

CITY OF DAWSON
Financial Statements
For The Year Ended December 31, 2018

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of City of Dawson

Opinion

We have audited the financial statements of City of Dawson (the City), which comprise the statement of financial position as at December 31, 2018, and the statements of operations and accumulated surplus, changes in net financial assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2018, and the results of its 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the City 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 City'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 City or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(continues)



Independent Auditors' Report to the Mayor and Council of City of Dawson (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 City'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 City'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 City 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
July 29, 2019

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Mayor and Members of Council of City of Dawson

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

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

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

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

for 
Cory Bellmore
Chief Administrative Officer

CITY OF DAWSON
Statement of Financial Position
As At December 31, 2018

	2018	2017 (Restated) (Note 12)
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 5,673,619	\$ 6,966,471
Receivables (Note 3)	1,403,625	935,727
	<u>7,077,244</u>	<u>7,902,198</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 4)	839,580	1,072,857
Deferred revenue	109,950	92,239
Obligations under capital lease (Note 5)	54,551	85,553
Long term debt	-	926,989
	<u>1,004,081</u>	<u>2,177,638</u>
NET FINANCIAL ASSETS	<u>6,073,163</u>	<u>5,724,560</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 6)	20,629,150	20,748,302
Inventory for consumption	81,734	101,482
Prepaid expenses	1,977	6,845
	<u>20,712,861</u>	<u>20,856,629</u>
ACCUMULATED SURPLUS (Note 7)	<u>\$ 26,786,024</u>	<u>\$ 26,581,189</u>
Contingencies (Note 9)		

ON BEHALF OF COUNCIL:



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

CITY OF DAWSON
Statement of Operations and Accumulated Surplus
For the Year Ended December 31, 2018

	2018 (Budget) <i>(Note 14)</i>	2018 (Actual)	2017 (Actual) <i>(Restated)</i> <i>(Note 12)</i>
REVENUE			
Taxes and grants in lieu of taxes	\$ 2,975,852	\$ 3,026,736	\$ 2,925,584
Government transfers for operating	2,509,359	2,675,410	2,287,176
Sales and user charges	2,305,318	2,237,439	2,232,329
Licenses and permits	53,020	65,588	50,089
Return on investments	50,000	46,915	36,832
Other	40,788	31,142	39,076
Penalties and costs on taxes	29,100	27,538	30,347
Fines	3,000	2,080	1,450
	<u>7,966,437</u>	<u>8,112,848</u>	<u>7,602,883</u>
EXPENSES			
Parks and recreation	1,911,060	1,769,234	1,535,346
General administration	1,416,071	1,133,740	1,054,978
Water supply and distribution	1,256,046	996,707	943,218
Transportation services	926,252	967,532	1,016,711
Waste management	677,399	654,388	645,096
Wastewater treatment and disposal	523,499	484,266	280,400
Fire	477,183	384,605	331,231
Land use planning, zoning and development	340,521	291,446	136,151
Cable television	274,197	203,817	259,360
Council and other legislative	180,378	165,759	121,300
Bylaws enforcement and emergency measures	153,588	138,140	121,645
Cemeteries	15,000	1,020	1,175
Amortization	-	1,245,153	1,279,211
	<u>8,151,194</u>	<u>8,435,807</u>	<u>7,725,822</u>
ANNUAL SURPLUS (DEFECIT) BEFORE OTHER REVENUE	<u>(184,757)</u>	<u>(322,959)</u>	<u>(122,939)</u>
OTHER REVENUE			
Government transfers for capital	8,840,700	546,426	1,421,631
Insurance proceeds for capital	42,964	-	69,095
Gain (loss) on disposal of tangible capital assets	-	(18,632)	23,875
	<u>8,883,664</u>	<u>527,794</u>	<u>1,514,601</u>
ANNUAL SURPLUS	<u>8,698,907</u>	<u>204,835</u>	<u>1,391,662</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>26,581,189</u>	<u>26,581,189</u>	<u>25,189,527</u>
ACCUMULATED SURPLUS, END OF YEAR (NOTE 7)	<u>\$ 35,280,096</u>	<u>\$ 26,786,024</u>	<u>\$ 26,581,189</u>

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

CITY OF DAWSON
Statement of Changes in Net Financial Assets
For the Year Ended December 31, 2018

	2018 (Budget) (Note 14)	2018 (Actual)	2017 (Actual) (Restated)
ANNUAL SURPLUS	\$ 8,698,907	\$ 204,835	\$ 1,391,662
Acquisition of tangible capital assets	(9,457,335)	(1,158,443)	(1,972,124)
Amortization of tangible capital assets	-	1,245,153	1,279,211
Proceeds on disposal of tangible capital assets	-	13,810	26,875
Loss (gain) on disposal of tangible capital assets	-	18,632	(23,875)
	<u>(758,428)</u>	<u>323,987</u>	<u>701,749</u>
(Acquisition) use of inventory for consumption	-	19,748	(12,945)
(Acquisition) use of prepaid expenses	-	4,868	37,387
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	<u>(758,428)</u>	<u>348,603</u>	<u>726,191</u>
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>5,724,560</u>	<u>5,724,560</u>	<u>4,998,369</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 4,966,132</u>	<u>\$ 6,073,163</u>	<u>\$ 5,724,560</u>

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

CITY OF DAWSON
Statement of Cash Flows
For The Year Ended December 31, 2018

	2018	2017 <i>(Restated)</i>
OPERATING ACTIVITIES		
Annual surplus	\$ 204,835	\$ 1,391,662
Non-cash items not included in annual surplus (deficit):		
Amortization of tangible capital assets	1,245,153	1,279,211
Loss (gain) on disposal of tangible capital assets	18,632	(23,875)
	<u>1,468,620</u>	<u>2,646,998</u>
Changes in non-cash working capital balances related to operations:		
Receivables	(467,898)	(159,691)
Accounts payable and accrued liabilities	(233,277)	(10,798)
Deferred revenue	17,711	(10,458)
Inventory for consumption	19,748	(12,945)
Prepaid expenses	4,868	37,387
	<u>(658,848)</u>	<u>(156,505)</u>
Cash flow from operating activities	<u>809,772</u>	<u>2,490,493</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(1,158,443)	(1,972,124)
Proceeds on sale of tangible capital assets	13,810	26,875
Cash flow used by capital activities	<u>(1,144,633)</u>	<u>(1,945,249)</u>
FINANCING ACTIVITIES		
Repayment of long term debt	(926,989)	(53,606)
Repayment of obligations under capital lease	(31,002)	(41,692)
Cash flow used by financing activities	<u>(957,991)</u>	<u>(95,298)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	<u>(1,292,852)</u>	449,946
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>6,966,471</u>	<u>6,516,525</u>
CASH AND CASH EQUIVALENTS, END OF YEAR <i>(NOTE 2)</i>	<u>\$ 5,673,619</u>	<u>\$ 6,966,471</u>

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

CITY OF DAWSON**Schedule of Equity in Tangible Capital Assets
For the Year Ended December 31, 2018****(Schedule 1)**

	2018	2017
BALANCE, BEGINNING OF YEAR	\$ 19,735,760	\$ 18,950,549
Acquisition of tangible capital assets	1,158,443	1,972,124
Amortization of tangible capital assets	(1,245,153)	(1,279,211)
Repayment of capital long-term debt	926,989	53,606
Repayment of obligations under capital lease	31,002	41,692
Net book value of disposed tangible capital assets	(32,442)	(3,000)
BALANCE, END OF YEAR	\$ 20,574,599	\$ 19,735,760
Equity in tangible capital assets is comprised of the following:		
Tangible capital assets (net book value)	\$ 20,629,150	\$ 20,748,302
Long-term debt	-	(926,989)
Obligations under capital lease	(54,551)	(85,553)
	\$ 20,574,599	\$ 19,735,760

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

CITY OF DAWSON
Schedule of Segmented Information
For the Year Ended December 31, 2018

(Schedule 2)

	General Administration	Parks and Recreation	Protective Services	Transportation Services	Utilities and Cable TV	All Other	Total
REVENUE							
Taxes and grants in lieu of taxes	\$ 635,615	\$ 908,021	\$ 317,807	\$ 635,615	\$ 423,743	\$ 105,935	\$ 3,026,736
Government transfers	514,328	727,032	253,622	514,328	346,620	319,480	2,675,410
Sales and user charges	51,842	195,550	19,055	9,450	1,957,080	4,462	2,237,439
All other	143,645	-	2,080	-	10,340	17,198	173,263
	1,345,430	1,830,603	592,564	1,159,393	2,737,783	447,075	8,112,848
EXPENSES							
Salaries, wages and benefits	624,758	819,822	316,848	409,084	701,009	375,521	3,247,042
Contracted and general services	282,157	92,872	95,328	348,188	1,123,569	17,798	1,959,912
Materials and supplies	117,352	151,686	50,914	181,395	155,389	64,094	720,830
Utilities	30,148	284,748	12,890	18,219	306,129	-	652,134
Repairs and maintenance	42,009	294,083	2,906	7,129	30,605	-	376,732
Insurance	37,316	50,526	40,605	3,518	22,476	812	155,253
Interest on capital lease and long-term debt	-	37,080	3,254	-	-	-	40,334
Grants to individuals and organizations	-	38,417	-	-	-	-	38,417
	\$ 1,133,740	\$ 1,769,234	\$ 522,745	\$ 967,533	\$ 2,339,177	\$ 458,225	\$ 7,190,654
NET REVENUE (DEFICIT) BEFORE AMORTIZATION	211,690	61,369	69,819	191,860	398,606	(11,150)	922,194
Amortization	79,424	658,001	77,395	107,732	322,601	-	1,245,153
NET REVENUE (DEFICIT)	\$ 132,266	\$ (596,632)	\$ (7,576)	\$ 84,128	\$ 76,005	\$ (11,150)	\$ (322,959)

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

CITY OF DAWSON

Schedule of Segmented Information

For the Year Ended December 31, 2017

(Schedule 3)

	General Administration	Parks and Recreation	Protective Services	Transportation Services	Utilities and Cable TV	All Other	Total
REVENUE							
Taxes and grants in lieu of taxes	\$ 614,373	\$ 877,675	\$ 307,186	\$ 614,373	\$ 409,582	\$ 102,395	\$ 2,925,584
Government transfers	510,307	686,153	240,153	480,307	320,205	50,051	2,287,176
Sales and user charges	29,420	170,597	20,015	9,450	2,001,697	1,150	2,232,329
All other	125,997	-	1,450	-	15,589	14,758	157,794
	<u>1,280,097</u>	<u>1,734,425</u>	<u>568,804</u>	<u>1,104,130</u>	<u>2,747,073</u>	<u>168,354</u>	<u>7,602,883</u>
EXPENSES							
Salaries, wages and benefits	\$ 539,623	\$ 785,424	\$ 264,717	\$ 400,183	\$ 698,927	\$ 237,504	\$ 2,926,378
Contracted and general services	329,438	99,600	50,800	416,555	965,357	10,533	1,872,283
Materials and supplies	99,010	106,442	74,310	165,689	189,343	9,799	644,593
Utilities	30,071	315,395	11,287	20,277	207,266	-	584,296
Repairs and maintenance	25,318	105,932	5,259	9,429	48,027	-	193,965
Insurance	31,518	49,201	42,232	4,578	19,154	790	147,473
Interest on capital lease and long-term debt	-	38,331	4,271	-	-	-	42,602
Grants to individuals and organizations	-	35,021	-	-	-	-	35,021
	<u>1,054,978</u>	<u>1,535,346</u>	<u>452,876</u>	<u>1,016,711</u>	<u>2,128,074</u>	<u>258,626</u>	<u>6,446,611</u>
NET REVENUE (DEFICIT) BEFORE AMORTIZATION	225,119	199,079	115,928	87,419	618,999	(90,272)	1,156,272
Amortization	145,756	618,573	75,778	95,984	343,120	-	1,279,211
NET REVENUE (DEFICIT)	<u>\$ 79,363</u>	<u>\$ (419,494)</u>	<u>\$ 40,150</u>	<u>\$ (8,565)</u>	<u>\$ 275,879</u>	<u>\$ (90,272)</u>	<u>\$ (122,939)</u>

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

CITY OF DAWSON
Notes to Financial Statements
Year Ended December 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Reporting Entity

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

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

(b) Basis of Accounting

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

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

Government transfers, are recognized in the financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, the City 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 City has used estimates to determine accrued liabilities, tangible capital asset useful lives as well as provisions made for allowances for amounts receivable or any provision for impairment.

(d) Cash and cash equivalents

Cash and cash equivalents is comprised of items that are readily convertible to known amount of cash, are subject to an insignificant risk of change in value, and have a maturity of one year or less at acquisition.

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CITY OF DAWSON
Notes to Financial Statements
Year Ended December 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Land Held for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under the respective function.

(f) Inventory for consumption

Inventories are valued at the lower of cost and net realizable value with cost determined by the first in, first out method.

(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:

Buildings	7 - 40 years
Engineered structures:	
Cable TV	10 - 25 years
Water and wastewater	15 - 50 years
Other	7 - 20 years
Roads	30 years
Machinery and equipment	7 - 20 years
Land improvements	7 - 25 years

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

Works of art for display are not recorded as tangible capital assets but are disclosed.

(h) Tax Revenue

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

(i) Contaminated Sites

Contaminated sites are defined as a 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 City 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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CITY OF DAWSON
Notes to Financial Statements
Year Ended December 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) 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.

2. CASH AND CASH EQUIVALENTS

	<u>2018</u>	<u>2017</u>
Bank accounts and petty cash on hand	\$ 1,438,595	\$ 2,017,207
Guaranteed Investment Certificates	4,235,024	4,949,264
	<u>\$ 5,673,619</u>	<u>\$ 6,966,471</u>

Guaranteed Investment Certificates bear interest at rates ranging from 1.30% to 1.85% and maturing between April and November 2019.

3. RECEIVABLES

	<u>2018</u>	<u>2017</u>
Receivable from other governments	\$ 1,151,835	\$ 733,319
Trade and other	104,857	114,803
Goods and Services Tax rebate	93,225	65,252
Taxes and grants in place of taxes	54,796	23,441
	<u>1,404,713</u>	<u>936,815</u>
Less: allowance for doubtful accounts	<u>(1,088)</u>	<u>(1,088)</u>
	<u>\$ 1,403,625</u>	<u>\$ 935,727</u>

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2018</u>	<u>2017</u>
Trade accounts payable and accrued liabilities	\$ 534,933	\$ 792,956
Accrued vacation, overtime and sick time	289,206	264,460
Accrued interest on long-term debt	15,441	15,441
	<u>\$ 839,580</u>	<u>\$ 1,072,857</u>

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year. Sick time is recorded at 50% of total time incurred.

CITY OF DAWSON
Notes to Financial Statements
Year Ended December 31, 2018

5. OBLIGATIONS UNDER CAPITAL LEASE

	<u>2018</u>	<u>2017</u>
Lease agreement with Roynant Inc. repayable in equal monthly installments of \$1,879, including implied interest at 5.00%, due August 1, 2021, secured by machinery and equipment.	\$ 54,551	\$ 73,846
Lease agreement with Roynant Inc. repayable in equal monthly installments of \$2,052, including implied interest at 5.25%, due February 28, 2018, secured by machinery and equipment.	-	11,707
	<u>\$ 54,551</u>	<u>\$ 85,553</u>

The future minimum lease payments over the next four years are as follows:

2019	\$ 22,550
2020	22,550
2021	13,164
Less amount representing interest:	<u>3,713</u>
	<u>\$ 54,551</u>

CITY OF DAWSON
Notes to Financial Statements
Year Ended December 31, 2018

6. TANGIBLE CAPITAL ASSETS

	2018 Net Book Value	2017 Net Book Value
Engineered structures		
Water and wastewater	\$ 3,688,373	\$ 3,854,628
Other	804,983	889,276
Cable television	393,188	454,896
Roads	582,068	603,626
	<u>5,468,612</u>	<u>5,802,426</u>
Buildings	10,351,431	6,745,606
Work in progress	906,665	4,657,263
Land	1,630,285	1,469,401
Machinery, equipment, and furnishings	1,087,561	1,010,504
Land Improvements	1,184,596	1,063,102
	<u>\$ 20,629,150</u>	<u>\$ 20,748,302</u>

Machinery, equipment, and furnishings cost includes \$235,413 (2017 - \$235,413) of assets under capital lease.

	Cost Beginning of Year	Additions	Disposals	Transfers	Cost End of Year
Engineered structures					
Cable television	\$ 1,542,682	\$ -	\$ -	\$ -	\$ 1,542,682
Water and wastewater	14,334,914	-	-	-	14,334,914
Other	1,574,076	-	-	-	1,574,076
Roads	646,742	-	-	-	646,742
	<u>18,098,414</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,098,414</u>
Buildings	17,957,500	-	-	4,293,328	22,250,828
Machinery, equipment, and furnishings	3,058,209	236,844	(28,814)	-	3,266,239
Land	1,469,401	160,884	-	-	1,630,285
Land Improvements	1,575,781	119,350	-	66,194	1,761,325
Work in progress	4,657,263	641,365	(32,442)	(4,359,522)	906,664
	<u>\$ 46,816,568</u>	<u>\$ 1,158,443</u>	<u>\$ (61,256)</u>	<u>\$ -</u>	<u>\$ 47,913,755</u>

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Transfers	Accumulated Amortization End of Year
Engineered structures					
Cable television	\$ 1,087,786	\$ 61,707	\$ -	\$ -	\$ 1,149,493
Water and wastewater	10,480,283	239,128	-	-	10,719,411
Other	684,801	11,421	-	-	696,222
Roads	43,116	21,558	-	-	64,674
	<u>12,295,986</u>	<u>333,814</u>	<u>-</u>	<u>-</u>	<u>12,629,800</u>
Buildings	11,211,893	687,503	-	-	11,899,396
Machinery, equipment, and furnishings	2,047,707	159,786	(28,814)	-	2,178,679
Land Improvements	512,680	64,050	-	-	576,730
	<u>\$ 26,068,266</u>	<u>\$ 1,245,153</u>	<u>\$ (28,814)</u>	<u>\$ -</u>	<u>\$ 27,284,605</u>

CITY OF DAWSON
Notes to Financial Statements
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7. ACCUMULATED SURPLUS

	<u>2018</u>	<u>2017</u>
Unrestricted surplus	\$ 2,083,518	\$ 2,979,883
Restricted surplus:		
Reserves (Note 8)	4,127,907	3,865,546
Equity in tangible capital assets (Schedule 1)	<u>20,574,599</u>	<u>19,735,760</u>
	<u>\$ 26,786,024</u>	<u>\$ 26,581,189</u>

8. RESERVES

	<u>2018</u>	<u>2017</u>
Recreation - facility	\$ 1,022,593	\$ 910,177
Sewer services	724,035	667,889
Administration	453,842	449,703
Water services	314,263	286,625
Equipment replacement	193,279	220,383
Load capacity	179,028	157,578
Heritage	174,482	141,679
Road maintenance	170,044	150,657
Waste management	149,558	128,377
Road replacement	149,291	142,976
Recreation - capital	119,730	118,638
Cable	118,732	117,649
Recreation - operating	103,232	131,631
Administration equipment replacement	75,186	45,765
Protective services	67,251	98,356
Council equipment replacement	31,591	16,439
Future land development	28,570	28,309
Parking	27,357	27,107
Downtown Revitalization	<u>25,843</u>	<u>25,608</u>
	<u>\$ 4,127,907</u>	<u>\$ 3,865,546</u>

9. CONTINGENCIES

- a) The City and the Yukon Government are in discussions over whose responsibility the closure and post-closure costs of the Quigley Waste Management Facility will be. City management anticipates the City will be responsible for a portion of the costs but currently the City's share, if any, has not yet been determined. Since the amount cannot be reasonably estimated at this time no amount has been included in the financial statements.

CITY OF DAWSON
Notes to Financial Statements
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10. FINANCIAL INSTRUMENTS

The City's financial instruments consist of cash and cash equivalents, receivables, accounts payable and accrued liabilities and obligations under capital lease. It is management's opinion that the City is not exposed to significant interest or currency risk arising from these financial instruments. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values.

The City 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 City's credit risk.

11. SEGMENTED DISCLOSURES

The City provides a range of services to its citizens. Segment disclosures are intended to enable users to better understand the government reporting entity and the major expense and revenue activities of the City. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

The segments have been selected based on a presentation similar to that adopted for the municipal financial planning and budget processes. Segments include:

- (a) General Administration consists of corporate administration and general municipal services.
- (b) Parks and Recreation develops initiatives to provide opportunities and support in the areas of arts heritage and culture, and in recreation, sport and leisure.
- (c) Protective Services is comprised of fire, bylaws enforcement and emergency measures.
- (d) Transportation Services is comprised of roads, streets, walks and lighting.
- (e) Utilities and Cable TV is comprised of water supply and distribution, wastewater treatment and disposal, waste management and cable television.
- (f) All other is comprised of council and other legislative, land use planning, zoning, development and cemeteries.

The accounting policies used in the segment disclosures are consistent with those followed in the preparation of the financial statements (Note 1). For additional information see the Schedule of Segmented Disclosure (Schedule 2).

12. RESTATEMENT

Subsequent to the City's 2017 financial statements being issued, it was discovered that government transfers for the Recreation Centre in the amount of \$203,652 were incorrectly not recorded in 2017.

Comparative figures have been restated to correct for this.

The effect on the financial statements has been to increase 2017 receivables, net financial assets, accumulated surplus, government transfers for capital revenue, and annual surplus by \$203,652.

CITY OF DAWSON
Notes to Financial Statements
Year Ended December 31, 2018

13. BUDGET

The budget figures presented in these financial statements are based upon the 2018 operating and capital budgets approved by Council on April 10, 2018.

The 2018 budget, prepared by the City, reflects all municipal activities including capital projects, debt repayments, and reserves for future use. The reconciliation below is provided to encompass these items and is provided for information purposes only.

	2018 (Budget)	2018	2017 (Actual)
Annual surplus	\$ 8,698,907	\$ 204,835	\$ 1,391,662
Add:			
Amortization expense	-	1,245,153	1,279,210
Transfers from reserves	2,267,057	217,752	87,007
	<u>2,267,057</u>	<u>1,462,905</u>	<u>1,366,217</u>
Deduct:			
Transfers to reserves	(581,640)	(480,114)	(795,251)
Acquisition of tangible capital assets	(9,457,335)	(1,158,443)	(1,972,124)
Long term debt repayment	(926,989)	(926,989)	(53,606)
Obligations under capital lease repayment	-	(31,002)	(41,692)
	<u>(10,965,964)</u>	<u>(2,596,548)</u>	<u>(2,862,673)</u>
	<u>\$ -</u>	<u>\$ (928,808)</u>	<u>\$ (104,794)</u>

14. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and management.
