

CITY OF DAWSON
Financial Statements
For The Year Ended December 31, 2023

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

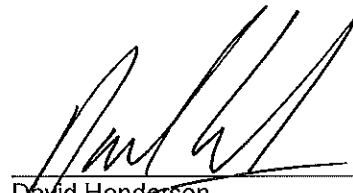
To the Mayor and Members of Council of City of Dawson

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.



David Henderson
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, 2023, 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, 2023, 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

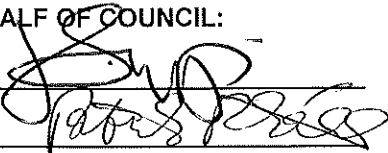
Edmonton, Alberta

June 26, 2024

CITY OF DAWSON
Statement of Financial Position
As At December 31, 2023

	2023	2022
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 1,168,265	\$ 1,585,052
Investments (Note 2)	4,094,905	5,170,607
Receivables (Note 3)	4,903,290	2,734,652
	<u>10,166,460</u>	<u>9,490,311</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 4)	1,162,307	1,149,076
Deferred revenue (Note 5)	206,784	237,538
Asset retirement obligations (Note 6)	623,181	-
	<u>1,992,272</u>	<u>1,386,614</u>
NET FINANCIAL ASSETS	<u>8,174,188</u>	<u>8,103,697</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 7)	35,419,029	34,702,269
Prepaid expenses	123,710	97,209
	<u>35,542,739</u>	<u>34,799,478</u>
ACCUMULATED SURPLUS (Note 8)	<u>\$ 43,716,927</u>	<u>\$ 42,903,175</u>
Contingencies		

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, 2023

	2023 (Budget) (Note 12)	2023 (Actual)	2022 (Actual)
REVENUE			
Government transfers for operating	\$ 3,690,541	\$ 3,853,141	\$ 3,063,320
Taxes and grants in lieu of taxes	3,661,329	3,656,320	3,450,311
Sales and user charges	2,751,983	2,679,953	2,502,803
Return on investments	51,000	228,785	47,251
Licenses and permits	65,800	58,361	46,477
Penalties and costs on taxes	16,600	27,610	28,366
Other	19,500	10,755	21,776
Fines	3,000	1,430	1,850
	<u>10,259,753</u>	<u>10,516,355</u>	<u>9,162,154</u>
EXPENSES			
Parks and recreation	1,750,212	2,051,454	1,863,267
General administration	1,666,185	1,625,357	1,549,810
Water supply and distribution	1,539,165	1,622,518	1,773,319
Waste management	1,038,650	1,571,401	768,153
Transportation services	1,533,845	1,477,272	1,478,697
Wastewater treatment and disposal	531,450	481,690	445,442
Land use planning, zoning and development	323,950	366,357	264,452
Cable television	257,108	303,411	255,281
Fire	403,100	291,282	304,213
Council and other legislative	211,403	207,256	231,442
Bylaws enforcement and emergency measures	188,198	144,485	138,709
Cemeteries	13,000	1,250	3,265
Amortization	-	2,132,819	2,090,938
	<u>9,456,266</u>	<u>12,276,552</u>	<u>11,166,988</u>
ANNUAL DEFICIT BEFORE OTHER REVENUE	803,487	(1,760,197)	(2,004,834)
OTHER REVENUE			
Government transfers for capital	<u>3,874,310</u>	<u>2,573,949</u>	<u>2,131,486</u>
ANNUAL SURPLUS	4,677,797	813,752	126,652
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>42,903,175</u>	<u>42,903,175</u>	<u>42,776,523</u>
ACCUMULATED SURPLUS, END OF YEAR (Note 8)	<u>\$ 47,580,972</u>	<u>\$ 43,716,927</u>	<u>\$ 42,903,175</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, 2023

	2023 (Budget) (Note 12)	2023 (Actual)	2022 (Actual)
ANNUAL SURPLUS	\$ 4,677,797	\$ 813,752	\$ 126,652
Acquisition of tangible capital assets	(4,959,810)	(2,849,579)	(2,623,189)
Amortization of tangible capital assets	-	2,132,819	2,090,938
	(282,013)	96,992	(405,599)
(Acquisition) use of prepaid expenses	-	(26,501)	27,907
(Acquisition) use of inventory for consumption	-	-	(29,194)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	<u>(282,013)</u>	<u>70,491</u>	<u>(406,886)</u>
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>8,103,697</u>	<u>8,103,697</u>	<u>8,510,583</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 7,821,684</u>	<u>\$ 8,174,188</u>	<u>\$ 8,103,697</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, 2023

	2023	2022
OPERATING ACTIVITIES		
Annual surplus	\$ 813,752	\$ 126,652
Non-cash items not included in annual surplus (deficit):		
Amortization of tangible capital assets	2,132,819	2,090,938
	<u>2,946,571</u>	<u>2,217,590</u>
Changes in non-cash working capital balances related to operations:		
Receivables	(2,168,638)	(2,310,615)
Accounts payable and accrued liabilities	13,231	141,523
Deferred revenue	(30,754)	(37,185)
Inventory for consumption	-	27,907
Prepaid expenses	(26,501)	(29,194)
Asset retirement obligations	623,181	-
	<u>(1,589,481)</u>	<u>(2,207,564)</u>
Cash flow from operating activities	<u>1,357,090</u>	<u>10,026</u>
CAPITAL AND INVESTING ACTIVITIES		
Purchase of tangible capital assets	(2,849,579)	(2,623,189)
Purchase of investments	(4,094,905)	(5,170,607)
Proceeds on sale of investments	5,170,607	5,151,652
Cash flow used by capital and investing activities	<u>(1,773,877)</u>	<u>(2,642,144)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	<u>(416,787)</u>	<u>(2,632,118)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,585,052</u>	<u>4,217,170</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,168,265</u>	<u>\$ 1,585,052</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, 2023**

	2023	2022
BALANCE, BEGINNING OF YEAR	\$ 34,702,269	\$ 34,170,018
Acquisition of tangible capital assets	2,849,579	2,623,189
Amortization of tangible capital assets	(2,132,819)	(2,090,938)
BALANCE, END OF YEAR	<u>\$ 35,419,029</u>	<u>\$ 34,702,269</u>
Equity in tangible capital assets is comprised of the following:		
Tangible capital assets (net book value)	<u>\$ 35,419,029</u>	<u>\$ 34,702,269</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, 2023

(Schedule 2)

	General Administration	Parks and Recreation	Protective Services	Transportation Services	Utilities and Cable TV	All Other	Total
REVENUE							
Government transfers	\$ 694,442	\$ 1,044,865	\$ 294,713	\$ 618,120	\$ 1,128,294	\$ 72,707	\$ 3,853,141
Taxes and grants in lieu of taxes	767,827	1,096,896	383,914	767,827	511,885	127,971	3,656,320
Sales and user charges	82,443	236,691	17,859	-	2,334,160	8,800	2,679,953
All other	297,901	-	1,430	-	10,519	17,091	326,941
	<u>1,842,613</u>	<u>2,378,452</u>	<u>697,916</u>	<u>1,385,947</u>	<u>3,984,858</u>	<u>226,569</u>	<u>10,516,355</u>
EXPENSES							
Salaries, wages and benefits	678,938	916,391	297,455	802,874	1,232,703	384,246	4,312,607
Contracted and general services	331,220	150,648	83,068	294,029	1,387,593	190,161	2,436,719
Materials and supplies	154,127	141,913	37,979	319,306	297,471	456	951,252
Utilities	35,494	388,875	14,988	48,244	389,037	-	876,638
Asset retirement obligations	-	-	-	-	623,181	-	623,181
Repairs and maintenance	114,365	338,265	2,277	12,819	49,035	-	516,761
Insurance	311,213	-	-	-	-	-	311,213
Grants to individuals and organizations	-	115,362	-	-	-	-	115,362
	<u>\$ 1,625,357</u>	<u>\$ 2,051,454</u>	<u>\$ 435,767</u>	<u>\$ 1,477,272</u>	<u>\$ 3,979,020</u>	<u>\$ 574,863</u>	<u>\$ 10,143,733</u>
NET REVENUE (DEFICIT) BEFORE AMORTIZATION	217,256	326,998	262,149	(91,325)	5,838	(348,294)	372,622
Amortization	115,989	873,257	29,247	171,501	942,825	-	2,132,819
NET REVENUE (DEFICIT)	<u>\$ 101,267</u>	<u>\$ (546,259)</u>	<u>\$ 232,902</u>	<u>\$ (262,826)</u>	<u>\$ (936,987)</u>	<u>\$ (348,294)</u>	<u>\$ (1,760,197)</u>

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

CITY OF DAWSON

Schedule of Segmented Information

(Schedule 3)

For the Year Ended December 31, 2022

	General Administration	Parks and Recreation	Protective Services	Transportation Services	Utilities and Cable TV	All Other	Total
REVENUE							
Taxes and grants in lieu of taxes	\$ 724,565	\$ 1,035,093	\$ 362,283	\$ 724,565	\$ 483,044	\$ 120,761	\$ 3,450,311
Government transfers	658,775	966,391	288,015	593,622	494,658	61,859	3,063,320
Sales and user charges	86,627	182,707	27,086	-	2,202,084	4,300	2,502,804
All other	115,504	-	1,850	-	13,506	14,860	145,720
	<u>1,585,471</u>	<u>2,184,191</u>	<u>679,234</u>	<u>1,318,187</u>	<u>3,193,292</u>	<u>201,780</u>	<u>9,162,155</u>
EXPENSES							
Salaries, wages and benefits	\$ 657,405	\$ 816,168	\$ 280,910	\$ 686,822	\$ 1,169,652	\$ 403,893	\$ 4,014,850
Contracted and general services	389,910	127,145	80,575	406,378	1,382,218	92,405	2,478,631
Materials and supplies	156,799	164,415	59,606	337,240	275,179	2,861	996,100
Utilities	33,059	270,666	14,015	34,921	393,846	-	746,507
Repairs and maintenance	45,723	416,281	2,852	13,336	21,301	-	499,493
Insurance	266,914	-	4,716	-	-	-	271,630
Grants to individuals and organizations	-	68,592	-	-	-	-	68,592
Interest on capital lease and long-term debt	-	-	248	-	-	-	248
	<u>1,549,810</u>	<u>1,863,267</u>	<u>442,922</u>	<u>1,478,697</u>	<u>3,242,196</u>	<u>499,159</u>	<u>9,076,051</u>
NET REVENUE (DEFICIT) BEFORE AMORTIZATION							
	35,661	320,924	236,312	(160,510)	(48,904)	(297,379)	86,104
Amortization	115,989	827,016	83,879	121,229	942,825	-	2,090,938
NET REVENUE (DEFICIT)	<u>\$ (80,328)</u>	<u>\$ (506,092)</u>	<u>\$ 152,433</u>	<u>\$ (281,739)</u>	<u>\$ (991,729)</u>	<u>\$ (297,379)</u>	<u>\$ (2,004,834)</u>

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

CITY OF DAWSON
Notes to Financial Statements
Year Ended December 31, 2023

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*

During 2023, the City adopted PS 3280 Asset Retirement Obligations which provides guidance on how to account for and report liabilities for retirement of tangible capital assets.

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 unrecognized 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.

(*continues*)

CITY OF DAWSON
Notes to Financial Statements
Year Ended December 31, 2023

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, 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. INVESTMENTS

Investments consist of Guaranteed Investment Certificates bearing interest at rates ranging from 2.50% to 5.30% (2022 - 1.20% to 3.35%) and maturing between April and November 2024 (2022 - April and November 2023).

CITY OF DAWSON
Notes to Financial Statements
Year Ended December 31, 2023

3. RECEIVABLES

	2023	2022
Receivable from other governments	\$ 4,523,901	\$ 2,148,913
Trade and other receivable	156,031	407,505
Goods and Services Tax	153,158	126,727
Taxes and grants in place of taxes	70,200	52,609
	<u>4,903,290</u>	<u>2,735,754</u>
Less: allowance for doubtful accounts	-	(1,102)
	<u>\$ 4,903,290</u>	<u>\$ 2,734,652</u>

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2023	2022
Trade accounts payable and accrued liabilities	\$ 810,490	\$ 814,037
Accrued vacation, overtime and sick time	351,817	335,039
	<u>\$ 1,162,307</u>	<u>\$ 1,149,076</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

	2022	Funds Received	Funds Utilized	2023
Parks Canada grant	\$ 99,997	\$ -	\$ -	\$ 99,997
Lottery grants	47,777	45,978	(47,777)	45,978
Prepaid utilities	80,040	44,942	(80,040)	44,942
Prepaid taxes	9,724	8,867	(9,724)	8,867
Association of Yukon Communities - public waste management	-	7,000	-	7,000
	<u>\$ 237,538</u>	<u>\$ 106,787</u>	<u>\$ (137,541)</u>	<u>\$ 206,784</u>

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 of \$623,181 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.

CITY OF DAWSON
Notes to Financial Statements
Year Ended December 31, 2023

7. TANGIBLE CAPITAL ASSETS

	2023 Net Book Value	2022 Net Book Value
Engineered structures		
Water and wastewater	\$ 18,146,117	\$ 18,932,596
Other	440,618	513,491
Roads	474,277	495,835
Cable television	156,988	146,359
	<u>19,218,000</u>	<u>20,088,281</u>
Buildings	8,598,830	7,420,898
Work in progress	2,901,939	2,697,318
Land	1,822,450	1,822,450
Land improvements	1,234,925	1,325,553
Machinery, equipment, and furnishings	<u>1,642,885</u>	<u>1,347,770</u>
	<u>\$ 35,419,029</u>	<u>\$ 34,702,269</u>

	Cost Beginning of Year	Additions	Disposals	Transfers	Cost End of Year
Engineered structures					
Cable television	\$ 1,542,682	\$ 72,336	\$ -	\$ -	\$ 1,615,018
Water and wastewater	27,970,980	-	-	-	27,970,980
Other	1,574,076	-	-	-	1,574,076
Roads	646,742	-	-	-	646,742
	<u>31,734,480</u>	<u>72,336</u>	<u>-</u>	<u>-</u>	<u>31,806,816</u>
Buildings	22,763,746	-	-	2,026,658	24,790,404
Machinery, equipment, and furnishings	4,087,765	223,644	-	322,319	4,633,728
Land	1,822,450	-	-	-	1,822,450
Land improvements	2,197,892	-	-	-	2,197,892
Work in progress	2,697,317	2,553,599	-	(2,348,977)	2,901,939
	<u>\$ 65,303,650</u>	<u>\$ 2,849,579</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,153,229</u>

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Transfers	Accumulated Amortization End of Year
Engineered structures					
Cable television	\$ 1,396,321	\$ 61,707	\$ -	\$ -	\$ 1,458,028
Water and wastewater	9,038,384	786,479	-	-	9,824,863
Other	1,060,585	72,873	-	-	1,133,458
Roads	150,906	21,558	-	-	172,464
	<u>11,646,196</u>	<u>942,617</u>	<u>-</u>	<u>-</u>	<u>12,588,813</u>
Buildings	15,342,848	867,979	-	-	16,210,827
Machinery, equipment, and furnishings	2,739,997	231,595	-	-	2,971,592
Land improvements	872,341	90,628	-	-	962,969
	<u>\$ 30,601,382</u>	<u>\$ 2,132,819</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,734,201</u>

CITY OF DAWSON
Notes to Financial Statements
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8. ACCUMULATED SURPLUS

	2023	2022
Unrestricted surplus	\$ 1,932,691	\$ 2,126,717
Restricted surplus:		
Reserves (Note 9)	6,365,207	6,074,189
Equity in tangible capital assets (Schedule 1)	35,419,029	34,702,269
	<u>\$ 43,716,927</u>	<u>\$ 42,903,175</u>

9. RESERVES

	2023	2022
Facility	\$ 2,331,874	\$ 2,033,478
Water and sewer services	1,147,645	1,120,966
Equipment replacement	1,003,866	980,530
Contingency	550,891	538,085
Road maintenance	346,674	338,615
Waste management	284,037	277,434
Land development	234,031	219,507
Load capacity	186,833	182,490
Heritage	186,554	182,217
Green initiatives	49,451	48,302
Parking	29,249	28,569
Cable	14,102	123,996
	<u>\$ 6,365,207</u>	<u>\$ 6,074,189</u>

10. FINANCIAL INSTRUMENTS

The City is exposed to the following risks in respect of its financial instruments at December 31, 2023.

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.

11. SEGMENTED DISCLOSURES

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

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

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

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

CITY OF DAWSON
Notes to Financial Statements
Year Ended December 31, 2023

12. BUDGET

The budget figures presented in these financial statements are based upon the 2023 operating and capital budgets approved by Council on March 29, 2023.

The 2023 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.

	<u>2023 (Budget)</u>	<u>2023 (Actual)</u>
Annual surplus (deficit)	<u>\$ 4,677,797</u>	<u>\$ 813,752</u>
Add:		
Amortization expense	-	2,132,819
Transfers from reserves	566,813	112,845
Use of unrestricted surplus	14,500	-
	<u>581,313</u>	<u>2,245,664</u>
Deduct:		
Transfers to reserves	(299,300)	(403,864)
Acquisition of tangible capital assets	(4,959,810)	(2,849,579)
	<u>(5,259,110)</u>	<u>(3,253,443)</u>
	<u>\$ -</u>	<u>\$ (1,007,778)</u>

13. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and management.
