

VILLAGE OF HAINES JUNCTION
Financial Statements
For The Year Ended December 31, 2018

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, 2018, 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, 2018, 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 auditor's 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
June 12, 2019

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 judgments 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.



John Thomas
Acting Chief Administrative Officer

VILLAGE OF HAINES JUNCTION
Statement of Financial Position
As At December 31, 2018

	2018	2017
FINANCIAL ASSETS		
Cash and cash equivalents <i>(Note 2)</i>	\$ 4,688,682	\$ 4,088,051
Receivables <i>(Note 3)</i>	248,216	708,385
Assets held for sale	38,652	38,652
	<u>4,975,550</u>	<u>4,835,088</u>
LIABILITIES		
Accounts payable and accrued liabilities	275,742	285,883
Landfill closure and post-closure liability <i>(Note 4)</i>	53,080	48,762
Long-term debt <i>(Note 5)</i>	144,429	164,304
	<u>473,251</u>	<u>498,949</u>
NET FINANCIAL ASSETS	<u>4,502,299</u>	<u>4,336,139</u>
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Note 6)</i>	24,485,332	21,269,088
Prepaid expenses	43,200	74,940
	<u>24,528,532</u>	<u>21,344,028</u>
ACCUMULATED SURPLUS <i>(Note 7)</i>	<u>\$ 29,030,831</u>	<u>\$ 25,680,167</u>
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, 2018

	2018 (Budget) (Note 12)	2018 (Actual)	2017 (Actual)
REVENUE			
Government transfers for operating (Schedule 3)	\$ 1,811,939	\$ 1,827,371	\$ 1,833,454
Taxation, including grants in lieu of taxes (Schedule 2)	904,579	905,567	842,858
Licenses, fees, rental and fines	322,494	223,297	213,737
Sales and user charges	195,000	181,050	160,717
Interest	60,350	54,051	36,173
Penalties on taxes	5,000	3,989	7,861
	<u>3,299,362</u>	<u>3,195,325</u>	<u>3,094,800</u>
EXPENSES			
Environmental health	625,321	993,398	964,341
Public works	736,102	876,494	847,979
Administration	550,050	580,316	498,595
Recreation	309,801	510,414	536,701
Convention centre	113,401	265,328	270,853
Protection	181,408	159,082	156,071
Legislative	145,804	88,381	118,937
Planning and development services	40,000	37,396	-
Mezzanine	12,000	10,621	23,844
	<u>2,713,887</u>	<u>3,521,430</u>	<u>3,417,321</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE	<u>585,475</u>	<u>(326,105)</u>	<u>(322,521)</u>
OTHER REVENUE			
Government transfers for capital (Schedule 3)	14,058,960	3,716,740	1,873,274
Gain (loss) on disposal of tangible capital assets	40,000	(39,971)	3,001
	<u>14,098,960</u>	<u>3,676,769</u>	<u>1,876,275</u>
ANNUAL SURPLUS	14,684,435	3,350,664	1,553,754
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>25,680,167</u>	<u>25,680,167</u>	<u>24,126,413</u>
ACCUMULATED SURPLUS, END OF YEAR (Note 7)	<u>\$ 40,364,602</u>	<u>\$ 29,030,831</u>	<u>\$ 25,680,167</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, 2018

	2018 (Budget) (Note 12)	2018 (Actual)	2017 (Actual)
ANNUAL SURPLUS	\$ 14,684,435	\$ 3,350,664	\$ 1,553,754
Acquisition of tangible capital assets	(14,516,947)	(4,261,525)	(2,277,934)
Amortization of tangible capital assets	-	1,003,350	996,542
Proceeds on disposal of tangible capital assets	-	1,960	3,001
Loss (gain) on sale of tangible capital assets	-	39,971	(3,001)
	167,488	134,420	272,362
(Acquisition) use of prepaid expenses	-	31,740	(29,050)
INCREASE IN NET FINANCIAL ASSETS	167,488	166,160	243,312
NET FINANCIAL ASSETS, BEGINNING OF YEAR	4,336,139	4,336,139	4,092,827
NET FINANCIAL ASSETS, END OF YEAR	\$ 4,503,627	\$ 4,502,299	\$ 4,336,139

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, 2018

	2018	2017
OPERATING ACTIVITIES		
Annual surplus	\$ 3,350,664	\$ 1,553,754
Non-cash items not included in annual surplus:		
Amortization of tangible capital assets	1,003,350	996,542
Loss (gain) on disposal of tangible capital assets	39,971	(3,001)
	<u>4,393,985</u>	<u>2,547,295</u>
Changes in non-cash working capital balances related to operations:		
Receivables	460,169	(159,077)
Accounts payable and accrued liabilities	(10,141)	(26,371)
Landfill closure and post-closure liability	4,318	4,044
Prepaid expenses	31,740	(29,050)
	<u>486,086</u>	<u>(210,454)</u>
Cash flow from operating activities	<u>4,880,071</u>	<u>2,336,841</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(4,261,525)	(2,277,934)
Proceeds on sale of tangible capital assets	1,960	3,001
Cash flow used by capital activities	<u>(4,259,565)</u>	<u>(2,274,933)</u>
FINANCING ACTIVITIES		
Repayment of long-term debt	(19,875)	(18,839)
CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR	600,631	43,069
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,088,051	4,044,982
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 4,688,682	\$ 4,088,051

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

VILLAGE OF HAINES JUNCTION
Schedule of Equity in Tangible Capital Assets
For the Year Ended December 31, 2018

(Schedule 1)

	2018	2017
BALANCE, BEGINNING OF YEAR	\$ 21,104,784	\$ 19,804,553
Acquisition of tangible capital assets	4,261,525	2,277,934
Amortization of tangible capital assets	(1,003,350)	(996,542)
Repayment of capital long-term debt	19,875	18,839
Net book value of tangible capital assets disposed of	(41,931)	-
BALANCE, END OF YEAR	\$ 24,340,903	\$ 21,104,784
Equity in tangible capital assets is comprised of the following:		
Tangible capital assets (net book value)	\$ 24,485,332	\$ 21,269,088
Long-term debt	(144,429)	(164,304)
	\$ 24,340,903	\$ 21,104,784

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

VILLAGE OF HAINES JUNCTION
Schedule of Taxation
For the Year Ended December 31, 2018

(Schedule 2)

	2018 (Budget) <i>(Note 12)</i>	2018 (Actual)	2017 (Actual)
TAXATION			
Real property tax	\$ 730,096	\$ 730,097	\$ 669,874
Government grants in lieu of property tax	149,647	150,634	148,148
Local improvement taxes	24,836	24,836	24,836
	<u>\$ 904,579</u>	<u>\$ 905,567</u>	<u>\$ 842,858</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, 2018

(Schedule 3)

	2018 (Budget) (Note 12)	2018 (Actual)	2017 (Actual)
TRANSFERS FOR OPERATING			
Government of the Yukon block funding	\$ 1,700,411	\$ 1,700,411	\$ 1,667,904
Senior government grant revenue	111,528	126,960	165,550
	1,811,939	1,827,371	1,833,454
TRANSFERS FOR CAPITAL			
Territorial government conditional transfers	14,058,960	3,716,740	1,873,274
TOTAL GOVERNMENT TRANSFERS	\$ 15,870,899	\$ 5,544,111	\$ 3,706,728

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	-	-	1,700,411	1,827,372
Taxation and grants in lieu	905,567	-	-	-	-	-	-	-	-	905,567
Licenses, fees, rental and fines	-	13,626	41,889	26,220	88,640	25,488	18,998	8,435	-	223,296
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, wages and benefits	-	403,988	12,848	476,473	172,829	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	876,494	993,398	510,414	265,328	10,621	-	3,521,430
NET REVENUE (DEFICIT)	875,226	(602,058)	(82,193)	(839,353)	(666,335)	(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
Schedule of Segmented Information
For the Year Ended December 31, 2017

(Schedule 4)

	Legislative	Administration	Protective Services	Public Works	Environmental Health	Recreation Services	Convention Centre	Mezzanine	Unallocated	Total
REVENUE										
Government transfers for operating	-	56,021	40,000	6,070	38,877	24,582	-	-	1,667,904	1,833,454
Taxation and grants in lieu	842,858	-	-	-	-	-	-	-	-	842,858
Licenses, fees, rental and fines	-	15,979	38,848	21,840	93,015	24,889	14,573	4,593	-	213,737
Water and sewer user fees	-	-	-	-	160,717	-	-	-	-	160,717
Interest income	36,173	-	-	-	-	-	-	-	-	36,173
Penalties on taxes	7,861	-	-	-	-	-	-	-	-	7,861
	886,892	72,000	78,848	27,910	292,609	49,471	14,573	4,593	1,667,904	3,094,800
EXPENSES										
Salaries and wages	-	301,724	7,973	456,484	153,573	120,416	7,552	1,616	-	1,049,338
Amortization	-	21,424	17,304	187,446	388,510	216,758	162,831	2,269	-	996,542
Supplies and services	31,659	29,514	16,135	19,659	202,102	6,612	1,313	487	-	307,481
Repairs and maintenance	-	1,733	28,051	93,354	21,352	38,349	56,896	19,472	-	259,207
Utilities	-	19,648	13,772	4,418	93,237	72,327	20,499	-	-	223,901
Insurance	-	-	7,434	7,650	28,757	34,537	21,762	-	-	100,140
Other	-	52,831	-	-	-	22,570	-	-	-	75,401
Grants	33,858	-	-	-	-	20,068	-	-	-	53,926
Testing and other - Landfill	-	-	-	-	51,980	-	-	-	-	51,980
Honorarium	22,251	-	23,535	-	-	-	-	-	-	45,786
FireSmart	-	-	40,000	-	-	-	-	-	-	40,000
Audit and legal fees	-	38,531	-	-	-	-	-	-	-	38,531
Travel and meetings	30,791	120	1,452	147	5,033	-	-	-	-	37,543
Fuel and Oil	-	-	-	28,870	-	928	-	-	-	29,798
Street lights, signs, culverts and ditches	-	-	-	29,194	-	-	-	-	-	29,194
Advertising	-	19,193	-	-	-	-	-	-	-	19,193
Parks and mosquito Control	-	-	-	17,940	-	-	-	-	-	17,940
Training	-	-	415	2,817	9,724	4,136	-	-	-	17,092
Assessment	-	12,503	-	-	-	-	-	-	-	12,503
Interest and bank charges	-	1,752	-	-	10,073	-	-	-	-	11,825
	118,559	498,973	156,071	847,979	964,341	536,701	270,853	23,844	-	3,417,321
NET REVENUE (DEFICIT)	768,333	(426,973)	(77,223)	(820,069)	(671,732)	(487,230)	(256,280)	(19,251)	1,667,904	(322,521)

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

VILLAGE OF HAINES JUNCTION
Notes to Financial Statements
Year Ended December 31, 2018

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 expenditures 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.

(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 one year 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, 2018

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.

(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.

VILLAGE OF HAINES JUNCTION
Notes to Financial Statements
Year Ended December 31, 2018

2. CASH AND CASH EQUIVALENTS

	<u>2018</u>	<u>2017</u>
High interest savings account	\$ 4,471,571	\$ 3,867,910
Operating accounts	217,111	220,141
	<u>\$ 4,688,682</u>	<u>\$ 4,088,051</u>

3. RECEIVABLES

	<u>2018</u>	<u>2017</u>
Taxes and other	\$ 128,344	\$ 189,580
Government transfers	92,811	479,188
Goods and Services Tax	27,061	39,617
	<u>\$ 248,216</u>	<u>\$ 708,385</u>

4. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The Village estimates that the remaining life of its landfill is at least 45 years. The future closure costs at the end of the life are estimated to be \$890,000 (2017 - \$890,000). Approximately 36% (2017 - 34%) of the capacity has been used at December 31, 2018. Management has recognized a liability of \$53,080 at December 31, 2018 (2017 - \$48,762) based on the estimated future closure costs, remaining capacity and a discount rate of 4.5% (2017 - 4.5%).

5. LONG-TERM DEBT

	<u>2018</u>	<u>2017</u>
Government of Yukon debenture repayable in annual amounts of \$28,912 including interest at 5.5% maturing July 2024.	\$ 144,429	\$ 164,304

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 20,968	\$ 7,944	\$ 28,912
2020	22,122	6,790	28,912
2021	23,338	5,574	28,912
2022	24,622	4,290	28,912
2023	25,976	2,936	28,912
To maturity	27,403	1,507	28,910
	<u>\$ 144,429</u>	<u>\$ 29,041</u>	<u>\$ 173,470</u>

Total interest paid on long-term debt in 2018 amounted to \$9,037 (2017 - \$10,073).

VILLAGE OF HAINES JUNCTION
Notes to Financial Statements
Year Ended December 31, 2018

6. TANGIBLE CAPITAL ASSETS

	2018	2017
	Net Book	Net Book
	Value	Value
Engineered structures		
Water and wastewater systems	\$ 17,115,076	\$ 13,824,262
Roadways	1,248,999	1,338,532
	18,364,075	15,162,794
Buildings	4,411,937	4,713,061
Machinery and equipment	618,558	619,350
Vehicles	561,971	208,574
Land improvements	325,436	361,954
Land	203,355	203,355
	\$ 24,485,332	\$ 21,269,088

	Cost				Cost
	Beginning of	Purchased	Disposals	Write-downs	End of
	Year	Additions			Year
Engineered structures					
Roadways	\$ 4,613,590	\$ -	\$ -	\$ -	\$ 4,613,590
Water and wastewater systems	18,348,254	3,716,740	299,505	-	21,765,489
	22,961,844	3,716,740	299,505	-	26,379,079
Buildings	9,256,144	15,750	-	-	9,271,894
Machinery and equipment	2,323,829	125,238	-	-	2,449,067
Land	203,355	-	-	-	203,355
Land improvements	1,178,613	5,000	-	-	1,183,613
Vehicles	663,467	398,797	48,490	-	1,013,774
	\$ 36,587,252	\$ 4,261,525	\$ 347,995	\$ -	\$ 40,500,782

	Accumulated				Accumulated
	Amortization	Current	Disposals	Write-downs	Amortization
	Beginning of	Amortization			End of
	Year				Year
Engineered structures					
Roadways	\$ 3,275,058	\$ 89,533	\$ -	\$ -	\$ 3,364,591
Water and wastewater systems	4,523,992	383,995	257,574	-	4,650,413
	7,799,050	473,528	257,574	-	8,530,152
Buildings	4,543,083	316,874	-	-	4,859,957
Machinery and equipment	1,704,479	126,030	-	-	1,830,509
Land improvements	816,659	41,518	-	-	858,177
Vehicles	454,893	45,400	48,490	-	451,803
	\$ 15,318,164	\$ 1,003,350	\$ 306,064	\$ -	\$ 16,015,450

The cost of works of art for the hall purchased by the Village during 2018 amounted to \$41,800.

VILLAGE OF HAINES JUNCTION
Notes to Financial Statements
Year Ended December 31, 2018

7. ACCUMULATED SURPLUS

	<u>2018</u>	<u>2017</u>
Unrestricted surplus	\$ 2,950,753	\$ 3,612,410
Restricted surplus (<i>Note 8</i>)	1,739,175	962,973
Equity in tangible capital assets (<i>Schedule 1</i>)	<u>24,340,903</u>	<u>21,104,784</u>
	<u>\$ 29,030,831</u>	<u>\$ 25,680,167</u>

8. RESTRICTED SURPLUS

	<u>2018</u>	<u>2017</u>
Recreation Facility reserve	\$ 685,000	\$ 60,000
Infrastructure reserve	502,973	502,973
Asset management reserve	500,000	-
Fire Department reserve	<u>51,202</u>	<u>400,000</u>
	<u>\$ 1,739,175</u>	<u>\$ 962,973</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 solely responsible for the contamination and any potential remediation. 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.

VILLAGE OF HAINES JUNCTION

Notes to Financial Statements

Year Ended December 31, 2018

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, the Culture Parks and Recreation Committee 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, Council Committees 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

Pool

This department operates the municipal pool from May to August

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, 2018

12. BUDGET FIGURES

The 2018 budget data presented in these financial statements is based on the operating and capital budgets approved by Council on April 11, 2018. The chart below reconciles the approved financial plan to the figures reported in these financial statements

	<u>2018 Budget</u>	<u>2018 Actual</u>
Annual surplus	\$ 14,684,435	\$ 3,350,664
Amortization expense	-	1,003,350
Repayment of long term debt	(19,875)	(19,875)
Acquisition of tangible capital assets	(14,516,947)	(4,261,525)
Net transfers (to) from reserves	(147,613)	473,798
	<u>\$ -</u>	<u>\$ 546,412</u>

13. RELATED PARTY TRANSACTIONS

The 2018 utilities expense include approximately \$87,004 (2017 - \$75,530) paid to a business that is owned by a Village councillor.

14. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and management.

15. COMPARATIVE FIGURES

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