

CITY OF DAWSON
Financial Statements
For The Year Ended December 31, 2015



INDEPENDENT AUDITORS' REPORT

To His Worship the Mayor and Members of Council of the City of Dawson

We have audited the accompanying financial statements of City of the Dawson, which comprise the statement of financial position as at December 31, 2015, and the statements of operations and accumulated surplus, changes in net financial assets (debt), and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the City of Dawson as at December 31, 2015 and the results of its operations, the changes in its net financial assets (debt), and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Hawkings Epp Dumont LLP

Edmonton, Alberta
June 28, 2016

Hawkings Epp Dumont LLP
Chartered Accountants

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Mayor and Members of Council of the City of Dawson
City of Dawson, Yukon

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.

Hawkings Epp Dumont LLP, Chartered Accountants, have been appointed by the City Council to express an opinion on the City's financial statements.

City of Dawson, Yukon
June 28, 2016

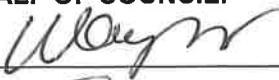

Andre Larabie
Chief Administrative Officer



Joanne Van Nostrand, CMA
Chief Financial Officer

CITY OF DAWSON
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015

	2015	2014
FINANCIAL ASSETS		
Cash and cash equivalents <i>(Note 2)</i>	\$ 4,468,337	\$ 4,661,983
Receivables <i>(Note 3)</i>	1,102,241	1,095,094
Land held for resale	-	134,559
	<u>5,570,578</u>	<u>5,891,636</u>
LIABILITIES		
Accounts payable and accrued liabilities <i>(Note 4)</i>	745,172	1,142,583
Deferred revenue	51,036	55,574
Obligation under capital lease <i>(Note 5)</i>	57,187	78,202
Long-term debt <i>(Note 6)</i>	1,032,139	1,081,701
	<u>1,885,534</u>	<u>2,358,060</u>
NET FINANCIAL ASSETS	<u>3,685,044</u>	<u>3,533,576</u>
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Note 7)</i>	17,553,542	14,557,654
Inventory for consumption	26,655	44,022
Prepaid expenses	44,893	13,876
	<u>17,625,090</u>	<u>14,615,552</u>
ACCUMULATED SURPLUS <i>(Note 8)</i>	<u>\$ 21,310,134</u>	<u>\$ 18,149,128</u>
Contingencies <i>(Note 10)</i>		

ON BEHALF OF COUNCIL:



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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, 2015

	2015 (Budget) (Note 15)	2015 (Actual)	2014 (Actual)
REVENUE			
Taxes and grants in lieu of taxes	\$ 2,740,759	\$ 2,735,786	\$ 2,681,690
Sales and user charges	1,876,000	2,422,801	1,928,698
Government transfers for operating	2,759,239	2,308,413	2,319,724
Other	1,445	79,999	31,868
Return on investments	40,000	41,098	47,293
Licenses and permits	41,250	37,729	39,650
Penalties and costs on taxes	15,000	22,716	26,331
Fines	4,000	2,400	2,935
	<u>7,477,693</u>	<u>7,650,942</u>	<u>7,078,189</u>
EXPENSES			
Parks and recreation	1,893,339	1,418,128	1,490,554
General administration	1,124,028	1,051,789	927,400
Water supply and distribution	1,079,551	888,868	963,040
Transportation services	836,905	829,051	746,213
Waste management	499,042	531,030	468,952
Wastewater treatment and disposal	480,107	454,680	347,300
Fire	385,300	406,255	342,297
Land use planning, zoning and development	495,038	380,620	121,069
Cable television	215,438	214,972	204,836
Council and other legislative	134,675	125,626	126,802
Bylaws enforcement and emergency measures	139,392	123,856	115,156
Cemeteries	19,500	14,505	9,277
Amortization	-	1,014,819	1,437,617
	<u>7,302,315</u>	<u>7,454,199</u>	<u>7,300,513</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE	<u>175,378</u>	<u>196,743</u>	<u>(222,324)</u>
OTHER REVENUE			
Government transfers for capital	-	1,823,263	1,254,736
Contributed tangible capital assets (Note 11)	-	1,122,319	550
Gain (loss) on disposal of tangible capital assets	-	18,681	-
	<u>-</u>	<u>2,964,263</u>	<u>1,255,286</u>
ANNUAL SURPLUS	175,378	3,161,006	1,032,962
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>18,149,128</u>	<u>18,149,128</u>	<u>17,116,166</u>
ACCUMULATED SURPLUS, END OF YEAR (NOTE 8)	<u>\$ 18,324,506</u>	<u>\$ 21,310,134</u>	<u>\$ 18,149,128</u>

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

CITY OF DAWSON
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (DEBT)
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015 (Budget) (Note 15)	2015 (Actual)	2014 (Actual)
ANNUAL SURPLUS	\$ 175,378	\$ 3,161,006	\$ 1,032,962
Acquisition of tangible capital assets	(8,375,500)	(4,042,803)	(1,348,039)
Amortization of tangible capital assets	-	1,014,819	1,437,617
Proceeds on disposal of tangible capital assets	-	50,777	-
Loss (gain) on disposal of tangible capital assets	-	(18,681)	-
Transfer to land held for resale	-	-	9,415
	<u>(8,200,122)</u>	<u>165,118</u>	<u>1,131,955</u>
(Acquisition) use of inventory for consumption	-	17,367	31,995
(Acquisition) use of prepaid expenses	-	(31,017)	2,705
	<u>(8,200,122)</u>	<u>151,468</u>	<u>1,166,655</u>
INCREASE IN NET FINANCIAL ASSETS			
	<u>(8,200,122)</u>	<u>151,468</u>	<u>1,166,655</u>
NET FINANCIAL ASSETS, BEGINNING OF YEAR	3,533,576	3,533,576	2,366,921
NET FINANCIAL ASSETS (DEBT), END OF YEAR	<u>\$ (4,666,546)</u>	<u>\$ 3,685,044</u>	<u>\$ 3,533,576</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, 2015

	2015	2014
OPERATING ACTIVITIES		
Annual surplus	\$ 3,161,006	\$ 1,032,962
Non-cash items not included in annual surplus (deficit):		
Amortization of tangible capital assets	1,014,819	1,437,617
Loss (gain) on disposal of tangible capital assets	(18,681)	-
Contributed tangible capital assets	(1,122,319)	(550)
	<u>3,034,825</u>	<u>2,470,029</u>
Changes in non-cash working capital balances related to operations:		
Receivables	(7,147)	(643,718)
Land held for resale	134,559	(54,310)
Accounts payable and accrued liabilities	(397,411)	135,385
Deferred revenue	(4,538)	19,236
Inventory for consumption	17,367	31,995
Prepaid expenses	(31,017)	2,705
	<u>(288,187)</u>	<u>(508,707)</u>
Cash flow from operating activities	<u>2,746,638</u>	<u>1,961,322</u>
CAPITAL ACTIVITIES		
Proceeds on disposal of tangible capital assets	50,777	-
Purchase of tangible capital assets	(2,920,484)	(1,347,489)
Transfer to land held for resale	-	9,415
	<u>(2,869,707)</u>	<u>(1,338,074)</u>
Cash flow used by capital activities	<u>(2,869,707)</u>	<u>(1,338,074)</u>
FINANCING ACTIVITIES		
Repayment of long term debt	(49,562)	(47,656)
Repayment of obligations under capital lease	(21,015)	(19,942)
	<u>(70,577)</u>	<u>(67,598)</u>
Cash flow used by financing activities	<u>(70,577)</u>	<u>(67,598)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(193,646)	555,650
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	4,661,983	4,106,333
CASH AND CASH EQUIVALENTS - END OF YEAR <i>(NOTE 2)</i>	\$ 4,468,337	\$ 4,661,983

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, 2015

	2015	2014
BALANCE, BEGINNING OF YEAR	\$ 13,397,751	\$ 13,429,146
Acquisition of tangible capital assets	3,850,865	1,348,039
Amortization of tangible capital assets	(1,014,819)	(1,437,617)
Repayment of capital long-term debt	49,562	47,656
Repayment of obligations under capital lease	21,015	19,942
Net book value of disposed tangible capital assets	(32,096)	-
Transfer to land held for resale	-	(9,415)
BALANCE, END OF YEAR	\$ 16,272,278	\$ 13,397,751
Equity in tangible capital assets is comprised of the following:		
Tangible Capital Assets (net book value)	\$ 17,361,604	\$ 14,557,654
Long-term debt	(1,032,139)	(1,081,701)
Obligation under capital lease	(57,187)	(78,202)
	\$ 16,272,278	\$ 13,397,751

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

**CITY OF DAWSON
SCHEDULE OF SEGMENTED INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2015**

(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	\$ 574,515	\$ 820,736	\$ 287,258	\$ 574,515	\$ 383,010	\$ 95,752	\$ 2,735,786
Sales and user charges	31,446	118,474	20,525	7,200	1,719,886	525,270	2,422,801
Government transfers	448,777	743,156	272,038	444,077	309,840	90,525	2,308,413
All other	158,826	-	2,400	-	12,033	10,683	183,942
	<u>1,213,564</u>	<u>1,682,366</u>	<u>582,221</u>	<u>1,025,792</u>	<u>2,424,769</u>	<u>722,230</u>	<u>7,650,942</u>
EXPENSES							
Salaries, wages and benefits	524,925	767,471	329,963	245,119	660,294	208,592	2,736,364
Contracted and general services	334,420	39,467	66,214	324,780	871,892	33,385	1,670,158
Materials and supplies	106,210	82,452	74,996	218,736	217,948	277,949	978,291
Utilities	27,907	237,816	11,183	20,253	212,892	-	510,051
Repairs and maintenance	98,523	160,652	11,955	15,207	32,540	-	318,877
Insurance	34,017	50,975	35,800	4,956	19,771	825	146,344
Interest on capital lease and long-term debt	-	42,442	-	-	-	-	42,442
Grants to individuals and organizations	-	36,853	-	-	-	-	36,853
	<u>\$ 1,126,002</u>	<u>\$ 1,418,128</u>	<u>\$ 530,111</u>	<u>\$ 829,051</u>	<u>\$ 2,015,337</u>	<u>\$ 520,751</u>	<u>\$ 6,439,380</u>
NET REVENUE (DEFICIT) BEFORE AMORTIZATION							
	87,562	264,238	52,110	196,741	409,432	201,479	1,211,562
Amortization	146,897	609,776	15,993	65,502	176,651	-	1,014,819
NET REVENUE (DEFICIT)	<u>\$ (59,335)</u>	<u>\$ (345,538)</u>	<u>\$ 36,117</u>	<u>\$ 131,239</u>	<u>\$ 232,781</u>	<u>\$ 201,479</u>	<u>\$ 196,743</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, 2014

(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	\$ 563,155	\$ 938,591	\$ 268,169	\$ 509,521	\$ 160,901	\$ 241,353	\$ 2,681,690
Government transfers	438,443	858,098	258,782	396,686	170,721	196,994	2,319,724
Sales and user charges	35,426	119,275	28,760	7,200	1,735,717	2,320	1,928,698
All other	118,811	-	2,935	-	12,555	13,776	148,077
	<u>1,155,835</u>	<u>1,915,964</u>	<u>558,646</u>	<u>913,407</u>	<u>2,079,894</u>	<u>454,443</u>	<u>7,078,189</u>
EXPENSES							
Salaries, wages and benefits	\$ 542,181	\$ 686,441	\$ 279,358	\$ 230,712	\$ 703,595	\$ 208,520	\$ 2,650,807
Contracted and general services	209,538	47,771	51,933	310,162	764,733	17,438	1,401,575
Utilities	32,981	283,920	13,104	24,664	287,474	-	642,143
Materials and supplies	112,047	114,601	67,084	169,026	138,260	30,425	631,443
Repairs and maintenance	10,631	228,424	12,702	6,803	60,646	-	319,206
Insurance	31,561	46,047	33,273	4,846	17,884	763	134,374
Interest on capital lease and long-term debt	-	44,380	-	-	-	-	44,380
Grants to individuals and organizations	-	38,968	-	-	-	-	38,968
	<u>938,939</u>	<u>1,490,552</u>	<u>457,454</u>	<u>746,213</u>	<u>1,972,592</u>	<u>257,146</u>	<u>5,862,896</u>
NET REVENUE (DEFICIT) BEFORE AMORTIZATION	216,896	425,412	101,192	167,194	107,302	197,297	1,215,293
Amortization	149,256	599,116	25,070	132,791	531,384	-	1,437,617
NET REVENUE (DEFICIT)	<u>\$ 67,640</u>	<u>\$ (173,704)</u>	<u>\$ 76,122</u>	<u>\$ 34,403</u>	<u>\$ (424,082)</u>	<u>\$ 197,297</u>	<u>\$ (222,324)</u>

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

CITY OF DAWSON
Notes to Financial Statements
For The Year Ended December 31, 2015

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 expenditures, 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.

Expenditures 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
For The Year Ended December 31, 2015

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 Government Act. Tax rates are established annually. Taxation revenues are recorded at the time tax billings are issued. Assessments are subject to appeal.

(i) 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.

CITY OF DAWSON
Notes to Financial Statements
For The Year Ended December 31, 2015

2. CASH AND CASH EQUIVALENTS

	2015	2014
Bank accounts and petty cash on hand	\$ 502,792	\$ 893,550
Guaranteed Investment Certificates	3,965,545	3,768,433
	\$ 4,468,337	\$ 4,661,983

Guaranteed Investment Certificates bear interest at rates ranging from 0.75% to 0.90% and maturing between April and October 2016.

3. RECEIVABLES

	2015	2014
Trade and other	\$ 978,120	\$ 1,034,126
Goods and Services Tax rebate	91,870	55,725
Taxes and grants in place of taxes	37,147	43,105
	1,107,137	1,132,956
Less: allowance for doubtful accounts	(4,896)	(37,862)
	\$ 1,102,241	\$ 1,095,094

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2015	2014
Trade accounts payable and accrued liabilities	\$ 442,441	\$ 801,032
Accrued vacation, overtime and sick time	285,538	323,533
Accrued interest on long-term debt	17,193	18,018
	\$ 745,172	\$ 1,142,583

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
For The Year Ended December 31, 2015

5. OBLIGATION UNDER CAPITAL LEASE

	2015	2014
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.	<u>\$ 57,187</u>	<u>\$ 78,202</u>

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

2016	\$ 24,619
2017	24,619
2018	11,758
Less amount representing interest at 5.25%:	<u>3,809</u>
	<u>\$ 57,187</u>

Total interest paid on the capital lease obligation in 2015 amounted to \$3,605 (2014 - \$4,677).

6. LONG-TERM DEBT

Debenture debt is repayable to the Government of Yukon and bears interest at 4.0% per annum maturing in 2030.

Principal and interest payments are due as follows:

	Principal	Interest	Total
2016	\$ 51,544	\$ 41,286	\$ 92,830
2017	53,606	39,224	92,830
2018	55,750	37,080	92,830
2019	57,980	34,850	92,830
2020	60,300	32,530	92,830
To maturity	<u>752,959</u>	<u>201,718</u>	<u>954,677</u>
	<u>\$ 1,032,139</u>	<u>\$ 386,688</u>	<u>\$ 1,418,827</u>

Total interest paid on long-term debt in 2015 amounted to \$43,268 (2014 - \$45,174).

CITY OF DAWSON
Notes to Financial Statements
For The Year Ended December 31, 2015

7. TANGIBLE CAPITAL ASSETS

	2015 Net Book Value	2014 Net Book Value
Engineered structures		
Water and wastewater	\$ 1,561,231	\$ 933,572
Other	1,057,862	1,142,156
Cable television	578,310	640,017
Roads	646,742	-
	3,844,145	2,715,745
Buildings	7,299,256	7,957,914
Work in progress	3,553,071	1,300,760
Land	1,267,247	1,285,021
Machinery, equipment, and furnishings	981,877	673,778
Land improvements	607,946	624,436
	\$ 17,553,542	\$ 14,557,654

Machinery, equipment, and furnishings includes \$117,580 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	11,143,734	666,265	-	-	11,809,999
Other	1,574,076	-	-	-	1,574,076
Roads	-	646,742	-	-	646,742
	14,260,492	1,313,007	-	-	15,573,499
Buildings	17,282,535	-	(95,062)	-	17,187,473
Machinery, equipment, and furnishings	2,438,571	453,240	(224,669)	-	2,667,142
Land	1,285,021	1,250	(19,024)	-	1,267,247
Land improvements	992,946	22,995	-	-	1,015,941
Work in progress	1,300,760	2,252,311	-	-	3,553,071
	\$ 37,560,325	\$ 4,042,803	\$ (338,755)	\$ -	\$ 41,264,373

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Transfers	Accumulated Amortization End of Year
Engineered structures					
Cable television	\$ 902,665	\$ 61,707	-	\$ -	\$ 964,372
Water and wastewater	10,210,162	38,606	-	-	10,248,768
Other	431,920	84,294	-	-	516,214
Roads	-	-	-	-	-
	11,544,747	184,607	-	-	11,729,354
Buildings	9,324,621	658,658	(95,062)	-	9,888,217
Machinery, equipment, and furnishings	1,764,793	132,069	(211,597)	-	1,685,265
Land improvements	368,510	39,485	-	-	407,995
	\$ 23,002,671	\$ 1,014,819	\$ (306,659)	\$ -	\$ 23,710,831

CITY OF DAWSON
Notes to Financial Statements
For The Year Ended December 31, 2015

8. ACCUMULATED SURPLUS

	<u>2015</u>	<u>2014</u>
Unrestricted surplus	\$ 2,362,356	\$ 1,994,698
Restricted surplus:		
Reserves (Note 9)	2,675,500	2,756,679
Equity in tangible capital assets (Schedule 1)	<u>16,272,278</u>	<u>13,397,751</u>
	<u>\$ 21,310,134</u>	<u>\$ 18,149,128</u>

9. RESERVES

	<u>2015</u>	<u>2014</u>
Public works	\$ 1,296,588	\$ 1,154,672
Recreation	731,372	534,585
Load capacity	146,554	142,332
Cable	130,719	100,853
Waste management	102,093	81,394
Heritage	77,841	294,117
Administration	59,456	51,832
Administration equipment replacement	43,289	20,116
Future land development	27,875	27,637
Parking	26,691	26,464
Downtown Revitalization	25,215	25,000
Protective services	7,807	297,677
	<u>\$ 2,675,500</u>	<u>\$ 2,756,679</u>

10. CONTINGENCIES

- a) The City and the Government of Yukon have signed an amendment to the City's Wastewater Treatment Project Memorandum of Agreement dated December 17, 2013. The Government of Yukon has agreed to pay for and be responsible for the operating and capital costs of the treatment facility.

The City is currently in negotiations with the Government of Yukon regarding the City's financial contribution towards what the City considers might be unsustainable operational costs of the facility.

- b) 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
For The Year Ended December 31, 2015

11. CONTRIBUTED TANGIBLE CAPITAL ASSETS

All contributed assets were received from the Yukon Territorial Government.

	2015	2014
Water and wastewater	\$ 666,265	\$ -
Roads	454,804	-
Land	1,250	550
	\$ 1,122,319	\$ 550

12. FINANCIAL INSTRUMENTS

The City's financial instruments consist of cash and cash equivalents, receivables, accounts payable and accrued liabilities, obligation under capital lease and long-term debt. 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.

13. 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).

14. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and management.

CITY OF DAWSON
Notes to Financial Statements
For The Year Ended December 31, 2015

15. BUDGET

The budget figures presented in these financial statements are based upon the 2015 operating and capital budgets approved by Council on March 24, 2015.

The 2015 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.

	2015 (Budget)	2015 (Actual)	2014 (Actual)
Annual surplus	\$ 175,378	\$ 3,161,006	\$ 1,032,962
Add:			
Amortization expense	-	1,014,819	1,437,617
Transfers from reserves	144,000	670,293	806,336
Net change in inventory	85,000	-	-
Sale of lots	548,405	-	-
	<u>777,405</u>	<u>1,685,112</u>	<u>2,243,953</u>
Deduct:			
Transfers to reserves	(601,706)	(589,113)	(83,993)
Acquisition of tangible capital assets	-	(4,042,803)	(1,348,039)
Long term debt repayment	(49,562)	(49,562)	(47,656)
Obligations under capital lease repayment	(21,015)	(21,015)	(19,942)
Cost recovery lot development	(179,772)	-	-
Purchase of inventory	(100,000)	-	-
	<u>(952,055)</u>	<u>(4,702,493)</u>	<u>(1,499,630)</u>
Result of operations	<u>\$ 728</u>	<u>\$ 143,625</u>	<u>\$ 1,777,285</u>

16. ACCOUNTING POLICY ADOPTION

In June 2010, the Public Sector Accounting Board issued *PS - 3260 Liability for Contaminated Sites* for fiscal years starting on or after April 1, 2014. Contaminated sites are a result of contamination being introduced into the air, soil, water, or sediment of a chemical, organic, or radioactive material, or live organism that exceeds an environmental standard. The City adopted this accounting standard retroactively as of January 1, 2015. There was no impact to the City's financial statements due to this adoption.

17. COMPARATIVE FIGURES

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