

CITY OF DAWSON
Financial Statements
For The Year Ended December 31, 2021

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

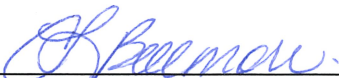
To the Mayor and Members of Council of City of Dawson

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, 2021, 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, 2021, 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

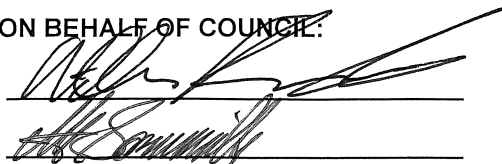
Chartered Professional Accountants

Edmonton, Alberta
June 29, 2022

CITY OF DAWSON
Statement of Financial Position
As At December 31, 2021

	2021	2020
FINANCIAL ASSETS		
Cash and cash equivalents <i>(Note 2)</i>	\$ 9,368,822	\$ 8,355,632
Receivables <i>(Note 3)</i>	424,037	909,097
	<u>9,792,859</u>	<u>9,264,729</u>
LIABILITIES		
Accounts payable and accrued liabilities <i>(Note 4)</i>	1,007,553	1,310,986
Deferred revenue <i>(Note 5)</i>	274,723	228,852
Obligations under capital lease	-	12,947
	<u>1,282,276</u>	<u>1,552,785</u>
NET FINANCIAL ASSETS	<u>8,510,583</u>	<u>7,711,944</u>
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Note 6)</i>	34,170,018	35,858,913
Inventory for consumption	27,907	21,058
Prepaid expenses	68,015	35,202
	<u>34,265,940</u>	<u>35,915,173</u>
ACCUMULATED SURPLUS <i>(Note 7)</i>	<u>\$ 42,776,523</u>	<u>\$ 43,627,117</u>
Contingencies <i>(Note 9)</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, 2021

	2021 (Budget) (Note 12)	2021 (Actual)	2020 (Actual)
REVENUE			
Taxes and grants in lieu of taxes	\$ 3,264,136	\$ 3,246,103	\$ 3,209,709
Government transfers for operating	2,915,642	2,950,077	2,994,126
Sales and user charges	2,410,133	2,404,385	2,271,560
Licenses and permits	71,200	110,271	61,340
Other	37,000	33,479	9,419
Return on investments	12,500	23,976	64,746
Penalties and costs on taxes	13,500	23,916	5,895
Fines	3,000	3,025	1,435
	<u>8,727,111</u>	<u>8,795,232</u>	<u>8,618,230</u>
EXPENSES			
Parks and recreation	1,844,973	1,585,710	1,436,017
General administration	1,813,754	1,511,000	1,508,158
Water supply and distribution	1,371,913	1,266,697	1,290,470
Transportation services	1,332,859	1,206,316	1,361,090
Waste management	609,970	625,778	678,272
Wastewater treatment and disposal	514,968	430,275	420,930
Fire	369,707	328,439	294,700
Cable television	219,558	221,146	251,389
Land use planning, zoning and development	329,026	196,051	172,644
Council and other legislative	279,758	173,882	146,139
Bylaws enforcement and emergency measures	155,574	127,450	144,060
Cemeteries	13,000	-	-
Amortization	-	2,072,974	2,074,316
	<u>8,855,060</u>	<u>9,745,718</u>	<u>9,778,185</u>
ANNUAL DEFICIT BEFORE OTHER REVENUE	<u>(127,949)</u>	<u>(950,486)</u>	<u>(1,159,955)</u>
OTHER REVENUE			
Government transfers for capital	9,419,605	104,899	32,567
Gain (loss) on disposal of tangible capital assets	-	(5,007)	(14,360)
	<u>9,419,605</u>	<u>99,892</u>	<u>18,207</u>
ANNUAL SURPLUS (DEFICIT)	9,291,656	(850,594)	(1,141,748)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>43,627,117</u>	<u>43,627,117</u>	<u>44,768,865</u>
ACCUMULATED SURPLUS, END OF YEAR (Note 7)	<u>\$ 52,918,773</u>	<u>\$ 42,776,523</u>	<u>\$ 43,627,117</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, 2021

	2021 (Budget) (Note 12)	2021 (Actual)	2020 (Actual)
ANNUAL SURPLUS (DEFICIT)	\$ 9,291,656	\$ (850,594)	\$ (1,141,748)
Acquisition of tangible capital assets	(10,601,289)	(389,086)	(173,679)
Amortization of tangible capital assets	-	2,072,974	2,074,316
Loss (gain) on disposal of tangible capital assets	-	5,007	14,360
	<u>(1,309,633)</u>	<u>838,301</u>	<u>773,249</u>
(Acquisition) use of inventory for consumption	-	(6,849)	11,963
(Acquisition) use of prepaid expenses	-	(32,813)	37,718
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	<u>(1,309,633)</u>	<u>798,639</u>	<u>822,930</u>
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>7,711,944</u>	<u>7,711,944</u>	<u>6,889,014</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 6,402,311</u>	<u>\$ 8,510,583</u>	<u>\$ 7,711,944</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, 2021

	2021	2020
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ (850,594)	\$ (1,141,748)
Non-cash items not included in annual surplus (deficit):		
Amortization of tangible capital assets	2,072,974	2,074,316
Loss (gain) on disposal of tangible capital assets	5,007	14,360
	<u>1,227,387</u>	<u>946,928</u>
Changes in non-cash working capital balances related to operations:		
Receivables	485,060	299,833
Accounts payable and accrued liabilities	(303,433)	663,106
Deferred revenue	45,871	35,430
Inventory for consumption	(6,849)	11,963
Prepaid expenses	(32,813)	37,718
	<u>187,836</u>	<u>1,048,050</u>
Cash flow from operating activities	<u>1,415,223</u>	<u>1,994,978</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	<u>(389,086)</u>	<u>(173,679)</u>
FINANCING ACTIVITIES		
Repayment of obligations under capital lease	<u>(12,947)</u>	<u>(21,321)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	1,013,190	1,799,978
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>8,355,632</u>	<u>6,555,654</u>
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 2)	<u>\$ 9,368,822</u>	<u>\$ 8,355,632</u>

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

CITY OF DAWSON**Schedule of Equity in Tangible Capital Assets
For the Year Ended December 31, 2021****(Schedule 1)**

	2021	2020
BALANCE, BEGINNING OF YEAR	\$ 35,845,966	\$ 37,739,642
Acquisition of tangible capital assets	389,086	173,679
Amortization of tangible capital assets	(2,072,974)	(2,074,316)
Repayment of obligations under capital lease	12,947	21,321
Net book value of disposed tangible capital assets	(5,007)	(14,360)
BALANCE, END OF YEAR	\$ 34,170,018	\$ 35,845,966
Equity in tangible capital assets is comprised of the following:		
Tangible capital assets (net book value)	\$ 34,170,018	\$ 35,858,913
Obligations under capital lease	-	(12,947)
	\$ 34,170,018	\$ 35,845,966

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

CITY OF DAWSON
Schedule of Segmented Information
For the Year Ended December 31, 2021

(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	\$ 681,682	\$ 973,831	\$ 340,841	\$ 681,681	\$ 454,454	\$ 113,614	\$ 3,246,103
Government transfers	782,546	846,477	281,492	584,724	393,906	60,932	2,950,077
Sales and user charges	117,599	195,701	20,380	-	2,068,305	2,400	2,404,385
All other	167,725	-	3,025	-	8,991	14,926	194,667
	<u>1,749,552</u>	<u>2,016,009</u>	<u>645,738</u>	<u>1,266,405</u>	<u>2,925,656</u>	<u>191,872</u>	<u>8,795,232</u>
EXPENSES							
Salaries, wages and benefits	596,567	841,734	267,283	593,794	985,304	272,019	3,556,701
Contracted and general services	396,453	126,923	118,715	269,166	991,432	95,462	1,998,151
Materials and supplies	186,129	150,812	46,823	305,584	224,770	2,453	916,571
Utilities	27,133	267,935	12,457	22,023	337,811	-	667,359
Insurance	267,332	-	4,262	-	-	-	271,594
Repairs and maintenance	37,386	161,518	5,086	15,748	4,579	-	224,317
Grants to individuals and organizations	-	36,788	-	-	-	-	36,788
Interest on capital lease and long-term debt	-	-	1,263	-	-	-	1,263
	<u>\$ 1,511,000</u>	<u>\$ 1,585,710</u>	<u>\$ 455,889</u>	<u>\$ 1,206,315</u>	<u>\$ 2,543,896</u>	<u>\$ 369,934</u>	<u>\$ 7,672,744</u>
NET REVENUE (DEFICIT) BEFORE AMORTIZATION							
	238,552	430,299	189,849	60,090	381,760	(178,062)	1,122,488
Amortization	107,092	850,056	83,291	89,710	942,825	-	2,072,974
NET REVENUE (DEFICIT)	<u>\$ 131,460</u>	<u>\$ (419,757)</u>	<u>\$ 106,558</u>	<u>\$ (29,620)</u>	<u>\$ (561,065)</u>	<u>\$ (178,062)</u>	<u>\$ (950,486)</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, 2020**

(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	\$ 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	\$ 522,702	\$ 742,416	\$ 288,947	\$ 649,550	\$ 865,753	\$ 258,208	\$ 3,327,576
Contracted and general services	436,959	84,978	77,805	407,982	1,184,167	54,953	2,246,844
Materials and supplies	282,048	132,739	55,751	271,854	157,929	5,515	905,836
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

Notes to Financial Statements

Year Ended December 31, 2021

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.

(continues)

CITY OF DAWSON
Notes to Financial Statements
Year Ended December 31, 2021

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.

(continues)

CITY OF DAWSON

Notes to Financial Statements

Year Ended December 31, 2021

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>2021</u>	<u>2020</u>
Bank accounts and petty cash on hand	\$ 4,217,170	\$ 3,242,763
Guaranteed Investment Certificates	5,151,652	5,112,869
	<u>\$ 9,368,822</u>	<u>\$ 8,355,632</u>

Guaranteed Investment Certificates bear interest at rates ranging from 0.30% to 0.40% and maturing between April and November 2022.

3. RECEIVABLES

	<u>2021</u>	<u>2020</u>
Receivable from other governments	\$ 210,081	\$ 566,103
Trade and other	111,494	259,968
Taxes and grants in place of taxes	62,652	36,403
Goods and Services Tax	40,912	47,711
	<u>425,139</u>	910,185
Less: allowance for doubtful accounts	<u>(1,102)</u>	<u>(1,088)</u>
	<u>\$ 424,037</u>	<u>\$ 909,097</u>

CITY OF DAWSON
Notes to Financial Statements
Year Ended December 31, 2021

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2021</u>	<u>2020</u>
Trade accounts payable and accrued liabilities	\$ 627,214	\$ 865,272
Accrued vacation, overtime and sick time	380,339	445,714
	<u>\$ 1,007,553</u>	<u>\$ 1,310,986</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

	<u>2020</u>	<u>Funds Received</u>	<u>Funds Utilized</u>	<u>2021</u>
Parks Canada grant	\$ 99,997	\$ -	\$ -	\$ 99,997
Prepaid utilities	83,846	87,849	(83,846)	87,849
Government of Canada - Indigenous Community Support Fund	-	54,700	-	54,700
Lottery grants	21,023	43,051	(39,156)	24,918
Prepaid taxes	7,440	7,259	(7,440)	7,259
Canada Community-Building Fund	13,956	-	(13,956)	-
Other	2,590	-	(2,590)	-
	<u>\$ 228,852</u>	<u>\$ 192,859</u>	<u>\$ (146,988)</u>	<u>\$ 274,723</u>

CITY OF DAWSON
Notes to Financial Statements
Year Ended December 31, 2021

6. TANGIBLE CAPITAL ASSETS

	2021	2020
	Net Book	Net Book
	Value	Value
Engineered structures		
Water and wastewater	\$ 19,719,075	\$ 20,505,554
Other	586,364	659,237
Roads	517,394	538,952
Cable television	208,068	269,775
	21,030,901	21,973,518
Buildings	8,288,877	9,132,951
Land	1,630,285	1,630,285
Land improvements	1,206,935	1,178,178
Work in progress	1,181,560	1,130,152
Machinery, equipment, and furnishings	831,460	813,829
	\$ 34,170,018	\$ 35,858,913

	Cost				Cost
	Beginning of	Additions	Disposals	Transfers	End of
	Year				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	27,800	(25,000)	-	22,763,746
Machinery, equipment, and furnishings	3,346,766	205,430	(185,389)	-	3,366,807
Land	1,630,285	-	-	-	1,630,285
Land improvements	1,899,137	-	-	104,448	2,003,585
Work in progress	1,130,152	155,856	-	(104,448)	1,181,560
	\$ 62,501,766	\$ 389,086	\$ (210,389)	\$ -	\$ 62,680,463

	Accumulated				Accumulated
	Amortization	Current	Disposals	Transfers	Amortization
	Beginning of	Amortization			End of
	Year				Year
Engineered structures					
Cable television	\$ 1,272,907	\$ 61,707	\$ -	\$ -	\$ 1,334,614
Water and wastewater	7,465,426	786,479	-	-	8,251,905
Other	914,839	72,873	-	-	987,712
Roads	107,790	21,558	-	-	129,348
	9,760,962	942,617	-	-	10,703,579
Buildings	13,627,995	866,867	(19,993)	-	14,474,869
Machinery, equipment, and furnishings	2,532,937	187,799	(185,389)	-	2,535,347
Land improvements	720,959	75,691	-	-	796,650
	\$ 26,642,853	\$ 2,072,974	\$ (205,382)	\$ -	\$ 28,510,445

CITY OF DAWSON
Notes to Financial Statements
Year Ended December 31, 2021

7. ACCUMULATED SURPLUS

	<u>2021</u>	<u>2020</u>
Unrestricted surplus	\$ 2,754,165	\$ 2,709,443
Restricted surplus:		
Reserves (<i>Note 8</i>)	5,852,340	5,071,708
Equity in tangible capital assets (<i>Schedule 1</i>)	34,170,018	35,845,966
	<u>\$ 42,776,523</u>	<u>\$ 43,627,117</u>

8. RESERVES

	<u>2021</u>	<u>2020</u>
Recreation - facility	\$ 1,749,508	\$ 1,393,252
Sewer services	785,870	767,424
Administration	548,702	546,250
Water services	361,107	344,560
Waste management	275,377	174,593
Equipment replacement	234,701	286,572
Protective services	222,722	162,868
Load capacity	205,925	205,004
Recreation - operating	203,968	103,503
Future land development	191,090	115,571
Heritage	180,865	180,057
Road maintenance	176,265	175,477
Recreation - capital	172,881	130,571
Road replacement	159,840	159,125
Administration equipment replacement	124,607	104,243
Cable	123,076	122,526
Green initiatives	47,944	12,612
Council equipment replacement	32,746	32,600
Parking	28,357	28,231
Downtown Revitalization	26,789	26,669
	<u>\$ 5,852,340</u>	<u>\$ 5,071,708</u>

9. 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, 2021

10. FINANCIAL INSTRUMENTS

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

The City is exposed to credit risk with respect to receivables. Credit risk arises from the possibility that customers may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of customers minimizes the City's credit risk.

11. SEGMENTED DISCLOSURES

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

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

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

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

CITY OF DAWSON
Notes to Financial Statements
Year Ended December 31, 2021

12. BUDGET

The budget figures presented in these financial statements are based upon the 2021 operating and capital budgets approved by Council on April 14, 2021.

The 2021 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.

	2021 (Budget)	2021 (Actual)	2020 (Actual)
Annual surplus (deficit)	\$ 9,291,656	\$ (850,594)	\$ (1,141,748)
Add:			
Amortization expense	-	2,072,974	2,074,316
Transfers from reserves	2,533,368	171,794	140,798
	<u>2,533,368</u>	<u>2,244,768</u>	<u>2,215,114</u>
Deduct:			
Transfers to reserves	(1,071,704)	(952,425)	(536,813)
Acquisition of tangible capital assets	(10,601,289)	(389,086)	(173,679)
Obligations under capital lease repayment	-	(12,947)	(21,321)
	<u>(11,672,993)</u>	<u>(1,354,458)</u>	<u>(731,813)</u>
	<u>\$ 152,031</u>	<u>\$ 39,716</u>	<u>\$ 341,553</u>

13. COMPARATIVE FIGURES

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

14. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and management.
