

TOWN OF FARO
Financial Statements
For The Year Ended December 31, 2024

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the Town of Faro

Opinion

We have audited the financial statements of the Town of Faro (the Town), which comprise the statement of financial position as at December 31, 2024, 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 Town as at December 31, 2024, 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 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 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 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 relating 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.

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:

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Independent Auditors' Report to the Mayor and Council of Town of Faro *(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 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the 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.

METRIX GROUP LLP

Chartered Professional Accountants

Edmonton, Alberta
May 20, 2025

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Mayor and Members of Council of the Town of Faro

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 Town Council to express an opinion on the Town's financial statements.



Jack Bowers
Acting Chief Administrative Officer

TOWN OF FARO
Statement of Financial Position
As At December 31, 2024

	2024	2023
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 2,789,158	\$ 2,524,901
Investments (Note 3)	10,000	610,000
Receivables (Note 4)	1,105,502	580,516
Properties held for sale (Note 5)	122,858	112,461
	<u>4,027,518</u>	<u>3,827,878</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	363,957	410,943
Deferred revenue (Note 7)	20,140	20,398
Asset retirement obligations (Note 8)	1,394,602	1,448,261
	<u>1,778,699</u>	<u>1,879,602</u>
NET FINANCIAL ASSETS	<u>2,248,819</u>	<u>1,948,276</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 9)	30,266,791	30,841,709
Inventory of supplies	39,821	54,082
Prepaid expenses	-	1,420
	<u>30,306,612</u>	<u>30,897,211</u>
ACCUMULATED SURPLUS (Note 10)	<u>\$ 32,555,431</u>	<u>\$ 32,845,487</u>

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

TOWN OF FARO

Statement of Operations and Accumulated Surplus

For the Year Ended December 31, 2024

	2024 (Budget) (Note 16)	2024 (Actual)	2023 (Actual)
REVENUE			
Government transfers for operating (Schedule 3)	\$ 2,260,026	\$ 2,293,510	\$ 2,172,504
Taxation, including grants in lieu of taxes (Schedule 2)	887,100	887,232	823,746
Utilities	420,700	430,781	371,557
Investment income	100,000	131,052	134,077
Sale of goods and services	216,000	104,369	149,546
Equipment and property rentals	81,718	75,519	63,999
Other revenue	30,189	27,003	27,952
Penalties on taxes	12,000	16,620	12,544
License, permits and fines	9,400	6,376	8,476
	<u>4,017,133</u>	<u>3,972,462</u>	<u>3,764,401</u>
EXPENSES			
Public works	1,353,424	1,128,081	1,235,908
General administration	1,193,061	1,024,737	1,009,744
Recreation and culture	922,448	884,479	805,408
Environmental health	699,954	602,482	568,602
Council and legislative	144,471	143,632	123,969
Fire services	115,762	116,733	121,795
Community development services	45,164	51,461	73,380
Bylaws enforcement	20,113	8,744	-
Amortization	1,400,000	1,195,912	1,223,065
	<u>5,894,397</u>	<u>5,156,261</u>	<u>5,161,871</u>
ANNUAL DEFICIT BEFORE OTHER REVENUE	<u>(1,877,264)</u>	<u>(1,183,799)</u>	<u>(1,397,470)</u>
OTHER REVENUE (EXPENSE)			
Government transfers for capital (Schedule 3)	12,296,163	689,508	1,155,145
Gain on disposal of tangible capital assets	-	204,235	63,902
	<u>12,296,163</u>	<u>893,743</u>	<u>1,219,047</u>
ANNUAL SURPLUS (DEFICIT)	<u>10,418,899</u>	<u>(290,056)</u>	<u>(178,423)</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>32,845,487</u>	<u>32,845,487</u>	<u>33,023,910</u>
ACCUMULATED SURPLUS, END OF YEAR (Note 10)	<u>\$ 43,264,386</u>	<u>\$ 32,555,431</u>	<u>\$ 32,845,487</u>

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

TOWN OF FARO

Statement of Changes in Net Financial Assets

For the Year Ended December 31, 2024

	2024 (Budget) (Note 16)	2024 (Actual)	2023 (Actual)
ANNUAL SURPLUS (DEFICIT)	\$ 10,418,899	\$ (290,056)	\$ (178,423)
Acquisition of tangible capital assets	(12,545,163)	(899,981)	(1,293,701)
Amortization of tangible capital assets	1,400,000	1,195,912	1,223,065
Asset retirement obligation recoveries	-	133,222	-
Proceeds on sale of tangible capital assets	-	350,000	80,952
Loss (gain) on disposal of tangible capital assets	-	(204,235)	(63,902)
	(726,264)	284,862	(232,009)
Use (acquisition) of inventory of supplies	-	14,261	19,849
Use (acquisition) of prepaid expenses	-	1,420	4,080
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(726,264)	300,543	(208,080)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	1,948,276	1,948,276	2,156,356
NET FINANCIAL ASSETS, END OF YEAR	\$ 1,222,012	\$ 2,248,819	\$ 1,948,276

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

TOWN OF FARO
Statement of Cash Flows
For The Year Ended December 31, 2024

	2024	2023
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ (290,056)	\$ (178,423)
Non-cash items not included in annual surplus:		
Amortization of tangible capital assets	1,195,912	1,223,065
Gain on disposal of tangible capital assets	(204,235)	(63,902)
Accretion of asset retirement obligations	65,728	68,965
	<u>767,349</u>	<u>1,049,705</u>
Changes in non-cash working capital balances related to operations:		
Receivables	(524,986)	(235,843)
Land held for resale	(10,397)	9,650
Accounts payable and accrued liabilities	(46,986)	(36,103)
Deferred revenue	(258)	(11,610)
Inventory of supplies	14,261	19,849
Prepaid expenses	1,420	4,080
Asset retirement obligation activities	(119,387)	-
	<u>(686,333)</u>	<u>(249,977)</u>
Cash flow from operating activities	<u>81,016</u>	<u>799,728</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(899,981)	(1,293,701)
Proceeds on sale of tangible capital assets	350,000	80,952
Asset retirement obligation recoveries	133,222	-
Cash flow used by capital activities	<u>(416,759)</u>	<u>(1,212,749)</u>
INVESTMENT ACTIVITIES		
Purchase of investments	<u>600,000</u>	<u>(225,000)</u>
CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR	<u>264,257</u>	<u>(638,021)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,524,901</u>	<u>3,162,922</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,789,158</u>	<u>\$ 2,524,901</u>

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

TOWN OF FARO**Schedule of Equity in Tangible Capital Assets****(Schedule 1)****For the Year Ended December 31, 2024**

	2024	2023
BALANCE, BEGINNING OF YEAR	\$ 29,881,678	\$ 29,873,808
Acquisition of tangible capital assets	899,981	1,293,701
Amortization of tangible capital assets	(1,195,912)	(1,223,065)
Net book value of tangible capital assets disposed of	(278,987)	(17,050)
Asset retirement obligation liability incurred	(16,052)	-
Asset retirement obligation liability disposed of	135,439	-
Asset retirement obligation accretion	(41,317)	(45,716)
BALANCE, END OF YEAR	\$ 29,384,830	\$ 29,881,678
Equity in tangible capital assets is comprised of the following:		
Tangible capital assets (net book value)	\$ 30,266,791	\$ 30,841,709
Asset retirement obligations	(881,961)	(960,031)
	\$ 29,384,830	\$ 29,881,678

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

TOWN OF FARO**Schedule of Taxation****(Schedule 2)****For the Year Ended December 31, 2024**

	2024 (Budget) (Note 16)	2024 (Actual)	2023 (Actual)
TAXATION			
Real property tax	\$ 672,100	\$ 671,962	\$ 612,581
Government grants in lieu of taxes	215,000	215,270	211,165
	<u>\$ 887,100</u>	<u>\$ 887,232</u>	<u>\$ 823,746</u>

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

TOWN OF FARO**Schedule of Government Transfers****(Schedule 3)****For the Year Ended December 31, 2024**

	2024 (Budget) (Note 16)	2024 (Actual)	2023 (Actual)
TRANSFERS FOR OPERATING			
Government of the Yukon block funding	\$ 1,998,657	\$ 1,998,657	\$ 1,849,026
Government of the Yukon conditional grants	230,369	253,933	276,133
Government of Canada conditional grants	31,000	40,920	47,345
	2,260,026	2,293,510	2,172,504
TRANSFERS FOR CAPITAL			
Government of the Yukon conditional transfers	12,296,163	689,508	1,155,145
TOTAL GOVERNMENT TRANSFERS	\$ 14,556,189	\$ 2,983,018	\$ 3,327,649

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

TOWN OF FARO
Schedule of Segmented Information
For the Year Ended December 31, 2024

(Schedule 4)

	Council & Legislative	General administrative	Protective Services	Public Works	Environmental Health	Recreation & Culture	Community development services	Total
REVENUE								
Government of Yukon - Block funding	-	1,998,657	-	-	-	-	-	1,998,657
Taxation and grants in lieu	-	887,232	-	-	-	-	-	887,232
Utilities	-	-	-	-	430,781	-	-	430,781
Government transfers for operating	-	294,853	-	-	-	-	-	294,853
Investment income	-	131,052	-	-	-	-	-	131,052
Sales of goods and services	-	-	-	21,124	-	83,245	-	104,369
Equipment and property rental	-	23,238	34,256	18,025	-	-	-	75,519
Other revenue	-	11,922	-	2,410	-	6,071	6,600	27,003
Penalties on taxes	-	16,620	-	-	-	-	-	16,620
License, permits and fines	-	6,376	-	-	-	-	-	6,376
	-	3,369,950	34,256	41,559	430,781	89,316	6,600	3,972,462
EXPENSES								
Salaries and benefits	73,613	721,203	36,581	761,369	164,540	379,236	-	2,136,542
Utilities and fuel	-	41,398	19,513	86,111	159,907	146,165	-	453,094
Other goods and services	47,211	53,598	24,724	31,495	22,715	117,160	49,387	346,290
Insurance	-	40,050	11,094	57,471	56,496	91,234	1,880	258,225
Repairs and maintenance	-	44,092	-	52,630	91,267	48,866	-	236,855
Equipment and supplies	-	32,081	12,498	55,757	18,000	62,590	-	180,926
Professional fees and consultants	-	44,825	-	-	49,882	-	-	94,707
Communications	-	14,316	13,099	29,402	9,030	3,400	-	69,247
Vehicles	-	-	6,326	43,519	16,479	-	-	66,324
Accretion of asset retirement obligations	-	13,491	-	9,020	8,088	34,937	194	65,730
Training, travel and meetings	22,808	10,237	1,642	1,307	6,078	891	-	42,963
Interest and other	-	9,446	-	-	-	-	-	9,446
	143,632	1,024,737	125,477	1,128,081	602,482	884,479	51,461	3,960,349
Amortization	-	45,483	29,793	506,551	428,924	185,161	-	1,195,912
NET REVENUE (DEFICIT)	(143,632)	2,299,730	(121,014)	(1,593,073)	(600,625)	(980,324)	(44,861)	(1,183,799)

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

TOWN OF FARO

**Schedule of Segmented Information
For the Year Ended December 31, 2023**

(Schedule 4)

	Council & Legislative	General administrative	Fire Services	Public Works	Environmental Health	Recreation & Culture	Community development services	Total
REVENUE								
Government of Yukon - Block funding	-	1,799,026	50,000	-	-	-	-	1,849,026
Taxation and grants in lieu	-	823,746	-	-	-	-	-	823,746
Utilities	-	-	-	-	371,557	-	-	371,557
Government transfers for operating	-	323,478	-	-	-	-	-	323,478
Sales of goods and services	-	-	-	71,082	-	78,464	-	149,546
Investment income	-	134,077	-	-	-	-	-	134,077
Equipment and property rental	-	23,450	22,084	18,465	-	-	-	63,999
Other revenue	1,467	3,341	-	8,079	-	4,519	10,546	27,952
Penalties on taxes	-	12,544	-	-	-	-	-	12,544
License, permits and fines	-	8,476	-	-	-	-	-	8,476
	1,467	3,128,138	72,084	97,626	371,557	82,983	10,546	3,764,401
EXPENSES								
Salaries and benefits	70,302	700,265	29,421	777,465	120,537	331,912	-	2,029,902
Utilities and fuel	-	40,846	23,910	149,554	154,346	142,181	-	510,837
Other goods and services	37,318	71,565	19,906	36,767	22,679	109,260	67,793	365,288
Insurance	-	34,566	10,759	54,815	50,214	82,885	5,403	238,642
Repairs and maintenance	-	39,054	939	55,609	102,331	35,456	-	233,389
Equipment and supplies	-	21,811	16,408	69,887	15,850	64,472	-	188,428
Professional fees and consultants	-	56,136	-	-	58,560	-	-	114,696
Vehicles	-	-	2,268	56,004	15,962	-	-	74,234
Accretion of asset retirement obligations	-	12,848	6,366	8,590	7,702	33,273	184	68,963
Communications	-	14,404	10,775	24,130	9,487	4,010	-	62,806
Training, travel and meetings	16,349	10,458	1,043	3,087	10,934	1,959	-	43,830
Interest and other	-	7,791	-	-	-	-	-	7,791
	123,969	1,009,744	121,795	1,235,908	568,602	805,408	73,380	3,938,806
Amortization	-	60,776	20,125	485,329	453,123	203,712	-	1,223,065
NET REVENUE (DEFICIT)	(122,502)	2,057,618	(69,836)	(1,623,611)	(650,168)	(926,137)	(62,834)	(1,397,470)

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

TOWN OF FARO
Notes to Financial Statements
Year Ended December 31, 2024

1. ACCOUNTING POLICIES

The financial statements of the Town of Faro (the "Town") are the representations of management, prepared in accordance with Canadian public sector accounting standards. 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 financial position of the reporting entity. The entity is comprised of all the organizations that are owned or controlled by the Town and are, therefore, accountable to the Mayor and Council for the administration of their financial affairs and resources.

(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 Town has met any eligibility criteria, and reasonable estimates of the amounts can be made.

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

(c) Use of Estimates

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

The Town has used estimates to determine accrued liabilities, the useful lives of tangible capital assets and asset retirement obligations.

(d) Valuation of financial assets and liabilities

The Town's financial assets and liabilities are measured as follows:

Cash and cash equivalents	Cost and amortized cost
Receivables	Lower of cost or net recoverable value
Investments	Amortized cost
Properties held for resale	Lower of cost or net recoverable value
Accounts payable and accrued liabilities	Cost
Asset retirement obligations	Present value

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TOWN OF FARO
Notes to Financial Statements
Year Ended December 31, 2024

1. ACCOUNTING POLICIES (*continued*)

(e) Cash and cash equivalents

Cash and cash equivalents include items that are readily convertible to known amounts of cash, are subject to an insignificant risk of change in value, and have a maturity of 90 days or less at acquisition. In addition, cash equivalents include investments in Municipal Finance Authority money market funds that are recorded at fair value, which approximates cost.

(f) Properties held for resale

Properties held for sale are valued at the lower of cost and expected realizable value. When a decline in net realizable value is determined to be other than temporary, the impairment is recognized in the statement of operations.

(g) Asset retirement obligations

Asset retirement obligations are legal obligations associated with the retirement of tangible capital assets. Asset retirement activities include all activities relating to an asset retirement obligation including, but not limited to, decommissioning or dismantling, remediation of contamination, post-retirement activities such as monitoring, and constructing other tangible capital assets to perform post-retirement activities.

A liability for asset retirement obligation is recognized when there is a legal obligation to incur retirement costs, the past transaction or event giving rise to the liability as occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made.

When a liability for asset retirement obligation is recognized, asset retirement costs related to recognized tangible capital assets in productive use are capitalized by increasing the carrying value of the related asset and are amortized over the estimated useful life of the underlying tangible capital asset. Asset retirement costs related to unrecognized tangible capital assets and those not in productive use are expensed.

(h) Inventory

Inventories of supplies held for consumption are recorded at the lower of weighted-average cost and replacement cost

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TOWN OF FARO
Notes to Financial Statements
Year Ended December 31, 2024

1. ACCOUNTING POLICIES (continued)

(i) 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 surface	15 - 50 years
Land improvements	20 years
Buildings	25 - 40 years
Machinery and equipment	10 - 15 years
Vehicles	7 years
Furnishing	10 years
Electronics	3 years

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

(j) Revenue Recognition

Taxes are recognized as revenue in the year they are levied. Charges for sewer and water usage are recorded as utility charge revenue when used. Connection fee revenues are recognized when the connection has been established.

Sales of service, user fees, admissions fees, licenses, and rentals and other revenue are recognized on an accrual basis.

Management assesses the collectibility of its property tax, penalty and interest receivable balances annually. When the collection is in doubt, the balance is written down to the estimated receivable amount being the estimated net realizable value of the underlying properties.

Government transfers, which include legislative grants, are recognized in the financial statements when received if the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

(k) 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 Town is directly responsible for or accepts responsibility for the liability, future economic benefits will be given up, and a reasonable estimate of the liability can be made.

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TOWN OF FARO
Notes to Financial Statements
Year Ended December 31, 2024

1. ACCOUNTING POLICIES (*continued*)

(l) *New Accounting Standards not yet Adopted*

Effective for fiscal years beginning on or after April 1, 2026, *PS 1202 Financial Statement Presentation*, sets out requirements for the presentation of information in general purpose financial statements.

Effective for fiscal years beginning on or after April 1, 2026, The Conceptual Framework for Financial Reporting, replaces the conceptual aspects of *PS 1000 Financial Statement Concepts*, and *PS 1100 Financial Statement Objectives*.

TOWN OF FARO
Notes to Financial Statements
Year Ended December 31, 2024

2. CASH AND CASH EQUIVALENTS

	2024	2023
Operating accounts	\$ 1,260,260	\$ 275,995
Money market fund	1,528,898	2,248,906
	\$ 2,789,158	\$ 2,524,901

3. INVESTMENTS

Investments consist of a Guaranteed Investment Certificate bearing interest at a rate of 2.80% matures in December 2025.

4. RECEIVABLES

	2024	2023
Other governments	\$ 1,010,884	\$ 491,581
Taxes, penalties and other	94,618	88,935
	\$ 1,105,502	\$ 580,516

5. PROPERTIES HELD FOR SALE

The Town holds seven properties for sale (2023 - 6). The properties are recorded at the lower of the original cost and the estimated fair market value, which in most cases is equivalent to the fair market value of the underlying land.

During fiscal 2024, the Town disposed of one property (2023 - one) for a net gain on sale of \$3,250 (2023 - Nil).

At least one of the remaining properties is contaminated with asbestos. There is no requirement to remediate any of the facilities at this time. One site has a significant amount of contamination that has been identified, and an independent assessment as been performed. The costs to remediate are estimated to be \$800,000. Given there are no requirements to remediate no liability has been recorded in the financial statements at this time.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2024	2023
Salaries and benefits	\$ 200,010	\$ 189,660
Trade payables and accrued liabilities	163,947	221,283
	\$ 363,957	\$ 410,943

TOWN OF FARO
Notes to Financial Statements
Year Ended December 31, 2024

7. DEFERRED REVENUE

	2023	Funds Received	Funds Expended	2024
New Horizon Seniors grant	\$ 6,521	\$ 9,734	\$ (6,521)	\$ 9,734
Other grants	5,479	12,483	(11,661)	6,301
Other revenue	4,398	2,855	(4,398)	2,855
Canada Post Community Foundation	4,000	5,000	(7,750)	1,250
	<u>\$ 20,398</u>	<u>\$ 30,072</u>	<u>\$ (30,330)</u>	<u>\$ 20,140</u>

TOWN OF FARO
Notes to Financial Statements
Year Ended December 31, 2024

8. ASSET RETIREMENT OBLIGATIONS

Buildings

The Town has asset retirement obligations to remove various hazardous materials including, asbestos, lead, mercury, and mold from various buildings under its control. Regulations require the Town to handle and dispose of these materials in a prescribed manner when it is disturbed, such as when the building undergoes renovations or being demolished. The undiscounted future cash flows expected for abatement costs total \$1,273,00 are expected to occur between the years 2027 and 2058. The estimated total liability of \$697,815 (2023 - \$798,281) is based on the sum of discounted future cash flows for abatement activities using a discount rate of 5% and assuming annual inflation of 3.1%. Although the timing of the removal is conditional on the building undergoing renovations or being demolished, regulations create an existing obligation for the Town to remove the materials when the asset retirement activities occur. The Town has not designated assets for settling these liabilities.

Landfill

The Town operates a landfill site and is legally required to perform closure and post-closure activities upon retirement of this site. 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 undiscounted future cash flows for closure costs expected to occur in year 2200 total \$2,965,980 with annual post-closure activities expected to commence in 2201 of \$8,000 per year for 30 years to year 2230. The estimated total liability of \$184,146 (2023 - \$161,750) is based on the sum of discounted future cash flows for closure and post-closure activities using a discount rate of 5% and assuming annual inflation of 3.1%. The Town has established a waste management reserve totaling \$80,979 (2023 - \$62,911) for settling these closure and post-closure liabilities.

Land leases

The Town has asset retirement obligations pursuant to Government of Yukon lease agreements to fund the future reclamation of its leased sites. The undiscounted future cash flows of expected remediation costs total \$673,000 expected to occur between 2029 and 2059. The estimated total liability of \$512,641 (2023 - \$488,230) is based on the sum of discounted future cash flows for abatement activities using a discount rate of 5% and assuming annual inflation of 3.1%. Although, the timing of the work site\ reclamation is conditional on the length of time until the site is expected to be inactive, regulations create an existing obligation for the Town to reclaim the work site when the asset retirement activity occurs.

	2024	2023
Balance, beginning of the year	\$ 1,448,261	\$ 1,379,296
Accretion expense	65,728	68,965
Liability incurred	16,052	-
Liability disposed of	(133,696)	-
Liability settled	(1,743)	-
Balance, end of the year	\$ 1,394,602	\$ 1,448,261

Asset retirement obligations are comprised of the following:

Buildings	\$ 697,815	\$ 798,281
Land leases	512,641	488,230
Landfill	184,146	161,750
	\$ 1,394,602	\$ 1,448,261

TOWN OF FARO
Notes to Financial Statements
Year Ended December 31, 2024

9. TANGIBLE CAPITAL ASSETS

	2024 Net Book Value	2023 Net Book Value
Engineered structures		
Water and sewer infrastructure	\$ 13,295,830	\$ 13,467,631
Roadways	1,701,563	1,567,462
	14,997,393	15,035,093
Buildings	11,726,902	12,144,845
Land improvements	1,351,836	1,436,781
Machinery and equipment	1,055,151	1,084,364
Land	852,759	864,290
Vehicles	188,340	154,067
Furnishing and electronics	94,410	122,269
	\$ 30,266,791	\$ 30,841,709

	Cost Beginning of Year	Purchased Additions	Disposals	Write-downs	Cost End of Year
Engineered structures					
Roadways	\$ 3,294,964	\$ 200,998	\$ -	\$ -	\$ 3,495,962
Water and sewer infrastructure	20,432,985	430,386	(301,070)	-	20,562,301
	23,727,949	631,384	(301,070)	-	24,660,403
Buildings	16,476,350	30,861	(43,344)	-	16,463,867
Machinery and equipment	2,779,131	111,302	-	-	2,890,433
Land	864,290	-	(11,531)	-	852,759
Land improvements	3,394,980	11,940	-	-	3,406,920
Vehicles	587,302	78,460	-	-	665,762
Furnishing and electronics	642,274	36,034	(2,431)	-	675,877
	\$ 48,472,276	\$ 899,981	\$ (358,376)	\$ -	\$ 49,013,881

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Write-downs	Accumulated Amortization End of Year
Engineered structures					
Roadways	\$ 1,727,502	\$ 66,897	\$ -	\$ -	\$ 1,794,399
Water and wastewater systems	6,965,354	361,144	(60,027)	-	7,266,471
	8,692,856	428,041	(60,027)	-	9,060,870
Buildings	4,331,505	422,391	(16,931)	-	4,736,965
Machinery and equipment	1,694,767	140,515	-	-	1,835,282
Land improvements	1,958,199	96,885	-	-	2,055,084
Vehicles	433,235	44,187	-	-	477,422
Furnishing and electronics	520,005	63,893	(2,431)	-	581,467
	\$ 17,630,567	\$ 1,195,912	\$ (79,389)	\$ -	\$ 18,747,090

TOWN OF FARO
Notes to Financial Statements
Year Ended December 31, 2024

10. ACCUMULATED SURPLUS

	2024	2023
Unrestricted surplus	\$ 2,247,106	\$ 2,024,152
Restricted surplus (<i>Note 11</i>)	923,495	939,657
Equity in tangible capital assets	29,384,830	29,881,678
	\$ 32,555,431	\$ 32,845,487

Reserve funds represent funds set aside by bylaw or Council resolution and may be restricted in accordance with Section 244(1) of the Municipal Act.

11. RESTRICTED SURPLUS

Town Council has established the following reserves.

	2024	2023
Water and sewer system	\$ 590,464	\$ 563,000
Firefighting and protective services	201,812	192,425
Waste management	80,980	62,911
Parks, trails, and recreation	23,846	22,737
Land development	22,438	21,394
Public works equipment	3,955	77,190
	\$ 923,495	\$ 939,657

12. ECONOMIC DEPENDENCE

The Town is economically dependant on the continued support of the Government of Yukon to maintain normal operations.

13. FUNDS HELD IN TRUST

The Town administers the following trust funds on behalf of third parties. As related trust assets are not owned by the Town, the trusts have been excluded from the financial statements.

	2024	2023
Faro Youth Group	\$ 3,040	\$ 3,297
Swim Team	1,559	1,559
Faro Curling Club	984	984
Fire Department	280	280
	\$ 5,863	\$ 6,120

TOWN OF FARO
Notes to Financial Statements
Year Ended December 31, 2024

14. FINANCIAL INSTRUMENT RISKS

The Town is exposed to the following risks in respect of its financial instruments at December 31, 2024.

Credit risk

The Town 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 Town's credit risk.

Liquidity risk

Liquidity risk is the risk that the Town will encounter difficulty in meeting obligations associated with its financial liabilities. The Town maintains cash balances to ensure that funds are available to meet current and forecasted financial requirements. Management continues to monitor the Town's liquidity position on a regular basis.

Interest rate risk

Interest rate risk is the risk that the Town's annual surplus will be affected by the fluctuation and degree of volatility in interest rates. The Town is exposed to interest rate risk primarily through its cash and cash equivalents and investments.

15. SEGMENTED INFORMATION

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

Legislative

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

Administration

This area handles administration for the Town of Faro 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 Town that handles inquiries, takes payments and issues business licenses and dog tags.

Fire Services

Fire Services includes the fire department and emergency management operations planning.

Public Works

This department is responsible for roads, streets and lighting, handles repair and maintenance of all municipal buildings and maintenance of municipal vehicles. Management of the municipal cemetery is also under public works.

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 is also included under Environmental Health.

Recreation and Interpretive Centre

Recreation is managing the activities and programming at the recreation centre, pool during the summer months and arena during the winter.

Interpretive centre is open during the summer months and provides information to tourists, oversees the RV park and assists with various community events.

Community Development Services

Community development services is responsible for advertising and website maintenance, assisting with funding applications.

TOWN OF FARO
Notes to Financial Statements
Year Ended December 31, 2024

16. BUDGET FIGURES

The 2024 budget data presented in these financial statements is based on the operating and capital budgets approved by Council on April 9, 2024. The table below reconciles the approved financial plan to the figures reported in these financial statements

	2024 Budget	2024 Actual
Annual surplus (deficit)	\$ 10,418,899	\$ (290,056)
Amortization expense	1,400,000	1,195,912
Acquisition of tangible capital assets	(12,545,163)	(899,981)
Net transfers (to) from reserves	726,264	77,000
	<u>\$ -</u>	<u>\$ 82,875</u>

17. RELATED PARTY TRANSACTIONS

The 2024 utilities and fuel expenses includes \$85,197 (2023 - \$129,245) from a business that is owned by the Town Mayor. Accounts payable include \$7,625 (2023 -\$2,191).

18. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and management.
