

VILLAGE OF HAINES JUNCTION
Financial Statements
For The Year Ended December 31, 2019

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of Village of Haines Junction

Opinion

We have audited the financial statements of the Village of Haines Junction (the Village), which comprise the statement of financial position as at December 31, 2019, and the statements of operations and accumulated surplus, changes in net financial assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Village as at December 31, 2019, and the results of its operations, 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 Village 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 accounting standards for not-for-profit organizations, 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 Village's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Village or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Village'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:

(continues)



Independent Auditors' Report to the Mayor and Council of Village of Haines Junction (*continued*)

- 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 Village'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 Village'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 Village 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.

METRIX GROUP LLP

Chartered Professional Accountants

Edmonton, Alberta
May 27, 2020



Village of Haines Junction

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To His Worship the Mayor and Members of Council of the Village of Haines Junction

The integrity, relevance and comparability of the data in the accompanying financial statements are the responsibility of management.

The financial statements are prepared by management in accordance with Canadian public sector accounting standards. They necessarily include some amounts that are based on the best estimates and judgements of management.

To assist in its responsibility, management maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized, that assets are properly accounted for and safeguarded, and that financial records are reliable for preparation of financial statements.

Metrix Group LLP, Chartered Professional Accountants, have been appointed by the Village Council to express an opinion on the Village's financial statements.

Mr. Dan Rodin
Chief Administrative Officer

VILLAGE OF HAINES JUNCTION**Statement of Financial Position****As At December 31, 2019**

	2019	2018
FINANCIAL ASSETS		
Cash and cash equivalents <i>(Note 2)</i>	\$ 5,595,160	\$ 4,688,682
Receivables <i>(Note 3)</i>	229,990	248,216
Assets held for sale	38,652	38,652
	5,863,802	4,975,550
LIABILITIES		
Accounts payable and accrued liabilities	389,962	275,742
Landfill closure and post-closure liability	240,000	53,080
Long-term debt <i>(Note 5)</i>	113,369	144,429
	743,331	473,251
NET FINANCIAL ASSETS	5,120,471	4,502,299
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Note 6)</i>	28,702,974	24,485,332
Prepaid expenses	15,369	43,200
	28,718,343	24,528,532
ACCUMULATED SURPLUS <i>(Note 7)</i>	\$ 33,838,814	\$ 29,030,831
Contingencies <i>(Note 9)</i>		

The accompanying notes are an integral part of these financial statements.

VILLAGE OF HAINES JUNCTION
Statement of Operations and Accumulated Surplus
For the Year Ended December 31, 2019

	2019 (Budget) (Note 12)	2019 (Actual)	2018 (Actual)
REVENUE			
Government transfers for operating (Schedule 3)	\$ 1,900,985	\$ 1,853,486	\$ 1,830,123
Taxation, including grants in lieu of taxes (Schedule 2)	936,350	946,442	905,567
Licenses, fees, rental and fines	199,760	247,116	220,545
Sales and user charges	195,000	207,156	181,050
Interest	60,350	80,092	54,051
Penalties on taxes	5,000	9,097	3,989
	<u>3,297,445</u>	<u>3,343,389</u>	<u>3,195,325</u>
EXPENSES			
Environmental health	750,799	1,288,517	1,113,411
Public works	618,638	760,458	756,481
Administration	635,761	506,640	580,316
Recreation	264,559	457,197	510,414
Convention centre	114,300	263,793	265,328
Protection	163,855	188,588	159,082
Legislative	155,821	104,936	88,381
Planning and development services	60,000	42,008	37,396
Mezzanine	13,500	16,577	10,621
	<u>2,777,233</u>	<u>3,628,714</u>	<u>3,521,430</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE	<u>520,212</u>	<u>(285,325)</u>	<u>(326,105)</u>
OTHER REVENUE			
Government transfers for capital (Schedule 3)	13,959,707	5,325,634	3,716,740
Gain (loss) on disposal of tangible capital assets	3,000	(232,326)	(39,971)
	<u>13,962,707</u>	<u>5,093,308</u>	<u>3,676,769</u>
ANNUAL SURPLUS	14,482,919	4,807,983	3,350,664
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>29,030,831</u>	<u>29,030,831</u>	<u>25,680,167</u>
ACCUMULATED SURPLUS, END OF YEAR (Note 7)	<u>\$ 43,513,750</u>	<u>\$ 33,838,814</u>	<u>\$ 29,030,831</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF HAINES JUNCTION
Statement of Changes in Net Financial Assets
For the Year Ended December 31, 2019

	2019 (Budget) (Note 12)	2019 (Actual)	2018 (Actual)
ANNUAL SURPLUS	\$ 14,482,919	\$ 4,807,983	\$ 3,350,664
Acquisition of tangible capital assets	(14,066,049)	(5,553,634)	(4,261,525)
Amortization of tangible capital assets	-	1,103,666	1,003,350
Proceeds on disposal of tangible capital assets	-	-	1,960
Gain (loss) on disposal of tangible capital assets	-	232,326	39,971
	416,870	590,341	134,420
(Acquisition) use of prepaid expenses	-	27,831	31,740
INCREASE IN NET FINANCIAL ASSETS	416,870	618,172	166,160
NET FINANCIAL ASSETS, BEGINNING OF YEAR	4,502,299	4,502,299	4,336,139
NET FINANCIAL ASSETS, END OF YEAR	\$ 4,919,169	\$ 5,120,471	\$ 4,502,299

The accompanying notes are an integral part of these financial statements.

VILLAGE OF HAINES JUNCTION
Statement of Cash Flows
For The Year Ended December 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Annual surplus	\$ 4,807,983	\$ 3,350,664
Non-cash items not included in annual surplus:		
Amortization of tangible capital assets	1,103,666	1,003,350
Loss on disposal of tangible capital assets	232,326	39,971
	<u>6,143,975</u>	<u>4,393,985</u>
Changes in non-cash working capital balances related to operations:		
Receivables	18,226	460,169
Accounts payable and accrued liabilities	114,220	(10,141)
Landfill closure and post-closure liability	186,920	4,318
Prepaid expenses	27,831	31,740
	<u>347,197</u>	<u>486,086</u>
Cash flow from operating activities	<u>6,491,172</u>	<u>4,880,071</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(5,553,634)	(4,261,525)
Proceeds on sale of tangible capital assets	-	1,960
Cash flow used by capital activities	<u>(5,553,634)</u>	<u>(4,259,565)</u>
FINANCING ACTIVITIES		
Repayment of long-term debt	<u>(31,060)</u>	<u>(19,875)</u>
CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR	906,478	600,631
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,688,682	4,088,051
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 5,595,160	\$ 4,688,682

The accompanying notes are an integral part of these financial statements.

VILLAGE OF HAINES JUNCTION**Schedule of Equity in Tangible Capital Assets****(Schedule 1)****For the Year Ended December 31, 2019**

	2019	2018
BALANCE, BEGINNING OF YEAR	\$ 24,340,903	\$ 21,104,784
Acquisition of tangible capital assets	5,553,634	4,261,525
Amortization of tangible capital assets	(1,103,666)	(1,003,350)
Repayment of capital long-term debt	31,060	19,875
Net book value of tangible capital assets disposed of	(232,326)	(41,931)
BALANCE, END OF YEAR	\$ 28,589,605	\$ 24,340,903
Equity in tangible capital assets is comprised of the following:		
Tangible capital assets (net book value)	\$ 28,702,974	\$ 24,485,332
Long-term debt	(113,369)	(144,429)
	\$ 28,589,605	\$ 24,340,903

The accompanying notes are an integral part of these financial statements.

VILLAGE OF HAINES JUNCTION
Schedule of Taxation
For the Year Ended December 31, 2019

(Schedule 2)

	2019 (Budget) (Note 12)	2019 (Actual)	2018 (Actual)
TAXATION			
Real property tax	\$ 757,953	\$ 757,954	\$ 730,097
Government grants in lieu of property tax	153,561	153,561	150,634
Local improvement taxes	24,836	34,927	24,836
	<u>\$ 936,350</u>	<u>\$ 946,442</u>	<u>\$ 905,567</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF HAINES JUNCTION
Schedule of Government Transfers
For the Year Ended December 31, 2019

(Schedule 3)

	2019 (Budget) (Note 12)	2019 (Actual)	2018 (Actual)
TRANSFERS FOR OPERATING			
Government of the Yukon block funding	\$ 1,732,253	\$ 1,732,253	\$ 1,700,411
Senior government grant revenue	168,732	121,233	129,712
	1,900,985	1,853,486	1,830,123
TRANSFERS FOR CAPITAL			
Territorial government conditional transfers	13,959,707	5,325,634	3,716,740
TOTAL GOVERNMENT TRANSFERS	\$ 15,860,692	\$ 7,179,120	\$ 5,546,863

The accompanying notes are an integral part of these financial statements.

VILLAGE OF HAINES JUNCTION
Schedule of Segmented Information
For the Year Ended December 31, 2019

(Schedule 4)

	Legislative	Administration and Planning	Protective Services	Public Works	Environmental Health	Recreation Services	Convention Centre	Mezzanine	Unallocated	Total
REVENUE										
Government transfers for operating	-	1,716	40,226	7,758	39,531	20,404	11,598	-	1,732,253	1,853,486
Taxation and grants in lieu	946,442	-	-	-	-	-	-	-	-	946,442
Licenses, fees, rental and fines	-	12,916	42,589	49,878	90,431	18,132	24,303	8,867	-	247,116
Water and sewer user fees	-	-	-	-	207,156	-	-	-	-	207,156
Interest income	80,092	-	-	-	-	-	-	-	-	80,092
Penalties on taxes	9,097	-	-	-	-	-	-	-	-	9,097
	1,035,631	14,632	82,815	57,636	337,118	38,536	35,901	8,867	1,732,253	3,343,389
EXPENSES										
Salaries, wages and benefits	-	334,806	13,952	403,968	265,134	85,726	16,036	478	-	1,120,100
Amortization	-	2,582	44,611	190,155	483,712	218,081	163,619	905	-	1,103,665
Supplies and services	33,905	44,153	21,902	11,080	164,675	3,335	1,562	484	-	281,096
Testing and other - Landfill	-	-	-	-	223,752	-	-	-	-	223,752
Utilities	-	18,944	14,091	5,574	82,907	65,646	18,944	-	-	206,106
Repairs and maintenance	-	1,843	19,058	46,090	18,017	27,418	41,291	14,710	-	168,427
Insurance	-	-	7,799	10,187	33,421	35,608	22,341	-	-	109,356
Other	-	88,851	-	-	-	-	-	-	-	88,851
Honorarium	43,781	-	25,295	-	-	-	-	-	-	69,076
FireSmart	-	-	40,000	-	-	-	-	-	-	40,000
Street lights, signs, culverts, and ditches	-	-	-	37,197	-	-	-	-	-	37,197
Fuel and oil	-	-	-	32,873	-	817	-	-	-	33,690
Audit and legal fees	-	28,188	-	-	-	-	-	-	-	28,188
Grants	7,517	-	-	-	-	20,068	-	-	-	27,585
Travel and meetings	19,733	1,780	-	935	2,752	-	-	-	-	25,200
Parks and mosquito control	-	-	-	21,206	-	-	-	-	-	21,206
Assessment	-	13,211	-	-	-	-	-	-	-	13,211
Training	-	1,617	1,880	1,193	6,203	498	-	-	-	11,391
Advertising	-	10,499	-	-	-	-	-	-	-	10,499
Interest and bank charges	-	2,174	-	-	7,944	-	-	-	-	10,118
	104,936	548,648	188,588	760,458	1,288,517	457,197	263,793	16,577	-	3,628,714
NET REVENUE (DEFICIT)	930,695	(534,016)	(105,773)	(702,822)	(951,399)	(418,661)	(227,892)	(7,710)	1,732,253	(285,325)

The accompanying notes are an integral part of these financial statements.

VILLAGE OF HAINES JUNCTION

Schedule of Segmented Information

For the Year Ended December 31, 2018

(Schedule 4)

	Legislative	Administration and Planning	Protective Services	Public Works	Environmental Health	Recreation Services	Convention Centre	Mezzanine	Unallocated	Total
REVENUE										
Government transfers for operating	-	2,028	35,000	10,921	57,373	21,639	2,752	-	1,700,411	1,830,124
Taxation and grants in lieu	905,567	-	-	-	-	-	-	-	-	905,567
Licenses, fees, rental and fines	-	13,626	41,889	26,220	88,640	25,488	16,246	8,435	-	220,544
Water and sewer user fees	-	-	-	-	181,050	-	-	-	-	181,050
Interest income	54,051	-	-	-	-	-	-	-	-	54,051
Penalties on taxes	3,989	-	-	-	-	-	-	-	-	3,989
	963,607	15,654	76,889	37,141	327,063	47,127	18,998	8,435	1,700,411	3,195,325
EXPENSES										
Salaries and wages	-	403,988	12,848	356,460	292,842	120,331	11,966	458	-	1,198,893
Amortization	-	4,501	16,641	194,128	402,903	217,075	165,833	2,269	-	1,003,350
Supplies and services	25,859	40,058	26,512	10,800	178,355	8,330	1,888	488	-	292,290
Utilities	-	19,653	14,700	4,484	103,841	84,724	19,653	-	-	247,055
Repairs and maintenance	-	2,073	17,535	72,029	37,583	19,493	43,982	7,406	-	200,101
Insurance	-	-	7,216	9,059	35,409	35,126	22,006	-	-	108,816
Other	-	99,221	-	-	-	-	-	-	-	99,221
Honorarium	33,645	-	25,170	-	-	-	-	-	-	58,815
Street lights, signs, culverts and ditches	-	-	-	47,313	-	-	-	-	-	47,313
Testing and other - Landfill	-	-	-	-	40,409	-	-	-	-	40,409
Fuel and Oil	-	-	-	36,003	-	590	-	-	-	36,593
FireSmart	-	-	35,000	-	-	-	-	-	-	35,000
Travel and meetings	21,853	5,817	495	1,686	3,833	-	-	-	-	33,684
Grants	7,024	-	-	-	-	20,068	-	-	-	27,092
Training	-	-	2,965	5,922	9,199	4,677	-	-	-	22,763
Audit and legal fees	-	19,827	-	-	-	-	-	-	-	19,827
Parks and mosquito Control	-	-	-	18,597	-	-	-	-	-	18,597
Assessment	-	13,068	-	-	-	-	-	-	-	13,068
Interest and bank charges	-	2,076	-	-	9,037	-	-	-	-	11,113
Advertising	-	7,430	-	-	-	-	-	-	-	7,430
	88,381	617,712	159,082	756,481	1,113,411	510,414	265,328	10,621	-	3,521,430
NET REVENUE (DEFICIT)	875,226	(602,058)	(82,193)	(719,340)	(786,348)	(463,287)	(246,330)	(2,186)	1,700,411	(326,105)

The accompanying notes are an integral part of these financial statements.

VILLAGE OF HAINES JUNCTION
Notes to Financial Statements
Year Ended December 31, 2019

1. ACCOUNTING POLICIES

The financial statements of the Village of Haines Junction (the "Village") are the representations of management, prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Village are as follows:

(a) Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenditures, changes in financial position of the reporting entity. The entity is comprised of all the organizations that are owned or controlled by the Village and are, therefore, accountable to the Mayor and Council for the administration of their financial affairs and resources.

The statements exclude trust assets that are administered for the benefit of external parties.

(b) Basis of Accounting

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers are recognized in the financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, the Village has met any eligibility criteria, and reasonable estimates of the amounts can be made.

Expenses are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

(c) Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

The Village has used estimates to determine accrued liabilities, the useful lives of tangible capital assets and landfill closure and post-closure liability.

(d) Cash and cash equivalents

Cash and cash equivalents include items that are readily convertible to known amounts of cash, are subject to an insignificant risk of change in value, and have a maturity of 90 days or less at acquisition.

(e) Assets held for resale

Assets held for resale are recorded at the lower of cost or net realizable value.

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VILLAGE OF HAINES JUNCTION
Notes to Financial Statements
Year Ended December 31, 2019

1. ACCOUNTING POLICIES (continued)

(f) Landfill Closure and Post-Closure Liability

The estimated present value of the landfill closure liability and post-closure costs are recognized as a liability. This liability is recognized based on estimated future expenses, included estimated inflation discounted to the current date and accrued based on the proportion of the total capacity of the landfill used to date. The change in this estimated liability during the year is recorded as a charge to operations. These estimates are reviewed and adjusted annually.

(g) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

Engineered structures:	
Water and sewer infrastructure	50 years
Roads and bridges	10 - 25 years
Land improvements	20 years
Buildings	10 - 40 years
Machinery and equipment	3 - 15 years
Vehicles	7 years

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

Works of art and historical treasures are property that has cultural, aesthetic or historical value that is worth preserving perpetually but are not recognized as tangible capital assets because a reasonable estimate of the future benefits associated with such property cannot be made.

(h) Tax Revenue

Property tax revenue is based on market value assessments. Tax rates are established annually. Taxation revenues are recorded at the time tax billings are issued. Assessments are subject to appeal.

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectable from property owners for work performed by the municipality and are recognized as revenue in the year in which the local improvement project is completed.

(i) Contaminated Sites

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. A liability for remediation on contaminated sites is recognized, net of any recoveries, when an environmental standard exists, contamination exceeds the environmental standard, the Village is directly responsible for or accepts responsibility for the liability, future economic benefits will be given up, and a reasonable estimate of the liability can be made.

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VILLAGE OF HAINES JUNCTION
Notes to Financial Statements
Year Ended December 31, 2019

1. ACCOUNTING POLICIES (continued)

(j) *New Accounting Standards not yet Adopted*

Effective for fiscal years beginning on or after April 1, 2021, PS 3280 Asset Retirement Obligations provides guidance on how to account for and report liabilities for retirement of tangible capital assets.

Effective for fiscal years beginning on or after April 1, 2022, PS 3400 Revenue provides guidance on how to account for and report revenue, and specifically, it addresses revenue arising from exchange transactions and unilateral transactions.

2. CASH AND CASH EQUIVALENTS

	<u>2019</u>	<u>2018</u>
High interest savings account	\$ 5,426,152	\$ 4,471,571
Operating accounts	<u>169,008</u>	<u>217,111</u>
	<u>\$ 5,595,160</u>	<u>\$ 4,688,682</u>

3. RECEIVABLES

	<u>2019</u>	<u>2018</u>
Taxes and other	\$ 127,418	\$ 128,344
Government transfers	<u>79,772</u>	<u>92,811</u>
Goods and Services Tax	<u>22,800</u>	<u>27,061</u>
	<u>\$ 229,990</u>	<u>\$ 248,216</u>

VILLAGE OF HAINES JUNCTION
Notes to Financial Statements
Year Ended December 31, 2019

4. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

Environmental law requires closure and post-closure care of landfill sites, which includes final covering and landscaping, pumping of ground water and leachates from the site, and ongoing monitoring, site inspections and maintenance.

The Village estimates that the remaining life of its landfill is at least 48 years. The estimated liability is based on the sum of discounted future cash flows for closure and post-closure activities for 25 years after closure using a discount rate of 3.2% (2018 - 4.5%) and assuming annual inflation of 2.0%.

	<u>2019</u>	<u>2018</u>
Estimated closure costs	\$ 552,792	\$ 122,788
Estimated post-closure costs	<u>155,273</u>	<u>25,835</u>
Estimated total liability	<u>708,065</u>	<u>148,623</u>
Estimated capacity remaining	66 %	67 %
Portion of total liability remaining to be recognized	<u>468,065</u>	<u>95,543</u>
Estimated capacity used	34 %	33 %
Accrued liability portion	<u>\$ 240,000</u>	<u>\$ 53,080</u>

5. LONG-TERM DEBT

	<u>2019</u>	<u>2018</u>
Government of Yukon debenture repayable in annual amounts of \$28,912 including interest at 5.5% maturing July 2024.	<u>\$ 113,369</u>	<u>\$ 144,429</u>

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 22,118	\$ 6,794	\$ 28,912
2021	23,893	5,019	28,912
2022	25,207	3,705	28,912
2023	26,594	2,318	28,912
2024	<u>15,557</u>	<u>856</u>	<u>16,413</u>
	<u>\$ 113,369</u>	<u>\$ 18,692</u>	<u>\$ 132,061</u>

Total interest paid on long-term debt in 2019 amounted to \$7,944 (2018 - \$9,037).

VILLAGE OF HAINES JUNCTION
Notes to Financial Statements
Year Ended December 31, 2019

6. TANGIBLE CAPITAL ASSETS

	2019	2018
	Net Book	Net Book
	Value	Value
Engineered structures		
Water and wastewater systems	\$ 21,743,698	\$ 17,115,076
Roadways	1,161,018	1,248,999
	22,904,716	18,364,075
Buildings	4,235,340	4,411,937
Machinery and equipment	585,583	618,558
Vehicles	489,971	561,971
Land improvements	284,009	325,436
Land	203,355	203,355
	\$ 28,702,974	\$ 24,485,332

	Cost	Purchased	Disposals	Write-downs	Cost
	Beginning of	Additions			End of
	Year				Year
Engineered structures					
Roadways	\$ 4,613,590	\$ -	\$ -	\$ -	\$ 4,613,590
Water and wastewater systems	21,765,488	5,325,634	446,781	-	26,644,341
	26,379,078	5,325,634	446,781	-	31,257,931
Buildings	9,271,894	139,614	10,036	-	9,401,472
Machinery and equipment	2,449,067	88,386	-	-	2,537,453
Land	203,355	-	-	-	203,355
Land improvements	1,183,613	-	-	-	1,183,613
Vehicles	1,013,775	-	-	-	1,013,775
	\$ 40,500,782	\$ 5,553,634	\$ 456,817	\$ -	\$ 45,597,599

	Accumulated	Current	Disposals	Write-downs	Accumulated
	Amortization	Amortization			Amortization
	Beginning of	End of			End of
	Year	Year			Year
Engineered structures					
Roadways	\$ 3,364,591	\$ 87,981	\$ -	\$ -	\$ 3,452,572
Water and wastewater systems	4,650,412	464,686	214,455	-	4,900,643
	8,015,003	552,667	214,455	-	8,782,125
Buildings	4,859,957	316,211	10,036	-	5,166,132
Machinery and equipment	1,830,509	121,361	-	-	1,951,870
Land improvements	858,177	41,427	-	-	899,604
Vehicles	451,804	72,000	-	-	523,804
	\$ 16,015,450	\$ 1,103,666	\$ 224,491	\$ -	\$ 16,894,625

The cost of works of art for the hall purchased by the Village during 2019 and recorded as expenses amounted to \$35,319 (2018 - 41,809).

VILLAGE OF HAINES JUNCTION
Notes to Financial Statements
Year Ended December 31, 2019

7. ACCUMULATED SURPLUS

	<u>2019</u>	<u>2018</u>
Unrestricted surplus	\$ 1,881,345	\$ 2,950,753
Restricted surplus (Note 8)	3,367,864	1,739,175
Equity in tangible capital assets (Schedule 1)	<u>28,589,605</u>	<u>24,340,903</u>
	<u>\$ 33,838,814</u>	<u>\$ 29,030,831</u>

8. RESTRICTED SURPLUS

	<u>2019</u>	<u>2018</u>
Infrastructure Reserve	\$ 1,741,519	\$ -
Recreation Facility Reserve	1,329,126	685,000
Fire Department Reserve	102,680	51,202
Public Arts Reserve	101,460	-
Gas Tax Reserve	52,578	-
Community Foundation Reserve	40,501	-
Infrastructure reserve	-	502,973
Asset management reserve	-	500,000
	<u>\$ 3,367,864</u>	<u>\$ 1,739,175</u>

9. CONTINGENT LIABILITIES

The Village, along with the Yukon Government, have identified a site in which contamination is in excess of current environmental standards. It is the Village's position that, since the contamination occurred previous to the land being transferred to the Village from the Yukon Government in 1992, the Village is not responsible for the contamination and any potential remediation at this time. Due to this uncertainty, and the fact that an estimate of the potential remediation costs is currently unknown, a liability has not currently been established.

10. FINANCIAL INSTRUMENTS

The Village's financial instruments consist of cash and cash equivalents, receivables, accounts payable and accrued liabilities and long-term debt. It is management's opinion that the Village is not exposed to significant interest, currency or credit risk arising from these financial instruments. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values.

The Village is exposed to credit risk with respect to receivables. Credit risk arises from the possibility that customers may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of customers minimizes the Village's credit risk.

11. SEGMENTED INFORMATION

The Village is a diversified municipal government institution that provides a wide range of services to its citizens such as water, sewer and fire protection. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

Legislative

This area is comprised of expenditures that relate to Council, and Council's membership in the Association of Yukon communities

Administration

This department handles administration for the Village of Haines Junction including support to Council and all municipal departments. The office processes all financial transactions for the municipality and is the public face of the Village that handles inquiries, takes payments and issues business licenses and dog tags.

Protection Services

Protection Services includes the Emergency Services Building, the fire department, the FireSmart Program, and animal control.

Public Works

This department handles repair and maintenance of all municipal buildings, maintenance of roads and streets, culverts and ditches, maintenance of municipal vehicles and the care of municipal parks, the cemetery and highway and street right of ways during the summer months.

Environmental Health

Environmental Health is responsible for the maintenance of the municipal water and sewer systems and ensuring the water system meets all required standards. Management of the municipal landfill and maintenance of the Recycle Centre are also included under Environmental Health.

Recreation Services

Arena

The arena operates from October to March each year.

Convention Centre

The St. Elias Convention Centre operates year round and is rented regularly for meetings, conventions, weddings, luncheons, performing arts events, retreats, and a variety of other special events.

Mezzanine

The Mezzanine is available for rent year round and is rented primarily during the winter months for meetings and as a concession and viewing area for the arena rink.

VILLAGE OF HAINES JUNCTION
Notes to Financial Statements
Year Ended December 31, 2019

12. BUDGET FIGURES

The 2019 budget data presented in these financial statements is based on the operating and capital budgets approved by Council on April 10, 2019. The chart below reconciles the approved financial plan to the figures reported in these financial statements

	<u>2019 Budget</u>	<u>2019 Actual</u>
Annual surplus	\$ 14,482,919	\$ 4,807,983
Amortization expense	-	1,103,666
Acquisition of tangible capital assets	(14,066,049)	(5,553,634)
Net transfers (to) from reserves	(416,870)	(1,628,689)
	<u>\$ -</u>	<u>\$ (1,270,674)</u>

13. RELATED PARTY TRANSACTIONS

The 2019 utilities expense include approximately \$68,928 (2018 - \$87,004) paid to a business that is owned by a Village councillor.

14. SUBSEQUENT EVENT

On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization and on March 27, 2020 the Yukon Territory declared a public health emergency. Many businesses and individuals in a vast array of sectors may experience an economic loss due to COVID-19 which may have a financial effect on the Village. An estimate of the potential financial impact cannot be made at this time.

15. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and management.

16. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.
