

CITY OF DAWSON
Financial Statements
For The Year Ended December 31, 2025

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.

Paul Rabitaille
Interim Chief Administrative Officer

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, 2025, 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, 2025, 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
June 16, 2026

CITY OF DAWSON
Statement of Financial Position
As At December 31, 2025

	2025	2024
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 6,759,392	\$ 4,585,352
Investments (Note 2)	2,639,877	3,456,890
Receivables (Note 3)	4,653,541	3,918,612
	<u>14,052,810</u>	<u>11,960,854</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 4)	1,942,890	1,458,499
Deferred revenue (Note 5)	602,389	285,578
Asset retirement obligations (Note 6)	690,726	656,085
	<u>3,236,005</u>	<u>2,400,162</u>
NET FINANCIAL ASSETS	<u>10,816,805</u>	<u>9,560,692</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 7)	35,647,085	34,300,621
Prepaid expenses	320,228	38,444
	<u>35,967,313</u>	<u>34,339,065</u>
ACCUMULATED SURPLUS (Schedule 1)	<u>\$ 46,784,118</u>	<u>\$ 43,899,757</u>

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, 2025**

	2025 (Budget) (Note 11)	2025 (Actual)	2024 (Actual)
REVENUE			
Government transfers for operating	\$ 3,644,731	\$ 4,305,154	\$ 3,518,970
Taxes and grants in lieu of taxes	3,952,556	3,971,093	3,868,192
Sales and user charges	2,996,226	2,998,515	3,081,701
Return on investments	105,000	288,453	286,311
Licenses and permits	62,000	79,996	65,190
Penalties and costs on taxes	30,600	52,314	42,209
Other	94,044	41,218	29,010
Fines	1,500	1,920	1,005
	10,886,657	11,738,663	10,892,588
EXPENSES			
Parks and recreation	1,872,956	1,896,857	1,902,868
General administration	1,887,404	1,715,426	1,655,417
Transportation services	1,622,624	1,581,667	1,394,373
Water supply and distribution	1,501,945	1,317,826	1,205,363
Waste management	1,036,353	1,248,504	1,257,950
Land use planning, zoning and development	391,205	516,654	503,659
Wastewater treatment and disposal	566,244	426,356	443,410
Fire	394,637	418,236	396,557
Council and other legislative	240,285	211,509	210,718
Cable television	250,798	198,675	223,805
Bylaws enforcement and emergency measures	194,183	161,798	164,223
Cemeteries	5,000	-	-
Amortization	-	2,256,580	2,248,563
	9,963,634	11,950,088	11,606,906
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE	923,023	(211,425)	(714,318)
OTHER REVENUE			
Government transfers for capital	7,996,534	3,065,728	897,148
Gain on disposal of tangible capital assets	-	30,058	-
	7,996,534	3,095,786	897,148
ANNUAL SURPLUS	8,919,557	2,884,361	182,830
ACCUMULATED SURPLUS, BEGINNING OF YEAR	43,899,757	43,899,757	43,716,927
ACCUMULATED SURPLUS, END OF YEAR	\$ 52,819,314	\$ 46,784,118	\$ 43,899,757

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, 2025**

	2025 (Budget) (Note 11)	2025 (Actual)	2024 (Actual)
ANNUAL SURPLUS	\$ 8,919,557	\$ 2,884,361	\$ 182,830
Acquisition of tangible capital assets	(8,846,534)	(3,609,938)	(1,130,155)
Amortization of tangible capital assets	-	2,256,580	-
Proceeds on disposal of tangible capital assets	-	36,952	-
Gain on disposal of tangible capital assets	-	(30,058)	-
	73,023	1,537,897	(947,325)
(Acquisition) use of prepaid expenses	-	(281,784)	85,266
INCREASE IN NET FINANCIAL ASSETS	73,023	1,256,113	(862,059)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	9,560,692	9,560,692	8,174,188
NET FINANCIAL ASSETS, END OF YEAR	\$ 9,633,715	\$ 10,816,805	\$ 7,312,129

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

CITY OF DAWSON**Statement of Cash Flows****For The Year Ended December 31, 2025**

	2025	2024
OPERATING ACTIVITIES		
Annual surplus	\$ 2,884,361	\$ 182,830
Non-cash items not included in annual surplus (deficit):		
Amortization of tangible capital assets	2,256,580	-
Gain on disposal of tangible capital assets	(30,058)	-
Accretion asset retirement obligations	34,641	32,904
	<u>5,145,524</u>	<u>215,734</u>
Changes in non-cash working capital balances related to operations:		
Receivables	(734,929)	984,678
Accounts payable and accrued liabilities	484,391	296,192
Deferred revenue	316,811	78,794
Prepaid expenses	(281,784)	85,266
	<u>(215,511)</u>	<u>1,444,930</u>
Cash flow from operating activities	<u>4,930,013</u>	<u>1,660,664</u>
CAPITAL AND INVESTING ACTIVITIES		
Proceeds on disposal of tangible capital assets	36,952	-
Purchase of tangible capital assets	(3,609,938)	(1,130,155)
Purchase of investments	(2,639,877)	(3,456,890)
Proceeds on sale of investments	3,456,890	4,094,905
Cash flow used by capital and investing activities	<u>(2,755,973)</u>	<u>(492,140)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	<u>2,174,040</u>	<u>1,168,524</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>4,585,352</u>	<u>1,168,265</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 6,759,392</u>	<u>\$ 2,336,789</u>

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

CITY OF DAWSON

Schedule of Changes in Accumulated Surplus

(Schedule 1)

For the Year Ended December 31, 2025

	Unrestricted surplus	Restricted surplus (Note 8)	Equity in tangible capital assets	2025	2024
ACCUMULATED SURPLUS - BEGINNING OF YEAR	\$ 2,849,042	\$ 6,750,094	\$ 34,300,621	\$ 43,899,757	\$ 43,716,927
Annual surplus	2,819,330	-	-	2,884,361	182,830
Tangible capital asset purchases	(3,283,021)	(326,917)	3,609,938	-	-
Amortization of tangible capital assets	-	-	-	-	-
Net book value of assets disposed	6,894	-	(6,894)	-	-
Net transfers	(831,872)	831,872	-	-	-
ACCUMULATED SURPLUS - END OF YEAR	\$ 1,560,373	\$ 7,255,049	\$ 37,903,665	\$ 46,784,118	\$ 43,899,757

CITY OF DAWSON
Schedule of Segmented Information
For the Year Ended December 31, 2025

(Schedule 2)

	General Administration	Parks and Recreation	Protective Services	Transportation Services	Utilities and Cable TV	All Other	Total
REVENUE							
Government transfers	\$ 889,544	\$ 1,091,952	\$ 300,373	\$ 758,711	\$ 1,041,220	\$ 223,354	\$ 4,305,154
Taxes and grants in lieu of taxes	833,929	1,191,328	416,965	833,930	555,953	138,988	3,971,093
Sales and user charges	71,633	293,556	9,380	-	2,622,330	1,616	2,998,515
All other	409,567	-	1,920	-	25,794	26,620	463,901
	<u>2,204,673</u>	<u>2,576,836</u>	<u>728,638</u>	<u>1,592,641</u>	<u>4,245,297</u>	<u>390,578</u>	<u>11,738,663</u>
EXPENSES							
Salaries, wages and benefits	619,934	923,875	314,158	839,151	1,358,718	417,857	4,473,693
Contracted and general services	461,079	145,331	175,146	295,457	1,098,088	307,682	2,482,783
Materials and supplies	168,604	189,933	60,221	346,655	280,999	2,625	1,049,037
Utilities	61,319	369,030	17,826	30,415	414,390	-	892,980
Insurance	361,903	-	7,244	-	-	-	369,147
Repairs and maintenance	42,588	204,717	5,438	69,989	4,525	-	327,257
Grants to individuals and organizations	-	63,970	-	-	-	-	63,970
Asset retirement obligations accretion	-	-	-	-	34,641	-	34,641
	<u>\$ 1,715,427</u>	<u>\$ 1,896,856</u>	<u>\$ 580,033</u>	<u>\$ 1,581,667</u>	<u>\$ 3,191,361</u>	<u>\$ 728,164</u>	<u>\$ 9,693,508</u>
NET REVENUE (DEFICIT) BEFORE AMORTIZATION							
	489,246	679,980	148,605	10,974	1,053,936	(337,586)	2,045,155
Amortization	<u>156,477</u>	<u>891,186</u>	<u>26,628</u>	<u>280,781</u>	<u>901,508</u>	<u>-</u>	<u>2,256,580</u>
NET REVENUE (DEFICIT)	<u>\$ 332,769</u>	<u>\$ (211,206)</u>	<u>\$ 121,977</u>	<u>\$ (269,807)</u>	<u>\$ 152,428</u>	<u>\$ (337,586)</u>	<u>\$ (211,425)</u>

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

CITY OF DAWSON
Schedule of Segmented Information
For the Year Ended December 31, 2024
(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	\$ 812,320	\$ 1,160,458	\$ 406,160	\$ 812,320	\$ 541,547	\$ 135,387	\$ 3,868,192
Government transfers	793,689	1,067,665	269,246	680,087	461,398	246,885	3,518,970
Sales and user charges	76,955	287,550	16,808	-	2,699,064	1,325	3,081,702
All other	380,214	-	1,005	-	25,231	17,275	423,725
	<u>2,063,178</u>	<u>2,515,673</u>	<u>693,219</u>	<u>1,492,407</u>	<u>3,727,240</u>	<u>400,872</u>	<u>10,892,589</u>
EXPENSES							
Salaries, wages and benefits	\$ 714,844	\$ 920,632	\$ 326,644	\$ 622,897	\$ 1,302,442	\$ 436,554	\$ 4,324,013
Contracted and general services	367,148	101,154	128,287	349,323	1,170,949	275,433	2,392,294
Materials and supplies	162,392	204,610	86,129	375,206	270,014	2,391	1,100,742
Utilities	37,062	303,099	15,239	40,741	352,750	-	748,891
Insurance	356,544	-	1,866	-	-	-	358,410
Repairs and maintenance	17,427	291,513	2,615	6,206	1,469	-	319,230
Grants to individuals and organizations	-	81,860	-	-	-	-	81,860
Asset retirement accretion	-	-	-	-	32,904	-	32,904
	<u>1,655,417</u>	<u>1,902,868</u>	<u>560,780</u>	<u>1,394,373</u>	<u>3,130,528</u>	<u>714,378</u>	<u>9,358,344</u>
NET REVENUE (DEFICIT) BEFORE AMORTIZATION	407,761	612,805	132,439	98,034	596,712	(313,506)	1,534,245
Amortization	108,450	896,190	29,247	268,957	945,719	-	2,248,563
NET REVENUE (DEFICIT)	<u>\$ 299,311</u>	<u>\$ (283,385)</u>	<u>\$ 103,192</u>	<u>\$ (170,923)</u>	<u>\$ (349,007)</u>	<u>\$ (313,506)</u>	<u>\$ (714,318)</u>

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

CITY OF DAWSON
Notes to Financial Statements
Year Ended December 31, 2025

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.

(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, asset retirement obligations and provisions made for allowances for amounts receivable or any provision for impairment.

(d) Valuation of Financial Assets and Liabilities

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

Cash and cash equivalents	Cost and amortized cost
Accounts receivables	Lower of cost or net recoverable value
Investments	Amortized cost
Accounts payable and accrued liabilities	Cost
Asset retirement obligations	Present value

(e) 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 90 days or less at acquisition.

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1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) 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 and sidewalks are recorded as physical assets under the respective function.

(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 unrecognised tangible capital assets and those not in productive use are expensed.

(h) 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.

(i) 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.

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CITY OF DAWSON
Notes to Financial Statements
Year Ended December 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(j) 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 in the year of purchase.

(k) 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.

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectable from property owners for work performed by the municipality and are recognized as revenue in the year in which the local improvement project is completed.

(l) 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 for the year.

(m) 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.

CITY OF DAWSON**Notes to Financial Statements****Year Ended December 31, 2025****2. INVESTMENTS**

Investments consist of Guaranteed Investment Certificates bearing interest at rates ranging from 2.00% to 3.25% (2024 - 2.50% to 3.65%) and maturing between April 2026 and June 2030 (2024 - April and November 2025).

3. RECEIVABLES

	2025	2024
Receivable from other governments	\$ 4,023,876	\$ 3,212,127
Goods and Services Tax	262,924	173,063
Trade and other receivable	238,023	296,484
Taxes and grants in place of taxes	128,718	236,938
	<u>\$ 4,653,541</u>	<u>\$ 3,918,612</u>

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2025	2024
Trade accounts payable and accrued liabilities	\$ 1,541,747	\$ 1,113,818
Accrued vacation, overtime and sick time	401,143	344,681
	<u>\$ 1,942,890</u>	<u>\$ 1,458,499</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.

5. DEFERRED REVENUE

	2024	Funds Received	Funds Utilized	2025
Housing Accelerator Fund	\$ 92,957	\$ 299,307	\$ (117,921)	\$ 274,343
Parks Canada grant	99,997	-	-	99,997
Canada Community Building Fund	-	76,835	-	76,835
Lottery grants	45,978	45,978	(45,978)	45,978
Other	118	37,010	(118)	37,010
Prepaid utilities	28,433	34,693	(28,433)	34,693
Prepaid taxes	13,595	15,405	(13,595)	15,405
Heritage Management Plan	-	40,000	(26,372)	13,628
Association of Yukon Communities				
- public waste management	4,500	-	-	4,500
	<u>\$ 285,578</u>	<u>\$ 549,228</u>	<u>\$ (232,417)</u>	<u>\$ 602,389</u>

CITY OF DAWSON**Notes to Financial Statements****Year Ended December 31, 2025**

6. ASSET RETIREMENT OBLIGATIONS

The City operates a landfill on land owned by the Yukon Government and is legally required to contribute 50% of closure and post-closure costs 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 and post-closure costs expected to occur in year 2067 total \$2,824,752. The City's estimated portion of the total liability is based on the sum of discounted future cash flows for closure and post-closure activities using a discount rate of 5.28% and assuming annual inflation of 3.50%. The City has not designated any assets for settling these closure and post-closure liabilities.

	<u>2025</u>	<u>2024</u>
Balance, beginning of the year	\$ 656,085	\$ 623,181
Accretion expense	<u>34,641</u>	<u>32,904</u>
	<u>\$ 690,726</u>	<u>\$ 656,085</u>

CITY OF DAWSON
Notes to Financial Statements
Year Ended December 31, 2025

7. TANGIBLE CAPITAL ASSETS

	2025 Net Book Value	2024 Net Book Value
Engineered structures		
Water and wastewater	\$ 16,573,160	\$ 17,359,638
Roads	431,161	452,720
Other	294,872	367,745
Cable television	71,997	92,389
	17,371,190	18,272,492
Buildings	7,467,652	8,451,473
Work in progress	6,185,579	3,031,439
Land	1,822,450	1,822,450
Machinery, equipment, and furnishings	1,587,353	1,469,479
Land improvements	1,212,861	1,253,288
	\$ 35,647,085	\$ 34,300,621

	Cost Beginning of Year	Additions	Disposals	Transfers	Cost End of Year
Engineered structures					
Cable television	\$ 1,615,018	\$ -	\$ -	\$ -	\$ 1,615,018
Water and wastewater	27,970,980	-	-	-	27,970,980
Other	1,574,076	-	-	-	1,574,076
Roads	646,742	-	-	-	646,742
	31,806,816	-	-	-	31,806,816
Buildings	25,606,901	18,765	-	-	25,625,666
Machinery, equipment, and furnishings	4,708,894	297,274	(48,260)	84,109	5,042,017
Land	1,822,450	-	-	-	1,822,450
Land improvements	2,306,885	55,650	-	-	2,362,535
Work in progress	3,031,439	3,238,249	-	(84,109)	6,185,579
	\$ 69,283,385	\$ 3,609,938	\$ (48,260)	\$ -	\$ 72,845,063

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Transfers	Accumulated Amortization End of Year
Engineered structures					
Cable television	\$ 1,522,629	\$ 20,390	\$ -	\$ -	\$ 1,543,019
Water and wastewater	10,611,342	786,478	-	-	11,397,820
Other	1,206,331	72,873	-	-	1,279,204
Roads	194,022	21,558	-	-	215,580
	13,534,324	901,299	-	-	14,435,623
Buildings	17,155,428	1,002,585	-	-	18,158,013
Machinery, equipment, and furnishings	3,239,415	256,618	(41,366)	-	3,454,667
Land improvements	1,053,597	96,078	-	-	1,149,675
	\$ 34,982,764	\$ 2,256,580	\$ (41,366)	\$ -	\$ 37,197,978

CITY OF DAWSON
Notes to Financial Statements
Year Ended December 31, 2025

8. RESERVES

	<u>2025</u>	<u>2024</u>
Facility	\$ 3,216,431	\$ 2,633,099
Water and sewer services	1,197,382	1,182,578
Equipment replacement	645,050	952,393
Contingency	579,326	567,660
Road maintenance	364,569	357,227
Green initiatives	263,053	129,559
Waste management	251,873	246,801
Land development	225,207	241,155
Load capacity	196,477	192,232
Heritage	196,183	192,520
Parking	54,668	40,339
Development incentive	50,000	-
Cable	14,830	14,531
	<u>\$ 7,255,049</u>	<u>\$ 6,750,094</u>

9. FINANCIAL INSTRUMENTS

The City is exposed to the following risks in respect of its financial instruments at December 31, 2025.

Credit risk

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.

Liquidity risk

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

Interest rate risk

Interest rate risk is the risk that the City's annual surplus will be affected by the fluctuation and degree of volatility in interest rates. Interest rate risk arises when the City invests in interest-bearing financial instruments

10. 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).

CITY OF DAWSON

Notes to Financial Statements

Year Ended December 31, 2025

11. BUDGET

The budget figures presented in these financial statements are based upon the 2025 operating and capital budgets approved by Council on March 18, 2025.

The 2025 budget, prepared by the City, reflects all municipal activities including capital projects and reserves for future use. The reconciliation below is provided to encompass these items and is provided for information purposes only.

	2025 (Budget)	2025 (Actual)
Annual surplus	\$ 8,919,557	\$ 2,884,361
Add:		
Amortization expense	-	2,256,580
Transfers from reserves	10,000	326,917
Use of unrestricted surplus	695,999	-
	<u>705,999</u>	<u>2,583,497</u>
Deduct:		
Transfers to reserves	(776,949)	(831,872)
Acquisition of tangible capital assets	(8,846,534)	(3,609,938)
	<u>(9,623,483)</u>	<u>(4,441,810)</u>
	\$ 2,073	\$ (1,858,312)

12. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and management.
