

**TOWN OF INUVIK  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
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## Management Responsibility for the Financial Statements

Town Council, which is responsible for, among other things, the financial statements of the Town of Inuvik, delegates to Administration the responsibility of the financial statements. Town Council appoints independent auditors to examine and report directly to them on the financial statements. Administration prepared the financial statements. Accounting principles have been followed as recommended by the Department of Municipal and Community Affairs, based upon the requirements of the Cities, Towns and Villages Act of the Northwest Territories, and Canadian public sector accounting standards.

Administration maintains a system of internal accounting controls to ensure that transactions are accurately recorded on a timely basis, are properly approved and result in reliable financial statements. There are limits inherent in all systems based on the recognition that the cost of such systems should not exceed benefits to be derived. Administration believes its system provides the appropriate balance in this respect.

The Town Council carries out its responsibility for review of the financial statements primarily through the Administration Committee. This Committee meets regularly with Administration to discuss financial matters, including the results of audit examinations. The Committee reports its findings to Town Council for its consideration in approving the financial statements for issuance.

The financial statements have been reported on by EPR Yellowknife Accounting Professional Corporation, Chartered Professional Accountants. The auditors' report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.



\_\_\_\_\_  
Senior Administrative Officer

March 29, 2019  
\_\_\_\_\_  
Date



## **2018 Management Discussion and Analysis**

The Council of the Town of Inuvik delegates the responsibility for the production of Financial Statements to the Administration. These Financial Statements are reviewed by the appointed auditors based on instructions from the Department of Municipal and Community Affairs, the requirements of the Cities, Towns and Villages Act and the Canadian Public Sector Accounting Standards.

To assist in meeting the Town's responsibilities, staff maintains various internal controls which provide reasonable assurances that all transactions are accurately recorded and appropriately authorized. Further, staff ensures that assets are properly accounted for and that the integrity of financial records is maintained. During 2018 staff continued an ongoing review of all policies, bylaws and other operating documents with the main focus to determine if still relevant and if they need to be updated to ensure proper and current controls and procedures are in place. Annual reviews of the policies, bylaws and other operating documents will continue through 2019.

The Administration Committee meets monthly to review financial statements and budget variances which are presented to the Council as a monthly Administration report. A presentation of the Year-end Financial Statements is made by the Town's Auditor to Council prior to issuance of the final Financial Statements for the acceptance by Council.

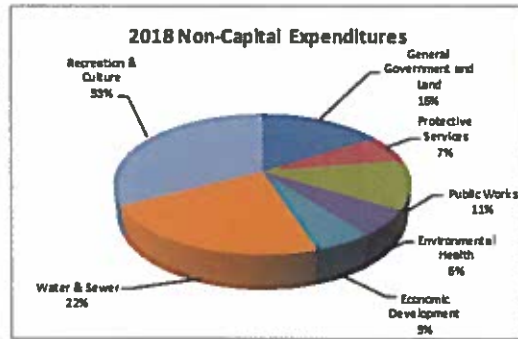
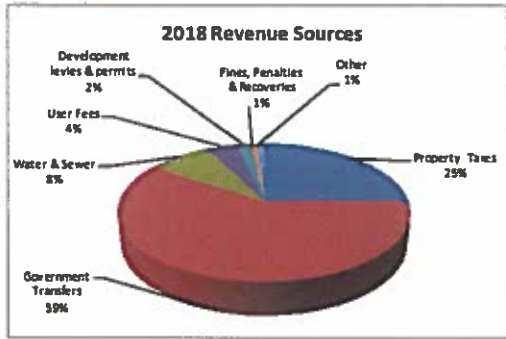
The following financial discussion and analysis has been prepared by management and should be read in conjunction with the audited consolidated financial statements and their accompanying notes and schedules.

### **Results from Operations**

The Statement of Operations reports the Town of Inuvik's changes in economic resources and accumulated surpluses for 2018, on a comparative basis. On a combined fund basis the annual excess of revenues over expenses was a positive indicating that the Town of Inuvik increased its accumulated surplus during the year. Going forward there will be continued increased pressures to maintain service while balancing revenue and expenses.

During 2018 the Town experienced a fairly substantial budget surplus as a result of the positive effect of Capital transfers. Overall the budget surplus was \$7.200 million (Schedule 3) including the capital transfers within the Water and Sewer less total Amortization. The breakdown is the land development fund with a surplus of \$0.084 million, a surplus in the operating fund of \$8.402 million and a surplus in the water and sewer services fund of \$6.530 million and a deficit in all remaining departments of \$7.740 million. The Town of Inuvik has established a negative cash flow during the year due mainly to the Clean Water and Wastewater funding claims filed up to December 31, 2018 (see Note 5) but funds not received until 2019. The Town will continue to monitor its cash flow.

Replacement of the aging main sewer outfall infrastructure was started in 2017 was completed in 2018 with the sewage lagoon work to be completed in 2019 as well as a 2<sup>nd</sup> Water Storage Tank started construction in 2018 with completion in 2019. These 2 projects are being funded through a contribution agreement with the Federal Clean Water and Waste Water Program at a 75/25 cost sharing split which is managed by the territorial Department of Municipal and Community Affairs.

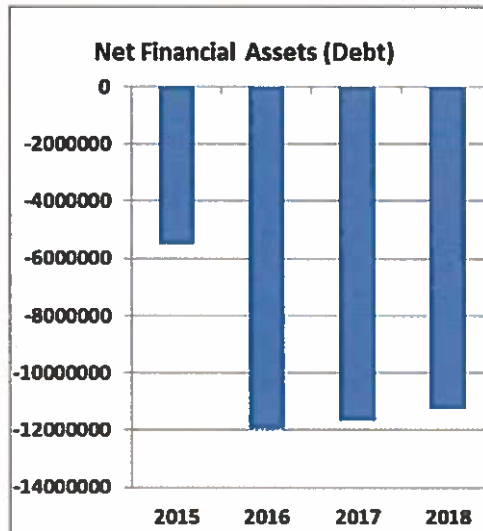


**Financial Position**

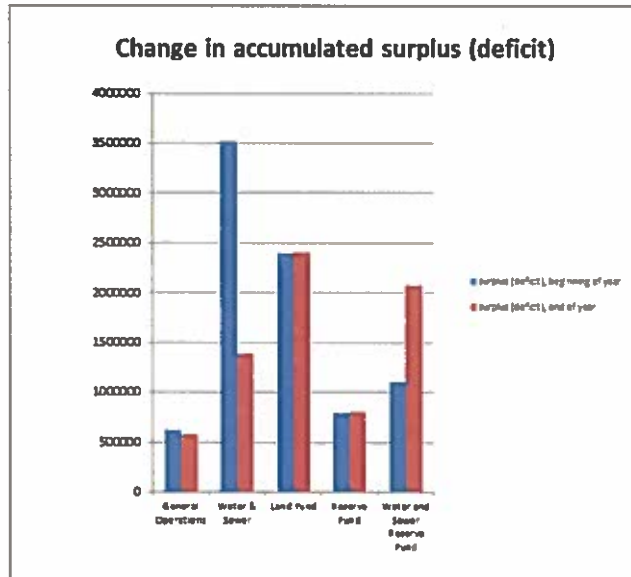
The Statement of Financial Position reports the Town of Inuvik's financial and non-financial resources, obligations and accumulated surplus as at December 31, 2018, on a comparative basis. This statement is used to evaluate the Town of Inuvik's ability to finance its activities and to meet its liabilities and commitments. An important indicator on the Statement of Financial Position is the Town's net financial assets. The net financial assets are the difference between financial assets and liabilities, which provides an indication of the affordability of additional spending.

Overall the Town of Inuvik has decreased its cash position during 2018. The town's cash position has changed from to having cash in the bank of \$3.548 million reflects a decrease of \$1.59 million from the prior year. This decrease is the result of significant capital expenditures such as the progress payments on the Sewer Outfall project being paid out of Town funds until the cash was received in 2019. The Town plans to maintain a positive cash position through continued fiscal prudence.

The four-year trend for net financial assets (debt) is as follows:



The annual surplus, as reported on the statement of operations was \$7,200,450. The following table shows how much the community's financial position has changed. The General Operations, Water & Sewer and Land funds are in a surplus position with the Reserve Fund re-established. For details, please refer to the schedule of accumulated surplus (deficit).



The net book value of the community's capital assets is 68% of their historical costs. This means that, on average, 32% of the useful life of capital assets has been used. Significant capital projects for 2019 are the re-vitalizing of the Sewage Lagoon (\$0.9 million) and the completion of a 2<sup>nd</sup> Water Storage Tank.

#### Debt

The Town of Inuvik's debt is a Debenture with a fixed repayment schedule (\$333,360 annually plus interest). Interest on this debt is based on prime lending rates. Currently the Town of Inuvik has no problems meeting either the principal or interest payments that come due monthly. In 2018 the Town incurred additional Long Term Debt for the Water Treatment Plant with a fixed repayment schedule (\$800,000 annually plus interest) as of December 31, 2018. For details, please refer to Note 9 in the Audited Financial Statements.

#### Closing Comments

Council and staff continue to work hard to prevent significant increases in user fees and property taxes or reduction of services. This is becoming more challenging given the changes in utility cost and general increases in other operating costs. This can be seen with the budgeting of only relevant capital expenditures in future years and continued fiscal restraint wherever possible when it comes to overall operations. It is important, however, to be able to recruit and retain quality staff in the north and the Town will be challenged in keeping pace with others without a constant review of its employment practices both with salaries/benefits and also the physical work environment.

\_\_\_\_\_  
Senior Administrative Officer



**YELLOWKNIFE  
ACCOUNTING**  
PROFESSIONAL CORPORATION

CHARTERED PROFESSIONAL  
ACCOUNTANTS

P.O. Box 20072  
4910 - 50th Street,  
2nd Floor  
EPR Yellowknife Building  
Yellowknife, NT  
X1A 1R6

Tel: (867) 669-0242  
Fax: (867) 669-7242

[www.epryellowknife.ca](http://www.epryellowknife.ca)

## INDEPENDENT AUDITOR'S REPORT

To the Mayor and Members of Council,

### *Opinion*

We have audited the financial statements of the Town of Inuvik, which comprise the statement of financial position as at December 31, 2018, and the statements of operations, statement of changes in net financial assets (debts) 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 Town as at December 31, 2018, and its results of operations 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Town 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.

### *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 Town'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 Town or to cease operations, or has no realistic alternative but to do so.

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

### *Auditor's 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 auditor's 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.

An Independent  
Canadian Member of  
AGN International



- 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 Town'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 Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 Town 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 Requirements*

We further report, in accordance with the Cities, Towns and Villages Act of the Northwest Territories, that proper books and records of account have been kept, that the financial statements are in agreement therewith, and that the transactions that have come under our notice have been, in all material respects, within the statutory powers of the Town.

*Prior Period Financial Statements Audited by a Predecessor Auditor*

The financial statements of the Town of Inuvik for the year ended December 31, 2017 were audited by another auditor who expressed an unmodified opinion on those statements on February 26, 2018.

*EPR Yellowknife Accounting Prof. Corp.*

**EPR Yellowknife Accounting Professional Corporation**  
**Chartered Professional Accountants**  
 Yellowknife, NT  
 February 27, 2019



**TOWN OF INUVIK**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2018**

**STATEMENT I**

	2018	2017
<b>Financial Assets</b>		
Cash and equivalents (Note 2)	\$ 1,081,355	\$ 3,652,329
Reserves deposits (Notes 1l and 3)	2,874,746	1,896,000
Taxes and grants in-lieu of Taxes (Note 4)	878,687	759,327
Other accounts receivable (Note 5)	2,921,103	803,610
Due from Children First Society - current (Note 7)	120,000	120,000
Land held for resale - Current (Note 1f)	-	-
	<b>7,875,891</b>	<b>7,231,266</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 8)	3,475,139	1,700,764
Deferred revenue (Note 1q)	400,561	837,588
Landfill restoration liability (Note 12)	100,000	80,000
Long term debt (Note 9)	15,138,524	16,271,884
	<b>19,114,224</b>	<b>18,890,236</b>
<b>Net Financial Assets (Debt)</b>	<b>(11,238,333)</b>	<b>(11,658,970)</b>
<b>Non - Financial Assets</b>		
Tangible capital assets (Note 10 and Schedule 1)	135,271,592	128,022,669
Land held for resale - non-current (Note 1f)	2,231,058	2,231,058
Due from Children First Society - non-current (Note 7)	500,201	604,642
Prepaid expenses (Note 6)	143,010	121,402
Inventory (Note 1f)	471,655	857,932
	<b>138,617,516</b>	<b>131,837,703</b>
<b>Accumulated Surplus (Schedule 2)</b>	<b>\$ 127,379,183</b>	<b>\$ 120,178,733</b>

**Commitments and contingencies (Notes 12, 13 and 14)**  
**See accompanying notes and schedules to the financial statements**

Approved on behalf of the Town



Mayor



Senior Administrative Officer

**TOWN OF INUVIK**  
**STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**STATEMENT II**

	2018 Budget	2018 Actual	2017 Actual
	(Note 1o)		
<b>Revenues (Schedule 3)</b>			
Property taxes	\$ 3,842,480	\$ 3,935,282	\$ 3,805,034
Property taxes - education portion	670,785	670,785	655,232
Grants in lieu of property taxes - GNWT	1,443,900	1,414,533	1,385,002
Grants in lieu of property taxes - Canada	328,175	316,361	311,105
Less: Allowance for doubtful accounts	-	-	134,027
Education requisition	<u>(670,785)</u>	<u>(670,785)</u>	<u>(651,836)</u>
Net municipal property taxes	5,614,555	5,666,176	5,638,564
Government transfers (Schedule 4)	15,795,609	13,473,275	7,069,383
User fees and sales of goods	2,742,360	2,775,326	2,763,705
Fines, penalties and recoveries	100,000	147,466	133,007
Development levies, licenses and permits	414,400	459,636	431,255
Land revenue	15,000	12,838	46,775
Other	50,000	220,425	154,065
<b>Total revenues</b>	<b>24,731,924</b>	<b>22,755,142</b>	<b>16,236,754</b>
<b>Expenses (Schedule 3)</b>			
General government	2,962,665	2,103,483	2,005,237
Protective services	887,810	921,435	976,288
Public works & transportation services	1,348,700	2,149,310	1,986,193
Recreation services	4,252,660	4,827,985	4,888,309
Economic development	742,970	660,730	621,192
Environmental health services	769,200	751,123	776,934
Land expenditures	2,300	4,432	31,115
Water and sewage expenditures	2,821,855	4,136,194	4,211,618
Budgeted net capital expenditures (note 1o)	-	-	-
<b>Total operating expenditures</b>	<b>13,788,160</b>	<b>15,554,692</b>	<b>15,496,886</b>
<b>Annual surplus</b>	<b>10,943,764</b>	<b>7,200,450</b>	<b>739,868</b>
<b>Accumulated surplus, beginning of year</b>	<b>120,178,733</b>	<b>120,178,733</b>	<b>119,438,865</b>
<b>Accumulated surplus, end of the year</b>	<b>\$ 131,122,497</b>	<b>\$ 127,379,183</b>	<b>\$ 120,178,733</b>

See accompanying notes and schedules to the financial statements

**TOWN OF INUVIK**  
**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (DEBT)**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**STATEMENT III**

	2018 Budget	2018 Actual	2017 Actual
	(Note 1o)		
<b>Annual surplus</b>	\$ 10,943,764	\$ 7,200,450	\$ 739,868
Amortization of tangible capital assets	-	3,344,135	3,214,998
Change in inventories and prepaid expenses	-	364,669	(884,020)
Change in land held for resale - non-current	-	-	30,000
Change in Due from Children First Society - non-current	-	104,441	66,529
Acquisition of tangible capital assets	(15,102,680)	(10,593,058)	(2,909,316)
<b>Increase (decrease) in net financial assets</b>	<b>(4,158,916)</b>	<b>420,637</b>	<b>258,059</b>
<b>Net financial assets (debt at beginning of year)</b>	<b>(11,658,970)</b>	<b>(11,658,970)</b>	<b>(11,917,029)</b>
<b>Net financial assets (debt) at the end of year</b>	<b>\$ (15,817,886)</b>	<b>\$ (11,238,333)</b>	<b>\$ (11,658,970)</b>

See accompanying notes and schedules to the financial statements.

**TOWN OF INUVIK  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**STATEMENT IV**

2018 2017

**NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:**

**Operating Transactions**

Annual surplus	\$ 7,200,450	\$ 739,868
Non-cash charges to operations:		
Amortization of capital assets	3,344,135	3,214,998
Decrease (increase) in accounts receivable	(2,236,853)	755,781
Decrease (increase) in land held for resale	-	30,000
Decrease (increase) in inventory	386,275	(857,932)
Decrease (increase) in Due from Children First Society	104,441	66,529
Decrease (increase) in prepaid expenses	(21,607)	(26,088)
Increase (decrease) in accounts payable and other liabilities	1,794,376	(3,782,667)
Increase (decrease) in deferred revenue	(437,027)	775,755

Net cash from operations 10,134,190 916,244

**Financing Transactions**

Long-term debt (repaid) (1,133,360) 2,156,331

**Capital Transactions**

Acquisition of tangible capital assets (10,593,058) (2,909,316)

Increase (decrease) in cash (1,592,228) 163,259

Cash at beginning of year 5,548,329 5,385,070

Cash at end of year \$ 3,956,101 \$ 5,548,329

**Comprised of:**

Cash \$ 1,081,355 \$ 3,652,329

Restricted cash and reserves (Note below) 2,874,746 1,896,000

\$ 3,956,101 \$ 5,548,329

**Notes:**

Restricted cash and reserves is comprised as follow:

**Reserve deposits (Note 3)**

General operational reserve \$ 803,091 \$ 788,000

Water & sewer reserve 2,071,655 1,108,000

\$ 2,874,746 \$ 1,896,000

Interest paid during the year amounted to \$490,019 (2017 - \$349,554) including interest on long-term debt and debentures. Interest received or receivable was \$147,466 (2017 - \$133,009).

See accompanying notes and schedules to the financial statements.

**TOWN OF INUVIK**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Town of Inuvik are the representations of management prepared in accordance with local government accounting standards established by the Public Sector Accounting and Auditing Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Town are as follows:

*a) Reporting Entity*

The financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances, changes in net debt/financial assets and change in financial position of the reporting entity. This entity is comprised of all of the operations that are owned or controlled by the municipality and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education that are not part of the municipal reporting entity.

Interdepartmental transactions and balances are eliminated.

*b) Basis of Accounting*

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

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, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

*c) Fund Accounting*

Management funds consist of the operating, utilities, land and reserve funds. Transfers between funds are recorded as adjustments to the appropriate equity account. The purpose of the funds are:

Operating fund – to account for tax and general revenues, general expenditures and other transactions not accounted for in other funds.

Water and sewage (utilities) fund – to account for water and sewage charges and expenditures.

Land fund - to account for land sales and land development costs.

Reserve fund – to record reserves established at the discretion of Council to set aside funds for future operating and capital expenditures. Transfer to and or from reserves are reflected as an adjustment to the respective fund.

**TOWN OF INUVIK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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**1. SIGNIFICANT ACCOUNTING POLICIES (cont.)**

***d) Government Transfers***

Government transfers are the transfer of monetary assets or tangible capital assets from a government for which the government making the transfer does not:

- receive any goods or services directly in return;
- expect to be repaid in future; or
- expect a direct financial return.

Operating transfers are recognized as revenue in the period in which the events giving rise to the transaction occur, provided the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

Capital transfers are initially recognized as deferred revenue and subsequently recognized as revenue when the related tangible capital assets are acquired or constructed.

***e) Temporary Investments***

Investments are recorded at cost. Investment premiums and discounts are amortized proportionately over the term of the respective investments. There were no investments during the year.

***f) Inventories and Land Held for Resale***

Inventories (crushed rock and cold-mix for road repair) held for consumption are recorded at the lower of cost and replacement cost.

Inventories held for resale are recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare land for servicing such as clearing, stripping and leveling charges. Related development costs incurred to provide infrastructure such as water and waste water services, roads, sidewalks and street-lighting are recorded as physical assets under the respective function. Current land held for resale is based on an estimate. As at December 31, 2018, there was no indication of any material land sales.

***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:

	<u>YEARS</u>
Land Improvements	15-40
Buildings	25-50
Engineered structures	
Water systems	35-65
Waste water systems	35-65
Other engineered structures	15-40
Machinery and equipment	5-20
Vehicles	3-20
Roads	10-20

Assets under construction are not amortized until the asset is available for productive use.

**TOWN OF INUVIK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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**1. SIGNIFICANT ACCOUNTING POLICIES (cont.)**

***h) Contributions of Tangible Capital Assets***

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

***i) Equity in Tangible Capital Assets***

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

***j) Cultural and Historical Tangible Capital Assets***

Works of art for display are not recorded as tangible capital assets but are disclosed. All intangibles and items inherited by right of the Crown, such as Crown lands, forests, water, and mineral resources, are not recognized in government financial statements.

***k) Restricted Cash***

Restricted cash is held for future expenditures restricted in use by the stipulations of the funder. Uses may include operational or capital expenditures. The Town maintains the following cash as restricted:

Gas tax	To fund qualifying infrastructure projects
Community Public Infrastructure	To fund or replace infrastructure related projects

***l) Reserves for Future Expenditures***

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

General reserves	To replace and repair various municipal assets, and provide a reserve for operations.
Water & sewage reserve	To replace and repair water & sewage assets.

***m) Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles 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 expenditure 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.

***n) Economic Dependence***

The Town receives significant funding from the Government of the Northwest Territories, in the form of operating and capital grants. Administration is of the opinion that discontinuance of funding would significantly disrupt operations.

***o) Budget***

Budget figures are unaudited and are those approved by Council May 23, 2018. The Town budgets for Capital Expenditures and not Amortization. The budget for Capital Expenditures is not allocated to service divisions.

**TOWN OF INUVIK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (cont.)**

*p) Financial Instruments*

All significant financial assets, financial liabilities of the Town are either recognized or disclosed in the financial statements together with available information for a reasonable assessment of future cash flows, interest rate risk and credit risk.

For cash, taxes and grant-in-lieu receivables, accounts receivable and accounts payable, the carrying amounts of these financial instruments approximates their fair value due to their short-term maturity or capacity of prompt liquidation.

The Town is exposed to credit risk arising from the possibility that tax payers may experience financial difficulty and may be unable to pay outstanding taxes. Taxes receivable is initially recorded at historical cost and an allowance is made so the carrying value approximates fair value. The Town regularly monitors the amounts of outstanding taxes and initiates collection procedures to minimize credit risk. Excluding grants-in-lieu of taxes, approximately 27% or \$1,261,920 of the Town's annual tax revenue is from 5 major property owners.

*q) Deferred Revenue*

Deferred revenue is comprised of amounts received but not yet earned as a result of project completion dates extending beyond the fiscal year end, or conditions attached to the use of the funds as follows.

	Deferred Balance 2018	Cash Balance 2018	Overage (Shortfall)	Deferred Balance 2017
CA - Library	\$ 12,000	\$ -	\$ (12,000)	\$ 12,075
CA - Small Communities Employment	46,790	-	(46,790)	-
CA - Canada 150 Celebration	11,234	-	(11,234)	18,511
CPI Funding	239,286	-	(239,286)	787,785
Advertising - Inuvik Guide	-	-	-	395
Gas tax	57,514	-	(57,514)	18,822
Other	33,737	-	(33,737)	-
	<b>\$ 400,561</b>	<b>\$ -</b>	<b>\$ (400,561)</b>	<b>\$ 837,588</b>

*r) Employee Benefit Liabilities*

Accounts payable and accrued liabilities include employee benefit liabilities which are future obligations of the Town to its employees for benefits earned but not taken as at the end of the fiscal year. The Town and its employees make contributions to a defined contribution pension plan. These contributions represent the total liability of the Town, are recognized in the accounts on a current basis, and there was no significant change during the year affecting the comparability of the costs for the current and prior year. Employees are insured through the Northern Employee Benefits Services. This program is a multi-employer contributory defined benefit program providing pension and disability benefits. Workers are currently required to make contributions of 8% of wages based on a regular work week. The Town is required to make matching contributions. Total contributions by the Town to the program were \$217,935 (2017 - \$220,825). The Town is not liable for any future liabilities of this plan.

*s) 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 normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets (Debt) for the year.



**TOWN OF INUVIK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (cont.)**

*t) Leases*

Leases are classified as capital or operating leases. Leases which transfer substantially all the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

*u) Segmented Information*

Municipal services are provided by departments and their activities are reported in the community's funds as described in Note 1c. Segmented financial information for certain departments are provided in Schedules 3a to 3h. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1. Revenues not directly attributable to a specific segment are shown in General Government. The segments include:

- General Government which provides internal support to Council and other departments who provide direct services to its citizens. These internal departments include the Senior Administrative Officer, Financial Services, Information Technology Support, and Human Resources.
- Protective Services which provides services to maintain public order, uphold municipal bylaws and emergency and prevention services related to fire fighting and medical services.
- Public Works and Transportation which provides construction and maintenance of community assets and transportation planning.
- Recreation Services provides services through recreation and cultural programs.
- Environmental which provides refuse removal services and landfill maintenance.
- Water and Sewage Services provides for operations and maintenance related to water distribution and sewage collection.

**2. CASH AND CASH EQUIVALENTS**

	2018	2017
Cash	\$ 1,081,355	\$ 3,652,329
Cash equivalents	-	-
	<b>\$ 1,081,355</b>	<b>\$ 3,652,329</b>

Cash equivalents are short-term deposits with maturities of three months or less

**3. RESERVE DEPOSITS**

	Reserve Balance 2018	Cash Balance 2018	Overage (Shortfall)	Reserve Balance 2017
<b>Reserve fund is comprised of:</b>				
General operational reserve	\$ 805,000	\$ 803,091	\$ (1,909)	\$ 788,000
Water & sewer reserve	2,071,655	2,071,655	-	1,108,000
	<b>\$ 2,876,655</b>	<b>\$ 2,874,746</b>	<b>\$ (1,909)</b>	<b>\$ 1,896,000</b>

Sufficient funds must be deposited to separate bank accounts to correspond with the respective reserve fund balances. The appropriate reserve is to be credited for interest earned on the account.

**TOWN OF INUVIK**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**4. TAXES AND GRANTS IN LIEU OF TAXES RECEIVABLES**

	2018		2017	
Current taxes and grants in lieu of taxes	\$	-	\$	-
Less: allowance for doubtful accounts		-		-
		-		-
Non-current taxes		1,397,247		1,277,887
Non-current taxes in lieu of taxes		-		-
Less: Allowance for doubtful accounts		(518,560)		(518,560)
	\$	878,687	\$	759,327

**5. OTHER ACCOUNTS RECEIVABLE**

	2018		2017	
Sundry	\$	87,016	\$	129,147
Goods & Service Tax		105,746		90,063
Municipal and Community Affairs (GNWT)		2,430,463		351,879
Less: allowance for doubtful accounts		(3,925)		(3,643)
		2,619,300		567,446
Land sales, rentals and leases		3,014		5,383
Less: allowance for doubtful accounts		-		-
		3,014		5,383
Utility		298,789		230,781
Less: Allowance for doubtful accounts		-		-
		298,789		230,781
	\$	2,921,103	\$	803,610

**6. PREPAID EXPENSES**

	2018		2017	
Prepaid insurance	\$	59,629	\$	56,384
Other		83,381		65,018
	\$	143,010	\$	121,402

**TOWN OF INUVIK**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**7. DUE FROM CHILDREN FIRST SOCIETY**

	2018	2017
Interim financing provided to Children First Society to be repaid over over ten years at a monthly rate of \$10,000, interest at prime plus 0.25% calculated monthly, unsecured. Long-term portion	\$ 500,201	\$ 604,642
Current portion	120,000	120,000
	<b>\$ 620,201</b>	<b>\$ 724,642</b>

The Town entered into an agreement with the Children First Society ("CFS") with the intention to transfer title and interest in land and building, known as the Children First Building, to the Town on March 31, 2014. As at December 31, 2017, the Town had acquired the interest in the building and, as at December 31, 2018, work is still proceeding on transfer of land title. As at December 31, 2018, CFS was current in their monthly payments under the financing plan. The Town is currently working with CFS to ensure payments are received on a regular basis. The effect on CFS of the GNWT's introduction of junior kindergarten is unknown at the time of the preparation of these statements. Should for any reason the building become vacant the Town will utilize it for their own use, seek another tenant or sell it on the open market.

**8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	2018	2017
Trade accounts payables	\$ 1,339,871	\$ 1,247,804
Payroll liabilities	90,012	229,052
Deposits	984,424	91,908
Holdback payable	1,060,832	132,000
	<b>\$ 3,475,139</b>	<b>\$ 1,700,764</b>

**TOWN OF INUVIK**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**9. LONG TERM DEBT**

	2018	2017
Canadian Imperial Bank of Commerce demand installment loan, interest at prime rate, payable \$27,780 monthly plus interest, maturing May 1, 2020, secured by the Family Recreation Centre and a general assignment of property taxes receivable.	\$ 471,860	\$ 805,220
Canadian Imperial Bank of Commerce demand installment loan, with principal payments of \$12,931.04 plus fixed interest at 2.39% +0.75% , maturing November, 2027 , secured by the Water Treatment Plant and a general assignment of property taxes receivable.	2,844,827	3,000,000
Canadian Imperial Bank of Commerce demand installment loan, with principal payments of \$53,735.63 plus variable interest at the CDOR +0.75% maturing November, 2027, secured by the Water Treatment Plant and a general assignment of property taxes receivable.	11,821,837	12,466,664
	<b>\$ 15,138,524</b>	<b>\$ 16,271,884</b>

The current portion of the long-term debt (principal and interest) amounts \$1,574,323 (2017-\$1,499,921).

Principal and interest repayments are as follows:

	Principal	Interest	Total
2019	\$ 1,133,360	\$ 440,963	\$ 1,574,323
2020	938,500	409,943	1,348,443
2021	800,000	383,770	1,183,770
2022	800,000	357,714	1,157,714
2023	800,000	333,662	1,133,662
Thereafter	10,666,664	2,629,268	13,295,932
	<b>\$ 15,138,524</b>	<b>\$ 4,555,320</b>	<b>\$ 19,693,844</b>

The Town has arranged an overall credit limit of \$20,388,600 (Demand Installment Loan for Inuvik Family Centre \$1,388,600, Operating Line \$1,500,000, Installment Loan/Bridge Long-term financing for Water Treatment Plant \$16,000,000, Contingent Liability for Interest Rate Swap US\$1,250,000 and Corporate VISA \$250,000).

**TOWN OF INUVIK**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**10. TANGIBLE CAPITAL ASSETS**

	<b>2018</b>	<b>2017</b>
	<b>Net Book Value</b>	<b>Net Book Value</b>
Land improvements	\$ 3,023,161	\$ 3,045,504
Buildings	14,836,493	14,937,167
Machinery and equipment	1,548,561	1,222,654
Roads, sidewalks and paving	17,359,145	18,015,127
Water and waste water	97,146,616	89,287,780
Vehicles	1,357,616	1,514,437
	<b>\$ 135,271,592</b>	<b>\$ 128,022,669</b>

**11. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<b>2018</b>	<b>2017</b>
Tangible capital assets (Schedule 1)	\$ 198,713,809	\$ 188,120,751
Accumulated amortization (Schedule 1)	(63,442,217)	(60,098,082)
	<b>135,271,592</b>	<b>128,022,669</b>
Long term debt	(15,138,524)	(16,271,884)
<b>Equity in Tangible Capital Assets (Schedule 2)</b>	<b>\$ 120,133,068</b>	<b>\$ 111,750,785</b>

**TOWN OF INUVIK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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**12. LANDFILL AND SEWAGE LAGOON CLOSURE AND POST-CLOSURE LIABILITY**

The Town is required to fund the closure of its landfill site provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The requirement will be provided for over the estimated remaining life of the landfill and sewage lagoon sites (currently estimate at a further 54 years) based on usage.

Estimates of future landfill closure costs are subject to significant measurement uncertainty. Northwest Territories landfill closure standards have not been established. The accuracy of the estimated closure costs is expected to improve when engineers determine standards for closing a section of the landfill. Technology related to landfill sites and reclamation is also expected to improve. The main components of the landfill closure plan are final capping and using selected specific layers of earthen and synthetic materials based on engineered cap design and implementation of a drainage management plan. The post-closure care requirements will involve cap maintenance, installation of monitoring wells, groundwater monitoring, and inspections.

The accrued liability for closure and post-closure care of the Town's landfill has been analysed by management, and is estimated to not be significant as at December 31, 2018. A provision for the landfill restoration liability of \$100,000 (2017 - \$80,000) has been made as at December 31, 2018, with the intention to increase the provision by \$20,000 annually during the life of the site (subject to annual review; 54 years of annual provisions would total \$1,100,000 by year 2070). Any liability in excess of the amount provided would be accounted for as a current transaction in the year determined.

**13. CONTINGENCIES AND SUBSEQUENT EVENTS**

**a) Insurance**

The Town participates in the NWT Association of Communities insurance programs. Under these programs the Town 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) Lawsuit**

There is one legal claim outstanding against the Town in litigation. It is not possible to determine the amount of any financial effect on the Town at this time. It is management's view that there is no requirement to record a liability in the accounts and/or the item is adequately insured.

**TOWN OF INUVIK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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**14. COMMITMENTS**

**a) Service Contracts**

In the course of normal operations the Town has entered into various multi-year contracts, as follows:

	<b>Total</b>
2019	\$ 149,995
2020	149,995
2021	149,995
2022	-
2023	-
Thereafter	-
	<b>\$ 449,985</b>

**b) Capital Contracts**

The Town regularly enters into contracts related to capital projects. The amounts below represent uncompleted portions of these contracts as at December 31, 2018. The expected minimum payments for these contracts are:

	<b>Total</b>
2019	\$ 3,807,000
2020	-
2021	-
2022	-
2023	-
Thereafter	-
	<b>\$ 3,807,000</b>

The Town issued a contract to construct a new sewage outfall and water tank in 2017. The estimated remaining cost is \$900,000 for the sewage outfall and \$2,750,000 for the water tank. The Town entered into a contribution funding agreement for 75% of costs up to \$12,000,000 pursuant to the federal Clean Water and Waste Water Program, to be funded through the territorial department of Municipal and Community Affairs. The project is expected to be completed in 2019.

In addition, the Town issued a contract to upgrade the front entrance of the recreation building. The estimated remaining costs on the contract are \$157,000. The project is expected to be completed in 2019.

**TOWN OF INUVIK**  
**SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
(Schedule 1)

	Land and Improvements	Buildings	Vehicles	Machinery & Equipment	Sewage Lagoon & Landfill	Roads	Water and Waste Water	2018 Total	2017 Total
<b>Cost</b>									
Balance, beginning of year	\$ 3,247,377	\$ 30,628,514	\$ 3,696,251	\$ 3,221,645	\$ 1,500,000	\$ 27,225,319	\$ 118,601,644	\$ 188,120,750	\$ 185,211,435
Additions during year	-	771,310	-	548,154	-	-	9,273,594	10,593,058	2,909,316
Disposals during year	-	-	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-	-
<b>Balance, end of year</b>	<b>3,247,377</b>	<b>31,399,824</b>	<b>3,696,251</b>	<b>3,769,799</b>	<b>1,500,000</b>	<b>27,225,319</b>	<b>127,875,238</b>	<b>198,713,808</b>	<b>188,120,751</b>
<b>Accumulated Amortization</b>									
Balance, beginning of year	201,873	15,691,348	2,181,814	1,998,989	1,500,000	9,210,193	29,313,864	60,098,081	56,883,081
Additions during year	22,343	871,983	156,821	222,249	-	655,981	1,414,758	3,344,135	3,215,000
Disposals during year	-	-	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-	-
<b>Balance, end of year</b>	<b>224,216</b>	<b>16,563,331</b>	<b>2,338,635</b>	<b>2,221,238</b>	<b>1,500,000</b>	<b>9,866,174</b>	<b>30,728,622</b>	<b>63,442,216</b>	<b>60,098,081</b>
<b>Net Book Value</b>	<b>\$ 3,023,161</b>	<b>\$ 14,836,493</b>	<b>\$ 1,357,616</b>	<b>\$ 1,548,561</b>	<b>\$ -</b>	<b>\$ 17,359,145</b>	<b>\$ 97,146,616</b>	<b>\$ 135,271,592</b>	<b>\$ 128,022,669</b>



**TOWN OF INUVIK**  
**SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
**(Schedule 2)**

	Operating Fund	Water and Sewer Fund	Land Fund	Operating Reserve Fund	Water and Sewer Reserve Fund	Equity in Tangible Capital Assets	2018 Total	2017 Total
Excess revenue (expenditures)	\$ 662,012	\$ 6,530,032	\$ 8,406	\$ -	\$ -	\$ -	\$ 7,200,450	\$ 739,868
Net interfund transfers	-	-	-	-	-	-	-	-
Amortization	1,929,377	1,414,758	-	-	-	(3,344,135)	-	-
Loss on disposal of tangible capital assets	-	-	-	-	-	-	-	-
Transfer to (from) fund	(980,655)	-	-	17,000	963,655	-	-	-
Additional capital expenditures	(1,319,464)	(9,273,594)	-	-	-	10,593,058	-	-
Long-term debt addition (repayment)	(333,360)	(800,000)	-	-	-	1,133,360	-	-
	(42,090)	(2,128,804)	8,406	17,000	963,655	8,382,283	7,200,450	739,868
Balance, beginning of year	617,778	3,513,936	2,400,234	788,000	1,108,000	111,750,786	120,178,733	119,438,865
Balance, end of year	\$ 575,688	\$ 1,385,132	\$ 2,408,640	\$ 805,000	\$ 2,071,655	\$ 120,133,069	\$ 127,379,183	\$ 120,178,733

**TOWN OF INUVIK**  
**STATEMENT OF REVENUE AND EXPENSES, BY SERVICE DIVISION**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
**(Schedule 3)**

	(Schedule 3a)	(Schedule 3b)	(Schedule 3c)	(Schedule 3d)	(Schedule 3e)	(Schedule 3f)	(Schedule 3g)	(Schedule 3h)	Total 2018	Total 2017
	General Government Services	Public Safety and Protective Services	Public Works and Transportation	Recreation and Culture	Economic Development	Environmental Health Services	Land Development Fund	Water and Sewer Services Fund		
<b>Revenue</b>										
Property taxes	\$ 5,666,176	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,666,176	\$ 5,638,564
User fees and sales of goods	34,815	7,869	-	624,437	62,459	164,190	-	1,881,556	2,775,326	2,763,706
Government transfers	4,513,372	-	21,500	97,660	56,073	-	-	1,276,000	5,964,605	4,759,782
Fines, penalties & interest	147,466	-	-	-	-	-	-	-	147,466	133,008
Development levies, licenses & permits	80,487	77,098	-	-	-	302,051	-	-	459,636	431,255
Land sales/development	-	-	-	-	-	-	12,838	-	12,838	46,775
Other revenue	63,224	-	-	-	157,201	-	-	-	220,425	154,065
	10,505,540	84,967	21,500	722,097	275,733	466,241	12,838	3,157,556	15,246,472	13,927,155
<b>Expense</b>										
Wages and benefits	1,002,397	433,465	360,485	2,122,166	264,456	-	-	453,203	4,636,172	4,806,607
Mayor and Council	113,663	-	-	-	-	-	-	-	113,663	99,005
Office materials and supplies	189,194	187,005	37,330	166,863	219,762	-	-	593,712	1,393,866	1,258,066
Repairs and maintenance	2,199	23,088	151,586	451,322	-	250	-	343,351	971,796	932,438
Contracted services	277,970	-	829,493	-	-	713,627	-	76,937	1,898,027	1,786,706
Management fees	(278,000)	-	-	-	-	-	-	250,000	(28,000)	(28,000)
Grants	167,269	-	-	-	-	-	-	167,269	167,269	163,816
Cost of sales	-	-	-	-	-	-	4,432	-	4,432	31,115
Prov. for allowances (recov)	282	-	-	-	-	-	-	282	282	(789)
Utilities - electricity	62,525	52,773	-	717,484	-	-	-	584,990	1,417,772	1,440,754
Utilities - fuel	66,063	48,447	-	391,929	-	-	-	399,517	905,956	1,061,738
Utilities - water and sewer	2,523	5,163	-	81,610	-	-	-	199	89,495	94,650
Vehicle O&M	-	35,132	5,054	25,296	-	-	-	19,527	85,009	92,330
Insurance	235,271	-	-	-	-	-	-	-	235,271	220,825
Interest	58,345	-	-	-	-	-	-	-	58,345	63,642
Contribution agreement	41,385	-	-	42,362	56,073	-	-	-	139,820	132,546
A&EET	-	-	-	-	120,439	-	-	-	120,439	125,477
Great Northern Arts Festival	943	-	-	-	-	-	-	-	943	964
	1,942,029	785,073	1,383,948	3,999,032	660,730	713,877	4,432	2,721,436	12,210,557	12,281,890
Excess (deficiency) of revenue over expenses before amortization	8,563,511	(700,106)	(1,362,448)	(3,276,935)	(384,997)	(247,636)	8,406	436,120	3,035,915	1,645,265
Capital transfers (W&S)	-	-	-	-	-	-	-	7,508,670	7,508,670	2,309,601
Amortization	(161,454)	(136,362)	(765,362)	(828,953)	-	(37,246)	-	(1,414,758)	(3,344,135)	(3,214,998)
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ 8,402,057</b>	<b>\$ (836,468)</b>	<b>\$ (2,127,810)</b>	<b>\$ (4,105,888)</b>	<b>\$ (384,997)</b>	<b>\$ (284,882)</b>	<b>\$ 8,406</b>	<b>\$ 6,530,032</b>	<b>\$ 7,200,450</b>	<b>\$ 739,868</b>

**TOWN OF INUVIK**  
**SCHEDULE OF REVENUE AND EXPENSES, GENERAL GOVERNMENT SERVICES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
(Schedule 3a)

	<b>Budget 2018</b>	<b>Actual 2018</b>	<b>Actual 2017</b>
<b>Revenues</b>			
Property taxes	\$ 5,614,555	\$ 5,666,176	\$ 5,638,564
User fees and sales of goods	10,500	34,815	10,897
Government transfers	4,709,805	4,513,372	3,142,236
Fines, penalties & interest	100,000	147,466	133,008
Development levies, licenses & permits	61,200	80,487	78,530
Land sales/development	-	-	-
Other revenue	50,000	63,224	6,580
	<b>10,546,060</b>	<b>10,505,540</b>	<b>9,009,815</b>
<b>Expenses</b>			
Wages and benefits	989,760	1,002,397	950,754
Mayor and council	117,610	113,663	99,005
Office materials and supplies	240,900	189,194	210,130
Repairs and maintenance	6,500	2,199	4,019
Contracted services	167,000	277,970	290,499
Management Fees	(278,000)	(278,000)	(278,000)
Grants	141,140	167,269	163,816
Cost of sales	-	-	-
Provision for allowances	15,000	282	(789)
Utilities - electricity	55,000	62,525	58,462
Utilities - fuel	60,000	66,063	55,356
Utilities - water and sewage	8,000	2,523	5,099
Vehicle O & M	-	-	-
Insurance	238,515	235,271	220,825
Interest	1,199,740	58,345	63,642
Contribution agreement & other expense	-	41,385	-
Great Northern Arts Festival	1,500	943	964
	<b>2,962,665</b>	<b>1,942,029</b>	<b>1,843,782</b>
<b>Excess (deficiency) of revenue over expenses before amortization</b>	<b>7,583,395</b>	<b>8,563,511</b>	<b>7,166,033</b>
<b>Amortization</b>	<b>-</b>	<b>(161,454)</b>	<b>(161,454)</b>
<b>Excess of revenue over expenses</b>	<b>\$ 7,583,395</b>	<b>\$ 8,402,057</b>	<b>\$ 7,004,579</b>

**TOWN OF INUVIK**  
**SCHEDULE OF REVENUE AND EXPENSES, PROTECTIVE SERVICES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
(Schedule 3b)

	<b>Budget 2018</b>	<b>Actual 2018</b>	<b>Actual 2017</b>
<b>Revenues</b>			
User fees and sales of goods	\$ 8,000	\$ 7,869	\$ 23,910
Government transfers	-	-	22,121
Fines, penalties & interest	-	-	-
Development levies and permits	68,700	77,098	46,152
	<b>76,700</b>	<b>84,967</b>	<b>92,183</b>
<b>Expenses</b>			
Wages and benefits	517,830	433,465	486,523
Office Materials & supplies	198,950	187,005	175,328
Repairs and maintenance	21,500	23,088	17,995
Utilities - electricity	54,000	52,773	49,933
Utilities - fuel	46,000	48,447	40,927
Utilities - water and sewage	12,000	5,163	6,309
Vehicle O & M	37,530	35,132	30,360
Contribution agreement	-	-	22,121
	<b>887,810</b>	<b>785,073</b>	<b>829,496</b>
<b>Excess (deficiency) of revenue over expenses before amortization</b>	<b>(811,110)</b>	<b>(700,106)</b>	<b>(737,313)</b>
Amortization	-	(136,362)	(146,793)
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ (811,110)</b>	<b>\$ (836,468)</b>	<b>\$ (884,106)</b>

**TOWN OF INUVIK**  
**SCHEDULE OF REVENUE AND EXPENSES, PUBLIC WORKS & TRANSPORTATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
(Schedule 3c)

	Budget 2018	Actual 2018	Actual 2017
<b>Revenues</b>			
User fees and sales of goods	\$ -	\$ -	\$ -
Government transfers	-	21,500	-
Fines, penalties & interest	-	-	-
	-	21,500	-
<b>Expenses</b>			
Wages and benefits	375,350	360,485	318,883
Office materials & supplies	44,350	37,330	34,365
Repairs and maintenance	151,500	151,586	159,436
Contracted services	747,500	829,493	701,602
Vehicle O & M	30,000	5,054	9,045
	1,348,700	1,383,948	1,223,331
<b>Excess (deficiency) of revenue over expenses before amortization</b>	<b>(1,348,700)</b>	<b>(1,362,448)</b>	<b>(1,223,331)</b>
Amortization	-	(765,362)	(762,863)
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ -</b>	<b>\$ (2,127,810)</b>	<b>\$ (1,986,194)</b>

**TOWN OF INUVIK**  
**SCHEDULE OF REVENUE AND EXPENSES, RECREATION SERVICES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
(Schedule 3d)

	Budget 2018	Actual 2018	Actual 2017
<b>Revenues</b>			
	\$ -	\$ -	\$ -
User fees and sales of goods	557,600	624,437	599,659
Government transfers	106,000	97,660	295,960
Fines, penalties & interest	-	-	-
	663,600	722,097	895,619
<b>Expenses</b>			
Wages and benefits	2,344,985	2,122,166	2,258,756
Office Materials & supplies	238,775	166,863	192,737
Repairs and maintenance	327,500	451,322	218,078
Contracted services	-	-	-
Management fees	-	-	-
Grants	-	-	-
Cost of sales	-	-	-
Provision for allowances	-	-	-
Utilities - electricity	733,600	717,484	774,856
Utilities - fuel	462,000	391,929	468,232
Utilities - water and sewage	81,800	81,610	83,010
Vehicle O & M	21,000	25,296	16,907
Insurance	-	-	-
Interest	-	-	-
Contribution expense	43,000	42,362	58,960
	4,252,660	3,999,032	4,071,536
<b>Excess (deficiency) of revenue over expenses before amortization</b>	<b>(3,589,060)</b>	<b>(3,276,935)</b>	<b>(3,175,917)</b>
<b>Amortization</b>	<b>-</b>	<b>(828,953)</b>	<b>(816,773)</b>
	\$ (3,589,060)	\$ (4,105,888)	\$ (3,992,690)

**TOWN OF INUVIK**  
**SCHEDULE OF REVENUE AND EXPENSES, ECONOMIC DEVELOPMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
(Schedule 3e)

	<b>Budget 2018</b>	<b>Actual 2018</b>	<b>Actual 2017</b>
<b>Revenues</b>			
User fees and sales of goods	\$ 48,880	\$ 62,459	\$ 57,483
Government transfers	26,000	56,073	71,465
Other revenue	-	157,201	147,485
	<b>74,880</b>	<b>275,733</b>	<b>276,433</b>
<b>Expenses</b>			
Wages and benefits	318,240	264,456	267,005
Office Materials & supplies	232,230	219,762	177,246
Contribution agreements	26,000	56,073	51,465
Arctic Energy & Emerging Technologies Conference	166,500	120,439	125,477
	<b>742,970</b>	<b>660,730</b>	<b>621,193</b>
<b>Excess (deficiency) of revenue over expenses before amortization</b>	<b>(668,090)</b>	<b>(384,997)</b>	<b>(344,760)</b>
Amortization	-	-	-
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ (668,090)</b>	<b>\$ (384,997)</b>	<b>\$ (344,760)</b>

**TOWN OF INUVIK**  
**SCHEDULE OF REVENUE AND EXPENSES, ENVIRONMENTAL SERVICES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
(Schedule 3f)

	Budget 2018		Actual 2018		Actual 2017
<b>Revenues</b>					
User fees and sales of goods	\$ 200,000		\$ 164,190		\$ 184,945
Development levies, licenses & fees	284,500		302,051		306,573
	484,500		466,241		491,518
<b>Expenses</b>					
Repairs and maintenance	9,700		250		9,019
Contracted services	759,500		713,627		739,437
	769,200		713,877		748,456
<b>Excess (deficiency) of revenue over expenses before amortization</b>	<b>(284,700)</b>		<b>(247,636)</b>		<b>(256,938)</b>
Amortization	-		(37,246)		(28,478)
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ (284,700)</b>		<b>\$ (284,882)</b>		<b>\$ (285,416)</b>



**TOWN OF INUVIK**  
**SCHEDULE OF REVENUE AND EXPENSES, LAND DEVELOPMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
**(Schedule 3g)**

		<b>Budget 2018</b>		<b>Actual 2018</b>		<b>Actual 2017</b>
<b>Revenues</b>						
Land sales	\$	15,000	\$	12,838	\$	46,775
		15,000		12,838		46,775
<b>Expenses</b>						
Cost of sales		2,300		4,432		31,115
		2,300		4,432		31,115
<b>Excess (deficiency) of revenue over expenses before amortization</b>		<b>12,700</b>		<b>8,406</b>		<b>15,660</b>
Amortization		-		-		-
<b>Excess (deficiency) of revenue over expenses</b>	\$	<b>12,700</b>	\$	<b>8,406</b>	\$	<b>15,660</b>

**TOWN OF INUVIK**  
**SCHEDULE OF REVENUE AND EXPENSES, WATER & SEWAGE SERVICES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
**(Schedule 3h)**

	<b>Budget 2018</b>	<b>Actual 2018</b>	<b>Actual 2017</b>
<b>Revenues</b>			
User fees and sales of goods	\$ 1,917,380	\$ 1,881,556	\$ 1,886,812
Government transfers	1,276,000	1,276,000	1,228,000
	<b>3,193,380</b>	<b>3,157,556</b>	<b>3,114,812</b>
<b>Expenses</b>			
Wages and benefits	579,700	453,203	524,686
Office Materials & supplies	592,201	593,712	468,260
Repairs and maintenance	337,500	343,351	523,891
Contracted services	55,000	76,937	55,168
Management fees	250,000	250,000	250,000
Utilities - electricity	550,000	584,990	557,503
Utilities - fuel	430,000	399,517	497,223
Utilities - water and sewer	199	199	232
Vehicle O & M	27,255	19,527	36,018
	<b>2,821,855</b>	<b>2,721,436</b>	<b>2,912,981</b>
<b>Excess (deficiency) of revenue over expenses before amortization</b>	<b>371,525</b>	<b>436,120</b>	<b>201,831</b>
Amortization	-	<b>(1,414,758)</b>	<b>(1,298,637)</b>
Capital transfers	9,677,804	<b>7,508,670</b>	<b>2,309,601</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ 10,049,329</b>	<b>\$ 6,530,032</b>	<b>\$ 1,212,795</b>

**TOWN OF INUVIK**  
**SCHEDULE OF GOVERNMENT TRANSFERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
**(SCHEDULE 4)**

	Budget 2018	Actual 2018	Actual 2017
<b>Territorial transfers</b>			
Municipal & Community Affairs			
Formula based funding	\$ 2,610,000	\$ 2,610,000	\$ 2,581,000
Water sewer subsidy program	1,276,000	1,276,000	1,228,000
Infrastructure (Capital Block Funding)	2,018,785	1,231,000	1,231,000
CWWF Funding	8,318,804	6,207,184	681,196
Canada-NWT Gas Tax Funding	1,359,000	1,359,000	1,264,000
Small Communities program	-	-	364,405
Senior Citizens Tax Grant	66,020	69,004	77,085
Recreation funding	43,000	35,085	35,970
Community Tourism Infrastructure	-	-	20,000
Highway Rescue Funding	-	-	22,121
Small Communities Employment program	-	41,385	-
Reuse & Recycle Inuvik	-	21,500	-
	15,691,609	12,850,158	7,504,777
Transfer from (to) deferred revenue	-	490,985	(787,785)
ECE Library contribution	48,000	48,075	47,900
Literacy Funding	15,000	14,500	15,000
CanNor Funding - Arena	-	-	197,090
Other agreements and grants	41,000	69,557	92,401
	104,000	623,117	(435,394)
<b>Total government transfers</b>	<b>\$ 15,795,609</b>	<b>\$ 13,473,275</b>	<b>\$ 7,069,383</b>

**TOWN OF INUVIK  
 SCHEDULE OF GAS TAX PROGRAM  
 FOR THE YEAR ENDED DECEMBER 31, 2018  
 (SCHEDULE 5)**

	2005 to 2011	2012	2013	2014	2015	2016	2017	2018	Cumulative Total
<b>Funding</b>									
Opening Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Allocation	4,342,487	964,973	964,973	964,973	965,000	1,264,000	1,264,000	1,359,000	12,089,406
Interest earned	-	-	-	-	-	-	-	-	-
	4,342,487	964,973	964,973	964,973	965,000	1,264,000	1,264,000	1,359,000	12,089,406
<b>Eligible project expenses</b>									
Rec centre energy upgrade project	60,000	-	-	-	-	-	-	-	60,000
Water treatment plant (inc. debt repayment)	-	-	-	-	884,151	1,264,000	1,264,000	1,100,981	4,513,132
Utilidor energy upgrades allocation	4,282,487	964,973	964,973	964,973	80,849	-	-	-	7,258,255
MSC front entrance upgrade	-	-	-	-	-	-	-	190,286	190,286
MSC ice plant condenser	-	-	-	-	-	-	-	10,219	10,219
	4,342,487	964,973	964,973	964,973	965,000	1,264,000	1,264,000	1,301,486	12,031,892
<b>Deferred Revenue</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 57,514	\$ 57,514

**TOWN OF INUVIK**  
**SCHEDULE OF COMMUNITY PUBLIC INFRASTRUCTURE**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
**(SCHEDULE 6)**

For the year ended March 31

	2005 to 2011	2012	2013	2014	2015	2016	2017	2018	Cumulative Total
<b>Funding</b>									
Opening balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 787,785	-
Annual allocation	3,692,790	1,231,000	1,231,000	1,231,000	1,231,000	1,231,000	1,231,000	1,231,000	\$12,309,790
Interest earned	-	-	-	-	-	-	-	-	-
	3,692,790	1,231,000	1,231,000	1,231,000	1,231,000	1,231,000	1,231,000	2,018,785	12,309,790
<b>Eligible project expenses</b>									
Water and waste water utilidor	2,010,000	570,000	551,000	551,000	176,667	-	-	-	3,858,667
New water treatment plant	-	-	-	-	-	635,472	-	-	635,472
CWWF sewer outfall	-	-	-	-	-	-	203,626	633,497	837,123
CWWF 2nd water tank	-	-	-	-	-	-	23,438	277,288	300,726
Roads	1,532,790	661,000	300,000	100,000	352,139	30,000	119,785	-	3,095,714
Sidewalks	-	-	-	-	-	247,596	-	-	247,596
Fire Dept. pumper truck	-	-	-	-	424,795	-	-	-	424,795
Fire Dept. vehicle & equipment	-	-	-	-	44,334	12,993	-	-	57,327
Fire Dept. special ops. trailer	-	-	-	-	-	-	19,645	-	19,645
Public Works Dept vehicle	-	-	-	-	-	47,198	-	-	47,198
Street sweeper	-	-	-	236,445	-	-	-	-	236,445
MSC LED lighting	-	-	-	190,803	-	-	-	-	190,803
MSC equipment	-	-	-	-	118,840	34,528	68,160	-	221,528
MSC card system	-	-	-	-	-	73,755	-	-	73,755
MSC microturbines	-	-	-	-	-	63,339	-	-	63,339
MSC electrical upgrades	-	-	-	-	-	-	6,437	534,133	540,570
MSC entrance upgrades	-	-	-	-	-	-	2,124	-	2,124
Ice plant compressor	-	-	-	-	-	57,909	-	-	57,909
Playground improvements	-	-	-	-	61,231	-	-	-	61,231
Town Hall upgrades	-	-	-	152,752	52,994	16,425	-	-	222,171
Library roof & improvements	150,000	-	-	-	-	11,785	-	-	161,785
Garbage bins	-	-	-	-	-	-	-	-	142,103
Youth Centre sewage tank	-	-	-	-	-	-	-	-	46,306
Tourism Gateway/welcome sign	-	-	-	-	-	-	-	-	101,069
MSC Ice plant condenser	-	-	-	-	-	-	-	38,000	-
Capital expenditures & other	-	-	380,000	-	-	-	-	7,103	387,103
	3,692,790	1,231,000	1,231,000	1,231,000	1,231,000	1,231,000	443,215	1,779,499	12,032,504
<b>Deferred Revenue</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 787,785	\$ 239,286	\$ 239,286

**TOWN OF INUVIK  
SCHEDULE OF SMALL COMMUNITIES FUND PROGRAM  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(SCHEDULE 7)**

<b>Funding</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>Cumulative Total</b>
Opening balance	\$ -	\$ -	\$ -	\$ -	\$ -
Annual allocation	-	3,531,261	364,405	-	3,895,666
Interest earned	-	-	-	-	-
	-	3,531,261	364,405	-	3,895,666
Eligible project expenditures					
Water and waste water - utilidor	-	3,531,261	364,405	-	3,895,666
	-	3,531,261	364,405	-	3,895,666
Excess (deficiency) of revenue over expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

**TOWN OF INUVIK**  
**SCHEDULE OF SALARIES, HONORARIA & TRAVEL**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
**(SCHEDULE 8)**

<b>Position</b>	<b>Salary</b>	<b>Honoraria</b>	<b>Travel Expenses</b>
<b>Mayor</b>			
Jim McDonald	\$ 44,046	\$ -	\$ 3,506
Natasha Kulikowski	15,313	-	2,035
<b>Councillors</b>			
Steve Baryluk	-	8,430	-
Clarence Wood	-	7,875	1,501
Alena Mero	-	7,650	6,265
Natasha Kulikowski	-	6,375	-
Joe Lavoie.	-	5,250	-
Darrell Christie	-	4,425	-
Kurt Wainman	-	3,450	-
Gary McBride	-	1,650	-
Paul MacDonald	-	1,650	-
Vince Sharpe	-	1,500	-
Dez Loreen	-	1,275	-
Raygen Solotiki	-	1,200	-
New Council Orientation & Planning	-	-	12,257
	<b>\$ 59,359</b>	<b>\$ 50,730</b>	<b>\$ 25,564</b>

**TOWN OF INUVIK**  
**SCHEDULE OF CLEAN WATER AND WASTE WATER PROGRAM**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
**(Schedule 9)**

	2016 and Prior		2017		2018		Cumulative	
<b>Funding</b>								
Opening balance	\$	-	\$	-	\$	-	\$	-
Annual Allocation		-		681,196		6,207,184		6,888,380
Interest earned		-		-		-		-
		-		681,196		6,207,184		6,888,380
Sewage outfall replacement		-		-		-		-
Second water tank		-		610,882		5,265,635		5,876,517
		-		70,314		941,549		1,011,863
		-		-		-		-
		-		681,196		6,207,184		6,888,380
Excess (deficiency) of revenue over expenses	\$	-	\$	-	\$	-	\$	-



**TOWN OF INUVIK**  
**SCHEDULE OF WATER AND SEWAGE DATA**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
**(Schedule 10)**

**Water and Sewage Rates:**

Economic Rate	\$0.00767/L
Residential Rate	\$0.00578/L
Commercial Rate	\$0.00767/L
Public Sector (including local government) Rate	\$0.01103/L

By-Law #2588/UTIL/16

**Water and Sewage Costs (dollars)**

Total Water & Sewage Costs  
for 2018 per Financial statements  
\$ 2,721,436

Total Budgeted Costs Used  
For Calculating Economic Rate (Note 1)  
\$ 2,821,855

**Water and Sewage Revenue:**

Total Water & Sewage Revenue  
\$ 1,881,556

Revenue -Residential  
\$ 962,180

Revenue - Public Sector  
\$ 712,689

Revenue - Commercial  
\$ 206,687

**Water and Sewage Consumption (in litres)**

Actual Volume of Water Consumed  
in 2018 (billed in litres)  
256,592,000

Actual Consumption - Residential  
(in litres)  
165,161,000

Total Budgeted Consumption  
for Calculating Economic Rate(in litres)  
367,908,000

Actual Consumption -Commercial  
(in litres)  
26,817,000

Actual Consumption - Public Sector  
(in litres)  
64,614,000

**Note:**

1. Budgets are the projections used for calculating Economic Rate and are unaudited. Consumption amounts are unaudited.
2. Town internal water and sewer charges (revenue) have been eliminated for consolidation purposes.