capital assets are not amortized.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2008

## f) Tangible Capital Assets

Effective January 1, 2008, The City adopted Accounting Guideline 7 (PSG-7) of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants ("CICA") with respect to the disclosure of tangible capital assets of local governments. PSG-7 provides transitional guidance on presenting information related to tangible capital assets until section 3150 – Tangible Capital Assets of the Public Sector Accounting Handbook comes into effect on January 1, 2009.

Prior to January 1, 2008, the City recorded tangible capital assets at cost in the period they were acquired on the statement of financial position and as an expenditure within the capital fund. Capital assets were not amortized.

During 2008, the City continued to work towards compliance with the new recommendations for accounting for tangible capital assets. As of December 31, 2008, the City had completed a detailed listing of land, buildings, equipment and infrastructure based on the November 2006 Engineer's study, City of Yellowknife Infrastructure Needs Assessment. Work to record additions, disposals, betterments and amortization to make this inventory and valuation current is currently underway and expected to be completed by December 31, 2009.

As of January 1, 2008, capital assets are recorded at cost in the period they are acquired and recorded as an expenditure within the capital fund. Donated assets are capitalized and are recorded at their estimated fair market value upon acquisition. Works of art for display are not included as capital assets. Certain capital assets for which historical cost information is not available have been recorded at current fair market value discounted by a relevant inflation factor.

As of January 1, 2008, amortization is not recorded as an expense.

For the year end December 31, 2009, amortization for all asset classes is expected to be presented in the financial statements and will be calculated on a straight-line basis over the estimated useful life of the asset.

## g) Employee Benefit Liabilities

Accounts payable and accrued liabilities include employee 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. The City and its employees make contributions to RRSPs administered by Standard Life. These contributions represent the total liability of the City and are recognized in the accounts on a current basis. Employees are insured through the Northern Employee Benefits Services. The City is not liable for any future liabilities of this plan.

## h) Government Transfers

Government transfers are recognized in the 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.

## i) 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.

## j) School Taxes

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

## k) Property Taxes

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

## l) Deferred Revenue

Deferred revenue consists mainly of Government transfers for which the events giving rise to the transfer has not yet occurred. The deferred revenue will be



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2008

recognized in the financial statements as revenue in the period in which the related expenditures are incurred.

**m) Reserves for Future Expenditures**

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

The community maintains the following reserves:

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

**n) Equity in Physical Assets**

Equity in physical assets represents the City's net investment in its total physical assets, after deducting work in progress, the portion financed by third parties through debenture and mortgage debts, long term capital borrowings, capitalized leases and other capital liabilities.

**o) Use of Estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses during the period. Actual results could differ from those estimates.

**p) Budget**

Budget figures are unaudited and are those approved by Council on December 17, 2007.

**q) Financial Instruments**

Significant financial assets and financial liabilities of the City are either recognized or disclosed in the financial statements together with available information for a reasonable assessment of future cash flows, interest rate risk and credit risk. Where practicable the fair values of financial assets and financial liabilities have been determined and disclosed; otherwise, only available information pertinent to fair value has been disclosed.

For cash, grants receivable, taxes receivable, water and sewer receivable, other accounts receivable, accounts payable and accrued liabilities, wages and benefits payable, school taxes payable, and deposits payable the carrying amounts of these financial instruments approximates their fair value due to their short-term maturity or capacity of prompt liquidation. The City is exposed to credit risk arising from the possibility that taxpayers may experience financial difficulty and be unable to pay outstanding taxes. Taxes receivable is initially recorded at historical



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2008

cost and an allowance is made so that the carrying amount approximates the fair value. The city regularly monitors the amount of outstanding taxes and initiates collection procedures to minimize credit risk.

Approximately 34% of the City's annual tax revenue comes from three taxpayers: Government of the Northwest Territories (16%), Northern Property REIT (10%), and Government of Canada (8%).

## 2. GRANTS RECEIVABLE

	2008 Actual (\$000's)	2007 Actual (\$000's)
Government of Northwest Territories		
Sports and Recreation Grant	\$ 80	\$ 40
Diamond Project	10	-
Community Transfers	-	(25)
Municipal Rural Infrastructure Fund	1,660	1,369
Library Grant	78	12
Transit Grant	-	400
FCM - YK Smart Growth Grant	20	-
AWG - INAC Grant	125	-
AWG - Heritage Sports Grant	40	-
AWG - Heritage Arts Presentation Grant	50	-
	<u>\$ 2,063</u>	<u>\$ 1,796</u>

## 3. TAXES RECEIVABLE

	2008 Actual (\$000's)	2007 Actual (\$000's)
Property Taxes Receivable	\$ 2,127	\$ 2,201
Less: Taxes Receivable Allowance	(652)	(512)
	<u>\$ 1,474</u>	<u>\$ 1,689</u>

## 4. OTHER ACCOUNTS RECEIVABLE

	2008 Actual (\$000's)	2007 Actual (\$000's)
Sundry Receivables	\$ 1,866	\$ 1,137
Community Services Receivables	138	110
Municipal Enforcement Receivables	292	246
Northland Utilities Ltd. Power Distribution Franchise	820	728
Due From Homelessness Coalition	1,748	-
GST Receivable	8	19
Other	950	1,527
	<u>5,822</u>	<u>3,767</u>
Less: Allowance	(314)	(238)
	<u>5,508</u>	<u>3,529</u>
Water and Sewer Receivables	827	833
Less: Allowance	(26)	(28)
	<u>801</u>	<u>805</u>
	<u>\$ 6,309</u>	<u>\$ 4,334</u>

## 5. DEFERRED EXPENSES

Under an Alternative Measures Agreement with the Workers' Safety and Compensation Commission of the NWT and Nunavut, the City of Yellowknife 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 expenditure will be recognized. In 2008, \$34,704.50 was spent on training initiatives. The General Fund includes \$224,014.29 to be used to fund these training initiatives.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2008

## 6. PHYSICAL ASSETS

	2007 Actual (\$000's)	Additions	Disposals	2008 Actual (\$000's)
Land and Buildings	\$ 52,173	\$ 2,856	\$ -	\$ 55,029
Infrastructure	162,161	10,248	-	172,409
Vehicles and Equipment	21,843	3,145	-	24,988
	<u>\$ 236,177</u>	<u>\$ 16,249</u>	<u>\$ -</u>	<u>\$ 252,426</u>

## 7. CURRENT ASSETS AND LIABILITIES

	2008 Actual (\$000's)	2007 Actual (\$000's)
<b>CURRENT ASSETS</b>		
Cash	\$ 17,855	\$ 23,847
Accounts Receivable		
Grants	2,063	1,796
Taxes	1,474	1,689
Water & Sewer and Other Receivables	6,308	4,334
Land Held for Resale	2,564	1,028
Deferred Expenses	224	256
Prepays	315	299
	<u>\$ 30,804</u>	<u>\$ 33,249</u>

### CURRENT LIABILITIES

Accounts Payable and Accrued Liabilities	\$ 4,560	\$ 3,476
Wages and Benefits Payable	1,113	1,015
School Taxes Payable	2,161	2,138
Deposits Payable	531	461
Deferred Revenue	2,889	6,889
Current Portion of Long-term Debt	1,114	1,442
Current Portion of Provision for Landfill Closure	290	227
	<u>\$ 12,658</u>	<u>\$ 15,648</u>

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2008

## 8. WAGES AND BENEFITS PAYABLE

	2008 Actual (\$000's)	2007 Actual (\$000's)
Accrued Payroll		
Payroll	\$ 208	\$ 71
Vacation and lieu time	403	372
Retirement allowance	514	389
	<u>1,125</u>	<u>832</u>
Projected retroactive pay	-	194
Wage assignments	(12)	(11)
	<u>\$ 1,113</u>	<u>\$ 1,015</u>

**Payroll** - The payroll liability is comprised of wages, salaries and benefits earned in 2008 and paid on the first payroll of 2009.

**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.

**Retirement allowance** - City employees retiring over the age of 55 with 10 or more years of service are entitled to one week's 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, 2008 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%

**Wage Assignments** - The wage assignment liability is comprised of payments made by the City on behalf of employees as at December 31, 2008 that will be recovered by payroll deduction from the first payroll of 2009.

## 9. DEFERRED REVENUE

	2008 Actual (\$000's)	2007 Actual (\$000's)
Land Sales	\$ 0	\$ 2,900
Government Transfers		
Federal Gas Tax Revenue	1,166	1,762
Property Assessment Contract	12	12
Community Capacity Building Fund	789	890
Infrastructure Grant	177	503
Library Grant	6	-
Transit Grant	780	400
Other	(41)	422
	<u>\$ 2,889</u>	<u>\$ 6,889</u>



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2008

## 10. LONG TERM DEBT

	2008 Actual (\$000's)	2007 Actual (\$000's)
<b>Capital – General</b>		
CIBC Debenture #230, authorized by By-law 3992 as amended, to finance the 1998 paving program, with annual payments of \$411,282 including principal & interest at 6.19%, expiring July 2008.	-	387
CIBC Debenture #233, authorized by By-law 4130 to finance part of the 2001 paving program, with annual payments of \$33,760 including principal & interest at 5.56%, expiring October 2011.	89	116
CIBC Debenture #234, authorized by By-law 4131 to finance part of the 2001 paving program, with annual payments of \$80,406, including principal & interest at 5.56%, expiring October 2011.	211	276
CIBC Debenture #235, authorized by By-law 4176 to finance part of the 2001 paving program, with annual payments of \$197,898 including principal & interest at 6.14%, expiring October 2011.	667	814
CIBC Debenture #236, authorized by By-law 4177 to finance traffic lights, with annual payments of \$11,032 including principal & interest at 6.14%, expiring October 2011.	37	45
CIBC Debenture #237, authorized by By-law 4178 to finance traffic lights, with annual payments of \$11,032 including principal & interest at 6.14%, expiring October 2011.	37	46
CIBC Debenture #240, authorized by By-law 4244 to finance the 2003 paving program, with annual payments of \$191,155 including principal & interest at 4.82%, expiring July 2013.	822	967
RBC Debenture #239, authorized by By-law 4213 to finance completion of phase one of the Multplex, with annual payments of \$140,098 including principal & interest at 5.81%, expiring March 2013.	1,378	1,435
Pacific & Western Debenture #231, authorized by By-law 4029 to finance the 1999 paving program, with two annual interest payments of \$197,527 and then annual payments of \$489,079 including principal & interest at 6.68%, expiring August 2009.	459	888
Pacific and Western Debenture #242, authorized by By-law 4280 to finance the 2004 paving program, with annual payments of \$251,269 including principal & interest at 5.11%, expiring July 2014.	1,271	1,448
	\$ 4,971	\$ 6,422
<b>General</b>		
Registered Mortgage #158,048 with Northwest Territories Housing Corporation, authorized by By-law 4468, to finance the construction of Bailey House, with annual payments of \$181,728.30 including principal & interest at 6.5%, expiring January 2023.	1,748	-
	\$ 1,748	\$ -
	\$ 6,719	\$ 6,422

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2008

## LONG TERM DEBT CONTINUED

Debentures are secured by taxes and penalties levied, all grants and sundry revenues.

The estimated fair value of long-term debt at December 31, 2008 is \$6,336,264 (2007 - \$6,180,135). 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 are as follows:

	(\$000's)
2009	1,224
2010	764
2011	843
2012	733
2013	1,609
2014 and thereafter	1,546
	\$ 6,719

## 12. CAPITAL FUND BALANCE

	2008 Actual (\$000's)	2007 Actual (\$000's)
General Government	\$ 67	\$ 50
Community Services	576	1,721
Waterfront Development	-	-
Public Safety	11	25
Public Works	269	286
Solid Waste	489	147
Water and Sewer	571	2,274
Landfill Site Restoration	-	-
	\$ 1,983	\$ 4,503

## 11. PROVISION FOR LANDFILL CLOSURE

The City has adopted nationally recommended accounting policies earlier than the Government of the Northwest Territories requires their adoption. As part of these policies, the City is required to estimate future landfill closure costs and set aside a portion of these costs. Total closure and post-closure costs are estimated to be \$1,537,559 and the City has included \$1,208,082 (79%) as part of the site restoration liability. The remaining estimated life of the landfill is five years and monitoring will be required indefinitely. Of the total capacity of 700,000 cubic metres, 150,000 cubic meters (21%) remain.

Estimates of future landfill closure costs are subject to significant measurement uncertainty. NWT landfill closure standards have not been established. The accuracy of the estimated closure costs is expected to improve when engineers determine standards for closing a section of the landfill.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2008

## 13. RESERVES

Reserves for operating and capital activities changed as follows:

	Reserve Balance (\$000's)	Cash Balance (\$000's)	Shortfall (\$000's)
Waterfront Development Reserve	\$ 80	-	\$ (80)
Downtown Development Reserve	271	252	(19)
Information Technology Reserve	1,143	-	(1,143)
Mobile Equipment Replacement Reserve	1,352	-	(1,352)
Major Community Facility Reserve	8,628	-	(8,628)
Samuel Colley Library Donation Reserve	198	256	58
Heritage Reserve	6		(6)
Twin Pine Hill Trail Reserve	257	257	-
	<u>\$ 11,935</u>	<u>\$ 765</u>	<u>\$ (11,170)</u>

Sufficient funds must be deposited to separate bank accounts to correspond with the respective reserve fund balances. Interest earned on the account is credited to the appropriate reserve. A separate bank account has not been created for any new reserves established by the municipality since 2002. As at December 31, 2008, the City had a shortfall of \$11,170,000 (2007 - \$9,185,000).

## 14. FINANCIAL INSTRUMENTS

Financial instruments consist of recorded amounts of cash, grants receivable, taxes receivable, water and sewer receivable, and other receivables, accounts payable and accrued liabilities, wages and benefits payable, school taxes payable and deposits payable, which will result in future cash receipts, as well as accounts payable and accruals, and long-term payable and long-term debt which will result in future cash outlays. The City is exposed to the following risks in respect of certain of the instruments held:

### a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The City is exposed to credit risk from its customers.

### b) Fair value

The City's carrying value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximates its fair value due to the immediate or short-term nature of these instruments.

### c) Interest rate risk

The City manages its exposure to interest rate risk through fixed rate borrowings. The fixed rate debt is subject to interest rate price risk, as the value will fluctuate as a result of changes in market rates.

## 15. CONTINGENCIES

### a) Insurance

The City participates in the NWT Association of Municipalities 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 1999 Polar Developments Ltd. (Polar) submitted a statement of claims against the City claiming damages in the amount of \$90,000. Polar's claim for compensation has since increased to \$3,000,000. The City disputes this claim. In the normal course of operations, the City is subject to various legal claims. Except for the claim by Polar Developments Ltd., the City's estimated exposure to such liabilities is not considered to be significant.



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2008

## 16. COMMITMENTS

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

	Capital Construction (\$000's)	Contracts (\$000's)	Total (\$000's)
2009	\$ -	\$ 3,384	\$ 3,384
2010	-	2,914	2,914
2011	-	2,373	2,373
2012	-	2,054	2,054
2013	-	590	590
	\$ -	\$ 11,315	\$ 11,315

## 17. PRECEDING YEAR'S FIGURES

Preceding years' figures have been reclassified to conform to the current year's presentation.

## 18. SUBSEQUENT EVENTS

The City retirement benefits plan for employees was changed from a matched RRSP contribution to enrolment in the NEBS pension plan. The change is effective January 1, 2009 for all PSAC employees and February 1, 2009 for all IAFF employees. Management/Excluded employees had an option to join effective January 1, 2009 or January 1, 2010. The financial implication for the City of this change is to raise the employer benefit contribution from 7% of gross wages and salaries for PSAC and Management/Excluded employees and 7.5% for IAFF employees to 8% of gross wages and salaries for all employees.

Section 3150 – Tangible Capital Assets of the Public Sector Accounting Handbook came into effect on January 1, 2009 outlining changes in accounting requirements for tangible capital assets. A complete listing of assets and values for land and buildings, infrastructure and vehicles and equipment is currently underway and expected to be completed by December 31, 2009.

Construction of the Bailey House will be completed in 2009. As per a Construction Loan Agreement between the City, the Council of the Salvation Army of Canada and the NWT Housing Corporation, registered mortgage #158,048 will 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 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 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 financial statements of the City until such time as the mortgage is discharged.

# Statement of Financial Activities

For the year ended December 31, 2008

	2004 (\$000's)	2005 (\$000's)	2006 (\$000's)	2007 (\$000's)	2008 (\$000's)
<b>Revenue</b>					
Municipal Taxes	15,178	15,861	16,697	17,564	18,542
User Charges	14,662	12,034	13,888	13,252	15,633
Government Transfers	7,651	8,543	11,723	18,173	14,898
Investment Income	209	198	481	836	770
Fines Penalties and Costs of Taxes	921	944	866	784	765
Development Levies, Licences and Permits	1,255	1,193	1,109	1,482	1,252
Franchise and Concessions Contracts	671	679	672	728	820
	40,547	39,452	45,436	52,819	52,680
<b>Expenditures</b>					
Operating					
General Government	7,222	7,354	8,341	8,479	8,235
Protective Services	3,703	3,663	3,815	4,217	4,270
Transportation and Public Works	4,326	4,742	4,609	4,917	5,737
Land Development	2,913	1,171	1,666	1,313	5,398
Recreation and Culture	4,238	4,717	4,754	5,211	5,693
Environmental and Public Health Services	1,418	1,558	1,219	1,550	1,469
Water & Sewer	4,316	4,254	4,358	4,606	5,005
Fiscal	365	678	136	171	462
Total Operating Expenditures	28,501	28,137	28,898	30,464	36,269
Capital					
General Government	1,412	1,054	2,413	2,935	778
Capital	11,891	7,662	8,897	10,111	15,811
Total Capital Expenditures	13,303	8,716	11,310	13,046	16,589
Total Expenditures	41,804	36,853	40,208	43,510	52,858
Net Revenue (Expenditures)	(1,257)	2,599	5,228	9,309	(178)
Debt Proceeds	1,930	-	-	-	-
Debt Principal Repayments	(1,599)	(1,850)	(1,965)	(2,301)	(1,451)
Increase (Decrease) in Fund Balances	(926)	749	3,263	7,008	(1,629)
Opening Balance	8,025	7,099	7,848	11,111	18,119
Closing Balance	7,099	7,848	11,111	18,119	16,490

# Fund Balances

For the year ended December 31, 2008

	2004 (\$000's)	2005 (\$000's)	2006 (\$000's)	2007 (\$000's)	2008 (\$000's)
<b>Change in Funds Balance</b>					
General Fund	32	(178)	199	500	(192)
Land Development	190	(8)	1,016	(1,309)	(1,148)
Solid Waste Management	555	29	395	(166)	(7)
Water & Sewer	(179)	(156)	(24)	19	(62)
Service Connection Failure Assistance	(31)	22	2	237	-
Capital	(175)	(551)	408	2,913	(2,520)
<b>Reserves</b>					
Downtown Development	32	9	13	95	26
Heritage Committee Reserve	-	-	-	6	-
Information Technology	27	(41)	89	520	259
Major Community Facility	(677)	1,204	(1,151)	4,247	2,509
Mobile Equipment Replacement	(678)	288	(120)	(66)	(451)
Samuel Colley Library Donation	5	6	9	11	(51)
Twin Pine Hill Trail Reserve	-	125	125	-	7
	(899)	749	961	7,007	(1,629)
<b>Funds Balance</b>					
General Fund	2,117	1,939	2,138	2,638	2,446
Land Development	1,559	1,551	2,567	1,258	110
Solid Waste Management	(78)	(49)	346	180	173
Water & Sewer	65	(91)	(115)	(96)	(158)
Service Connection Failure Assistance	(261)	(239)	(237)	-	-
Capital	1,733	1,182	1,590	4,503	1,983
<b>Reserves</b>					
Downtown Development	127	136	149	244	270
Heritage Committee Reserve	-	-	-	6	6
Information Technology	316	275	364	884	1,143
Major Community Facility	(483)	721	1,872	6,120	8,628
Mobile Equipment Replacement	1,701	1,989	1,869	1,803	1,352
Samuel Colley Library Donation	223	229	238	249	198
Twin Pine Hill Trail	-	125	250	250	257
Waterfront Development	80	80	80	80	80
	7,099	7,848	11,111	18,119	16,490



## Details of Government Transfers

For the year ended December 31, 2008

	2004 (\$000's)	2005 (\$000's)	2006 (\$000's)	2007 (\$000's)	2008 (\$000's)
GNWT - Formula Funding	6,085	6,621	6,530	6,556	6,472
GNWT - Capital Grant	-	-	1,415	1,783	2,219
Community Capacity Building Fund	-	-	1,389	4,971	-
Gas Tax Agreement	-	-	397	2,319	2,846
Municipal Rural Infrastructure Fund	-	1,324	1,287	1,814	2,320
Other	1,566	598	705	730	1,038
	7,651	8,543	11,723	18,173	14,895

## 2008 STATISTICAL SECTION

## Expenditures (By Object)

For the year ended December 31, 2008

	2004 (\$000's)	2005 (\$000's)	2006 (\$000's)	2007 (\$000's)	2008 (\$000's)
Bank Charges and Short-term Interest	157	159	164	192	212
Capital Purchases	12,566	8,034	10,743	12,602	16,264
Contingency	-	54	20	126	611
Construction and Maintenance Supplies	475	589	503	520	20
Contracted and General Services	6,999	7,246	7,395	7,854	8,279
Grants	363	431	431	426	427
Interest on Long-term Debt	815	750	566	443	574
Insurance	954	984	911	797	325
Land	2,331	632	1,086	780	4,796
Mayor and Council Expenses	459	469	475	526	526
Office and Administrative Supplies	249	230	287	330	341
Professional Services	358	282	424	367	262
Provision for Allowances (Recovery)	43	395	(95)	(85)	175
Salaries, Wages and Benefits	13,473	13,836	14,645	15,538	16,517
Site Restoration	9	-	-	-	-
Transfers to Other Organizations	79	55	67	64	74
Utilities - Electricity	1,238	1,237	1,186	1,358	1,500
Utilities - Fuel	629	781	702	990	1,129
Vehicle O & M	607	689	698	682	826
<b>Total Expenditures</b>	41,804	36,853	40,208	43,510	52,858

# Capital Financing

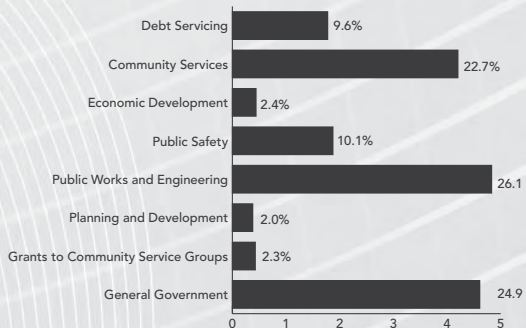
For the year ended December 31, 2008

	2004 (\$000's)	2005 (\$000's)	2006 (\$000's)	2007 (\$000's)	2008 (\$000's)
<b>Capital Financing</b>					
Revenue					
Taxation	2,327	1,932	1,817	1,396	1,776
Government Transfers	6,283	7,295	10,786	17,232	14,060
User Charges	2,832	2,364	1,975	3,172	1,921
	11,442	11,591	14,578	21,800	17,757
Debt Issued					
Debt Issued	1,930	-	-	-	-
Debt Principal Repayments	(1,599)	(1,850)	(1,965)	(2,301)	(1,451)
Fund Transfers	1,355	(1,576)	(895)	(3,540)	(2,238)
Fund Balance Used	175	551	(408)	(2,913)	2,521
	13,303	8,716	11,310	13,046	16,589

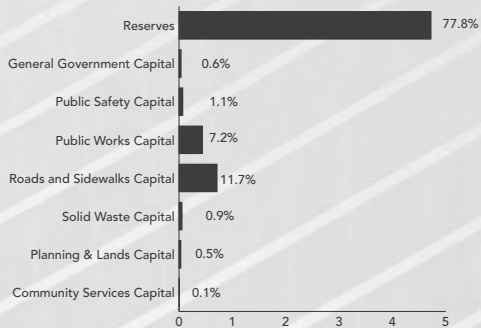
## Capital Expenditures (By Function)

General Government	684	373	1,850	2,492	453
Community Services	3,991	1,127	1,048	891	2,761
Public Safety	828	22	113	166	83
Public Works	2,929	2,544	4,109	3,247	4,706
Planning & Development	-	40	-	96	297
Water & Sewer	4,039	3,394	3,351	5,175	7,688
Solid Waste Management	104	535	273	536	276
Debt Interest	728	681	566	443	325
	13,303	8,716	11,310	13,046	16,589

## USE OF TAXES



## USE OF FORMULA FUNDING



# Analysis of Property Assessment and Taxation

For the year ended December 31, 2008

	2004 (\$000's)	2005 (\$000's)	2006 (\$000's)	2007 (\$000's)	2008 (\$000's)
<b>Assessed Value of Property*</b>					
<b>Municipal Mill Rates</b>	1,474,902	1,497,323	1,574,119	1,861,916	1,911,408
Residential	8.06	8.21	8.41	7.01	7.22
Multi-Residential	8.23	8.38	8.59	7.54	7.76
Commercial/Industrial	14.01	14.26	14.61	12.83	13.21
Mining/Quarrying	15.91	16.20	16.60	14.5	14.93
High Density Parking	7.00	7.13	7.31	6.70	6.90
Agriculture	8.06	8.21	8.41	7.01	7.22
<b>School Mill Rates</b>	5.63	5.63	5.63	4.64	4.64
<b>Municipal Tax Levy</b>	15,231	16,117	16,734	17,603	18,578
<b>Taxes Collected and Transferred to Local School Boards</b>					
Public School Board	4,665	4,655	4,738	4,963	5,110
Separate School Board	3,486	3,533	3,848	3,650	3,658
	8,151	8,188	8,586	8,613	8,768
<b>Yearly Residential Property Tax Bill</b> (based on an average residential home in Yellowknife)					
Municipal Taxes	1,265	1,344	1,377	1,426	1,468
School Taxes	884	922	922	944	944
	2,149	2,266	2,299	2,369	2,412
<b>Outstanding Property Taxes **</b>	3,124	1,193	863	1,689	1,475
<b>Outstanding Property Taxes As a Percentage of the Tax Levy</b>	13%	5%	3%	6%	5%

\*Includes taxable and grantable properties only.

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



# Analysis of Property Assessment and Taxation

For the year ended December 31, 2008

<b>Principal Corporate Taxpayers</b>	2008 (\$000's)	Percent of 2007 Total	2007 (\$000's)
Northern Property REIT & Urbco Inc.	1,020	3.93%	1,020
Dundeal Canada West (GP) Inc	848	3.26%	848
WAM Group GP Inc.	558	2.15%	558
Polar Developments Ltd & 5119 NWT LTD	420	1.62%	420
Gold Bar Development & Andromeda Investment Ltd.	274	1.05%	274
HREIT Holdings 18 Corp	281	1.08%	281
4912 NWT Ltd o/a Explorer Hotel	235	0.90%	235
RTL Robinson Ent. Ltd. and Robinson Trucking Ltd	192	0.74%	192
NWT Community Services Corp.	186	0.72%	186
752464 Alberta Ltd. o/a Yellowknife Inn	172	0.66%	172

# Analysis of Long-term Debt

For the year ended December 31, 2008

	2004	2005	2006	2007	2008
<b>Debt Outstanding*</b>					
Supported by Property Taxes	12,539	10,689	8,724	6,422	4,971
Supported by Land Sales	2,382	-	-	-	-
	14,921	10,689	8,724	6,422	4,971
<b>Legal Debt Limit**</b>	147,490	149,732	157,412	186,192	191,141
<b>Per Capita Debt</b>					
Supported by Property Taxes	658	550	467	333	258
Supported by Land Sales	125	-	-	-	-
	783	550	467	333	258
<b>Interest &amp; Principal Repayments as a Percentage of Total Expenditures</b>					
Capital	6%	7%	6%	6%	3%
Land	0%	0%	0%	0%	0%
	6%	7%	6%	6%	3%
<b>Debt Burden (Overlapping Debt)</b>					
City	14,921	10,688	8,724	6,422	4,971
Public School Board***	-	-	-	-	-
Separate School Board***	8,418	7,976	7,478	7,011	6,485
	23,339	18,664	16,202	13,433	11,456

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

\*\*From 2004 onwards, debt limit is 10% of the assessed value of property.

\*\*\*School Board debt is as of June 30 each year.

# Community Profile

For the year ended December 31, 2008

	2004	2005	2006	2007	2008
<b>Population</b>					
Population*	19,056	19,429	18,695	19,306	19,256
Households**	6,257	6,557	6,630	6,630	6,630
<b>Construction Values (in thousands of dollars)</b>					
Residential	29,322	26,028	10,889	8,670	13,080
Commercial/Industrial	37,761	21,285	10,966	41,745	8,578
	67,083	47,313	21,855	50,415	21,658
<b>City Employees</b>					
Continuous full time	161	163	166	168	176
Per 1,000 population	8.4	8.4	8.9	8.7	9.1
Employee turnover	15%	20%	23%	17%	27%
<b>City Infrastructure (kms)</b>					
Paved roads and alleys ***	69	70.6	76.6	77.8	77.8
Unpaved roads and alleys	13	13.9	13.7	14.7	22.5
	82	84.5	94	118.7	100.3
	69	69	69.6	73.5	75
	53	54	54.5	56	56.7
	21	21	21.3	21.3	21.7
	310	315	318	324	324

\*Source: Northwest Territories Bureau of Statistics

\*\* There is no updated information for 2007

\*\*\* Re-stated 2006 & 2007 values



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## OPPORTUNITIES

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[jhumble@yellowknife.ca](mailto:jhumble@yellowknife.ca)

**PLANNING AND DEVELOPMENT DEPARTMENT (867) 920-5614**

4807 - 52 Street | P.O. Box 580 | Yellowknife, Northwest Territories | Canada X1A 2N4



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