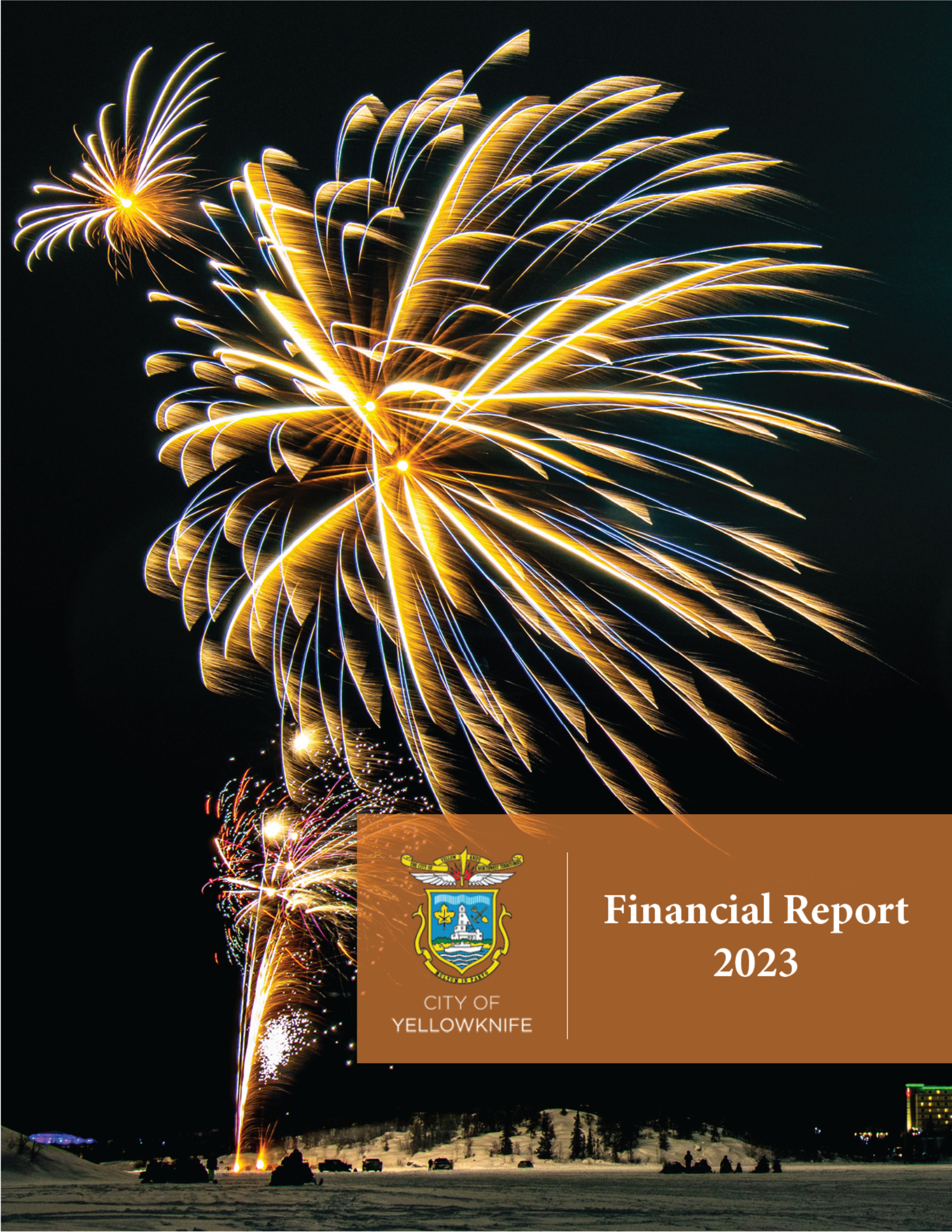




CITY OF
YELLOWKNIFE

Financial Report 2023

City of Yellowknife

Financial Statements

December 31, 2023

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FINANCIAL STATEMENTS DISCUSSION AND ANALYSIS

The following Financial Statements Discussion and Analysis (“FSDA”) has been prepared by Management and should be read in conjunction with the Audited Financial Statements (“the Statements”) and their accompanying notes and schedules. The Statements are prepared in accordance with the principles and standards as established by the Canadian Public Sector Accounting Board (“PSAB”).

The FSDA aims to provide context and commentary on the financial results of the City of Yellowknife (“the City”) for the fiscal year ended December 31, 2023 as well as provide an update on the reliability of its municipal services and operations as a going concern. In this respect, Management has made every effort to ensure the Statements present a fair accounting of the City’s operating and capital activities for the fiscal year ended December 31, 2023 through ongoing monitoring of all financial affairs of the City. Moreover, the City’s financial results are also recognized and reported in observation of the City’s policies and bylaws, where Council provides governance and guidance to policy and bylaw changes and approval.

The City’s 2023 Financial Statements include the following individual statements:

1. **Statement of Financial Position** – provides a summary of the City’s financial and physical assets and liabilities.
2. **Statement of Operations and Accumulated Surplus** – Provides a summary of the funds raised by the City and the use of such funds during the year.
3. **Statement of Remeasurement Gains and Losses** – summarizes the unrealized gains and losses until the asset or liability is disposed of or settled at which point the gains or losses are recognized in the Statement of Operations.
4. **Statement of Changes in Net Financial Assets** – shows how changes in physical assets occurred through the purchase and disposition of physical assets.
5. **Statement of Cash Flows** – summarizes how the City’s cash position changed during the year by highlighting the sources and uses of cash.

The Statements also include schedules that provide details on Tangible Capital Assets, Segment Disclosures, Government Transfers and Grants, Salaries, Honoraria and Travel Expenses of City Council.

FUNDS AND RESERVES

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

1. **General Fund** reports on tax supported operations, which include services provided by the City to the residents such as public safety, parks and recreational services, transit services, street maintenance and administrative and governance support.
2. **Capital Fund** reports on capital projects that are supported by taxes, user fees and/or grants from other orders of government. The Capital Fund is made up of, but is not limited to, reporting on the acquisition and/or construction of: streets, parks and recreation facilities, water and sewer infrastructure and other municipal facilities.
3. **Water and Sewer Fund** reports on activities related to the provision of piped and trucked water and sewer services. The revenue is derived from user fees.
4. **Solid Waste Management Fund** reports on activities related to garbage and waste collection services. The revenue is derived from user fees.

5. **Land Development Fund** reports on activities related to the acquisition, development and sale of municipal lands. The revenue is derived from land sales.
6. **Service Connection Failure Assistance Fund (SCFA)** – established to provide residents with a low-cost program to cover water and sewer service repairs. The revenue is derived from user fees.

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

1. **Information Technology Reserve, Mobile Equipment Replacement Reserve, and the Major Community Facility Reserve** have been set-up to finance current and anticipated future capital projects, thereby reducing the need to issue debt.
2. **Downtown Development Reserve, Heritage Reserve, Samuel Colley Donation Reserve, Revitalization Initiative Reserve and Community Grant Reserve** provide designated revenue to fund expenses related to future initiatives in these areas.

FINANCIAL OVERVIEW

Key financial highlights for 2023 are as follows:

Statement of Financial Position (in thousands of dollars)

	2023 Actual	2022 Actual	Year over Year Change
Net Financial Assets	64,266	74,224	(9,958)
Non-Financial Assets	324,087	288,569	35,518
Accumulated Surplus	388,353	362,793	25,560
Accumulated Surplus Breakdown:			
Accumulated Operating Surplus	388,211	362,793	25,418
Accumulated Remeasurement Gains	142	0	142
Accumulated Surplus	388,353	362,793	25,560

The City's financial position continues to be strong as at December 31, 2023. The Accumulated Surplus on the Statement of Financial Position grew from \$362.8 million in 2022 to \$388.4 million at the end of 2023. The Accumulated Surplus is a key measure of the City's financial strength and long-term sustainability and it consists of Net Financial Assets and Non-Financial Assets.

Net Financial Assets is the amount by which all financial assets exceed all liabilities and represents the City's funds and reserves of \$64.3 million (2022 - \$74.2 million). Net Financial Assets denotes the City's ability to meet its future obligations. The decrease in Net Financial Assets of \$9.9 million over the prior year is mainly due to adjustments made upon the adoption of *PS 3280 – Asset Retirement Obligations*. The City, based on Management's best estimate of future costs, has recorded Asset Retirement Obligations for the closure and post-closures of its landfills, removal of asbestos from its buildings constructed prior to 1990 and remediation of its fuel tanks, below and above ground.

On the other hand, Non-Financial Assets was \$324 million (2022 - \$288.6 million) and comprised of the net book value of the City's capital assets, which include land, buildings, recreation facilities, parks, roads, water and sewer infrastructure. Non-Financial Assets also include inventory of supplies and prepaid expenses. Non-Financial Assets increased by \$35.5 million over the prior year predominantly due to an increase in investments in vehicles, equipment, roads, sidewalks, upgrades at the City hall, Fieldhouse and Multiplex, improvements in parks and work advancement at the aquatic center.

Finally, the City's debt consists of Interest Rates Swaps which help reduce its exposure to interest rate fluctuations. PSAB requires that these Interest Rates Swaps be evaluated against market rates annually and their values be updated accordingly. As such, in 2023 there was an unrealized gain, due to favorable economic and market factors, which has been reported on the Statement of Remeasurement Gains.

Statement of Operations and Accumulated Surplus (in thousands of dollars)

	2023 Actual	2022 Actual	Year over Year Change
Revenues	80,480	67,185	13,295
Expenses	(85,465)	(60,808)	(24,657)
Annual Operating (Deficit)/Surplus before Capital Items	(4,985)	6,377	(11,362)
Government Transfers related to Capital	31,613	27,396	4,217
Minor Capital Expenses	(1,210)	(2,942)	1,732
Annual Operating Surplus	25,418	30,831	(5,413)

Revenues of \$80.5 million (2022 - \$67.2 million) increased from the prior year by \$13.3 million (19.8% increase) caused primarily by a one-time wildfire cost recovery estimate of \$8.1 million (75% of cost incurred) for the protective work undertaken in August 2023 in relation to the wildfires.

Revenues were also influenced by higher investment income of \$4.6 million due to positive rate of interest as well as the City receiving extra grant funding for hosting the communities of Hay River and Kátl'odeeche First Nation during the wildfires. Moreover, there was also minor growth in revenues collected from property taxes, land sales, building and development permits. However, it is important to note that these revenue streams fluctuate year to year depending on the development activity in the City and the market conditions during the year.

Conversely, Expenses surged by \$24.7 million (40.5%) from 2022 and as mentioned above, the main contributor to this figure was the protective work undertaken for the wildfires. As of December 31, 2023, the City had incurred \$10.6 million for this exercise. Additionally, annual amortization adjustments for recently added facilities and infrastructure, inflationary increases in collective agreements and other general contracts and amendments made to reported overheads due to the adoption of the Asset Retirement Obligation impacted this amount as well.

Put simply, the Operating Deficit before Capital Items, which is the excess of actual expenditures less revenues, of \$5 million at year end would have been even more pronounced if this would not have been offset by favourable revenues.

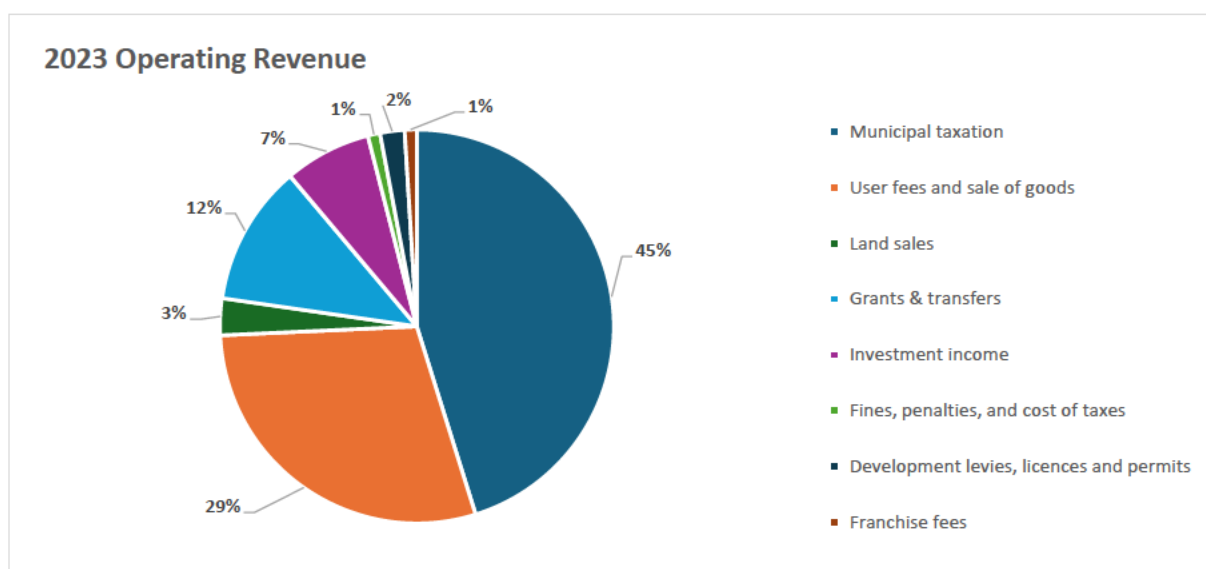
To sum up, despite all the challenges of 2023, the City concluded the year with an Annual Surplus of \$25.4 million (2022 - \$30.8 million) after taking into account government grants related to Capital expenses of \$31.6 million (2022 - \$27.4 million) and Minor Capital adjustments of \$1.2 million (2022 - \$2.9 million). It is important to note that the Government Grants related to the Capital expenses are restricted to their intended use and cannot be used to finance operation costs.

Operating Revenues and Costs

At the moment, the City generates most of the operating revenues from Taxation (45%) along with User fees and Sale of goods (29%).

In 2023, the City experienced stable property values in Mining & Quarrying, High Density Parking and Agriculture whereas property values under the Residential and Commercial & Industrial segments experienced an increase. This prompted an average municipal tax increase of 4.07% for all property classes which in turn translated into an increase of 4.6% in the City's taxation revenue. As a result of the different mill rates that are applied to them, the Commercial & Industrial property class made up 56% of this taxation revenue while residential properties accounted for 34%.

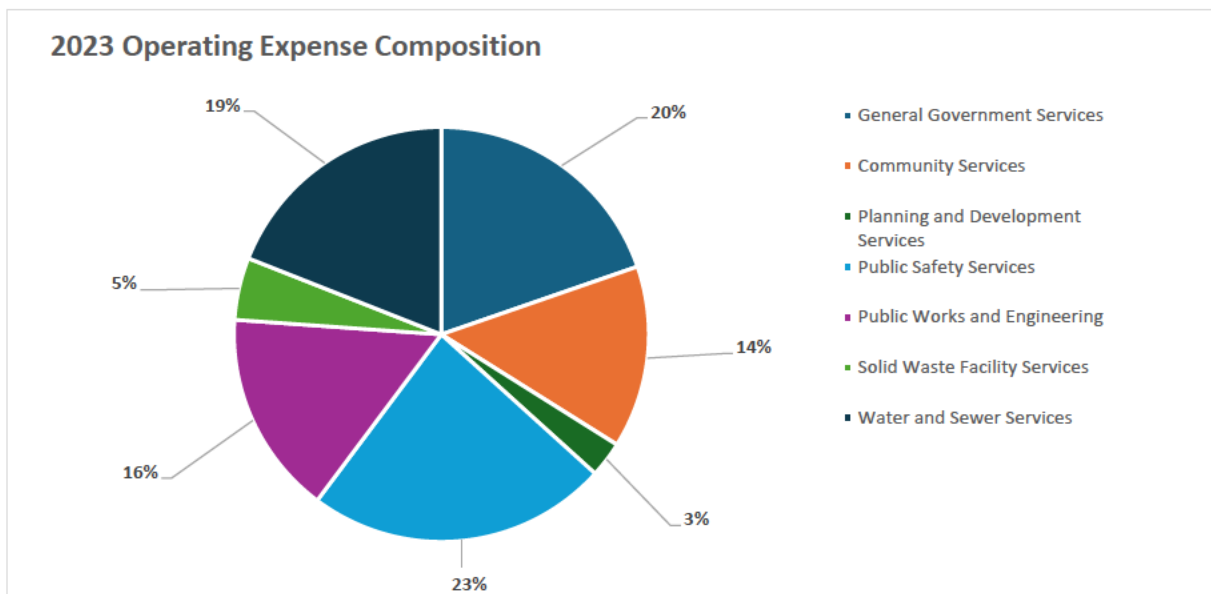
In the same instance, User fees and Sale of goods made up the other significant source of revenue, whereby over half of which was generated from water and sewer charges.



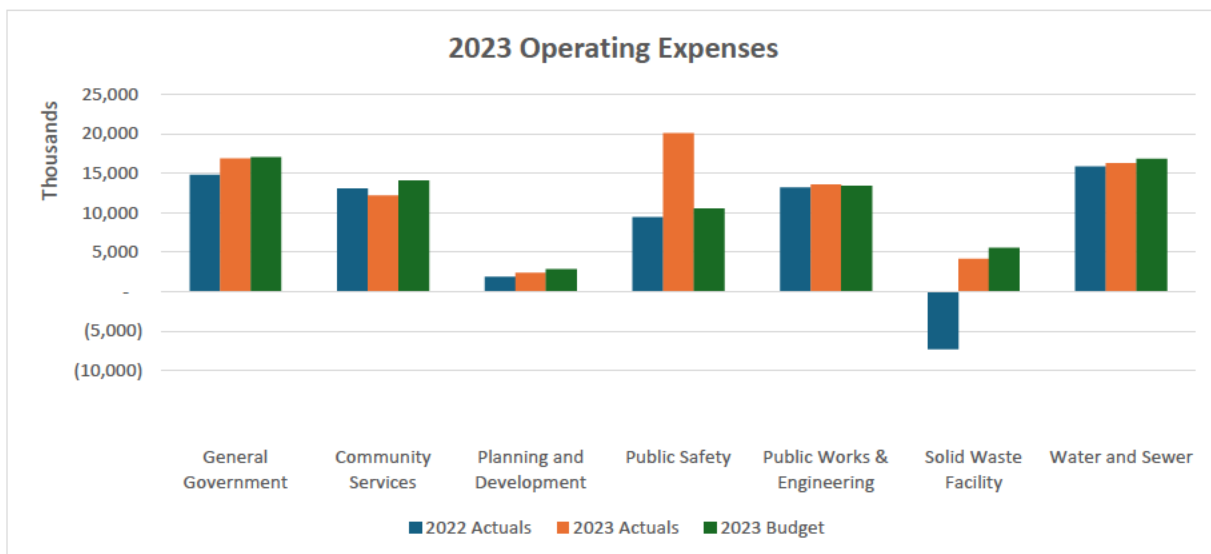
One important aspect to note is that the City is subject to credit risk with respect to property tax receivables, trade and other receivables. Credit risk arises from the possibility that taxpayers and residents to whom the City provides services may experience financial difficulty and be unable to fulfill their obligations. Nonetheless, it is comforting to note that the large number and diversity of taxpayers and residents minimizes the credit risk resulting in a low number of defaults.

Lastly, Investment income (7%) and Government grants (12%) were another important source of proceeds in 2023. However, due to their nature, the amount earned and received oscillates from year to year and lacks the predictability and reliability required for strong financial planning.

In relation to operating expenses, it is no surprise that Public Works & Engineering (16%) with the maintenance of roads, sidewalks and snow clearing; General Government (20%) with the administration services; Water and Sewer (19%) with the delivery of clean drinking water, maintenance of water & sewer infrastructure and provision of sewer services; and Public Safety (23%) with fire, emergency and municipal enforcement services were the main cost centers in 2023.



And, as expected, in 2023 operation costs for Public Safety saw a drastic spike not only due to the events that unfolded but also because of a surge in demand for emergency and municipal enforcement services.

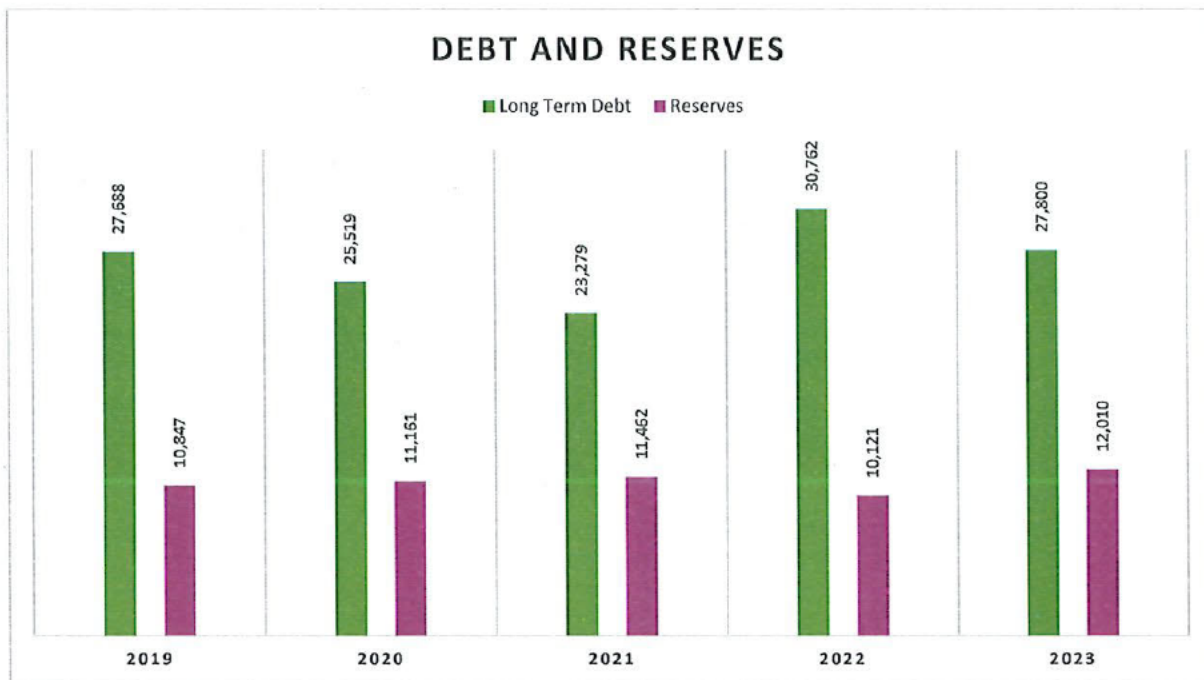


FUTURE OUTLOOK

Following the disruptions of the 2023 wildfires, which impacted operating revenues and costs, we anticipate receiving disaster-related recovery payments from the Territorial and Federal Governments in 2024. And as such, at this current time, Management does not foresee a substantial impact on the City's finances in the short term. However, the conversation is far broader and deeper when it comes to ensuring a robust long term fiscal stability of the City.

In recent years, the City has made significant efforts in building up strong financial health through conservative budgeting and in the process improved the levels of liquidity. The latter provides the City with sufficient cushion to draw on reserves

while offsetting immediate pressures including unexpected expenses. Furthermore, the City's ability and flexibility to adjust revenues and expenses has allowed manageable debt and reserves levels to exist even in this current difficult economic climate.



But it is a known fact that population growth within the City has been low and its economy is relatively narrow with heavy reliance on the public and natural resource sectors. With inflationary and cost pressures expected to keep future labour and material costs elevated, not taking into account the high cost of living in the City, supply chain issues, and more and more weather-related disruptions a commonality, it has become essential that demographic trends and the City's tax base be strengthened to provide a buffer against future debt and expenses.

Final Thoughts

In closing, despite all the operational and economic difficulties highlighted in the above framework, under the direction and guidance of City Council, and the colossal endeavor of all staff, the City of Yellowknife remains fiscally prudent and is determined to navigate through the challenges and pressures of an ever-changing economic landscape to provide quality services that enhances the lives of all its residents.

The City of Yellowknife's Audited Financial Statements for year ended December 31, 2023, can be found on our website at www.yellowknife.ca. If you have any questions or concerns, please contact the Director of Corporate Services at 867-920-5600

Kavi Paridob, MPAcc, CPA, FCCA
 Director of Corporate Services
 May 13, 2024

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

For the year ended December 31, 2023

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

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

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

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

Charisey White, MCIP, RPP
Acting City Manager
May 13, 2024

Kavi Pandoo, MPAcc, CPA, FCCA
Director of Corporate Services
May 13, 2024

AUDIT COMMITTEE'S REPORT

For the year ended December 31, 2023

The Audit Committee oversees the City's financial reporting process on behalf of City Council. The Committee is comprised of: Mayor Rebecca Alty (ex-officio), Councillor Tom McLennan, Paul Guy, Sue McKinney, Nathan Ensing and Janet Toner.

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

Management has the primary responsibility for the financial statements and the reporting process, including the system of internal controls. Management represents that the City's financial statements are prepared in accordance with Canadian public sector accounting standards. Based on the Committee's review of the financial statements and discussions with Administration and the independent auditors, the Committee recommends that City Council adopt the audited financial statements for the year ended December 31, 2023.

Nathan Ensing, CPA,
Chair May 13, 2024

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the City of Yellowknife (the "City"), which comprise the statement of financial position as at December 31, 2023 and the statements of operations and accumulated surplus, remeasurement gains, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2023 and its results of operations, its remeasurement gains, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

Report on Other Legal and Regulatory Requirement

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

May 13, 2024
Yellowknife, Northwest Territories

Chartered Professional Accountants

STATEMENT OF FINANCIAL POSITION

As at December 31, 2023 (in thousands of dollars)

	2023	2022
Financial Assets		
Cash and cash equivalents (Note 4)	\$ 132,149	\$ 121,403
Grants receivable (Note 5)	14,761	7,088
Taxes receivable (Note 6)	1,524	1,389
Water and sewer receivable (Note 7)	1,632	1,560
Other receivable (Note 8)	7,346	6,026
Local improvement charge receivable (Note 9)	12,456	13,049
Land held for resale (Note 10)	1,952	2,357
Total Financial Assets	171,820	152,872
Liabilities		
Accounts payable and accrued liabilities	22,341	8,725
Accrued employee benefits (Note 11)	4,277	4,324
School taxes payable	5,838	2,931
Deposits payable	2,807	2,493
Deferred revenue (Note 12)	26,610	24,161
Debt (Note 13)	27,800	30,762
Landfill closure and post-closure liability	-	5,252
Asset retirement obligations (Note 14)	17,881	-
Total Liabilities	107,554	78,648
Net Financial Assets	64,266	74,224
Non-Financial Assets		
Tangible capital assets	321,409	286,629
Inventories	1,183	1,199
Prepays	1,495	741
	324,087	288,569
Accumulated Surplus	388,353	362,793
Accumulated surplus is comprised of:		
Accumulated operating surplus	388,211	362,793
Accumulated remeasurement gains	142	-
Accumulated Surplus	\$ 388,353	\$ 362,793

STATEMENT OF FINANCIAL POSITION

As at December 31, 2023 (in thousands of dollars)

2023

2022

Contingencies (Note 17)

Commitments (Note 18)

Contractual rights (Note 23)

See accompanying notes and schedules to the financial statements.

Approved by:

Mayor

City Manager

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

	2023 Budget (Note 21)	2023 Actual	2022 Actual
<i>For the year ended December 31, 2023 (in thousands of dollars)</i>			
Revenues			
Municipal taxation			
Property taxes	\$ 35,735	\$ 36,512	\$ 35,195
Payments in lieu of taxes	-	10,895	10,468
School taxes	-	(11,565)	(11,484)
Net municipal taxation	35,735	35,842	34,179
User fees and sale of goods	24,179	23,703	25,134
Land sales	1,958	2,419	1,091
Grants and transfers	998	9,223	1,138
Investment income	1,180	5,748	2,736
Fines, penalties and cost of taxes	948	658	773
Development levies, licenses and permits	1,096	1,801	1,042
Franchise fees	1,081	1,086	1,092
Total Revenues	67,175	80,480	67,185
Expenses			
General Government	17,004	16,847	14,772
Community Services	14,062	12,153	13,048
Planning and Development	2,810	2,384	1,846
Public Safety	10,516	20,079	9,440
Public Works and Engineering	13,412	13,596	13,154
Solid Waste Facility	5,553	4,149	(7,301)
Water and Sewer	16,803	16,257	15,849
Total Expenses	80,160	85,465	60,808
Annual Operating Surplus (Deficit) before Other	(12,985)	(4,985)	6,377
Government transfers related to capital	44,040	31,613	27,396
Minor capital expense	(10,841)	(1,210)	(2,942)
Annual Operating Surplus after Other	20,214	25,418	30,831
Accumulated Operating Surplus, Beginning of Year	362,793	362,793	331,962
Accumulated Operating Surplus, End of Year	\$ 383,007	\$ 388,211	\$ 362,793

See accompanying notes and schedules to the financial statements.

STATEMENT OF REMEASUREMENT GAINS AND LOSSES

For the Year Ended December 31, 2023 (in thousands of dollars)	2023	2022
Accumulated remeasurement gains at the beginning of the year	\$ -	\$ -
Unrealized gains attributable to:		
Interest rate swap (Note 13)	142	-
Accumulated remeasurement gains at end of year	\$ 142	\$ -

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

	2023 Budget (Note 21)	2023 Actual	2022 Actual
<i>For the year ended December 31, 2023 (in thousands of dollars)</i>			
Annual Operating Surplus	\$ 20,214	\$ 25,418	\$ 30,831
Acquisition of tangible capital assets	(61,434)	(39,165)	(22,463)
Adjustment on adoption of asset retirement obligation (Note 2.e)	-	(11,651)	-
Amortization of tangible capital assets	15,221	16,001	15,067
Loss on disposal of tangible capital assets	-	35	8
	(46,213)	(34,780)	(7,388)
Increase (decrease) in inventories and prepaid expenses	-	(738)	(76)
Net remeasurement gain for the year	-	142	-
Increase (decrease) in Net Financial Assets	(25,999)	(9,958)	23,367
Net Financial Assets, Beginning of Year	74,224	74,224	50,857
Net Financial Assets, End of Year	\$ 48,225	\$ 64,266	\$ 74,224

See accompanying notes and schedules to the financial statements

STATEMENT OF CASH FLOWS

For the year ended December 31, 2023 (in thousands of dollars)

	2023	2022
Net inflow (outflow) of cash related to the following activities:		
Operations		
Annual Operating Surplus	\$ 25,418	\$ 30,831
Non-cash changes to operations:		
Amortization of tangible capital assets	16,001	15,067
Loss on disposal of tangible capital assets	35	8
Accretion expense	788	-
Asset retirement liability expense	190	-
Provision for landfill closure	-	(10,880)
	42,432	35,026
Change in non-cash working capital balances related to operations:		
Grants receivable	(7,674)	(6,275)
Taxes receivable	(135)	1,850
Water and sewer receivable	(72)	(109)
Other receivable	(1,319)	1,459
Local improvement charge receivable	593	549
Land held for resale	405	388
Inventories	16	(88)
Prepays	(754)	12
Accounts payable and accrued liabilities	13,615	1,676
School taxes payable	2,907	38
Deposits payable	314	490
Deferred revenue	2,449	7,744
Accrued employee benefits	(47)	593
	10,298	8,327
Net Cash provided from Operations	52,730	43,353
Capital		
Acquisitions of tangible capital assets	(39,165)	(22,463)
Financing		
Debt repayments	(2,819)	(2,521)
Proceeds on issuance of long-term debt	-	10,004
Net Cash used for Financing	(2,819)	7,483
Increase in Cash and Cash Equivalents	10,746	28,373
Cash and Cash Equivalents, Beginning of Year	121,403	93,030
Cash and Cash Equivalents, End of Year	\$ 132,149	\$ 121,403

See accompanying notes and schedules to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023 (in thousands of dollars)

1. SIGNIFICANT ACCOUNTING POLICIES

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

a) Reporting Entity

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

b) Basis of Accounting

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

c) Cash and Cash Equivalents

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

d) Designated Assets

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

e) Land Held for Resale

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

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

f) Deferred Revenue

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023 (in thousands of dollars)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Asset Retirement Obligations

A liability is recognized when, as at the financial reporting date, all of the following criteria are met:

- there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- the past transaction or event giving rise to the liability has occurred;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

Liabilities are recognized for statutory, contractual or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The asset retirement obligation liability recognized is based on estimated future expenses. The liability is discounted using a present value calculation and the resulting costs capitalized into the carrying amount of the related tangible capital asset. In subsequent periods, the liability is adjusted for accretion and any changes in the discount rate or in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and accretion expense is included in the Statement of Operations.

h) Liability for Contaminated Sites

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

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

The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available. At each financial reporting date, management reviews the carrying amounts of the liability. Any revision required to the amount previously recognized is accounted for in the period revisions are made. As of December 31, 2023, the City has determined that no liability exists.

i) Financial Instruments

Measurement

The City measures all its financial assets and financial liabilities at cost or amortized cost, except interest rate swaps which are measured at fair value without any adjustment for transaction costs. The effective interest rate method is used to determine interest revenue or expenses for financial instruments measured at amortized cost.

Financial assets measured at amortized cost include cash and cash equivalents, grants receivable, taxes receivable, water and sewer receivable, other receivable, and local improvement charge receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, school taxes payable, deposits payable and debt.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023 (in thousands of dollars)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Financial Instruments (continued)

Measurement (continued)

Financial instruments measured at fair value include interest rate swaps, classified as Level 2.

Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy used has the following levels:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within Level 1, that are observable for the asset or liability either directly, such as prices, or indirectly, such as those derived from prices; and
- Level 3 – Inputs for the asset or liability that are not based on observable market data; assumptions are based on the best internal and external information available and are most suitable and appropriate based on the type of financial instrument being valued in order to establish what the transaction price would have been on the measurement date in an arm's length transaction.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the Statement of Remeasurement Gains and Losses. Upon settlement, the cumulative gain or loss is reclassified from the Statement of Remeasurement Gains and Losses and recognized in the Statement of Operations. Interest and dividends attributable to financial instruments are reported in the Statement of Operations.

Transaction Costs

Transaction costs attributable to financial instruments measured at fair value are recognized in the Statement of Operations in the period incurred. Transaction costs for financial instruments measured at cost or amortized cost are recognized in the original cost of the instrument.

Impairment

At the end of each reporting period, management assesses financial assets or groups of financial assets for evidence of objective impairment. An impairment loss is recognized in the Statement of Operations when there is a loss in value that is other than temporary. Future recoveries of impaired financial assets are recognized in the Statement of Operations when received. In the case of an item in the fair value category, a reversal of any net remeasurement gains recognized in previous reporting periods up to the amount of the write-down is reported in the Statement of Remeasurement Gains and Losses.

j) Non-Financial Assets

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023 (in thousands of dollars)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Tangible Capital Assets

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

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

l) Inventories

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

m) Government Transfers

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

n) Land Sales

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

o) School Taxes

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023 (in thousands of dollars)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p) Property Taxes

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

q) Revenue Recognition

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

r) Local Improvement Charges

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

s) Minor Capital Expenses

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

t) Accrued Employee Benefit

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

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

u) Measurement Uncertainty

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023 (in thousands of dollars)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

v) Budget

Budget figures are those approved by Council on December 12, 2022.

w) Segment Disclosure

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

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

General Government:

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

Community Services:

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

Planning and Development:

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

Public Safety:

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

Public Works and Engineering:

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

Solid Waste Facility:

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023 (in thousands of dollars)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

w) Segment Disclosure (continued)

Water and Sewer:

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

2. CHANGE IN ACCOUNTING POLICY

The City adopted the following new accounting policies due to changes in the Public Sector Accounting Standards of the CPA Canada Handbook. The new standards are effective for years beginning on or after January 1, 2023 (the transition date):

a) Financial Statement Presentation

On January 1, 2023, the City adopted Section PS 1201 “Financial Statement Presentation”, which replaced the existing PS 1200 standard. The new standard introduces a Statement of Remeasurement Gains and Losses, which includes unrealized gains and losses on financial instruments that are measured at fair value and unrealized foreign exchange gains and losses on items in the amortized cost category. In addition, accumulated surplus or deficit on the Statement of Financial Position is presented as the total of the accumulated operating surplus or deficit and the accumulated remeasurement gains and losses.

The City has applied the change prospectively on the transition date in accordance with the applicable transitional provisions.

The adoption of the new requirements resulted in an introduction of the Statement of Remeasurement Gains and Losses and disclosure of the accumulated remeasurement gains and losses on the Statement of Financial Position.

b) Financial Instruments

On January 1, 2023, the City adopted Section PS 3450 “Financial Instruments”. The new standard provides guidance on the recognition, measurement, presentation and disclosure of financial instruments. Financial instruments are subsequently measured at either (i) fair value or (ii) cost or amortized cost. For financial instruments measured at fair value, unrealized gains and losses are reported on the Statement of Remeasurement Gains and Losses and realized gains and losses are reclassified from the Statement of Remeasurement Gains and Losses to the Statement of Operations. The City must also disclose both qualitative and quantitative information on its exposure to financial instrument risk.

In accordance with the applicable transitional provisions, the City has applied the new standard prospectively on the transition date and has recognized all financial assets and financial liabilities on its Statement of Financial Position and classified items at (i) fair value or (ii) cost or amortized cost. Recognition, derecognition and measurement policies followed in the financial statements for periods prior to the transition date are not reversed. Therefore, the financial statements of prior periods, including comparative information, have not been restated.

The adoption of the new requirements resulted in an increase to the Statement of Remeasurement Gains and Losses and debt as at January 1, 2023 of \$142 thousand and additional disclosures as described in notes 13 and 20 of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023 (in thousands of dollars)

2. CHANGE IN ACCOUNTING POLICY (continued)

c) Foreign Currency Translation

On January 1, 2023, the City adopted Section PS 2601 “Foreign Currency Translation” which replaced the existing PS 2600 standard. The new standard eliminates the deferral of foreign exchange gains and losses arising on the translation of long-term monetary assets and liabilities and requires unrealized foreign exchange gains and losses to be reported as remeasurement gains and losses. The City may recognize foreign exchange gains and losses directly in the Statement of Operations if it elects to do so.

The City has applied the change prospectively on the transition date. This adoption of the new requirements had no significant impact on the City’s financial statements.

d) Portfolio Investments

On January 1, 2023, the City adopted Section PS 3041 “Portfolio Investments”, which replaced the existing PS 3040 standard. The new standard removes the distinction between temporary and portfolio investments and removes the exclusion of pooled investment funds from its scope. Under the new standard, portfolio investments are measured in accordance with PS 3450 Financial Instruments.

The City has applied the change prospectively on the transition date, in accordance with the applicable transitional provisions as described under PS 3450 Financial Instruments.

The adoption of the new requirements resulted in the changes as described in the change in accounting policy PS 3450 Financial Instruments.

e) Asset Retirement Obligations

On January 1, 2023, the City adopted Section PS 3280 “Asset Retirement Obligations”, which has resulted in the withdrawal of PS 3270 “Solid Waste Landfill Closure and Post-Closure Liability” standard. The new standard applies to asset retirement obligations associated with tangible capital assets controlled by the entity that are in productive use or no longer in productive use. It establishes requirements for recognition, measurement, presentation and disclosure of legal obligations associated with the retirement of tangible capital assets.

The City has applied the change prospectively on the transition date, with the following transitional provisions:

The City recognized:

- asset retirement obligations where the event giving rise to the obligation (i.e., acquisition, construction, development or normal use) occurred on or after January 1, 2023;
- asset retirement obligations where the event giving rise to the obligation arose prior to January 1, 2023 and the obligation has not been previously recognized; and
- asset retirement obligations where the event giving rise to the obligation arose prior to January 1, 2023, and the previously recognized obligation requires adjustment in applying the standard.

For asset retirement obligations associated with tangible capital assets in productive use, the City increased the carrying amount of the related tangible capital asset (including those that have been fully amortized) by the same amount as the liability. For asset retirement obligations associated with tangible capital assets no longer in productive use, the City has recognized an expense of the same amount as the liability.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023 (in thousands of dollars)

2. CHANGE IN ACCOUNTING POLICY (continued)

e) Asset Retirement Obligations (continued)

The adoption of the new requirements required the City to record an asset retirement obligation relating to several buildings owned by the City that contain asbestos, fuel tanks and landfill closure and post-closure costs. As a result there were adjustments to the following balances in the Statement of Financial Position of the City as at January 1, 2023:

- Decrease of \$5.252 million to landfill closure and post-closure liability, an increase of \$11.219 million to Other Infrastructure (tangible capital assets) and an increase to asset retirement obligation liability of \$16.471 million related to the landfill obligation.
- Increase of \$0.190 million to expenses and asset retirement obligation liability related to the fuel tank obligation.
- Increase of \$0.432 million to buildings (tangible capital assets) and asset retirement obligation liability related to the asbestos obligation
- The above resulted in a decrease of \$5.252 million to the landfill closure and post closure liability, an increase of \$11.651 million to the tangible capital assets, an increase to the expenses of \$0.190 and an increase to asset retirement obligations of \$17.093 million.

The adoption also resulted in the additional disclosures described in note 14 of the financial statements.

3. FUTURE ACCOUNTING CHANGES

a) Revenue, Section PS 3400

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

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

4. CASH AND CASH EQUIVALENTS

	2023	2022
Cash - unrestricted	\$ 84,595	\$ 78,549
Investments in money market funds - unrestricted	8,907	8,545
Cash held in trust - restricted (Note 22)	27	27
Cash - deferred revenue - restricted (Note 12)	26,610	24,161
Cash - designated for reserves (Note 16)	12,010	10,121
	\$ 132,149	\$ 121,403

The average yield earned from investments in money market funds was 4.2% (2022 - 2.28%).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023 (in thousands of dollars)

5. GRANTS RECEIVABLE

	2023	2022
Government of Canada		
CanNor Supporting Improved Visitor Experiences/Wayfinding	\$ -	\$ 6
Disaster Mitigation and Adaptation Fund - Submarine Line	1,115	177
New Building Canada Fund and Small Communities Fund (SCF)	1,099	5,198
CIRNAC Giant Mine - Municipal Capacity Building - Training	8	8
Disaster Financial Assistance Program - Wildfire	8,106	-
Government of the Northwest Territories		
Public Library Services	110	44
Street Outreach	-	49
Economic Development Officer	50	25
CEP Transportation Initiative	5	5
Ground Ambulance	37	-
Increasing Waste Diversion (ICIP)	584	36
Visitor Centre TEA 12-2023-2024-080	24	-
Assist Tourism	-	161
Public Sector Accounting Board - Asset Retirement Obligation	40	40
Transform your Yard	14	-
Paving Project (ICIP)	3,383	927
Lagoon Expansion (ICIP)	56	381
New Landfill Cell (ICIP)	-	22
Hydroseeder Waste Facility	-	5
Small Community Employment Support Program	-	4
Property Assessment	125	-
Other	5	-
	\$ 14,761	\$ 7,088

6. TAXES RECEIVABLE

	2023	2022
Property taxes receivable	\$ 2,544	\$ 2,430
Payments in lieu of taxes receivable	646	625
	3,190	3,055
Less: Allowance for doubtful taxes receivable	(1,666)	(1,666)
	\$ 1,524	\$ 1,389

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023 (in thousands of dollars)

7. WATER AND SEWER RECEIVABLE

	2023	2022
Water and sewer receivables	\$ 2,078	\$ 1,976
Less: Allowance for doubtful accounts	(446)	(416)
	\$ 1,632	\$ 1,560

8. OTHER RECEIVABLE

	2023	2022
Land sales and trade accounts receivables	\$ 4,484	\$ 4,505
Community services receivables	479	395
Municipal enforcement receivables	1,058	955
Power distribution franchise	1,140	1,092
GST receivable	1,317	259
Other	887	256
	9,365	7,462
Less: Allowance for doubtful accounts	(2,019)	(1,436)
	\$ 7,346	\$ 6,026

9. LOCAL IMPROVEMENT CHARGE RECEIVABLE

	2023	2022
Niven Lake Subdivision - Phase 7	\$ 169	\$ 226
Yellowknife Condominium Corporation No. 8	12,287	12,823
	\$ 12,456	\$ 13,049

a) Niven Lake Subdivision - Phase 7

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023 (in thousands of dollars)

9. LOCAL IMPROVEMENT CHARGE RECEIVABLE (continued)

b) Yellowknife Condominium Corporation No. 8

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

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

10. LAND HELD FOR RESALE

Land held for resale is classified as a financial asset. Land held for resale has an estimated market value of \$10.9 million (2022 - \$9.2 million).

11. ACCRUED EMPLOYEE BENEFITS

	2023	2022
Net accrued employee benefits obligation	\$ 2,108	\$ 1,959
Vacation and lieu	1,458	1,323
Wages	711	1,042
	\$ 4,277	\$ 4,324

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

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

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

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

Vacation and lieu and wages representing benefits that have been earned by employees as of December 31, 2023.

An actuarial valuation of the accrued employee benefits obligation was completed as of December 31, 2022 and an extrapolation was completed to December 31, 2023. Actuarial gains and losses are amortized on a straight-line basis over 7 years, which represents the expected average remaining service life of the employee group. Amortization is calculated beginning in the year following the year the actuarial gains or losses occur.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023 (in thousands of dollars)

11. ACCRUED EMPLOYEE BENEFITS (continued)

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

	2023	2022
Accrued employee benefits obligation at beginning of year	\$ 2,602	\$ 2,314
Current service cost	182	186
Interest cost	110	53
Benefits paid	(281)	(180)
Actuarial (gain)/loss	(60)	229
Accrued employee benefits obligation at the end of year	2,553	2,602
Unamortized net actuarial loss	(445)	(643)
Net accrued employee benefits obligation	\$ 2,108	\$ 1,959

Accrued employee benefits obligation is comprised of the following:

	2023	2022
Severance pay	\$ 2,006	\$ 2,044
Long service bonus	125	130
Compensated absences	422	428
Accrued employee benefits obligation at the end of the year	\$ 2,553	\$ 2,602

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

	2023	2022
Current service cost	\$ 182	\$ 186
Interest cost	110	53
Amortization of net actuarial (gain)/loss	138	106
Total expense	\$ 430	\$ 345

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

	2023	2022
Discount rate (%)	4.2%	4.2%
Base wage inflation (%)	2.0%	2.0%
Salary merit scale (%)	0.5%	0.5%
Average years of service	7 years	8 years

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023 (in thousands of dollars)

12. DEFERRED REVENUE

	2022	Externally Restricted Inflows	Revenue Earned	2023
Government of the Northwest Territories				
Community Public Infrastructure (CPI)	\$ 6,398	\$ 3,718	\$ (2,631)	\$ 7,485
Tourism Strategy	32	6	(37)	1
Community Tourism	-	47	(36)	11
Shop Local	-	21	(16)	5
Government of Canada				
Federation of Canadian Municipalities Green Municipal Fund (GMF)	50	-	(22)	28
Enabling Accessibility Funding (EAF)	100	-	(100)	-
Giant Mine	140	100	(14)	226
Canada Mortgage and Housing Corporation	-	2,107	-	2,107
Gas Tax	17,080	9,649	(12,327)	14,402
CANNOR Reducing Barriers	-	612	(472)	140
Reaching Homes	-	1,912	-	1,912
Other	361	570	(638)	293
	\$ 24,161	\$ 18,742	\$ (16,293)	\$ 26,610

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023 (in thousands of dollars)

13. DEBT

	2023	2022
Capital - General		
TD Canada Trust Swap #904437T, authorized by By-law 4729 to finance completion of Phase 1 of the Multiplex, with monthly payments of \$10 thousand including principal & interest at 2.77%, expiring May 2023.	\$ -	\$ 49
TD Canada Trust Swap #904866T, authorized by By-law 4681 to finance the cost of building a new Water Treatment Plant, with monthly payments of \$139 thousand including principal & interest at 3.10%, expiring June 2028.	6,856	8,429
TD Canada Trust Swap #909370T, authorized by By-law 4737 to finance the cost of building a new Water Treatment Plant, with monthly payments of \$6 thousand including principal & interest at 3.98%, expiring August 2028.	314	377
TD Canada Trust Swap #909371T, authorized by By-law 4737 to finance the cost of building a new Water Treatment Plant, with monthly payments of \$22 thousand including principal & interest at 3.71%, expiring August 2028.	1,110	1,332
TD Canada Trust Swap #45777, authorized by By-law 5044 to finance the development of an Aquatic Centre, with monthly payments of \$75 thousand including principal & interest at 4.136%, expiring July 2037.	9,568	9,796
	17,848	19,983
General		
TD Canada Trust Swap #903174T, authorized by By-law 4707 to finance the cost of a local improvement in the Yellowknife Condominium Corporation No. 8 Mobile Home Park, with monthly payments of \$27 thousand including principal & interest at 3.30%, expiring May 2038 (Note 9.b).	9,784	10,579
TD Canada Trust Swap #920732T, authorized by By-law 4766 to finance the cost of local improvements on certain properties in Stage 2, Phase 7, Niven Lake Subdivision, with monthly payments of \$7 thousand including principal & interest at 3.58%, expiring January 2029 (Note 9.a).	168	200
	9,952	10,779
	\$ 27,800	\$ 30,762

The City has an operating facility with TD Canada Trust with an authorized limit of \$10 million (2022 - \$10 million), of which \$0 (2022 - \$0) was utilized at year end. The operating facility bears interest at prime - 0.25% (2022 - 0.25%) and is due on demand.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023 (in thousands of dollars)

13. DEBT (continued)

The City has reduced its exposure to interest rate fluctuations by entering into interest rate swaps on its debentures. The fair value of the interest rate swaps is recorded in the Statement of Financial Position against the related debt balance with changes in the fair value reflected in the Statement of Remeasurement Gains and Losses. For the year ended December 31, 2023, the market value gain on the interest rates swaps was \$142 thousand. The amortized cost of the debt at December 31, 2023 was \$17,730 thousand for the Capital - General debt and \$10,213 thousand for General debt.

Debentures are covered by taxes and penalties levied, all grants and sundry revenues. Total interest paid in 2023 on debt was \$1,033 thousand (2022 - \$783 thousand). Annual principal repayment requirements on debt for the next five years are as follows:

2024	\$ 2,864
2025	2,963
2026	3,066
2027	3,172
2028	2,329
2029 and thereafter	13,406
	\$ 27,800

14. ASSET RETIREMENT OBLIGATIONS

The City has recorded asset retirement obligations for the closure and post-closures of its landfills, removal of asbestos from its buildings constructed prior to 1990 and remediation of its fuel tanks, below and above ground. A discount rate of 4.52% was used to estimate the present value of the future expenditures.

a) Landfill Closures and Post-Closure obligation

The City has two operational landfill sites, Old Landfill and Cell A and Cell B. The main components of the landfill closure plan are final capping using selected specific layers of earthen and synthetic materials based on engineered cap design, installation of groundwater monitoring wells and gas vents, and implementation of a drainage management plan. The post-closure care requirements will involve cap maintenance, groundwater and gas monitoring, and inspections. The costs were based upon a third party report that estimated the closure and post-closure costs.

At January 1, 2023, the date of recognition of the liability the undiscounted costs for the Old Landfill were estimated at \$23,596 thousand and the Old Landfill is expected to operate until 2040. At January 1, 2023 the undiscounted costs for the Cell A and Cell B Landfill were estimated at \$6,903 thousand and the Cell A and B are expected to operate until 2028.

b) Asbestos in Buildings

The City owns and operates several buildings that are known to have asbestos and as a result the City has recognized an obligation relating to the removal and post-removal care of the asbestos in its buildings. The estimated costs at January 1, 2023 are \$726 thousand based on costing model using formal surveys performed by external engineering firm. The buildings have expected useful lives of up to 40 years.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023 (in thousands of dollars)

14. ASSET RETIREMENT OBLIGATIONS (continued)

c) Fuel Tanks

The City has several fuel tanks above and underground and as a result the City has recognized an obligation relating to fuel tank decommissioning. The estimated cost at January 1, 2023 was \$494 thousand. The fuel tanks have expected useful lives of up to 20 years.

While the asset retirement obligation is based on management's best estimates of future costs, there is uncertainty regarding both the amount and timing of these expenditures. Management, as at December 31, 2023, does not foresee any events or circumstances in the future that would have a significant impact on the estimated value of the asset retirement obligation.

It is management's opinion that these assumptions are reasonable in the circumstance as at December 31, 2023.

Changes to the asset retirement obligations are as follows:

	Asbestos in buildings	Fuel tanks	Landfill closure and post-closure	2023
Recognition of asset retirement obligation	\$ 432	\$ 190	\$ 16,471	\$ 17,093
Accretion Expense	719	36	33	788
Balance, end of period	\$ 1,151	\$ 226	\$ 16,504	\$ 17,881

15. HOMELESSNESS PROJECT

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

As of December 31, 2023, the City has \$1.912 million in unexpended funding related to the Reaching Home agreement. The unexpended funds are included in the City's cash and deferred revenues on the Statement of Financial Position.

The agreement is effective until March 31, 2024.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023 (in thousands of dollars)

16. FUND ACTIVITIES AND CHANGE IN FUND BALANCES

	General Fund	Land Development Fund	Solid Waste Management Fund	Water and Sewer Fund	Capital Fund	Service Connection Failure Assistance Fund	Reserves	Equity in Tangible Capital Assets	2023 Total
Balance, beginning of year	\$ 14,920	\$ 11,079	\$ 4,217	\$ 4,100	\$ 50,297	\$ 1,416	\$ 10,121	\$ 266,643	\$ 362,793
Excess revenues (expenses)	(10,178)	2,111	95	(4,568)	(505)	(702)	-	-	(13,747)
Net inter-fund transfers									
Amortization of tangible capital assets	7,878	-	1,535	6,588	-	-	-	(16,001)	-
Tangible capital asset purchases	-	-	-	-	-	-	-	39,165	39,165
Net disposal of TCA	35	-	-	-	-	-	-	(35)	-
Long-term debt repayments	-	-	-	-	(2,253)	-	-	2,253	-
Net transfer from (to) other funds/reserves	2,097	(2,530)	(394)	(1,200)	138	-	1,889	-	-
Balance, end of year	\$ 14,752	\$ 10,660	\$ 5,453	\$ 4,920	\$ 47,677	\$ 714	\$ 12,010	\$ 292,025	\$ 388,211

The equity in tangible capital assets is comprised of tangible capital assets of \$321.409 million (2022 - \$286.629 million) less debt-capital of \$17.573 million (2022 - \$19.983 million) and asset retirement obligations of \$11.651 million.

Reserves consist of:	Opening Balance	Increases	Decreases	Closing Balance
Community grant reserve	\$ 68	\$ -	\$ -	\$ 68
Downtown development reserve	731	281	(200)	812
Heritage reserve	174	-	-	174
Information technology reserve	1,797	295	(503)	1,589
Major community facility reserve	847	87	-	934
Mobile equipment replacement reserve	3,654	2,415	(355)	5,714
Revitalization initiative reserve	2,416	-	(141)	2,275
Samuel Colley library donation reserve	434	10	-	444
	\$ 10,121	\$ 3,088	\$ (1,199)	\$ 12,010

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023 (in thousands of dollars)

17. CONTINGENCIES

a) Insurance

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

b) Litigation

In the normal course of operations, the City is subject to various legal claims. Management believes it has appropriate insurance coverage in place to mitigate financial impacts from most legal claims.

18. COMMITMENTS

a) Service Contracts

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

	Total
2024	\$ 6,248
2025	3,538
2026	2,521
2027	261
2028 and thereafter	335
	\$ 12,903

b) Capital Contracts

The City regularly enters into contracts related to capital projects. The amount represents the incomplete portions of these contracts as of December 31, 2023. The expected minimum payments for these contracts is \$33.7 million. Of this total, \$30.1 million is for the aquatic centre which is expected to be completed in 2025.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023 (in thousands of dollars)

19. PENSION AGREEMENTS

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

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

	2023	2022
Employers' contribution	\$ 1,618	\$ 1,674
Employees' contribution	1,618	1,674
	\$ 3,236	\$ 3,348

Participating employers in the Plan, including the City, are required to make contributions to the plan of 8.00% (2022 - 8.00%) of pensionable earnings, and to remit employee contributions of 8.00% (2022 - 8.00%). These contributions cover current service costs and a provision for adverse deviation.

As at January 1, 2023, the Plan had a going concern surplus of \$60.9 million (2022 - \$65.4 million), a wind up deficit of \$75.8 million (2022 - \$124.8 million) and a funded ratio of 119.00% (2022 - 124.00%). The Plan serves 3,655 employee members and 118 participating employers.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023 (in thousands of dollars)

20. RISK MANAGEMENT

The City is exposed to credit, interest rate, and liquidity risks from its financial instruments. Qualitative and quantitative analysis of the significant risks from the City's financial instruments is provided by type of risk below.

a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The City's exposure to credit risk relates to its cash and cash equivalents and receivables and arises from the possibility that a debtor does not fulfil its obligations. The City performs a continuous evaluation of its financial assets and records impairment in accordance with the stated policies. Approximate 43% of the City's accounts receivable are from federal and territorial governments, which minimizes credit risk. 4% of the City's receivables are taxes receivable which the City can collect through land sales.

The aged financial assets that are past due but not impaired are as follows:

<i>Financial Asset</i>	> 30 days	> 60 days	> 90 days
Taxes Receivable	\$ -	\$ -	\$ 1,386
Water & Sewer Receivable	96	52	43
Other Receivable	337	613	1,873
	<u>\$ 433</u>	<u>\$ 665</u>	<u>\$ 3,302</u>

As at year-end, management has determined that a portion of taxes receivable, water and sewer receivables, and other receivables are impaired, and have been disclosed in notes 7, 8 and 9. Management's assessment is based on the age of the receivables.

This risk has increased from the previous year with the significant increase in grants receivable.

b) Concentration of Credit Risk

The City has concentration of credit risk in its grants receivable. Concentration of credit risk is the risk that a funder has a significant portion of the total balance and thus there is a higher risk to the City in the event of a default. At December 31, 2023, grants receivable from one funder 21.00% of the total outstanding receivables. The City believes this risk to be low given the funder is a government..

c) Liquidity Risk

Liquidity risk is the risk that the City will encounter difficulty in meeting its obligations associated with financial liabilities. The City's exposure to liquidity risk relates to accounts payable and accrued liabilities, accrued employee benefits, school taxes payable, deposits payable and debt and arises from the possibility that the timing and amount of its cash inflows will not be sufficient to enable it to meet its financial obligations as they become due. Management believes this risk is minimized through ensuring that sufficient liquid assets are maintained to meet anticipated payments. Accounts payable and accrued liabilities, school taxes payable and vacation and lieu and wages included in accrued employee benefits are short term in duration and are set to mature within one year. Deposits are to be paid as deposit requirements are fulfilled and accrued employee benefit obligations will be paid as employees use sick leave or receive severance and long service bonuses. The maturities of debt is disclosed in note 13. There have been no significant changes to the liquidity risk from the previous year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023 (in thousands of dollars)

20. RISK MANAGEMENT (continued)

d) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk and other price risk. The City is exposed to market risk as follows:

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The City's interest-bearing financial instruments include fixed rate debt. The fair values of fixed rate financial instruments fluctuates as market rates of interest change. The cash flows resulting from variable rate financial instruments fluctuates as interest rates applicable to the instruments change. Management has attempted to mitigate this risk by entering into interest rate swaps for its debt.

Increased economic uncertainty and changing inflation rates due to a range of economic factors has resulted in a change in interest rate risk from the prior year. The City cannot predict changes in prime lending rates.

21. COMPARATIVE AMOUNTS

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

Budget figures have been reclassified to conform with the presentation adopted in the current year. The City's 2023 Financial Plan reported all capital expenditures including tangible capital assets acquisitions as operations expenses.

Capital expenditures have been reclassified as follows:

	2023 Budget
Capital purchases as presented in the budget	\$ 72,969
Less: Acquisition of tangible capital assets	61,434
Less: Interest on debt related to capital	694
Minor Capital Expense	\$ 10,841

The annual surplus (deficit) as approved in the 2023 Financial Plan has been reclassified as follows:

	2023 Budget
Annual surplus (deficit) as presented in the budget	\$ (28,252)
Add: Acquisitions of tangible capital assets	61,434
Add: Debt repayment	2,253
Less: Amortization	15,221
Annual surplus	\$ 20,214

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023 (in thousands of dollars)

22. CASH HELD IN TRUST

	2023	2022
Firefighters' Training Alternative Measures Agreement	\$ 5	\$ 5
Twin Pine Hill Escrow Agreement	22	22
	\$ 27	\$ 27

23. CONTRACTUAL RIGHTS

The City has entered into one-time agreements with higher orders of government that will result in transfers of funds to the City. Each agreement has stipulations that must be met before the transfer can be recognized as revenue.

The total capital transfers expected to be received from these agreements is \$34,766,475 and includes the following:

• ICIP - Increasing Waste Diversion (2024-2027)	\$ 864,863
• ICIP - Lagoon Expansion & Sludge Removal (2024-2027)	\$ 4,866,231
• ICIP - Paving (2024-2027)	\$ 1,518,218
• ICIP - New Landfill Cell Development (2024-2027)	\$ 3,469,998
• DMAF - Submarine Line (2024-2028)	\$ 24,047,165

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

24. MEASUREMENT UNCERTAINTY

a) Liability for Contaminated Sites

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

b) Asset retirement liabilities

Asset retirement obligation costs are subject to significant measurement uncertainty. The current provision includes a material estimate for contingency costs, capacity and capacity used. The City plans to have a third party review of the landfill closure and post closure costs completed every three years. The last review was completed in June 30, 2023.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023 (in thousands of dollars)

24. MEASUREMENT UNCERTAINTY (continued)

c) Grants receivable

Grants receivable includes \$8.106 million receivable from the Disaster Mitigation and Adaptation Fund related to the expenses incurred related to the wildfires in Yellowknife in August and September 2023. The Disaster Mitigation and Adaptation Fund will provide funding for up to 100% of the eligible expenses incurred by the City to respond to the wildfire threats. The City is uncertain that all costs incurred will be considered eligible costs as the City has not previously applied for this funding and has not submitted any claims to date. To address the uncertainty involved the City has accrued 75% of the costs incurred to date resulting in the grant receivable of \$8.106 million recognized in the financial statements. This is management's best estimate and any differences will be reflected in the period the funding is received.

SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the year ended
December 31, 2023
(in thousands of dollars)

		Land	Buildings	Roads & Sidewalks Infrastructure	Water & Sewer Infrastructure	Other Infrastructure	Vehicles	Equipment	Work In Progress	2023 Totals
Cost										
Balance, beginning of year	\$	36,092	\$ 134,191	\$ 98,094	\$ 196,072	\$ 24,928	\$ 4,958	\$ 20,032	\$ 18,469	\$ 532,836
Add: Asset retirement obligation	-		432	-	-	11,219	-	-	-	11,651
Add: Additions during year	-		1,217	7,659	604	384	229	1,687	27,385	39,165
Less: Disposals during year	-		143	3,479	-	116	-	-	-	3,738
Balance, end of year		36,092	135,697	102,274	196,676	36,415	5,187	21,719	45,854	579,914
Accumulated amortization										
Balance, beginning of year	-		59,679	57,160	101,198	13,431	2,498	12,241	-	246,207
Add: Amortization during the year	-		3,555	4,067	5,048	1,944	344	1,043	-	16,001
Less: Accumulated amortization on disposals	-		143	3,450	-	110	-	-	-	3,703
Balance, end of year	-		63,091	57,777	106,246	15,265	2,842	13,284	-	258,505
Net book value of tangible capital assets	\$	36,092	\$ 72,606	\$ 44,497	\$ 90,430	\$ 21,150	\$ 2,345	\$ 8,435	\$ 45,854	\$ 321,409
2022 Net book value of tangible capital assets	\$	36,092	\$ 74,512	\$ 40,934	\$ 94,875	\$ 11,496	\$ 2,460	\$ 7,791	\$ 18,469	\$ 286,629

SCHEDULE OF SEGMENT DISCLOSURE

<i>For the year ended December 31, 2023 (in thousands of dollars)</i>	2023 Budget	General Government	Community Services	Planning and Development	Public Safety	Public Works and Engineering	Solid Waste Facility	Water and Sewer	2023	2022
Revenues										
Municipal taxation	\$ 35,735	\$ 35,842	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,842	\$ 34,179
User fees and sale of goods	24,179	117	1,570	370	3,468	332	4,243	13,603	23,703	25,134
Land sales	1,958	-	-	2,419	-	-	-	-	2,419	1,091
Grants and transfers	998	461	153	-	8,180	-	-	429	9,223	1,138
Investment income	1,180	5,703	-	45	-	-	-	-	5,748	2,736
Fines, penalties and cost of taxes	948	182	5	-	415	-	-	56	658	773
Development levies, licenses and permits	1,096	587	36	1,089	89	-	-	-	1,801	1,042
Franchise fees	1,081	1,086	-	-	-	-	-	-	1,086	1,092
Total Revenues	67,175	43,978	1,764	3,923	12,152	332	4,243	14,088	80,480	67,185
Expenses										
Amortization of tangible assets	15,221	679	2,259	-	349	4,591	1,535	6,588	16,001	15,067
Asset Retirement Accretion Costs	-	69	-	-	-	1	719	-	789	-
Provision for allowance	210	617	-	-	-	-	-	-	617	135
Bank charges and short-term interest	263	207	-	-	-	-	-	-	207	217
Materials and supplies	1,490	166	33	7	131	344	1	330	1,012	1,356
Contracted and general services	20,007	3,960	2,685	762	11,302	5,346	841	4,595	29,491	18,042
Insurance	901	791	-	-	-	-	-	-	791	827
Interest debt	694	1,033	-	(1)	-	-	-	-	1,032	898
Mayor and council expenses	705	639	-	-	-	-	-	-	639	549
Salaries, wages, employee benefits & unfunded liabilities	34,296	8,474	5,576	1,616	8,185	3,230	942	2,804	30,827	30,274
Utilities - electricity	3,013	126	1,051	-	64	42	48	1,429	2,760	2,799
Utilities - fuel	1,987	86	549	-	48	42	63	511	1,299	1,523
Landfill closure (recovery)	1,373	-	-	-	-	-	-	-	-	(10,879)
Total Expenses	80,160	16,847	12,153	2,384	20,079	13,596	4,149	16,257	85,465	60,808
Annual Surplus (Deficit) before Other	(12,985)	27,131	(10,389)	1,539	(7,927)	(13,264)	94	(2,169)	(4,985)	6,377
Government transfers related to capital	44,040	30,961	652	-	-	-	-	-	31,613	27,396
Net Transfer Administration Fees	-	2,134	-	(540)	-	-	(394)	(1,200)	-	-
Minor capital expense	(10,841)	(412)	(144)	-	(27)	(317)	-	(310)	(1,210)	(2,942)
Annual Surplus (Deficit) after Other	\$ 20,214	\$ 59,814	\$ (9,881)	\$ 999	\$ (7,954)	\$ (13,581)	\$ (300)	\$ (3,679)	\$ 25,418	\$ 30,831

SCHEDULE OF GOVERNMENT TRANSFERS OPERATING

<i>December 31, 2023</i> <i>(in thousands of dollars)</i>	2023 Budget (Unaudited)	2023 Actual	2022 Actual
Government of Canada			
Disaster Financial Assistance Program - Wildfire	\$ -	\$ 8,106	\$ -
Canadian Northern Economic Development Agency (CanNor)			
YKDFN Shared Economic Development Strategy (1920-CN-000038)	-	-	32
Giant Mine	175	15	72
Indigenous and Northern Affairs Canada			
TransCanada Trails	-	3	-
Canadian Heritage			
Canada Day Celebration	25	35	105
	<u>\$ 200</u>	<u>\$ 8,159</u>	<u>\$ 209</u>

SCHEDULE OF GOVERNMENT TRANSFERS OPERATING

<i>December 31, 2023</i> <i>(in thousands of dollars)</i>	2023 Budget (Unaudited)	2023 Actual	2022 Actual
Government of the Northwest Territories			
MACA Contribution Agreements			
Property Assessment	\$ 125	\$ 125	\$ 125
Library Grant	110	110	110
Gound Ambulance and Highway Rescue	37	74	-
MACA Water and Sewer Funding	429	429	429
Labour Market Recovery Program	-	-	25
Street Outreach Program	1	-	-
Recreation Special Events Grants/Clean Up - GNWT	3	-	-
Industry, Tourism and Investment Agreements			
Community Tourism	38	36	-
Economic Development Officer	50	50	50
Visitor Services/Assist Tourism	-	160	139
Tourism Strategy	-	37	-
Shop Local Program	-	16	25
Small Scale Foods	-	7	-
Transform Your Yard	-	15	-
Literacy Council	5	5	5
Other			
Other	-	-	21
	798	1,064	929
	\$ 998	\$ 9,223	\$ 1,138

SCHEDULE OF GOVERNMENT TRANSFERS CAPITAL

<i>December 31, 2023</i> <i>(in thousands of dollars)</i>	2023 Budget (Unaudited)	2023 Actual	2022 Actual
Government of Canada			
Gas Tax (GTF) Funding	\$ 19,471	\$ 12,327	\$ 4,648
Disaster Mitigation and Adaptation Fund (DMAF)	750	938	724
New Building Canada Fund and Small Communities Fund (SCF)	-	3,392	8,512
CanNor - Accessibility MultiPlex and Fieldhouse	-	472	-
EDSC - City Hall Washrooms	-	100	-
Yellowknife Visitor Centre Relocation Plan (2021-CN-000704)	-	-	274
	20,221	17,229	14,158
Government of the Northwest Territories			
MACA Contribution Agreements			
MACA Formula Funding	27,395	7,860	7,860
Community Public Infrastructure (CPI) Funding	7,775	2,631	1,919
Sport and Recreation Grant	80	80	160
Public Sector Account Board PS 3280 - Asset Retirement Obligation	-	-	40
Environment & Natural Resources			
Hydro Seeder	-	-	33
Industry, Tourism and Investment Agreements			
Arts Gallery for Visitor Centre	-	-	15
Visitor Services/Assist Tourism	-	-	345
Paving Project (ICIP)	3,559	3,228	1,703
Solid Waste Facility Compactor (ICIP)	-	587	-
Lift Station #1 Replacement (ICIP)	2,445	-	-
Lagoon Expansion (Lagoon Sludge Removal) (ICIP)	2,100	15	654
Weigh Station (ICIP)	-	(39)	39
New Landfill/Landfill Expansion - New Landfill Cell Design (ICIP)	-	-	84
Water & Sewer Infrastructure Replacement	-	-	313
Federation of Canadian Municipalities - Green Municipal Fund	-	22	73
	43,354	14,384	13,238
	\$ 63,575	\$ 31,613	\$ 27,396

SCHEDULE OF REVENUE AND EXPENDITURES

GAS TAX AGREEMENT

December 31, 2023
(in thousands of dollars)

	2023 Budget	2023 Actual	2022 Actual	2021 Actual	2020 Actual	2019 Actual
Funding						
Opening Balance	\$ -	\$ 17,080	\$ 15,654	\$ 12,665	\$ 9,665	\$ 679
Annual Gas Tax	19,471	8,784	5,717	8,370	5,511	11,022
Interest Earned	-	865	356	82	32	-
Total Funding	19,471	26,729	21,727	21,117	15,208	11,701
Eligible Expenditures						
Asset Management	-	54	150	70	18	-
Backup Power Liftstation Generator Installation	-	-	71	135	187	17
Lagoon Control Structure Replacement	-	4	15	15	42	18
Paving Program 2021/2027	-	-	7	16	-	-
Pellet Boiler at WTP	-	-	207	-	-	-
PH#4 Water Truckfill Safety Project	-	-	100	-	-	-
Pumphouse 1 Replacement	-	-	140	-	-	-
Water & Sewer Infrastructure Replacement	-	133	3,842	2,723	1,901	1,920
Wetland Delineation	-	-	115	-	-	-
New Landfill/Landfill Expansion - Cell Design	-	21	-	27	-	-
Roads and Sidewalk Rehabilitation	-	-	-	2,477	-	-
Pump Replacement Program	-	-	-	-	145	39
Sewage Force Main Upgrade	-	-	-	-	250	-
CEP City Hall Boiler Design	-	-	-	-	-	20
Pumphouse 1 Infrastructure Upgrades	-	-	-	-	-	22
Aquatic Centre	19,041	12,075	-	-	-	-
Landfill Leachate Retention & Treatment	430	-	-	-	-	-
Water Treatment Plant Pellet Boiler	-	40	-	-	-	-
Total Expenditures	19,471	12,327	4,647	5,463	2,543	2,036
Closing Balance - to Deferred Revenue	\$ -	\$ 14,402	\$ 17,080	\$ 15,654	\$ 12,665	\$ 9,665

SCHEDULE OF REVENUE AND EXPENDITURES

COMMUNITY PUBLIC INFRASTRUCTURE

December 31, 2023
(in thousands of dollars)

	2023 Budget	2023 Actual	2022 Actual	2021 Actual	2020 Actual	2019 Actual
Funding						
Opening Balance	\$ -	\$ 6,398	\$ 126	\$ 1,411	\$ 1,358	\$ 463
Annual CPI	8,498	3,718	8,191	855	2,863	2,863
Total Funding	8,498	10,116	8,317	2,266	4,221	3,326
Eligible Expenditures						
Accessibility Audit Implementation	56	56	46	786	197	-
Columbarium	-	-	1	17	2	-
Curling Club Upgrades	765	151	-	-	19	-
Fire Hall Equipment	-	-	63	-	-	-
Multiplex Iceplant Upgrade	-	-	80	-	555	-
Road and Sidewalks Rehabilitation	2,906	1,556	1,231	-	1,061	1,968
Park Equipment Replacement	183	182	43	-	-	-
Submarine Line Replacement	474	191	241	25	10	-
Traffic Light Upgrades	98	77	70	48	84	-
Water & Sewer Infrastructure Replacement	42	42	104	1,249	-	-
YKCA Upgrade	-	-	40	-	5	-
Tommy Forrest Ball Park Upgrade	-	-	-	15	60	-
Asset Management	-	-	-	-	8	-
City Hall Upgrades	-	-	-	-	367	-
FDM Software	-	-	-	-	65	-
Library Upgrades	-	-	-	-	120	-
Park Development	165	43	-	-	14	-
Self-Containing Breathing Aparatus	-	-	-	-	243	-
Aquatic Centre	1,349	-	-	-	-	-
Fieldhouse Floor	405	76	-	-	-	-
Lagoon Sludge Removal	700	-	-	-	-	-
Lift Station #1 Replacement	815	80	-	-	-	-
Patching	330	177	-	-	-	-
Trail Development	210	-	-	-	-	-
Total Expenditures	8,498	2,631	1,919	2,140	2,810	1,968
Closing Balance - to Deferred Revenue	\$ -	\$ 7,485	\$ 6,398	\$ 126	\$ 1,411	\$ 1,358

SCHEDULE OF REVENUE AND EXPENDITURES

INVESTING IN CANADA INFRASTRUCTURE PROGRAM

December 31, 2023
(in thousands of dollars)

	2023 Budget	2023 Actual	2022 Actual	2021 Actual	2020 Actual	2019 Actual
Funding						
ICIP Funding	\$ 8,104	\$ 3,791	\$ 2,792	\$ 118	\$ 1,625	\$ 1,463
Holdback Receivable	-	-	-	-	9	153
CPI Funding	4,421	1,185	1,335	-	1,061	1,968
Formula Funding	-	-	68	3	1,554	-
User Fees	-	4	218	19	98	-
Gas Tax	-	-	3,849	16	-	-
Developer	-	-	147	-	-	-
Capital Fund	-	-	363	-	-	-
Total Funding	12,525	4,980	8,772	156	4,347	3,584
Eligible Expenditures						
Paving (ICIP)	6,465	4,412	3,490	63	3,680	3,584
Increasing Waste Diversion (ICIP)	-	587	112	11	353	-
Weight Station	-	(39)	39	-	-	-
Lift Station #1	3,260	-	-	-	-	-
Lagoon Expansion (Lagoon Sludge Removal) (ICIP)	2,800	20	871	76	43	-
McMeekan Causeway Stabilization (ICIP)	-	-	4,260	6	271	-
Total Expenditure	12,525	4,980	8,772	156	4,347	3,584
Funding Surplus (Deficit)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

SCHEDULE OF REVENUE AND EXPENDITURES

SMALL COMMUNITIES FUND

<i>December 31, 2023</i> <i>(in thousands of dollars)</i>	2023 Budget	2023 Actual	2022 Actual	2021 Actual	2020 Actual	2019 Actual
Funding						
Small Communities Funding	\$ -	\$ 3,393	\$ 8,512	\$ 622	\$ 314	\$ -
Gas Tax	19,041	12,075	-	-	-	-
Formula Funding	21,916	3,462	764	208	105	27
CPI Funding	1,349	-	-	-	-	-
Debt	-	7,569	-	-	-	-
Reserves	751	-	2,430	-	-	-
Total Funding	43,057	26,499	11,706	830	419	27
Eligible Expenditures						
Aquatic Centre	43,057	26,499	11,706	830	419	27
Total Expenditures	43,057	26,499	11,706	830	419	27
Funding Surplus (Deficit)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

SCHEDULE OF REVENUE AND EXPENDITURES

DISASTER MITIGATION AND ADAPTATION FUND

December 31, 2023
(in thousands of dollars)

	2023 Budget	2023 Actual	2022 Actual	2021 Actual	2020 Actual	2019 Actual
Funding						
DMAF	\$ 750	\$ 938	\$ 724	\$ 73	\$ 79	\$ -
CPI	250	191	242	25	9	-
Formula Funding	-	121	-	-	-	24
Total Funding	1,000	1,250	966	98	88	24
Eligible Expenditures						
Submarine Line	1,000	1,250	966	98	39	59
Total Expenditures	1,000	1,250	966	98	39	59
Funding Surplus (Deficit)	\$ -	\$ -	\$ -	\$ -	\$ 49	\$ (35)

SCHEDULE OF SALARIES, HONORARIA AND TRAVEL

*For the year ended December 31, 2023
(in thousands of dollars)*

Name	Salary	Honoraria	Travel	Total
Mayor				
Rebecca Alty	\$ 135	\$ -	\$ 2	\$ 137
Councillor/Mayor				
Stacie Arden-Smith	38	-	-	38
Councillor				
Steve Payne	35	-	-	35
Garett Cochrane	35	-	-	35
Ryan Fequet	35	-	-	35
Ben Hendriksen	35	-	3	38
Cat McGurk	39	-	-	39
Tom McLennan	35	-	-	35
Rob Warburton	35	-	5	40
	\$ 422	\$ -	\$ 10	\$ 432