

CITY OF DAWSON
Financial Statements
For The Year Ended December 31, 2020

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.



Cory Bellmore
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, 2020, 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, 2020, 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

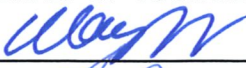
Chartered Professional Accountants

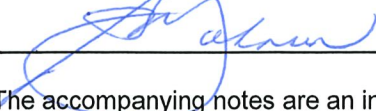
Edmonton, Alberta
June 29, 2021

CITY OF DAWSON
Statement of Financial Position
As At December 31, 2020

| | 2020 | 2019 |
|--|----------------------|----------------------|
| FINANCIAL ASSETS | | |
| Cash and cash equivalents <i>(Note 2)</i> | \$ 8,355,632 | \$ 6,555,654 |
| Receivables <i>(Note 3)</i> | 909,097 | 1,208,930 |
| | <u>9,264,729</u> | <u>7,764,584</u> |
| LIABILITIES | | |
| Accounts payable and accrued liabilities <i>(Note 4)</i> | 1,310,986 | 647,880 |
| Deferred revenue <i>(Note 5)</i> | 228,852 | 193,422 |
| Obligations under capital lease <i>(Note 6)</i> | 12,947 | 34,268 |
| | <u>1,552,785</u> | <u>875,570</u> |
| NET FINANCIAL ASSETS | <u>7,711,944</u> | 6,889,014 |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets <i>(Note 7)</i> | 35,858,913 | 37,773,910 |
| Inventory for consumption | 21,058 | 33,021 |
| Prepaid expenses | 35,202 | 72,920 |
| | <u>35,915,173</u> | <u>37,879,851</u> |
| ACCUMULATED SURPLUS <i>(Note 8)</i> | <u>\$ 43,627,117</u> | <u>\$ 44,768,865</u> |
| Contingencies <i>(Note 10)</i> | | |

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, 2020

| | 2020 (Budget) (Note 13) | 2020 (Actual) | 2019 (Actual) |
|---|-------------------------------|----------------------|----------------------|
| REVENUE | | | |
| Taxes and grants in lieu of taxes | \$ 3,109,681 | \$ 3,209,709 | \$ 3,048,257 |
| Government transfers for operating | 2,610,921 | 2,994,126 | 2,518,316 |
| Sales and user charges | 2,382,259 | 2,271,560 | 2,410,351 |
| Return on investments | 37,000 | 64,746 | 85,310 |
| Licenses and permits | 52,221 | 61,340 | 63,352 |
| Other | 10,200 | 9,419 | 8,287 |
| Penalties and costs on taxes | 15,750 | 5,895 | 18,829 |
| Fines | 3,000 | 1,435 | 1,065 |
| | <u>8,221,032</u> | <u>8,618,230</u> | <u>8,153,767</u> |
| EXPENSES | | | |
| General administration | 1,524,000 | 1,508,158 | 1,089,053 |
| Parks and recreation | 1,736,871 | 1,436,017 | 1,648,207 |
| Transportation services | 1,261,825 | 1,361,090 | 1,105,514 |
| Water supply and distribution | 1,160,435 | 1,290,470 | 975,404 |
| Waste management | 779,493 | 678,272 | 644,749 |
| Wastewater treatment and disposal | 561,380 | 420,930 | 538,155 |
| Fire | 382,409 | 294,700 | 350,692 |
| Cable television | 261,644 | 251,389 | 315,088 |
| Land use planning, zoning and development | 299,532 | 172,644 | 223,858 |
| Council and other legislative | 179,369 | 146,139 | 148,612 |
| Bylaws enforcement and emergency measures | 167,584 | 144,060 | 124,103 |
| Cemeteries | 15,000 | - | 639 |
| Amortization | - | 2,074,316 | 1,413,079 |
| | <u>8,329,542</u> | <u>9,778,185</u> | <u>8,577,153</u> |
| ANNUAL DEFICIT BEFORE OTHER REVENUE | <u>(108,510)</u> | <u>(1,159,955)</u> | <u>(423,386)</u> |
| OTHER REVENUE | | | |
| Government transfers for capital | 8,166,000 | 32,567 | 18,921,478 |
| Other | - | - | 9,578 |
| Gain (loss) on disposal of tangible capital assets | - | (14,360) | (524,829) |
| | <u>8,166,000</u> | <u>18,207</u> | <u>18,406,227</u> |
| ANNUAL (DEFICIT) SURPLUS | 8,057,490 | (1,141,748) | 17,982,841 |
| ACCUMULATED SURPLUS, BEGINNING OF YEAR | 44,768,865 | 44,768,865 | 26,786,024 |
| ACCUMULATED SURPLUS, END OF YEAR (Note 8) | <u>\$ 52,826,355</u> | <u>\$ 43,627,117</u> | <u>\$ 44,768,865</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, 2020

| | 2020 (Budget) (Note 13) | 2020 (Actual) | 2019 (Actual) |
|--|-------------------------------|----------------------------|---------------------|
| ANNUAL (DEFICIT) SURPLUS | \$ 8,057,490 | \$ (1,141,748) | \$ 17,982,841 |
| Acquisition of tangible capital assets | (8,869,410) | (173,679) | (19,082,668) |
| Amortization of tangible capital assets | - | 2,074,316 | 1,413,079 |
| Loss (gain) on disposal of tangible capital assets | - | 14,360 | 524,829 |
| | <u>(811,920)</u> | <u>773,249</u> | <u>838,081</u> |
| (Acquisition) use of inventory for consumption | - | 11,963 | 48,713 |
| (Acquisition) use of prepaid expenses | - | 37,718 | (70,943) |
| INCREASE (DECREASE) IN NET FINANCIAL ASSETS | <u>(811,920)</u> | <u>822,930</u> | <u>815,851</u> |
| NET FINANCIAL ASSETS, BEGINNING OF YEAR | <u>6,889,014</u> | <u>6,889,014</u> | <u>6,073,163</u> |
| NET FINANCIAL ASSETS, END OF YEAR | <u>\$ 6,077,094</u> | <u>\$ 7,711,944</u> | <u>\$ 6,889,014</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, 2020

| | 2020 | 2019 |
|---|---------------------|---------------------|
| OPERATING ACTIVITIES | | |
| Annual (deficit) surplus | \$ (1,141,748) | \$ 17,982,841 |
| Non-cash items not included in annual surplus (deficit): | | |
| Amortization of tangible capital assets | 2,074,316 | 1,413,079 |
| Loss (gain) on disposal of tangible capital assets | 14,360 | 524,829 |
| | <u>946,928</u> | <u>19,920,749</u> |
| Changes in non-cash working capital balances related to operations: | | |
| Receivables | 299,833 | 194,695 |
| Accounts payable and accrued liabilities | 663,106 | (202,121) |
| Deferred revenue | 35,430 | 93,893 |
| Inventory for consumption | 11,963 | 48,713 |
| Prepaid expenses | 37,718 | (70,943) |
| | <u>1,048,050</u> | <u>64,237</u> |
| Cash flow from operating activities | <u>1,994,978</u> | <u>19,984,986</u> |
| CAPITAL ACTIVITIES | | |
| Purchase of tangible capital assets | <u>(173,679)</u> | <u>(19,082,668)</u> |
| FINANCING ACTIVITIES | | |
| Repayment of obligations under capital lease | <u>(21,321)</u> | <u>(20,283)</u> |
| CHANGE IN CASH AND CASH EQUIVALENTS | 1,799,978 | 882,035 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>6,555,654</u> | <u>5,673,619</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR (Note 2) | <u>\$ 8,355,632</u> | <u>\$ 6,555,654</u> |

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

CITY OF DAWSON**Schedule of Equity in Tangible Capital Assets****(Schedule 1)****For the Year Ended December 31, 2020**

| | 2020 | 2019 |
|--|----------------------|---------------|
| BALANCE, BEGINNING OF YEAR | \$ 37,739,642 | \$ 20,574,599 |
| Acquisition of tangible capital assets | 173,679 | 19,082,668 |
| Amortization of tangible capital assets | (2,074,316) | (1,413,079) |
| Repayment of obligations under capital lease | 21,321 | 20,283 |
| Net book value of disposed tangible capital assets | (14,360) | (524,829) |
| BALANCE, END OF YEAR | \$ 35,845,966 | \$ 37,739,642 |
| Equity in tangible capital assets is comprised of the following: | | |
| Tangible capital assets (net book value) | \$ 35,858,913 | \$ 37,773,910 |
| Obligations under capital lease | (12,947) | (34,268) |
| | \$ 35,845,966 | \$ 37,739,642 |

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

CITY OF DAWSON
Schedule of Segmented Information
For the Year Ended December 31, 2020

(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 | \$ 674,039 | \$ 962,913 | \$ 337,019 | \$ 674,039 | \$ 449,359 | \$ 112,340 | \$ 3,209,709 |
| Government transfers | 909,669 | 790,345 | 270,019 | 555,744 | 410,437 | 57,912 | 2,994,126 |
| Sales and user charges | 60,405 | 82,644 | 23,700 | - | 2,102,089 | 2,722 | 2,271,560 |
| All other | 135,505 | - | 1,435 | - | - | 5,895 | 142,835 |
| | <u>1,779,618</u> | <u>1,835,902</u> | <u>632,173</u> | <u>1,229,783</u> | <u>2,961,885</u> | <u>178,869</u> | <u>8,618,230</u> |
| EXPENSES | | | | | | | |
| Salaries, wages and benefits | 534,094 | 756,968 | 328,184 | 667,233 | 917,898 | 300,736 | 3,505,113 |
| Contracted and general services | 425,567 | 70,426 | 38,568 | 390,299 | 1,132,022 | 3,159 | 2,060,041 |
| Materials and supplies | 282,048 | 132,739 | 55,751 | 271,854 | 157,929 | 14,781 | 915,102 |
| Utilities | 30,687 | 240,581 | 13,492 | 24,367 | 431,221 | - | 740,348 |
| Repairs and maintenance | 13,444 | 195,378 | 1,420 | 7,337 | 9,505 | - | 227,084 |
| Insurance | 222,318 | - | - | - | (7,514) | 107 | 214,911 |
| Grants to individuals and organizations | - | 39,925 | - | - | - | - | 39,925 |
| Interest on capital lease and long-term debt | - | - | 1,345 | - | - | - | 1,345 |
| | <u>\$ 1,508,158</u> | <u>\$ 1,436,017</u> | <u>\$ 438,760</u> | <u>\$ 1,361,090</u> | <u>\$ 2,641,061</u> | <u>\$ 318,783</u> | <u>\$ 7,703,869</u> |
| NET REVENUE (DEFICIT) BEFORE AMORTIZATION | | | | | | | |
| | 271,460 | 399,885 | 193,413 | (131,307) | 320,824 | (139,914) | 914,361 |
| Amortization | 110,657 | 854,334 | 84,499 | 82,001 | 942,825 | - | 2,074,316 |
| NET REVENUE (DEFICIT) | <u>\$ 160,803</u> | <u>\$ (454,449)</u> | <u>\$ 108,914</u> | <u>\$ (213,308)</u> | <u>\$ (622,001)</u> | <u>\$ (139,914)</u> | <u>\$ (1,159,955)</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, 2019

(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 | \$ 640,134 | \$ 914,477 | \$ 320,067 | \$ 640,134 | \$ 426,756 | \$ 106,689 | \$ 3,048,257 |
| Government transfers | 530,215 | 769,648 | 259,912 | 530,215 | 336,258 | 92,068 | 2,518,316 |
| Sales and user charges | 52,493 | 229,044 | 20,270 | 9,450 | 2,097,894 | 1,200 | 2,410,351 |
| All other | 156,949 | - | 1,065 | - | 522 | 18,307 | 176,843 |
| | <u>1,379,791</u> | <u>1,913,169</u> | <u>601,314</u> | <u>1,179,799</u> | <u>2,861,430</u> | <u>218,264</u> | <u>8,153,767</u> |
| EXPENSES | | | | | | | |
| Salaries, wages and benefits | \$ 488,635 | \$ 812,563 | \$ 293,642 | \$ 469,812 | \$ 851,340 | \$ 351,908 | \$ 3,267,900 |
| Contracted and general services | 316,062 | 122,529 | 59,173 | 346,661 | 1,179,877 | 7,567 | 2,031,869 |
| Materials and supplies | 118,917 | 125,315 | 60,275 | 254,041 | 117,007 | 12,787 | 688,342 |
| Utilities | 24,976 | 291,327 | 14,322 | 20,805 | 232,451 | - | 583,881 |
| Repairs and maintenance | 101,353 | 187,597 | 5,877 | 8,403 | 61,621 | - | 364,851 |
| Insurance | 39,110 | 58,284 | 39,239 | 5,792 | 31,100 | 847 | 174,372 |
| Grants to individuals and organizations | - | 49,779 | - | - | - | - | 49,779 |
| Interest on capital lease and long-term debt | - | 813 | 2,267 | - | - | - | 3,080 |
| | <u>1,089,053</u> | <u>1,648,207</u> | <u>474,795</u> | <u>1,105,514</u> | <u>2,473,396</u> | <u>373,109</u> | <u>7,164,074</u> |
| NET REVENUE (DEFICIT) BEFORE AMORTIZATION | 290,738 | 264,962 | 126,519 | 74,285 | 388,034 | (154,845) | 989,693 |
| Amortization | 114,459 | 812,364 | 83,804 | 106,092 | 296,360 | - | 1,413,079 |
| NET REVENUE (DEFICIT) | <u>\$ 176,279</u> | <u>\$ (547,402)</u> | <u>\$ 42,715</u> | <u>\$ (31,807)</u> | <u>\$ 91,674</u> | <u>\$ (154,845)</u> | <u>\$ (423,386)</u> |

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

CITY OF DAWSON
Notes to Financial Statements
Year Ended December 31, 2020

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 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.

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

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CITY OF DAWSON
Notes to Financial Statements
Year Ended December 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 in the year of purchase.

(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.

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.

(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, 2020

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.

(k) New Accounting Standards not yet Adopted

Effective for fiscal years beginning on or after April 1, 2022, PS 3280 Asset Retirement Obligations provides guidance on how to account for and report liabilities for retirement of tangible capital assets.

Effective for fiscal years beginning on or after April 1, 2023, PS 3400 Revenue provides guidance on how to account for and report revenue, and specifically, it addresses revenue arising from exchange transactions and unilateral transactions

2. CASH AND CASH EQUIVALENTS

| | <u>2020</u> | <u>2019</u> |
|--------------------------------------|---------------------|---------------------|
| Bank accounts and petty cash on hand | \$ 3,242,763 | \$ 2,246,983 |
| Guaranteed Investment Certificates | 5,112,869 | 4,308,671 |
| | <u>\$ 8,355,632</u> | <u>\$ 6,555,654</u> |

Guaranteed Investment Certificates bear interest at rates ranging from 0.25% to 1.25% and maturing between April and November 2021.

3. RECEIVABLES

| | <u>2020</u> | <u>2019</u> |
|---------------------------------------|-------------------|---------------------|
| Receivable from other governments | \$ 566,103 | \$ 741,450 |
| Trade and other | 259,968 | 358,619 |
| Goods and Services Tax | 47,711 | 44,296 |
| Taxes and grants in place of taxes | 36,403 | 65,653 |
| | <u>910,185</u> | <u>1,210,018</u> |
| Less: allowance for doubtful accounts | <u>(1,088)</u> | <u>(1,088)</u> |
| | <u>\$ 909,097</u> | <u>\$ 1,208,930</u> |

CITY OF DAWSON
Notes to Financial Statements
Year Ended December 31, 2020

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | <u>2020</u> | <u>2019</u> |
|--|---------------------|-------------------|
| Trade accounts payable and accrued liabilities | \$ 865,272 | \$ 305,355 |
| Accrued vacation, overtime and sick time | <u>445,714</u> | <u>342,525</u> |
| | \$ 1,310,986 | \$ 647,880 |

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

| | <u>2019</u> | <u>Funds Received</u> | <u>Funds Utilized</u> | <u>2020</u> |
|--------------------|-------------------|-----------------------|-----------------------|-------------------|
| Parks Canada grant | \$ 99,997 | \$ - | \$ - | \$ 99,997 |
| Prepaid utilities | 73,512 | 47,860 | (37,526) | 83,846 |
| Lottery grants | 10,431 | 43,051 | (32,459) | 21,023 |
| Federal Gas Tax | - | 55,000 | (41,044) | 13,956 |
| Prepaid taxes | 9,492 | 7,439 | (9,492) | 7,440 |
| Other | - | 2,590 | - | 2,590 |
| | <u>\$ 193,432</u> | <u>\$ 155,940</u> | <u>\$ (120,521)</u> | <u>\$ 228,852</u> |

6. OBLIGATIONS UNDER CAPITAL LEASE

| | <u>2020</u> | <u>2019</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. | <u>\$ 12,947</u> | <u>\$ 34,268</u> |

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

| | |
|------------------------------------|------------------|
| 2021 | \$ 13,164 |
| Less amount representing interest: | <u>(217)</u> |
| | <u>\$ 12,947</u> |

CITY OF DAWSON
Notes to Financial Statements
Year Ended December 31, 2020

7. TANGIBLE CAPITAL ASSETS

| | 2020 Net Book Value | 2019 Net Book Value |
|---------------------------------------|---------------------------|---------------------------|
| Engineered structures | | |
| Water and wastewater | \$ 20,505,554 | \$ 21,292,031 |
| Other | 659,237 | 732,110 |
| Cable television | 269,775 | 331,481 |
| Roads | 538,952 | 560,510 |
| | 21,973,518 | 22,916,132 |
| Buildings | 9,132,951 | 10,007,452 |
| Land | 1,630,285 | 1,630,285 |
| Land improvements | 1,178,178 | 1,208,738 |
| Work in progress | 1,130,152 | 1,057,780 |
| Machinery, equipment, and furnishings | 813,829 | 953,525 |
| | \$ 35,858,913 | \$ 37,773,910 |

Machinery, equipment, and furnishings cost includes \$235,413 (2019 - \$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 | 27,970,980 | - | - | - | 27,970,980 |
| Other | 1,574,076 | - | - | - | 1,574,076 |
| Roads | 646,742 | - | - | - | 646,742 |
| | 31,734,480 | - | - | - | 31,734,480 |
| Buildings | 22,760,946 | - | - | - | 22,760,946 |
| Machinery, equipment, and furnishings | 3,324,344 | 58,322 | (35,900) | - | 3,346,766 |
| Land | 1,630,285 | - | - | - | 1,630,285 |
| Land improvements | 1,856,153 | 42,984 | - | - | 1,899,137 |
| Work in progress | 1,057,779 | 72,373 | - | - | 1,130,152 |
| | \$ 62,363,987 | \$ 173,679 | \$ (35,900) | \$ - | \$ 62,501,766 |

| | Accumulated Amortization Beginning of Year | Current Amortization | Disposals | Transfers | Accumulated Amortization End of Year |
|--|---|-------------------------|--------------------|-------------|---|
| Engineered structures | | | | | |
| Cable television | \$ 1,211,200 | \$ 61,707 | \$ - | \$ - | \$ 1,272,907 |
| Water and wastewater | 6,678,947 | 786,479 | - | - | 7,465,426 |
| Other | 841,966 | 72,873 | - | - | 914,839 |
| Roads | 86,232 | 21,558 | - | - | 107,790 |
| | 8,818,345 | 942,617 | - | - | 9,760,962 |
| Buildings | 12,753,493 | 874,502 | - | - | 13,627,995 |
| Machinery, equipment, and furnishings | 2,370,822 | 183,655 | (21,540) | - | 2,532,937 |
| Land improvements | 647,417 | 73,542 | - | - | 720,959 |
| | \$ 24,590,077 | \$ 2,074,316 | \$ (21,540) | \$ - | \$ 26,642,853 |

CITY OF DAWSON
Notes to Financial Statements
Year Ended December 31, 2020

8. ACCUMULATED SURPLUS

| | <u>2020</u> | <u>2019</u> |
|--|----------------------|----------------------|
| Unrestricted surplus | \$ 2,709,443 | \$ 2,351,785 |
| Restricted surplus: | | |
| Reserves (Note 9) | 5,071,708 | 4,677,438 |
| Equity in tangible capital assets (Schedule 1) | <u>35,845,966</u> | <u>37,739,642</u> |
| | <u>\$ 43,627,117</u> | <u>\$ 44,768,865</u> |

9. RESERVES

| | <u>2020</u> | <u>2019</u> |
|--------------------------------------|---------------------|---------------------|
| Recreation - facility | \$ 1,393,252 | \$ 1,223,844 |
| Sewer services | 767,424 | 757,717 |
| Administration | 546,250 | 462,417 |
| Water services | 344,560 | 340,202 |
| Equipment replacement | 286,572 | 266,931 |
| Load capacity | 205,004 | 202,411 |
| Heritage | 180,057 | 177,779 |
| Road maintenance | 175,477 | 173,257 |
| Waste management | 174,593 | 172,384 |
| Protective services | 162,868 | 101,567 |
| Road replacement | 159,125 | 157,112 |
| Recreation - capital | 130,571 | 121,992 |
| Cable | 122,526 | 120,976 |
| Future land development | 115,571 | 114,110 |
| Administration equipment replacement | 104,243 | 96,151 |
| Recreation - operating | 103,503 | 102,194 |
| Council equipment replacement | 32,600 | 32,188 |
| Parking | 28,231 | 27,874 |
| Downtown Revitalization | 26,669 | 26,332 |
| Green initiatives | <u>12,612</u> | <u>-</u> |
| | <u>\$ 5,071,708</u> | <u>\$ 4,677,438</u> |

10. CONTINGENCIES

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
Year Ended December 31, 2020

11. 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.

12. 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, 2020

13. BUDGET

The budget figures presented in these financial statements are based upon the 2020 operating and capital budgets approved by Council on April 29, 2020.

The 2020 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.

| | 2020 (Budget) | 2020 (Actual) | 2019 (Actual) |
|---|--------------------|-------------------|---------------------|
| Annual surplus | \$ 8,057,490 | \$ (1,141,748) | \$ 17,982,841 |
| Add: | | | |
| Amortization expense | - | 2,074,316 | 1,413,079 |
| Transfers from reserves | 1,338,330 | 140,798 | 136,438 |
| | <u>1,338,330</u> | <u>2,215,114</u> | <u>1,549,517</u> |
| Deduct: | | | |
| Transfers to reserves | (526,410) | (536,813) | (626,493) |
| Acquisition of tangible capital assets | (8,869,410) | (173,679) | (19,082,668) |
| Obligations under capital lease repayment | - | (21,321) | (20,283) |
| | <u>(9,395,820)</u> | <u>(731,813)</u> | <u>(19,729,444)</u> |
| | <u>\$ -</u> | <u>\$ 341,553</u> | <u>\$ (197,086)</u> |

14. UNCERTAINTY DUE TO COVID 19

On March 11, 2020, the World Health Organization declared a global pandemic which has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused significant disruptions to businesses, governments, and other organizations resulting in an economic slow-down and increased volatility. Governments have responded with significant monetary and fiscal interventions designed to stabilize economic conditions.

While COVID-19 has not significantly impacted the City's operations or financial condition to date, the rapidly evolving event, including health and safety conditions, economic environment and resulting government measures, creates a high level of uncertainty and risk that may have a financial impact on the City's activities, operations and financial condition in the future.

15. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

16. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and management.
