

Town of Faro
Financial Statements
For the year ended December 31, 2019

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Financial Statements
For the year ended December 31, 2019

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Management's Responsibility for Financial Reporting

The financial statements of Town of Faro, which comprise the statement of financial position as at December 31, 2019 and the statements of operations, change 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, are the responsibility of management and have been approved by Mayor and Council.

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 fulfill 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 the financial records are reliable for preparation of the financial statements.

The financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the Town. BDO Canada LLP has full access to the Mayor and Council to review the audit process and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.



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CAO



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Independent Auditor's Report

To the Mayor and Council Members of 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, 2019 and the statements of operations, change 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, 2019, and its results of operations, its change in net 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 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.

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

Management is responsible for the preparation and fair presentation of these 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.
- 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. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted the audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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.

BDO Canada LLP

Chartered Professional Accountants

Whitehorse, Yukon
May 26, 2020

Town of Faro
Statement of Financial Position

December 31	2019	2018
Financial assets		
Cash and cash equivalents (Note 1)	\$ 2,560,409	\$ 1,976,863
Accounts receivable		
Property taxes, penalties and other (Note 2)	69,158	10,314
Grants	59,436	549,980
Properties held for sale (Note 3)	122,111	256,736
	<u>2,811,114</u>	<u>2,793,893</u>
Liabilities		
Accounts payable		
Trade payables and accrued liabilities	105,473	413,186
Salaries and benefits payable	164,866	207,989
Landfill closure and post-closure liability (Note 8)	48,000	48,000
Deferred revenue	14,847	9,525
	<u>333,186</u>	<u>678,700</u>
Net financial assets	<u>2,477,928</u>	<u>2,115,193</u>
Non-financial assets		
Tangible capital assets (Note 4)	21,454,277	14,723,601
Prepaid expenses	19,192	-
Inventories of supplies	17,483	17,483
	<u>21,490,952</u>	<u>14,741,084</u>
Accumulated surplus (Note 6)	<u>\$23,968,880</u>	<u>\$ 16,856,277</u>

Town of Faro
Statement of Operations

For the year ended December 31	2019 Budget	2019 Actual	2018 Actual
Revenue (Schedule 1)			
Taxation, including grants in lieu of taxes	\$ 675,900	\$ 697,604	\$ 610,160
Grants - Government of Canada	69,170	23,646	48,849
Grants - Government of Yukon	277,468	154,182	234,677
Government of Yukon - block funding	1,734,765	1,734,765	1,734,765
Government of Yukon - capital funding	456,889	482,240	564,796
Government of Yukon contributed assets (Note 4)	6,400,000	7,221,054	1,073,610
Equipment and property rental	46,286	47,670	45,846
Utility charges	275,587	299,530	166,827
User fees, admissions fees, licences, permits and fines	4,020	4,678	4,040
Sale of goods and services	42,500	46,630	43,627
Other revenue	72,450	94,368	70,814
Gain on sale of properties held for sale	25,000	46,872	24,453
Investment income	17,000	35,625	34,313
	<u>10,097,035</u>	<u>10,888,864</u>	<u>4,656,777</u>
Expenses (Schedule 1)			
Administrative	1,115,785	860,082	953,328
Council/Legislative	118,157	116,045	112,594
Public works	1,020,602	917,823	901,401
Protective Services	171,496	125,839	119,132
Transportation	91,379	86,588	63,481
Environmental Health	839,309	870,229	677,803
Planning and Development	198,698	230,941	206,715
Recreation and Culture	659,140	568,714	615,954
	<u>4,214,566</u>	<u>3,776,261</u>	<u>3,650,408</u>
Annual surplus	5,882,469	7,112,603	1,006,369
Accumulated surplus, beginning of year	<u>16,856,277</u>	<u>16,856,277</u>	<u>15,849,908</u>
Accumulated surplus, end of year	<u>\$ 22,738,746</u>	<u>\$23,968,880</u>	<u>\$ 16,856,277</u>

Town of Faro
Statement of Change in Net Financial Assets

For the year ended December 31	2019 Budget (Note 9)	2019 Actual	2018 Actual
Annual surplus	\$ 5,882,469	\$ 7,112,603	\$ 1,006,369
Acquisition of tangible capital assets	(456,889)	(509,327)	(800,687)
Amortization of tangible capital assets	900,000	880,696	665,493
Government of Yukon contributed tangible capital assets (Note 4)	(6,400,000)	(7,221,054)	(1,073,610)
Loss on disposal of tangible capital assets	-	71,659	-
	(74,420)	334,577	(202,435)
Land transferred to inventory held for resale	-	47,350	-
Consumption (purchase) of prepaid expenses and inventory of supplies	-	(19,192)	4,040
Change in net financial assets for the year	(74,420)	362,735	(198,395)
Net financial assets, beginning of year	2,115,193	2,115,193	2,313,588
Net financial assets, end of year	\$ 2,040,773	\$ 2,477,928	\$ 2,115,193

Town of Faro
Statement of Cash Flows

For the year ended December 31	2019	2018
Cash provided by (used in)		
Operating transactions		
Annual surplus	\$ 7,112,603	\$ 1,006,369
Items not involving cash		
Contribution of tangible capital assets	(7,221,054)	(1,073,610)
Loss on disposal of tangible capital assets	71,659	-
Amortization of tangible capital assets	880,696	665,493
Gain on properties held for sale	(46,872)	(24,453)
	<u>797,032</u>	<u>573,799</u>
Changes in non-cash operating balances		
Decrease (increase) in taxes receivable	(58,844)	23,983
Decrease (increase) in grants receivable	490,544	(17,095)
Decrease in inventory of supplies	-	4,040
Decrease in trade payables and accrued liabilities	(307,713)	(260,784)
Increase (decrease) in salaries and benefits payable	(43,123)	16,307
Increase (decrease) in deferred revenue	5,322	(89,143)
Decrease (increase) in prepaids	(19,192)	-
	<u>864,026</u>	<u>251,107</u>
Capital transactions		
Acquisition of tangible capital assets	(509,327)	(800,687)
Proceeds from disposal of properties held for sale	228,847	63,853
	<u>583,546</u>	<u>(485,727)</u>
Increase (decrease) in cash and cash equivalents	583,546	(485,727)
Cash and cash equivalents, beginning of year	<u>1,976,863</u>	<u>2,462,590</u>
Cash and cash equivalents, end of year	<u>\$ 2,560,409</u>	<u>\$ 1,976,863</u>

Town of Faro
Summary of Significant Accounting Policies

December 31, 2019

Management's Responsibility for the Financial Statements	The financial statements of the Town of Faro are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. The Town of Faro (the "Town") is a municipality in the Yukon Territory. The Town provides municipal services such as protective, public works, environmental health, recreation, and other general government services.
Basis of Accounting	The statements include the accounts of all the funds of the Town. Inter-fund transactions and balances have been eliminated.
Cash and Cash Equivalents	Cash equivalents consist of short-term investments that are liquid with maturity dates of less than 90 days from acquisition. In addition, cash equivalents include investments in Municipal Finance Authority money market funds that are recorded at fair value, which approximates cost.
Budget Amounts	The budgeted figures included in these financial statements were approved by Council for the Town of Faro on March 19, 2019.
Financial Instruments	The Town's financial assets consist of cash and cash equivalents, accounts receivable, and accounts payables. Unless otherwise noted, it is management's opinion that the Town is not exposed to significant interest, currency or credit risk arising from its financial instruments. The fair value of these financial instruments approximate their carrying values unless otherwise noted.
Revenue Recognition	<p>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.</p> <p>Sales of service, user fees, admissions fees, licenses, and rentals and other revenue are recognized on an accrual basis.</p> <p>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.</p> <p>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.</p>

Town of Faro
Summary of Significant Accounting Policies

December 31, 2019

Landfill Closure Liability The landfill closure liability is based on estimated costs to close and post closure activities of the solid waste landfill site at the end of its expected useful life. The estimated cost is accrued as the landfill site's capacity is used. The liability and annual expense is calculated based on the rate of utilization to total capacity. Any changes in estimate are recorded prospectively.

Tangible Capital Assets Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the contributed donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Land improvements	20 years
Buildings	25 - 40 years
Building components	20 years
Vehicles	7 years
Machinery and equipment	10 - 15 years
Furnishings	10 years
Electronics	3 years
Water and sewer infrastructure	50 years
Roads and surface	15 - 50 years

Liability for Contaminated Sites Governments are required to accrue a liability for the costs to remediate a contaminated site. Liabilities are recognized when an environmental standard exists, contamination exceeds the standard, the government has responsibility for remediation, future economic benefits will be given up and a reasonable estimate can be made.

Management has assessed its potential liabilities under the standard including sites that are no longer in productive use and sites which the Town accepts responsibility.

Town of Faro
Summary of Significant Accounting Policies

December 31, 2019

Use of Estimates	The preparation of financial statements in accordance with Canadian public sector accounting standards requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosures. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the revenue and expenditures in the period in which they become known.
Inventories of Supplies	Inventories of supplies held for consumption are recorded at the lower of weighted-average cost and replacement cost
Properties Held for Sale	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.

Town of Faro
Notes to Financial Statements

December 31, 2019

1. Cash and Cash Equivalents

	<u>2019</u>	<u>2018</u>
Cash	\$ 308,843	\$ 270,922
Money market fund	2,251,566	1,705,941
	<u>\$ 2,560,409</u>	<u>\$ 1,976,863</u>

The money market fund is invested with Municipal Finance Authority of BC and earns interest at an average of 1.86%.

2. Property Taxes, Penalties and Other Receivable

	<u>2019</u>	<u>2018</u>
Property taxes, penalties and other receivables	\$ 72,852	\$ 14,008
Allowance for doubtful accounts	(3,694)	(3,694)
	<u>\$ 69,158</u>	<u>\$ 10,314</u>

The allowance for doubtful accounts is assessed by management each fiscal period. The allowance is assessed based on the receivable balance and the estimated recoverable value of the underlying property, which is subject to a property tax sale.

3. Properties held for sale

The Town continues to hold seven properties for sale (2018 - 16). 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 2019, the Town disposed of 18 properties for proceeds of \$228,847 (2018 - \$63,853) and a net gain on sale of \$46,872 (2018 - \$24,453).

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 and the asset is still in use, no liability has been recorded in the financial statements at this time.

Town of Faro
Notes to Financial Statements

4. Tangible Capital Assets

	Land	Buildings	Building Components	Machinery & Equipment	Furnishings & Electronics	Roads & Surface	Water & Sewer Infrastructure	Land Improvements	Vehicles	2019 Total
Cost, beginning of year	\$ 929,040	\$ 3,920,363	\$ 1,604,621	\$ 1,990,215	\$ 322,591	\$ 1,904,894	\$ 14,573,682	\$ 2,821,877	\$ 417,756	\$ 28,485,039
Additions		-	-	263,562	31,500	-	-	214,265	-	509,327
Contributed TCA	-	-	-	13,750	-	1,411,113	5,796,191	-	-	7,221,054
Disposals (a)	(47,700)	-	(16,954)	-	-	(39,178)	(341,647)	-	-	(445,479)
Cost, end of year	881,340	3,920,363	1,587,667	2,267,527	354,091	3,276,829	20,028,226	3,036,142	417,756	35,769,941
Accumulated amortization, beginning of year	-	3,071,053	187,334	1,063,029	269,454	1,536,109	5,984,150	1,366,298	284,011	13,761,438
Amortization	-	64,942	79,383	130,399	17,244	51,950	378,837	128,446	29,495	880,696
Disposals (a)	-	-	(16,954)	-	-	(39,178)	(270,338)	-	-	(326,470)
Accumulated amortization, end of year	-	3,135,995	249,763	1,193,428	286,698	1,548,881	6,092,649	1,494,744	313,506	14,315,664
Net carrying amount, end of year	\$ 881,340	\$ 784,368	\$ 1,337,904	\$ 1,074,099	\$ 67,393	\$ 1,727,948	\$ 13,935,577	\$ 1,541,398	\$ 104,250	\$ 21,454,277

(a) During the year, the Town transferred two lots of land to "properties held for resale" - see note 3.

Some additional assets with a remaining net book value of \$71,309 were decommissioned in the current year, including one road, a pumphouse booster, building improvements, and wastewater infrastructure, as they were no longer in productive use. Therefore an impairment loss of \$71,309 was recorded in the current fiscal year.

During the year, the Yukon Government officially transferred title of the Water Treatment Facility. The total estimated fair value of the contribution was \$7.2 million. The amount was allocated to the appropriate tangible capital asset categories using the estimated fair values, as provided by the Yukon Government officials.

Town of Faro
Notes to Financial Statements

4. Tangible Capital Assets (continued)

	Land	Buildings	Building Components	Machinery & Equipment	Furnishings & Electronics	Roads & Surface	Water & Sewer Infrastructur e	Land Improvements	Vehicles	2018 Total
Cost, beginning of year	\$ 929,040	\$ 4,737,832	\$ 1,160,443	\$ 1,763,463	\$ 300,536	\$ 1,969,817	\$14,624,448	\$ 1,701,908	\$ 356,413	\$ 27,543,900
Additions	-	-	444,178	226,752	22,055	-	-	46,359	61,343	800,687
Contributed TCA	-	-	-	-	-	-	-	1,073,610	-	1,073,610
Disposals (b)	-	(817,469)	-	-	-	(64,923)	(50,766)	-	-	(933,158)
Cost, end of year	929,040	3,920,363	1,604,621	1,990,215	322,591	1,904,894	14,573,682	2,821,877	417,756	28,485,039
Accumulated amortization, beginning of year	-	3,817,208	107,951	973,442	255,360	1,572,555	5,744,675	1,303,396	254,516	14,029,103
Amortization	-	71,315	79,383	89,587	14,094	28,476	290,241	62,902	29,495	665,493
Disposals	-	(817,469)	-	-	-	(64,923)	(50,766)	-	-	(933,158)
Accumulated amortization, end of year	-	3,071,054	187,334	1,063,029	269,454	1,536,108	5,984,150	1,366,298	284,011	13,761,438
Net carrying amount, end of year	\$ 929,040	\$ 849,309	\$ 1,417,287	\$ 927,186	\$ 53,137	\$ 368,786	\$ 8,589,532	\$ 1,455,579	\$ 133,745	\$ 14,723,601

(b) During the year, the Town recorded several disposals. The renovations and upgrade of the arena was completed and, therefore, since the historical portions of the building prior to the completion of the renovations and upgrade were fully replaced the amount of \$817,469 was removed from buildings. As well, the Town decommissioned three roads with original estimated total cost of \$64,923 and a generator with an original cost of \$50,766 which is no longer in use. All these items were fully amortized, therefore there was no loss on disposal recorded in the financial statements

Town of Faro
Notes to Financial Statements

December 31, 2019

5. Funds Held in Trust

	2019	2018
Faro Youth Group	\$ 4,983	\$ 3,664
Faro Curling Club	984	984
Fire Department	280	-
Swim Team	2,073	518
	<u>\$ 8,320</u>	<u>\$ 5,166</u>

The Funds held in Trust are held in a separate investment on behalf of the above noted organizations and are not available for use by the Town. As such they are not reported in these financial statements.

6. Accumulated Surplus

The Town segregates its accumulated surplus in the following categories:

	2019	2018
General Fund	\$ 1,655,186	\$ 1,318,440
Reserve Fund	822,742	796,753
Investment in non-financial assets	21,490,952	14,741,084
	<u>\$23,968,880</u>	<u>\$ 16,856,277</u>

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.

7. Economic Dependence

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

Town of Faro
Notes to Financial Statements

December 31, 2019

8. Landfill Closure and Post Closure Liability

The Town has made a provision for the closure and post closure costs of the landfill based on its best estimates of the closure costs, post closure costs, discount rate, inflation, expected useful life of the landfill and its capacity. Management relied on an initial report prepared on behalf of the Government of Yukon in 2013 which was updated in 2017. However, subsequent to receiving the initial report, Management commissioned a more detailed report in 2014. This report is considered more relevant to the circumstances of the Town, and continues to be the basis for management's position.

	2019	2018
Estimated provision	\$ 48,000	\$ 48,000
Estimated closure cost	9,762,751	9,762,751
Remaining useful life	114	115
Inflation rate	3 %	3 %
Discount rate	4.5 %	4.5 %
Capacity	30 %	29 %

9. Segmented Information

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

Administrative

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.

Council and Legislative

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

Public Works

This department handles repair and maintenance of all municipal buildings and maintenance of municipal vehicles.

Protective Services

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

December 31, 2019

8. Segmented Information (Continued)

Transportation

Transportation is responsible for roads, streets and lighting.

Environmental Health

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

Planning and Development

Planning and development is responsible for advertising and website maintenance, assisting with funding applications and organizing events such as the Sheep and Crane festival.

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.

10. Contingent Asset

The Town of Faro is a member of the Yukon Communities Insurance Association (the "Association"). The Association is established for the purpose of permitting the subscribers to exchange a reciprocal contract of indemnity or inter-insurance as provided in the Act. The subscribers agree to exchange a contract of inter-insurance through a Reciprocal Insurance Exchange (as amended). The Association is responsible for property coverage of its subscribers to a maximum limit of \$100,000 for any one claim and \$250,000 in any one policy term for all subscribers combined. The Association has retained earnings of \$831,467 at December 31, 2019 (2018 - \$883,651). The Town has not recorded any portion of the retained earnings as an investment, because the amount to be distributed in the future, if any, cannot be reasonably estimated and collection of any such amount is uncertain.

Town of Faro
Notes to Financial Statements

December 31, 2019

11. Uncertainty Due to Covid-19

The global pandemic of Covid-19 has disrupted economic activities and supply chains. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time. The Town's ability to continue to meet obligations as they come due is dependent on the continued ability to collect property taxes and expected grant funding, while managing expenditures and cash flows.

Town of Faro
Schedule 1 - Statement of Operations by Segment

For the year ended December 31, 2019

	Administrative	Council/ Legislative	Public Works	Protective Services	Transportation	Environmental Health	Planning & Development	Recreation & Culture	Total 2019 Actual
Revenues									
Taxation, including grants in lieu of taxes	\$ 697,604	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 697,604
Grants - Government of Canada	31,468	-	-	-	-	-	-	(7,822)	23,646
Grants - Government of Yukon	154,182	-	-	-	-	-	-	-	154,182
Government of Yukon - block funding	1,684,765	-	-	50,000	-	-	-	-	1,734,765
Government of Yukon - capital funding	27,945	-	320,851	-	-	-	-	133,444	482,240
Government of Yukon - contributed assets	7,221,054	-	-	-	-	-	-	-	7,221,054
Equipment and property rental	27,838	-	-	19,832	-	-	-	-	47,670
Utility charges	-	-	-	-	-	299,530	-	-	299,530
User fees, admission fees, licences, permits and fines	4,678	-	-	-	-	-	-	-	4,678
Sale of goods and services	-	-	13,787	-	-	-	-	32,843	46,630
Other revenue	6,005	3,960	3,692	98	7,902	-	47,755	24,956	94,368
Gain on sale of properties held for sale	46,872	-	-	-	-	-	-	-	46,872
Investment income	35,625	-	-	-	-	-	-	-	35,625
Total revenue	9,938,036	3,960	338,330	69,930	7,902	299,530	47,755	183,421	10,888,864
Expenses									
Operating									
Salaries and benefits	540,332	48,018	572,947	25,323	10,555	160,036	46,036	195,565	1,598,812
Other goods and services	59,840	43,816	13,093	20,281	-	18,920	101,415	36,230	293,595
Insurance	27,174	-	16,250	2,455	264	20,689	3,205	36,051	106,088
Interest and other	5,748	-	-	-	-	-	-	-	5,748
Training, travel and meetings	11,767	24,211	6,530	1,922	-	4,790	-	1,222	50,442
Communications	12,020	-	7,294	8,285	-	5,650	927	4,339	38,515
Utilities and fuel	25,986	-	98,680	18,280	-	120,875	10,016	113,072	386,909
Vehicles	-	-	34,222	8,733	-	2,142	-	-	45,097
Professional fees and consultants	46,592	-	-	-	-	16,692	-	-	63,284
Equipment and supplies	12,094	-	53,574	7,831	9,879	4,077	3,688	14,656	105,799
Repairs and maintenance	9,752	-	3,433	1,398	9,217	77,724	1,628	26,465	129,617
Loss on disposal of assets	71,659	-	-	-	-	-	-	-	71,659
	822,964	116,045	806,023	94,508	29,915	431,595	166,915	427,600	2,967,224
Amortization	37,118	-	111,800	31,331	56,673	438,634	64,026	141,114	880,696
Total expenses	860,082	116,045	917,823	125,839	86,588	870,229	230,941	568,714	3,776,261
Excess (deficiency) in revenues over expenses	\$ 9,077,954	\$ (112,085)	\$ (579,493)	\$ (55,909)	\$ (78,686)	\$ (570,699)	\$ (183,186)	\$ (385,293)	\$ 7,112,603

Town of Faro
Schedule 1 - Statement of Operations by Segment (continued)

For the year ended December 31, 2018

	Administrative	Council/ Legislative	Public Works	Protective Services	Transportation	Environmental Health	Planning & Development	Recreation & Culture	Total 2018 Actual
Revenues									
Taxation, including grants in lieu of taxes	\$ 610,160	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 610,160
Grants - Government of Canada	14,682	-	-	-	-	-	-	34,167	48,849
Grants - Government of Yukon	234,677	-	-	-	-	-	-	-	234,677
Government of Yukon - block funding	1,684,765	-	-	50,000	-	-	-	-	1,734,765
Government of Yukon - capital funding	62,055	-	444,761	-	-	-	-	57,980	564,796
Government of Yukon - contributed assets	1,073,610	-	-	-	-	-	-	-	1,073,610
Equipment and property rental	27,595	-	-	18,251	-	-	-	-	45,846
Utility charges	-	-	-	-	-	166,827	-	-	166,827
User fees, admission fees, licenses, permits and fines	4,040	-	-	-	-	-	-	-	4,040
Sales of goods and services	-	-	24,488	-	-	-	-	19,139	43,627
Other revenue	18,249	952	5,590	793	8,814	-	5,478	30,938	70,814
Gain on sale of properties held for sale	24,453	-	-	-	-	-	-	-	24,453
Investment income	34,313	-	-	-	-	-	-	-	34,313
Total revenue	3,788,599	952	474,839	69,044	8,814	166,827	5,478	142,224	4,656,777
Expenses									
Operating									
Salaries and benefits	549,082	60,399	537,300	19,787	14,330	109,659	43,707	238,095	1,572,359
Development incentive	28,514	-	-	-	-	-	-	-	28,514
Other goods and services	25,223	37,188	26,436	5,659	150	16,557	30,663	51,804	193,680
Insurance	26,783	-	13,982	2,342	260	21,258	3,131	34,911	102,667
Interest and other	3,838	-	-	-	-	-	-	-	3,838
Training, travel and meetings	16,072	15,007	8,550	3,670	-	8,153	-	8,511	59,963
Communications	10,920	-	9,012	6,338	-	5,402	909	3,710	36,291
Utilities and fuel	27,662	-	115,347	20,482	-	85,676	8,399	135,183	392,749
Vehicles	-	-	39,083	9,745	-	8,039	-	-	56,867
Professional fees and consultants	174,968	-	-	-	-	15,292	-	-	190,260
Equipment and supplies	6,789	-	50,289	15,320	-	54	2,703	10,471	85,626
Repairs and maintenance	46,359	-	7,463	144	15,542	108,518	60,282	23,793	262,101
	916,210	112,594	807,462	83,487	30,282	378,608	149,794	506,478	2,984,915
Amortization	37,118	-	93,939	35,645	33,199	299,195	56,921	109,476	665,493
Total expenses	953,328	112,594	901,401	119,132	63,481	677,803	206,715	615,954	3,650,408
Excess (deficiency) in revenues over expenses	\$ 2,835,271	\$ (111,642)	\$ (426,562)	\$ (50,088)	\$ (54,667)	\$ (510,976)	\$ (201,237)	\$ (473,730)	\$ 1,006,369