



2005

ANNUAL FINANCIAL
REPORT

D E C E M B E R 3 1 , 2 0 0 5

YELLOWKNIFE LIFE

N O R T H W E S T T E R R I T O R I E S , C A N A D A



w w w . y e l l o w k n i f e . c a



City of Yellowknife Annual Financial Report

For the year ended December 31, 2005

Prepared by the City of Yellowknife, Department of Corporate Services
4807-52nd Street, Yellowknife, NT Canada (867) 920-5600



Cover Photo

Prince of Wales Northern Heritage Centre,
Yellowknife, NT by Stephen Cumming
Small photos (L-R): Kate Steadman, John Schnell,
Karen Murchie, John Schnell

Designed and Printed in the City of Yellowknife

By Artisan Press Ltd.



TABLE of CONTENTS

Introduction	
Management Discussion and Analysis	3
Political Structure	5
Citizen Survey	6
Financial Statements	
Management's Report	8
Audit Committee's Report	8
Auditor's Report	9
Consolidated Statement of Financial Position	10

Financial Statements, continued	
Consolidated Statement of Financial Activities	11
Consolidated Statement of Changes in Fund Balance	12
Consolidated Statement of Changes in Financial Position	13
Schedule of Consolidated Expenditures by Object	14
Notes to the Financial Statements	15

2005 Statistical Section	
Statement of Financial Activities	23
Fund Balances	24
Details of Government Transfers	25
Expenditures (By Object)	25
Capital Financing	26
Analysis of Property Assessment and Taxation	27
Analysis of Long-Term Debt	28
Community Profile	29

C a n a d i a n A w a r d f o r F i n a n c i a l R e p o r t i n g


Canadian Award for Financial Reporting

Presented to

City of Yellowknife, Northwest Territories

For its Annual Financial Report for the Year Ended December 31, 2004

A Canadian Award for Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to municipalities whose annual financial reports achieve the high program standards for Canadian Government accounting and financial reporting.



Charles E. Punge
President

Jeffrey L. Evans
Executive Director

Award Winners for Fiscal Years Ended in 2004

Capital Regional District, British Columbia
 City of Abbotsford, British Columbia
 City of Burlington, Ontario
 City of Calgary, Alberta
 City of Campbell River, British Columbia
 City of Coquitlam, British Columbia
 City of Edmonton, Alberta
 City of Grande Prairie, Alberta
 City of Kelowna, British Columbia
 City of Lethbridge, Alberta
 City of Medicine Hat, Alberta
 City of Montreal, Quebec

City of Mississauga, Ontario
 City of New Westminster, British Columbia
 City of Port Alberni, British Columbia
 City of Port Moody, British Columbia
 City of Regina, Saskatchewan
 City of Richmond, British Columbia
 City of St. Albert, Alberta
 City of Surrey, British Columbia
 City of Victoria, British Columbia
 City of Whitehorse, Yukon Territory
 City of Yellowknife, Northwest Territories
 Corporation of the City of Brampton, Ontario
 Corporation of the District of Maple Ridge, British Columbia

Corporation of the Town of Markham, Ontario
 Corporation of the Town of Oakville, Ontario
 County of Lethbridge, Alberta
 Niagara Region, Ontario
 Parkland County, Alberta
 Regional Municipality of Durham, Ontario
 Regional Municipality of Peel, Ontario
 Regional Municipality of York, Ontario
 Sunshine Coast Regional District, British Columbia

Summary of 2005 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. 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, 2005

Summary

Overall the City is managing its financial resources in a prudent manner during a period of significant economic growth that is causing some inflationary pressures. At year end the City has managed to maintain a financially sound position with Fund and Reserve balances of \$7.8 million (2004 - \$7.1 million) at year end. The City is also making good progress in reducing its reliance on long term debt to finance core funding obligations. At year end the City's long term debt was \$10.6 million compared to \$14.9 million in 2004.

In 2005 there was a notable improvement in the Solid Waste Management Fund's financial performance as the City moved to a User Pay System for solid waste disposal. It is planned that the fund will be operating with an accumulated surplus by the end of 2006 compared to a \$633,000 deficit only 2 years ago.

The City is facing a number of financial challenges with mine closures reducing taxation revenues and water and sewer costs that exceed revenues. The City is actively planning to mitigate these financial concerns moving forward in 2006 and 2007.

Financial Position

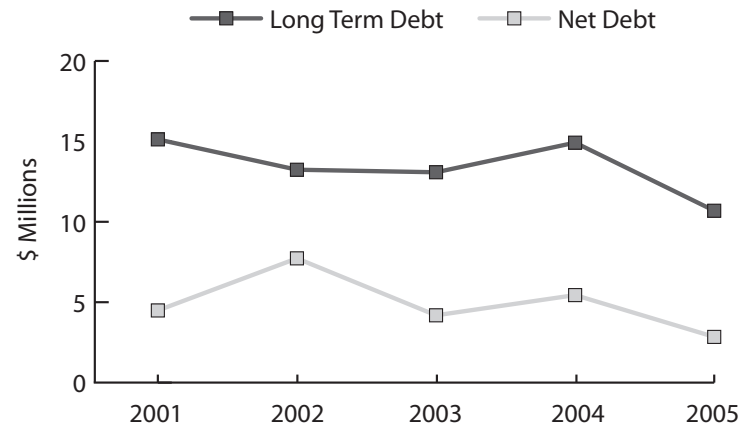
The City's overall financial position is healthy with cash on hand of \$6.9 million and fund and reserve balances of \$7.8 million.

The City has five operating funds: General Fund, Land Development Fund, Solid Waste Management Fund, Water

and Sewer Fund and Service Connection Failure Assistance Fund. The current balance in these operating funds is \$3.1 million compared to \$3.4 million last year. The General Fund and Land Development Fund are well funded within the budget policies of Council and the position of the Solid Waste Management Fund is improving due to actions taken by Council. The Water and Sewer Fund and Service Connection Failure Assistance Fund will need to improve their performance to achieve the objectives set by the Budget Stabilization Policy. The City will be reviewing options to improve the financial condition of these two operating funds in 2006 and 2007.

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 and the Gas Tax Agreement. The City plans to have an Infrastructure Needs Assessment completed in the fall of 2006 to help identify the priorities for capital spending over the next 10 years.

Debt Levels



Budget Variance

The City's overall consolidated operating surplus was \$2.1 million higher than budgeted in 2005. Overall revenues exceeded the budgeted amount by \$0.53 million primarily due to increased funding for capital projects under the Municipal Rural Infrastructure Program and GNWT Formula Funding. These increases in revenue were partially offset by a reduction in mine related taxation revenues and lower than expected land sales. The overall expenditures were less than planned by \$1.6 million primarily due to the deferral of the \$1 million water booster station for Niven Lake until 2006 and lower than expected land costs on land held for resale. The City also experienced higher than expected fuel costs as these costs rose significantly in 2005.



Director of Corporate Services

Budget Variance

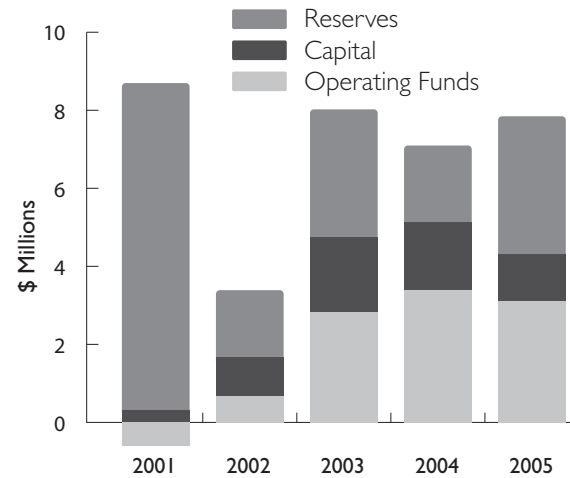
Revenue

	<u>Over (Under)</u> <u>Budget (\$000's)</u>
Development Levies, Licenses and Permits	132
Government Transfers	911
Land Sales	(279)
Other	258
Property Taxation	(178)
User Fees	(316)
	<hr/> 528

Expenditures

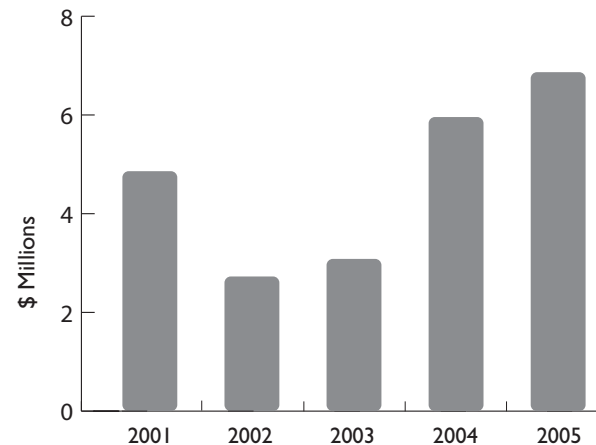
Capital	(2,141)
Computer Capital	(3)
Contracted and General Services	210
Cost of Land Sold	(325)
Debenture Interest	(1)
Other	127
Professional Services	71
Utilities - Electricity and Fuel	186
Vehicle Operating and Maintenance	309 (1,567)
Net Over Budgeted Expenditures	<hr/> 2,095

Funds 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 connection failure assistance program operations.

Year End Cash Balance



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 2005 financial statements and audit procedures were reviewed in detail by Committee members.

Members

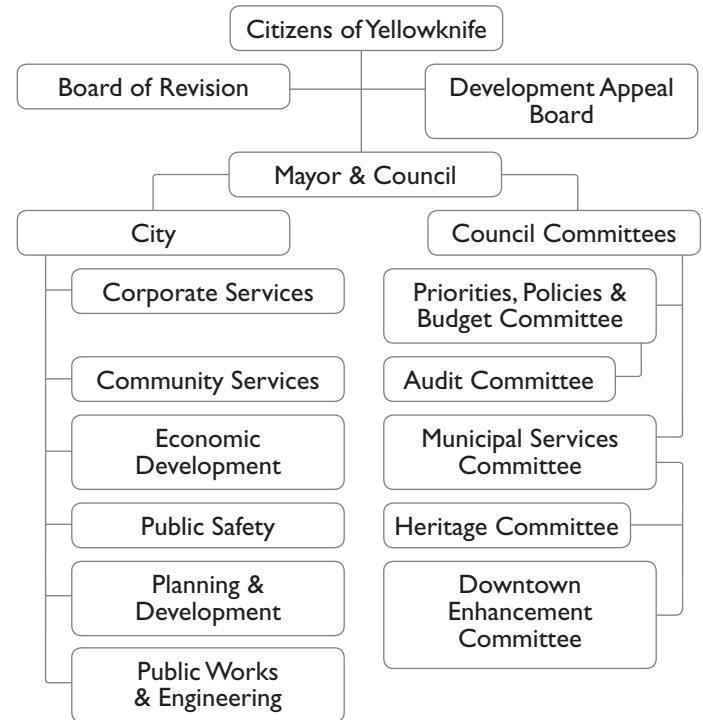
- | | |
|-------------------------------|------------------------|
| Pawan Chugh, CGA (Chair) | Eitan Dehtiar, MBA |
| Calvin Yip, M Eng, MBA, P Eng | Bryan Auge |
| Mayor Gordon Van Tighem | Councillor Blake Lyons |

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 | D. Devana |
| Director of Economic Development | P. Neugebauer |
| Director of Community Services | G. White |
| Director of Public Safety | D. Marchiori |
| Director of Planning and Development | (vacant) |
| Director of Public Works and Engineering | G. Kehoe |
| City Auditors | MacKay LLP |
| City Bankers | TD Canada Trust |
| City Solicitors | Lawson Lundell |



City Council



Gordon Van Tighem,
Mayor



Wendy Bisaro,
Deputy Mayor



Bob Brooks,
Councillor



Mark Heyck,
Councillor



Blake Lyons,
Councillor



David McCann,
Councillor



Kevin O'Reilly,
Councillor



Doug Witty,
Councillor



Alan Woytuik,
Councillor

The Citizen Survey is a tool used by City Council to determine how well the City is meeting the needs of its residents. It is also used to help guide the City as it makes decisions regarding planning, budgeting and issues management. The Citizen Survey has been conducted on an annual basis since 2001. This year it took place between March 21st and 29th, 2006, and was conducted by Ipsos Reid.

The main objectives of this year's research were to:

- assess residents' perceptions toward their quality of life;
- determine the issues residents want local leaders to focus on;
- assess the importance of, satisfaction with, and usage of selected city services;
- evaluate the performance of City staff and Council; and
- to measure residents' perceived value for taxes

As part of achieving these objectives a total of 800 telephone interviews were conducted with a randomly selected sample of Yellowknife residents aged 16 years and older. Overall results were weighted to ensure that the age/gender distributions reflected the actual population in Yellowknife in accordance with the 2001 Census data. Overall results are accurate to $\pm 3.5\%$ nineteen times out of twenty. The final report on the Survey is available on the City's website and at City Hall reception.

More people contact City Hall than before

About two-thirds (66%) of city residents contacted, or dealt with, City employees over the last year. This is up from 2004 and is also higher than in other Canadian municipalities (56%). Of those who contacted the City, 77% say they were satisfied with the experience, with 44% being "very satisfied" and 33% being "somewhat satisfied."

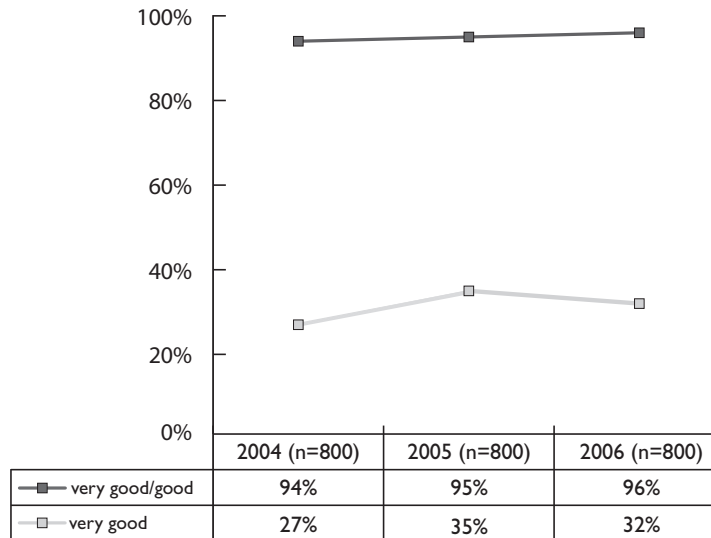
Quality of life remains high

Residents' perceptions of their quality of life have remained consistently high over the last four years. 96% of residents rated their quality of life as good or very good. Also, 47% of Yellowknife residents feel their quality of life has "stayed the same" during the past three years while another 24% say their quality of life has "improved." Only 21% say it has "worsened."

Those who feel their quality of life has improved attribute this to better employment and economic prospects, as well as to growth and development. Those who feel quality of life has deteriorated point to drug and crime-related issues.

Tracking quality of life in Yellowknife

"How would you rate the overall quality of life in Yellowknife today?"



Base: All respondents

With respect to issues

Yellowknife residents want leaders to focus on social issues. 39% of residents identify social issues as the most important issue facing the community. More specifically, residents point to “housing (includes lack of affordable housing)”, “drug and alcohol abuse” and “poverty/homelessness”. Social issues were also the top concern in 2005 at 45%, which is 6 points less than this year.

Other issues identified as top priorities for the City this year include: municipal government services (23%, up 8 points from 2005); growth (17%, down 1 point); transportation

(12%, down 1 point) and crime (10%, up 2 points). These issues are different from the most important issues identified by residents living elsewhere in Canada. Overall, transportation tops the public agenda of other Canadian municipalities, followed by crime, growth, social issues and education.

Residents satisfied with city services

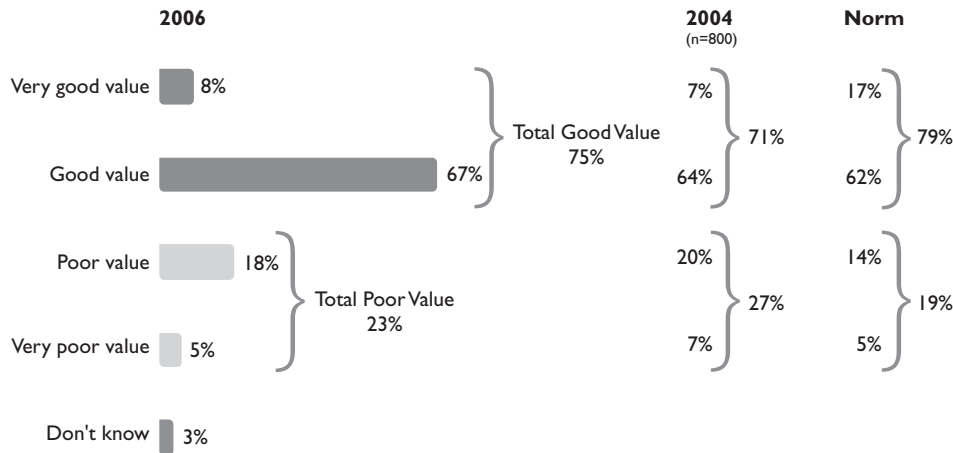
The vast majority of Yellowknife residents (87%) are satisfied with the level and quality of the city services. This is both on par with last year's results and those in other municipalities.

City staff and Council doing a good job

Most residents (85%) say that the City staff is doing a good job overall; and of these, 16% say City staff is doing a “very good job.” Similarly, overall perceptions of the City Council's performance are also favourable, with 73% of residents saying they approve of Council's performance and 10% of residents saying they “strongly approve”. The perception of City staff performance has declined slightly since 2005, while the perception of Council's performance has not changed significantly.

Value for Tax Dollars

“Overall, do you think you get good value or poor value for taxes you pay?
Would you say you get...?”



Base: All respondents (n=800)

Perceived value for taxes

In total, 75% of Yellowknife residents feel they receive good value for the taxes they pay. Overall perceived value for taxes this year has increased 4 points as compared to 2004 (71%). This is slightly lower than in other surveyed Canadian municipalities (79%). We will continue to work hard to increase this number!

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.



City Administrator



Director of Corporate Services



Pawan Chugh, CGA, Chair

Audit Committee's Report

The 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 Blake Lyons; Pawan Chugh, CGA; Calvin Yip, M Eng, MBA, P Eng; Eitan Dehtiar; Bryan Auge and City Administrator Max Hall. According to By-Law No. 4398, City Administrator was removed as a member of Audit Committee effective April 10, 2006.

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, 2005.

Auditor's Report

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, 2005 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.

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 from 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.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the City of Yellowknife as at December 31, 2005 and the results of its financial activities and the changes in its financial position for the year then ended in accordance with accounting principles for municipal governments established by the Canadian Institute of Chartered Accountants.

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

Chartered Accountants

Yellowknife, NT
March 28, 2006

mackay.ca

Consolidated Statement of Financial Position

As at December 31, 2005

		2005 Actual (\$000's)	2004 Actual (\$000's)
Financial Assets			
Cash		6,867	5,958
Accounts Receivable			
Taxes	Note 2	1,193	3,124
Water and Sewer	Note 3	1,065	1,357
Other	Note 3	5,149	7,036
Land Held for Resale		1,109	1,685
Prepays		367	304
Total Financial Assets		15,750	19,464
Physical Assets			
Capital Assets	Note 5	215,054	206,894
Total Physical Assets		215,054	206,894
		230,804	226,358
Liabilities			
Accounts Payable and Accrued Liabilities		3,241	4,972
Wages and Benefits Payable		688	701
School Taxes Payable		1,807	2,023
Deposits Payable		816	493
Deferred Revenue	Note 6	109	386
Long-Term Debt	Note 7	10,689	14,921
Provision for Landfill Closure	Note 8	1,243	1,410
Total Liabilities		18,593	24,906
Municipal Position			
Equity in Physical Assets		204,365	194,355
Capital Fund	Note 9	1,182	1,733
		205,547	196,088
General Fund		1,939	2,117
Land Development Fund		1,551	1,559
Solid Waste Management Fund		(49)	(78)
Water and Sewer Fund		(91)	65
Service Connection Failure Assistance Fund		(239)	(261)
Reserves	Note 10	3,553	1,962
		6,664	5,364
Total Municipal Position		212,211	201,452
		230,804	226,358

Approved by:



Gordon Van Tighem, Mayor



Max Hall, City Administrator

Consolidated Statement of Financial Activities

For the year ended December 31, 2005

	2005 Budget (\$000's)	2005 Actual (\$000's)	2004 Actual (\$000's)
Revenues			
Property Taxation	20,507	20,064	19,846
Payments in Lieu of Taxes	4,038	3,984	3,483
Less: School Taxes	(8,506)	(8,187)	(8,151)
Net Municipal Taxation	16,039	15,861	15,178
User Fees and Sale of Goods	12,629	12,034	14,662
Government Transfers	7,632	8,543	7,651
Investment Income	158	198	209
Fines Penalties and Costs of Taxes	752	944	921
Development Levies, Licenses and Permits	1,061	1,193	1,255
Franchise and Concessions Contracts	653	679	671
Total Revenues	38,924	39,452	40,547
Expenditures			
Operating			
General Government	7,483	7,354	7,222
Protective Services	3,790	3,663	3,703
Transportation and Public Works	4,152	4,742	4,326
Land Development	1,581	1,171	2,913
Recreation and Culture	4,456	4,717	4,238
Environmental and Public Health Services	1,504	1,558	1,418
Water and Sewage	4,164	4,254	4,316
Fiscal	418	678	365
Total Operating Expenditures	27,548	28,137	28,501
Capital			
General Government	1,057	1,054	1,412
Capital	9,815	7,662	11,891
Total Capital Expenditures	10,872	8,716	13,303
Total Expenditures	38,420	36,853	41,804
Net Revenue (Expenditures)	504	2,599	(1,257)
Add: New Debt Issued	-	-	1,930
Less: Debt Repayment	(1,847)	(1,850)	(1,599)
Increase (Decrease) in Fund Balances	(1,343)	749	(926)
Opening Fund Balances	5,734	7,097	8,023
Closing Fund Balances	4,391	7,846	7,097

Consolidated Statement of Changes in Fund Balance

For the year ended December 31, 2005

	General Fund (\$000's)	Water and Sewer Fund (\$000's)	Land Development Fund (\$000's)	Capital Fund (\$000's)	Service Connection Failure Assistance (SCFA) Fund (\$000's)	Solid Waste Management Fund (\$000's)	Reserves (\$000's)	2005 Total (\$000's)	2004 Total (\$000's)
Net Revenue (Expenditures)	(1,460)	790	167	2,875	22	205	-	2,599	(1,257)
Net Interfund Transfers									
(To) From General Fund		(946)	(175)			(176)	15	(1,282)	(1,065)
(To) From Water and Sewer Fund	946							946	952
(To) From Solid Waste Fund	176							176	150
(To) From Land Development Fund	175							175	
(To) From Capital Fund							1,576	1,576	(1,355)
(To) From SCFA Fund									
(To) From Reserves	(15)			(1,576)				(1,591)	1,318
	(178)	(156)	(8)	1,299	22	29	1,591	2,599	(1,257)
Debt Issued				-				-	1,930
Debt Repayment				(1,850)				(1,850)	(1,599)
Change in Fund Balance	(178)	(156)	(8)	(551)	22	29	1,591	749	(926)
Fund Balance, Beginning of Year	2,117	65	1,559	1,733	(261)	(78)	1,962	7,097	8,023
Fund Balance, End of Year	1,939	(91)	1,551	1,182	(239)	(49)	3,553	7,846	7,097

Reserves consist of:

	2004 (\$000's)	Increase (\$000's)	Decrease (\$000's)	2005 (\$000's)
Waterfront Development Reserve	80	-	-	80
Downtown Development Reserve	127	83	(74)	136
Information Technology Reserve	314	300	(341)	273
Mobile Equipment Replacement Reserve	1,700	686	(398)	1,988
Major Community Facility Reserve	(483)	1,204	-	721
Twin Pine Hill Trail Reserve	-	125	-	125
Samuel Colley Library Donation Reserve	224	6	-	230
	1,962	2,404	(813)	3,553

Consolidated Statement of Changes in Financial Position

For the year ended December 31, 2005

	2005 Actual (\$000's)	2004 Actual (\$000's)
Operations		
Excess of Revenue Over Expenditures	2,599	(1,257)
Add back non-cash items		
Taxes Receivable	1,930	(2,241)
Water and Sewer Receivable	292	(110)
Other Receivables	1,887	2,068
Prepays	(63)	107
Accounts Payable and Accrued Liabilities	(1,730)	1,917
Wages and Benefits Payable	(12)	(261)
Deposits Payable	322	131
Provision for Landfill Closure	(167)	(12)
School Taxes Payable	(217)	138
Deferred Revenue	(277)	(87)
Net Cash from (used for) Operations	<u>4,564</u>	<u>393</u>
Investing		
Land Acquisitions	-	(678)
Land Disposals	577	1,317
Net Cash from Investing	<u>577</u>	<u>639</u>
Financing		
Long-Term Debt Issued	-	3,530
Long-Term Debt Repayments - Capital	(1,850)	(1,599)
Long-Term Debt Repayments - Land	(2,382)	(89)
Net Cash from (used for) Financing	<u>(4,232)</u>	<u>1,842</u>
Increase in Cash and Cash Equivalents	909	2,874
Cash, Opening Balance	5,958	3,084
Cash, Closing Balance	6,867	5,958
Comprised of:		
Cash	<u>6,867</u>	<u>5,958</u>

Schedule of Consolidated Expenditures by Object

For the year ended December 31, 2005

	2005 Budget (\$000's)	2005 Actual (\$000's)	2004 Actual (\$000's)
Expenditures			
Bank Charges and Short-term Interest	192	159	157
Capital Purchases	10,178	8,034	12,566
Contingency	100	54	-
Construction and Maintenance Supplies	519	589	475
Contracted and General Services	7,036	7,246	6,999
Grants	430	431	363
Interest on Long-term Debt	751	750	815
Insurance	937	984	954
Land	957	632	2,331
Mayor and Council Expenses	477	469	459
Office and Administrative Supplies	249	230	249
Professional Services	211	282	358
Provision for Allowances	87	395	43
Salaries, Wages and Benefits	14,002	13,836	13,473
Site Restoration	-	-	9
Transfers to Other Organizations	82	55	79
Utilities - Electricity	1,186	1,237	1,238
Utilities - Fuel	646	781	629
Vehicle O & M	380	689	607
Total Expenditures	38,420	36,853	41,804

Notes to the Financial Statements

For the year ended December 31, 2005

I. Significant Accounting Policies

The consolidated financial statements of the City of Yellowknife 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 I (f).

c) Fund Accounting

Management funds consist of the general, land development, water and sewer, solid waste management, service connection failure assistance, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate equity account. The purposes of the funds are:

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

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

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

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

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 Inventory

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.

f) 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.

g) 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.

h) 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.

i) 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.

j) 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 revenues or expenditures in the statement of operations.

The community maintains the following reserves:

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.

Downtown Development Reserve:

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.

Waterfront Development Reserve:

Amounts approved by Council for future waterfront development are transferred to the Waterfront Development Reserve.

Samuel Colley Library Donation Reserve:

To provide for the Yellowknife Public Library.

Twin Pine Hill Trail Reserve:

Amounts approved by Council for future development of the Twin Pine Hill Trail are transferred to the Twin Pine Hill Trail Reserve.

k) Equity in Physical Assets

Equity in physical assets represents the Community'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.

l) 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.

m) Budget

Budget figures are unaudited and are those approved by Council on December 20, 2004.

n) 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. For cash, taxes receivable, water and sewer receivable, other accounts receivable, accounts payable and accrued liabilities and school taxes 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 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 23% of the City's annual tax revenue comes from three taxpayers: Government of the Northwest Territories (12%), Northern Property REIT (5%), and Government of Canada (6%).

2. Taxes and Grants in Lieu of Taxes Receivable

	2005 Actual (\$000's)	2004 Actual (\$000's)
Property Taxes Receivable	1,726	3,203
Taxes Receivable Allowance	(533)	(79)
	<u>1,193</u>	<u>3,124</u>

3. Other Accounts Receivable

	2005 Actual (\$000's)	2004 Actual (\$000's)
Other Receivables	5,561	7,375
Less: Allowance	(412)	(339)
	<u>5,149</u>	<u>7,036</u>
Water and Sewer Receivables	1,078	1,368
Less: Allowance	(13)	(11)
	<u>1,065</u>	<u>1,357</u>
	<u>6,214</u>	<u>8,393</u>

4. Current Assets and Liabilities

	2005 Actual (\$000's)	2004 Actual (\$000's)
CURRENT ASSETS		
Cash	6,867	5,958
Receivables		
Taxes and Grants in Lieu of Taxes	1,193	3,124
Utilities and Other Receivables	6,214	8,393
Land Held for Resale	1,109	1,685
Prepays	367	304
	<u>15,750</u>	<u>19,464</u>
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	3,241	4,972
Wages and Benefits Payable	688	701
School Taxes Payable	1,807	2,023
Deposits Payable	816	493
Deferred Revenue	109	386
Current Portion of Long-term Debt	1,964	2,599
Provision for Landfill Closure	492	343
	<u>9,117</u>	<u>11,517</u>

5. Physical Assets

	2004 Actual (\$000's)	Additions (\$000's)	Disposals (\$000's)	2005 Actual (\$000's)
Land and Buildings	47,360	1,362	-	48,722
Infrastructure	143,767	5,502	-	149,269
Vehicles and Equipment	15,767	1,296	-	17,063
	<u>206,894</u>	<u>8,160</u>	<u>-</u>	<u>215,054</u>

6. Deferred Revenue

Facility Booking and Program Registration
 Government Transfers
 Land Sales
 Other

2005 Actual (\$000's)	2004 Actual (\$000's)
23	26
60	26
-	315
26	19
109	386

7. Long Term Debt

Capital - General

CIBC Debenture #226, authorized by By-law 3953 as amended, to finance the 1997 paving program, with monthly payments of \$24,107 including principal & interest at 6.00%, expiring November 2007.

533 782

CIBC Debenture #227, authorized by By-law 3976 to finance the purchase of the Library property, with monthly payments of \$38,704 including principal & interest at 6.45%, expiring December 2007.

1,070 1,452

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.

1,096 1,419

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.

1,669 2,023

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.

166 190

CIBC Debenture #234, authorized by By-law 4131 to finance 2001 paving program, with annual payments of \$80,406, including principal & interest at 5.56%, expiring October 2011.

397 452

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.

1,085 1,209

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.

60 67

7. Long Term Debt, continued

Capital - General (continued)

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.

CIBC Debenture #240, authorized by By-law 4244 to finance 2003 paving program, with annual payments of \$191,155 including principal & interest at 4.82%, expiring July 2013.

RBC Debenture #239, authorized by By-law 4213 to finance completion of phase one of the Moltiplex, with annual payments of \$140,098 including principal & interest at 5.81%, expiring March 2013.

Pacific and Western Debenture #242, authorized by By-law 4280 to finance 2004 paving program, with annual payments of \$251,269 including principal & interest at 5.11%, expiring July 2014.

Land

Pacific & Western Debenture #241, authorized by By-law 4255 to finance the development of land in Kam Lake with annual payments of \$578,090 including principal & interest at 4.14%, repaid during the year.

Pacific & Western Debenture #232, authorized by By-law 4111, with annual payments of interest only at 7.05%, repaid during the year.

	2005 Actual (\$000s)	2004 Actual (\$000s)
	60	67
	1,237	1,362
	1,539	1,586
	1,777	1,930
	<u>10,689</u>	<u>12,539</u>
	-	1,600
	-	782
	-	2,382
	<u>10,689</u>	<u>14,921</u>

Debentures are secured by taxes and penalties levied, all grants and sundry revenues. The estimated fair value of long-term debt at December 31, 2005 is \$10,557,967 (2004 - \$14,851,886). 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)
2006	1,965
2007	2,296
2008	1,442
2009	1,114
2010	668
2011 and thereafter	<u>3,184</u>
	<u>10,689</u>

8. Landfill Closure and Post-Closure Liability

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 \$1,532,562 and the City has included \$1,137,062 (74%) 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 775,000 cubic metres, 250,000 cubic metres (33%) 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.

9. Capital Fund Balance

	2005 Actual (\$000's)	2004 Actual (\$000's)
General Government	50	50
Community Services	70	284
Waterfront Development	19	209
Public Safety	-	65
Public Works	261	655
Solid Waste	96	140
Water and Sewer	362	330
Landfill Site Restoration	324	-
	<u>1,182</u>	<u>1,733</u>

10. 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	136	112	(24)
Information Technology Reserve	273	-	(273)
Mobile Equipment Replacement Reserve	1,988	-	(1,988)
Major Community Facility Reserve	721	-	(721)
Samuel Colley Library Donation Reserve	230	230	-
Twin Pine Hill Trail Reserve	125	-	(125)
	<u>3,553</u>	<u>342</u>	<u>(3,211)</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, 2005, the City had a shortfall of \$3,211,000 (2004 - \$1,861,000).

11. 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

Polar Developments Ltd. has initiated a legal action against the City claiming damages in the amount of \$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.

c) WCB Claim

The City has been charged with two (2) offences pursuant to section 22(2) of the Safety Act R.S.N.W.T. 1988, c.S-1. The maximum fine that may be levied if the City were to be convicted on each of the alleged offences is \$500,000. No determination of the City's potential liability has been made and no estimate of potential liability can be made or recorded at this time. Any liability will be recorded when the amounts are determinable.

12. 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)
2006	-	2,652	2,652
2007	-	774	774
2008	-	263	263
2009	-	200	200
2010	-	200	200
	-	4,089	4,089

13. Preceding Year's Figures

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

Statement of Financial Activities

For the year ended December 31

(In thousands of dollars)

	2001	2002	2003	2004	2005
Revenue					
Municipal Taxes	14,154	14,472	14,794	15,178	15,861
User Charges	12,392	17,408	18,802	14,662	12,034
Government Transfers	5,782	7,172	7,952	7,651	8,543
Investment Income	204	244	289	209	198
Fines Penalties and Costs of Taxes	693	1,002	920	921	944
Development Levies, Licences and Permits	867	1,184	1,396	1,255	1,193
Franchise and Concessions Contracts	577	624	645	671	679
	<u>34,669</u>	<u>42,106</u>	<u>44,798</u>	<u>40,547</u>	<u>39,452</u>
Expenditures					
Operating					
General Government	5,502	5,940	6,870	7,222	7,354
Recreation and Culture	3,402	3,366	3,907	4,238	4,717
Protective Services	3,502	2,991	3,262	3,703	3,663
Transportation and Public Works	2,961	4,003	4,044	4,326	4,742
Water & Sewer	3,742	3,778	4,303	4,316	4,254
Environmental and Public Health Services	969	1,142	1,488	1,418	1,558
Land Development	829	5,949	5,916	2,913	1,171
Fiscal	1,135	728	718	365	678
Total Operating Expenditures	<u>22,042</u>	<u>27,897</u>	<u>30,508</u>	<u>28,501</u>	<u>28,137</u>
Capital					
General Government	1,172	1,155	2,076	1,412	1,054
Capital	7,026	16,293	8,672	11,891	7,662
Total Capital Expenditures	<u>8,198</u>	<u>17,448</u>	<u>10,748</u>	<u>13,303</u>	<u>8,716</u>
Total Expenditures	<u>30,240</u>	<u>45,345</u>	<u>41,256</u>	<u>41,804</u>	<u>36,853</u>
Net Revenue (Expenditures)	4,429	(3,239)	3,542	(1,257)	2,599
Debt Proceeds	854	1,595	3,114	1,930	-
Debt Principal Repayments	(4,315)	(3,051)	(2,022)	(1,599)	(1,850)
Increase (Decrease) in Fund Balances	968	(4,695)	4,634	(926)	749
Opening Balance	7,116	8,084	3,389	8,023	7,097
Closing Balance	<u>8,084</u>	<u>3,389</u>	<u>8,023</u>	<u>7,097</u>	<u>7,846</u>

Note: Prior years have been restated to conform to current presentation

Fund Balances

For the year ended December 31

(In thousands of dollars)

	2001	2002	2003	2004	2005
Change in Funds Balance					
General Fund	97	772	538	32	(178)
Land Development	110	350	1,974	190	(8)
Solid Waste Management	150	246	(69)	555	29
Water & Sewer	(216)	(58)	(94)	(179)	(156)
Service Connection Failure Assistance	-	(32)	(198)	(31)	22
Capital	198	701	921	(175)	(551)
Reserves					
Information Technology	(28)	95	69	27	(41)
Downtown Development	-	38	57	32	9
Major Community Facility	684	(6,782)	1,023	(677)	1,204
Mobile Equipment Replacement	209	(25)	194	(678)	288
Offsite Levy	(174)	-	-	-	-
Parking Development	(62)	-	-	-	-
Quarry Development	-	-	-	-	-
Waterfront Development	-	-	-	-	-
Twin Pine Hill Trail Reserve	-	-	-	-	125
Samuel Colley Library Donation	-	-	219	5	6
	<u>968</u>	<u>(4,695)</u>	<u>4,634</u>	<u>(899)</u>	<u>749</u>
Funds Balance					
General Fund	775	1,547	2,085	2,117	1,939
Land Development	(955)	(605)	1,369	1,559	1,551
Solid Waste Management	(810)	(564)	(633)	(78)	(49)
Water & Sewer	396	338	244	65	(91)
Service Connection Failure Assistance	-	(32)	(230)	(261)	(239)
Capital	286	987	1,908	1,733	1,182
Reserves					
Information Technology	123	218	287	314	273
Downtown Development	-	38	95	127	136
Major Community Facility	5,980	(802)	221	(483)	721
Mobile Equipment Replacement	2,209	2,184	2,378	1,700	1,988
Offsite Levy	-	-	-	-	-
Parking Development	-	-	-	-	-
Quarry Development	-	-	-	-	-
Waterfront Development	80	80	80	80	80
Twin Pine Hill Trail Reserve	-	-	-	-	125
Samuel Colley Library Donation	-	-	219	224	230
	<u>8,084</u>	<u>3,389</u>	<u>8,023</u>	<u>7,097</u>	<u>7,846</u>

Details of Government Transfers

For the year ended December 31

(In thousands of dollars)

	2001	2002	2003	2004	2005
GNWT — Formula Funding	5,189	5,267	6,136	6,085	6,621
Other	593	1,905	1,826	1,566	1,922
	<u>5,782</u>	<u>7,172</u>	<u>7,962</u>	<u>7,651</u>	<u>8,543</u>

Expenditures (By Object)

For the year ended December 31

(In thousands of dollars)

	2001	2002	2003	2004	2005
Bank Charges and Short-term Interest	126	159	218	157	159
Capital Purchases	6,305	16,599	9,901	12,566	8,034
Contingency	86	6	91	-	54
Construction and Maintenance Supplies	505	538	491	475	589
Contracted and General Services	5,716	6,057	7,015	6,999	7,246
Grants	374	342	345	363	431
Interest on Long-term Debt	1,190	905	851	815	750
Insurance	495	629	819	954	984
Land	985	5,503	5,307	2,331	632
Mayor and Council Expenses	449	445	454	459	469
Office and Administrative Supplies	239	233	274	249	230
Professional Services	167	191	248	358	282
Provision for Allowances	777	368	327	43	395
Salaries, Wages and Benefits	10,902	11,206	12,450	13,473	13,836
Site Restoration	-	-	21	9	-
Transfers to Other Organizations	55	43	60	79	55
Utilities - Electricity	983	1,135	1,234	1,238	1,237
Utilities - Fuel	454	459	642	629	781
Vehicle O & M	433	526	508	607	689
Total Expenditures	<u>30,241</u>	<u>45,344</u>	<u>41,256</u>	<u>41,804</u>	<u>36,853</u>

Capital Financing

For the year ended December 31

(In thousands of dollars)

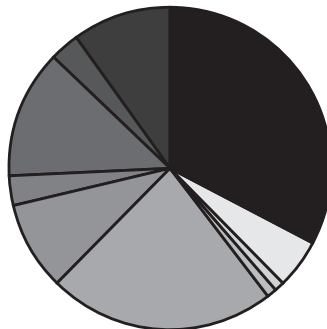
	2001	2002	2003	2004	2005
Capital Financing					
Revenue					
Taxation	4,163	3,249	2,759	2,327	1,932
Government Transfers	4,371	5,958	6,569	6,283	7,295
User Charges	3,139	3,685	2,535	2,832	2,364
	11,673	12,892	11,863	11,442	11,591
Debt Issued	854	1,595	3,114	1,930	-
Debt Principal Repayments	(4,315)	(3,051)	(2,022)	(1,599)	(1,850)
Fund Transfers	(763)	6,712	(1,286)	1,355	(1,576)
Fund Balance Used	(198)	(701)	(921)	175	551
	7,251	17,447	10,748	13,303	8,716

Capital Expenditures (By Function)

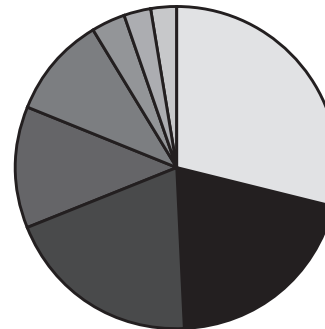
General Government	199	416	1,339	684	373
Community Services	1,390	10,647	3,417	3,991	1,127
Public Safety	241	116	59	828	22
Public Works	2,011	2,416	2,048	2,929	2,544
Planning & Development	-	-	-	-	40
Water & Sewer	2,464	2,836	3,036	4,039	3,394
Solid Waste Management	-	269	112	104	535
Debt Interest	946	747	737	728	681
	7,251	17,447	10,748	13,303	8,716

- General Government Capital 5%
- Public Safety Capital 1%
- Public Works and Engineering Capital 1%
- Roads and Sidewalks Capital 23%
- Water and Sewer Capital 9%
- Solid Waste Management 3%
- Insurance 13%
- Solid Waste Capital 3%
- Community Services Capital 10%
- Reserves 33%

Use of Formula Funding



Use of Taxes



- 28.9% General Government
- 2.6% Economic Development
- 2.7% Grants to Community Service Groups
- 3.4% Planning and Development
- 10.2% Public Safety
- 12.2% Debt Servicing
- 19.7% Public Works and Engineering
- 20.4% Community Services

Analysis of Property Assessment & Taxation

For the year ended December 31

(In thousands of dollars)

	2001	2002	2003	2004	2005
Assessed Value of Property*	1,260,839	1,297,354	1,412,569	1,474,902	1,497,323
Municipal Mill Rates (per thousand dollar of assessed value)					
Residential	8.63	8.63	8.06	8.06	8.21
Multi-Residential	8.94	8.94	8.23	8.23	8.38
Commercial/Industrial	15.17	15.17	14.01	14.01	14.26
Mining/Quarrying	12.00	12.00	15.91	15.91	16.20
High Density Parking	7.30	7.30	7.00	7.00	7.13
Agriculture	8.63	8.63	8.06	8.06	8.21
School Mill Rates (per thousand dollar of assessed value)	6.059	6.059	5.63	5.63	5.63
Municipal Tax Levy	14,154	14,472	14,794	15,231	16,117
Taxes Collected and Transferred to Local School Boards					
Public School Board	4,609	4,604	4,744	4,665	4,655
Separate School Board	2,902	3,052	3,163	3,486	3,533
	7,511	7,656	7,907	8,151	8,188
Yearly Residential Property Tax Bill (based on an average residential home in Yellowknife)					
Municipal Taxes	1,373	1,373	1,290	1,265	1,344
School Taxes	964	964	901	884	922
	2,337	2,337	2,191	2,149	2,267
Outstanding Property Taxes**	1,342	989	883	3,124	1,193
Outstanding Property Taxes As a Percentage of the Tax Levy	9%	7%	6%	21%	7%

* Includes taxable and grantable properties only.

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

Principal Corporate Taxpayers	2005	Percent of	2004		2005	Percent of	2004
	(\$000s)	2005 Total	(\$000s)		(\$000s)	2005 Total	(\$000s)
Northern Property REIT	1,065	4.43%	993	Consolidated Properties (NWT) Inc.	294	1.22%	252
Bellanca Developments Ltd.	801	3.33%	791	Gold Bar Developments & Andromeda Investments Ltd.	276	1.15%	273
Miramar Con Mine Ltd.	602	2.50%	694	4912 NWT Ltd.	207	0.86%	205
Polar Pandas Developments Ltd./ WAM Group GP Inc.	517	2.15%	510	NWT Community Services Corp.	179	0.75%	177
Polar Developments Ltd.	411	1.71%	406	752464 Alberta Ltd. O/A Yellowknife Inn	165	0.69%	163

Analysis of Long-term Debt

For the year ended December 31

(In thousands of dollars, unless otherwise stated)

Debt Outstanding*	2001	2002	2003	2004	2005
Supported by Property Taxes	12,030	11,115	12,208	12,539	10,689
Supported by Utility Charges	541	-	-	-	-
Supported by Land Sales	2,552	2,123	871	2,382	-
	<u>15,123</u>	<u>13,238</u>	<u>13,079</u>	<u>14,921</u>	<u>10,689</u>
Legal Debt Limit**	252,168	259,471	282,514	294,980	299,465
Per Capita Debt					
Supported by Property Taxes	660	601	654	658	553
Supported by Utility Charges	30	-	-	-	-
Supported by Land Sales	140	115	47	125	-
	<u>830</u>	<u>716</u>	<u>701</u>	<u>783</u>	<u>553</u>
Interest & Principal Repayments as a Percentage of Total Expenditures					
Capital	17%	8%	6%	6%	7%
Land	3%	5%	3%	0%	0%
	<u>20%</u>	<u>13%</u>	<u>9%</u>	<u>6%</u>	<u>7%</u>
Debt Burden (Overlapping Debt)					
City	15,123	13,238	13,079	14,921	10,688
Public School Board***	26	15	-	-	-
Separate School Board***	9,597	9,301	8,834	8,418	7,976
	<u>24,746</u>	<u>22,554</u>	<u>21,913</u>	<u>23,339</u>	<u>18,664</u>

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

**The City's legal debt limit is 20% of the assessed value of property.

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

Community Profile

For the year ended December 31

	2001	2002	2003	2004	2005
Population					
Population*	18,214	18,500	18,673	19,056	19,429
Households**	5,795	5,700	5,845	6,257	6,557
Construction Values (in thousands of dollars)					
Residential	12,273	38,600	38,000	29,322	26,028
Commercial/Industrial	14,752	22,000	47,000	37,761	21,285
Mechanical	5,978	15,000	-	-	-
	33,003	75,600	85,000	67,083	47,313
City Employees					
Continuous full time	146.0	149.5	157.0	161.0	166.0
Per 1,000 population	8.0	8.1	8.4	8.4	8.6
Employee turnover	19%	16%	20%	15%	20%
City Infrastructure (kms)					
Paved roads and alleys	63.9	63.9	67.7	69	70.6
Unpaved roads and alleys	13.8	13.8	12.9	13	13.9
	77.7	77.7	80.6	82	84.5
Water lines	67.6	67.6	68.5	69	69
Sewer lines	51.9	51.9	52.8	53	54
Storm drain lines	20.3	20.3	20.4	21	21
Fire hydrants (number of)	289	298	310	310	315

*Source: Northwest Territories Bureau of Statistics

**Source: Canada Mortgage and Housing Corporation



Award for Financial Reporting

Since 1996, the City of Yellowknife annual financial reports have been awarded the Canadian Award for Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA). 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 the Canadian Award for Financial Reporting the City must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such a report should go beyond the minimum requirements of Generally Accepted Accounting Principles and demonstrate an effort to clearly communicate the City'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 our annual financial report for the current year to the GFOA.

Department of Corporate Services City of Yellowknife

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