

CITY OF DAWSON
Financial Statements
For The Year Ended December 31, 2014



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, 2014, and the statements of operations and accumulated surplus, changes in net financial assets, 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, 2014 and the results of its operations, the changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Hawkings Epp Dumont LLP

Edmonton, Alberta
June 23, 2015

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

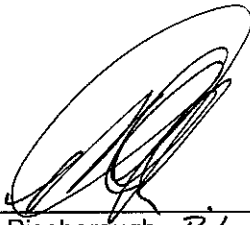
The integrity, relevance and comparability of the data in the accompanying financial statements are the responsibility of management.

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 23, 2015



~~Michael Riseborough~~ *Robert Fendrick, FCGA.*
Acting Chief Administrative Officer




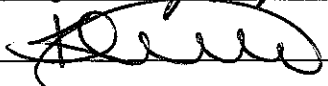
Joanne Van Nostrand, CMA
Senior Financial Officer

CITY OF DAWSON
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014

	2014	2013
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 4,661,983	\$ 4,106,333
Receivables (Note 3)	1,095,094	451,377
Land held for resale	134,559	80,249
	<u>5,891,636</u>	<u>4,637,959</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 4)	1,141,712	1,008,624
Deferred revenue	56,445	34,913
Obligation under capital lease (Note 5)	78,202	98,144
Long-term debt (Note 6)	1,081,701	1,129,357
	<u>2,358,060</u>	<u>2,271,038</u>
NET FINANCIAL ASSETS	<u>3,533,576</u>	<u>2,366,921</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 7)	14,557,654	14,656,647
Inventory for consumption	44,022	76,017
Prepaid expenses	13,876	16,581
	<u>14,615,552</u>	<u>14,749,245</u>
ACCUMULATED SURPLUS (Note 8)	<u>\$ 18,149,128</u>	<u>\$ 17,116,166</u>
Contingencies (Note 10)		

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, 2014

	2014 (Budget) (Note 14)	2014 (Actual)	2013 (Actual)
REVENUE			
Taxes and grants in lieu of taxes	\$ 2,687,981	\$ 2,681,690	\$ 2,504,650
Government transfers for operating	2,838,584	2,314,824	2,854,265
Sales and user charges	1,906,853	1,933,598	1,910,747
Return on investments	32,155	47,293	34,484
Licenses and permits	40,160	39,650	43,855
Other	28,145	31,868	51,148
Penalties and costs on taxes	15,000	26,331	21,910
Fines	4,000	2,935	4,145
	<u>7,552,878</u>	<u>7,078,189</u>	<u>7,425,204</u>
EXPENSES			
Parks and recreation	1,892,388	1,490,554	1,540,249
General administration	1,187,100	938,940	1,003,051
Water supply and distribution	979,929	963,040	1,032,730
Transportation services	854,462	746,213	927,194
Waste management	544,810	468,952	392,328
Fire	349,015	342,297	335,313
Wastewater treatment and disposal	829,035	335,760	286,001
Cable television	242,780	204,836	203,384
Council and other legislative	154,995	126,802	102,565
Land use planning, zoning and development	152,185	121,069	200,547
Bylaws enforcement and emergency measures	133,010	115,156	109,077
Cemeteries	12,000	9,277	12,434
Amortization	-	1,437,617	1,429,132
	<u>7,331,709</u>	<u>7,300,513</u>	<u>7,574,005</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE	<u>221,169</u>	<u>(222,324)</u>	<u>(148,801)</u>
OTHER REVENUE			
Government transfers for capital	3,540,000	1,254,736	309,420
Contributed tangible capital assets (Note 7)	-	550	750
Gain (loss) on disposal of tangible capital assets	-	-	39,969
	<u>3,540,000</u>	<u>1,255,286</u>	<u>350,139</u>
ANNUAL SURPLUS	<u>3,761,169</u>	<u>1,032,962</u>	<u>201,338</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>17,116,166</u>	<u>17,116,166</u>	<u>16,914,828</u>
ACCUMULATED SURPLUS, END OF YEAR (NOTE 8)	<u>\$ 20,877,335</u>	<u>\$ 18,149,128</u>	<u>\$ 17,116,166</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, 2014

	2014 (Budget) <i>(Note 14)</i>	2014 (Actual)	2013 (Actual)
ANNUAL SURPLUS	\$ 3,761,169	\$ 1,032,962	\$ 201,338
Acquisition of tangible capital assets	(3,700,900)	(1,348,039)	(1,077,349)
Amortization of tangible capital assets	-	1,437,617	1,429,132
Proceeds on disposal of tangible capital assets	-	-	62,277
Loss (gain) on disposal of tangible capital assets	-	-	(39,969)
Transfer to land held for resale	-	9,415	-
	<u>60,269</u>	<u>1,131,955</u>	<u>575,429</u>
(Acquisition) use of inventory for consumption	-	31,995	34,930
(Acquisition) use of prepaid expenses	-	2,705	1,211
INCREASE IN NET FINANCIAL ASSETS	<u>60,269</u>	<u>1,166,655</u>	<u>611,570</u>
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>2,366,921</u>	<u>2,366,921</u>	<u>1,755,351</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 2,427,190</u>	<u>\$ 3,533,576</u>	<u>\$ 2,366,921</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, 2014

	2014	2013
OPERATING ACTIVITIES		
Annual surplus	\$ 1,032,962	\$ 201,338
Non-cash items not included in annual surplus (deficit):		
Amortization of tangible capital assets	1,437,617	1,429,132
Loss (gain) on disposal of tangible capital assets	-	(39,969)
Contributed tangible capital assets	(550)	(750)
	<u>2,470,029</u>	<u>1,589,751</u>
Changes in non-cash working capital balances related to operations:		
Receivables	(643,718)	112,697
Land held for resale	(54,310)	(24,089)
Accounts payable and accrued liabilities	133,089	145,461
Deferred revenue	21,532	1,883
Inventory for consumption	31,995	34,930
Prepaid expenses	2,705	1,211
	<u>(508,707)</u>	<u>272,093</u>
Cash flow from operating activities	<u>1,961,322</u>	<u>1,861,844</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(1,347,489)	(1,076,599)
Proceeds on sale of tangible capital assets	-	62,277
Transfer to land held for resale	9,415	-
	<u>(1,338,074)</u>	<u>(1,014,322)</u>
Cash flow used by capital activities	<u>(1,338,074)</u>	<u>(1,014,322)</u>
FINANCING ACTIVITIES		
Proceeds from capital lease obligation	-	117,580
Repayment of long term debt	(47,656)	(45,823)
Repayment of obligations under capital lease	(19,942)	(19,437)
	<u>(67,598)</u>	<u>52,320</u>
Cash flow from (used by) financing activities	<u>(67,598)</u>	<u>52,320</u>
CHANGE IN CASH AND TEMPORARY INVESTMENTS	555,650	899,842
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	4,106,333	3,206,491
CASH AND TEMPORARY INVESTMENTS, END OF YEAR <i>(NOTE 2)</i>	<u>\$ 4,661,983</u>	<u>\$ 4,106,333</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, 2014

	2014	2013
BALANCE, BEGINNING OF YEAR	\$ 13,429,146	\$ 13,855,555
Acquisition of tangible capital assets	1,348,039	1,077,349
Amortization of tangible capital assets	(1,437,617)	(1,429,132)
Repayment of capital long-term debt	47,656	45,823
Repayment of obligations under capital lease	19,942	19,437
Transfer to land held for resale	(9,415)	-
Net book value of tangible capital assets disposed of	-	(22,306)
Proceeds from capital lease obligation	-	(117,580)
BALANCE, END OF YEAR	\$ 13,397,751	\$ 13,429,146
Equity in tangible capital assets is comprised of the following:		
Tangible Capital Assets (net book value)	\$ 14,557,654	\$ 14,656,647
Long-term debt	(1,081,701)	(1,129,357)
Obligation under capital lease	(78,202)	(98,144)
	\$ 13,397,751	\$ 13,429,146

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 2)

	General Administration	Parks and Recreation	Protective Services	Transportation Services	Utilities and Cable TV	All Other	Total
REVENUE							
Government transfers	\$ 438,443	\$ 858,098	\$ 258,782	\$ 396,686	\$ 170,721	\$ 192,094	\$ 2,314,824
Taxes and grants in lieu of taxes	563,155	938,591	268,169	509,521	160,901	241,352	2,681,689
Sales and user charges	40,326	119,275	28,760	7,200	1,735,717	2,320	1,933,598
All other	118,811	-	2,935	-	12,555	13,776	148,077
	<u>1,160,735</u>	<u>1,915,964</u>	<u>558,646</u>	<u>913,407</u>	<u>2,079,894</u>	<u>449,542</u>	<u>7,078,188</u>
EXPENSES							
Salaries, wages and benefits	542,181	686,546	279,358	230,712	703,595	208,520	2,650,912
Contracted and general services	209,538	47,667	51,933	310,162	764,733	17,438	1,401,471
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	60,644	-	319,204
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>\$ 1,490,553</u>	<u>\$ 457,454</u>	<u>\$ 746,213</u>	<u>\$ 1,972,590</u>	<u>\$ 257,146</u>	<u>\$ 5,862,895</u>
NET REVENUE (DEFICIT) BEFORE AMORTIZATION	221,796	425,411	101,192	167,194	107,304	192,396	1,215,293
Amortization	149,256	599,116	25,070	132,791	531,384	-	1,437,617
NET REVENUE (DEFICIT)	<u>\$ 72,540</u>	<u>\$ (173,705)</u>	<u>\$ 76,122</u>	<u>\$ 34,403</u>	<u>\$ (424,080)</u>	<u>\$ 192,396</u>	<u>\$ (222,324)</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, 2013

(Schedule 3)

	General Administration	Parks and Recreation	Protective Services	Transportation Services	Utilities and Cable TV	All Other	Total
REVENUE							
Government transfers	\$ 634,394	\$ 1,029,637	\$ 255,380	\$ 725,302	\$ 28,215	\$ 181,337	\$ 2,854,265
Taxes and grants in lieu of taxes	562,246	912,539	226,336	642,815	-	160,714	2,504,650
Sales and user charges	45,542	121,876	20,440	7,200	1,713,989	1,700	1,910,747
All other	117,187	-	16,445	-	10,401	11,509	155,542
	<u>1,359,369</u>	<u>2,064,052</u>	<u>518,601</u>	<u>1,375,317</u>	<u>1,752,605</u>	<u>355,260</u>	<u>7,425,204</u>
EXPENSES							
Salaries, wages and benefits	\$ 581,951	\$ 631,372	\$ 251,688	\$ 263,791	\$ 603,539	\$ 279,708	\$ 2,612,049
Contracted and general services	293,873	40,339	68,387	387,514	750,165	26,163	1,566,441
Utilities	33,940	326,868	13,435	26,712	264,992	-	665,947
Materials and supplies	115,823	117,896	73,047	200,490	140,431	8,998	656,685
Repairs and maintenance	48,988	302,436	8,778	19,067	37,363	-	416,632
Insurance	29,344	43,806	29,055	29,620	17,084	678	149,587
Interest on capital lease and long-term debt	-	46,244	-	-	-	-	46,244
Grants to individuals and organizations	-	31,288	-	-	-	-	31,288
	<u>1,103,919</u>	<u>1,540,249</u>	<u>444,390</u>	<u>927,194</u>	<u>1,813,574</u>	<u>315,547</u>	<u>6,144,873</u>
NET REVENUE (DEFICIT) BEFORE AMORTIZATION	255,450	523,803	74,211	448,123	(60,969)	39,713	1,280,331
Amortization	140,053	564,806	27,387	122,790	574,096	-	1,429,132
NET REVENUE (DEFICIT)	<u>\$ 115,397</u>	<u>\$ (41,003)</u>	<u>\$ 46,824</u>	<u>\$ 325,333</u>	<u>\$ (635,065)</u>	<u>\$ 39,713</u>	<u>\$ (148,801)</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, 2014

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) 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.

(e) Inventory for consumption

Inventories are valued at the lower of cost and net realizable value with cost determined by the average cost method.

(continues)

CITY OF DAWSON
Notes to Financial Statements
For The Year Ended December 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) 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
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.

(g) 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.

(h) 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.

2. CASH AND TEMPORARY INVESTMENTS

	2014	2013
Bank accounts and petty cash on hand	\$ 893,550	\$ 587,088
Temporary investments	3,768,433	3,519,245
	\$ 4,661,983	\$ 4,106,333

Temporary investments are comprised of Guaranteed Investment Certificates bearing interest at rates ranging from 1.00% to 1.25% and maturing between April and October 2015.

CITY OF DAWSON
Notes to Financial Statements
For The Year Ended December 31, 2014

3. RECEIVABLES

	2014	2013
Trade and other	\$ 1,034,126	\$ 388,419
Goods and Services Tax rebate	55,725	52,551
Taxes and grants in place of taxes	43,105	54,381
	1,132,956	495,351
Less: allowance for doubtful accounts	(37,862)	(43,974)
	\$ 1,095,094	\$ 451,377

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2014	2013
Trade accounts payable and accrued liabilities	\$ 800,161	\$ 685,633
Accrued vacation, overtime and sick time	323,533	304,179
Accrued interest on long-term debt	18,018	18,812
	\$ 1,141,712	\$ 1,008,624

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. OBLIGATION UNDER CAPITAL LEASE

	2014	2013
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.	\$ 78,202	\$ 98,144

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

2015	\$ 24,619
2016	24,619
2017	24,619
2018	11,758
Less amount representing interest at 5.25%:	7,413
	\$ 78,202

Total interest paid on the capital lease obligation in 2014 amounted to \$4,677.

CITY OF DAWSON
Notes to Financial Statements
For The Year Ended December 31, 2014

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:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 49,562	\$ 43,268	\$ 92,830
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
To maturity	<u>813,259</u>	<u>244,986</u>	<u>1,058,245</u>
	<u>\$ 1,081,701</u>	<u>\$ 440,694</u>	<u>\$ 1,522,395</u>

Total interest paid on long-term debt in 2014 amounted to \$45,174 (2013 - \$47,007).

CITY OF DAWSON
Notes to Financial Statements
For The Year Ended December 31, 2014

7. TANGIBLE CAPITAL ASSETS

	2014 Net Book Value	2013 Net Book Value
Engineered structures		
Water and wastewater	\$ 933,572	\$ 1,225,499
Other	1,142,156	1,226,449
Cable television	640,017	701,725
	<u>2,715,745</u>	<u>3,153,673</u>
Buildings	7,957,914	8,326,548
Land	1,285,021	1,286,821
Work in progress	1,300,760	497,486
Machinery, equipment, and furnishings	673,778	728,201
Land improvements	624,436	663,920
	<u>\$ 14,557,654</u>	<u>\$ 14,656,647</u>

Land additions include \$550 (2013 - \$750) of contributed assets received from the Yukon Territorial Government.

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	10,969,448	174,286	-	-	11,143,734
Other	1,574,076	-	-	-	1,574,076
	<u>14,086,206</u>	<u>174,286</u>	<u>-</u>	<u>-</u>	<u>14,260,492</u>
Buildings	17,003,665	-	-	278,870	17,282,535
Machinery, equipment, and furnishings	2,354,578	83,993	-	-	2,438,571
Land	1,286,821	7,615	9,415	-	1,285,021
Land improvements	992,946	-	-	-	992,946
Work in progress	497,485	1,082,145	-	(278,870)	1,300,760
	<u>\$ 36,221,701</u>	<u>\$ 1,348,039</u>	<u>\$ 9,415</u>	<u>\$ -</u>	<u>\$ 37,560,325</u>

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Transfers	Accumulated Amortization End of Year
Engineered structures					
Cable television	\$ 840,957	\$ 61,708	\$ -	\$ -	\$ 902,665
Water and wastewater	9,743,949	466,213	-	-	10,210,162
Other	347,627	84,293	-	-	431,920
	<u>10,932,533</u>	<u>612,214</u>	<u>-</u>	<u>-</u>	<u>11,544,747</u>
Buildings	8,677,117	647,504	-	-	9,324,621
Machinery, equipment, and furnishings	1,626,378	138,415	-	-	1,764,793
Land improvements	329,026	39,484	-	-	368,510
	<u>\$ 21,565,054</u>	<u>\$ 1,437,617</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,002,671</u>

CITY OF DAWSON
Notes to Financial Statements
For The Year Ended December 31, 2014

8. ACCUMULATED SURPLUS

	2014	2013
Unrestricted surplus	\$ 1,994,698	\$ 1,652,684
Restricted surplus:		
Reserves (Note 9)	2,756,679	2,034,336
Equity in tangible capital assets (Schedule 1)	13,397,751	13,429,146
	\$ 18,149,128	\$ 17,116,166

9. RESERVES

	2014	2013
Public works	\$ 1,154,672	\$ 1,050,219
Recreation	534,585	334,086
Protective services	297,677	285,530
Heritage	294,117	10,000
Load capacity	142,332	113,145
Cable	100,853	90,670
Waste management	81,394	60,686
Administration	51,832	26,522
Administration equipment replacement	20,116	10,000
Future land development	27,637	27,319
Parking	26,464	26,159
Downtown Revitalization	25,000	-
	\$ 2,756,679	\$ 2,034,336

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 capital costs of the treatment facility. The City has agreed to be responsible for the sustainable operation and maintenance costs of the completed facility. If the operation and maintenance costs are not sustainable, the City may enter into future agreements with the Government of Yukon or other funding bodies to help offset costs.

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 and future ownership 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, 2014

11. FINANCIAL INSTRUMENTS

The City's financial instruments consist of cash and temporary investments, 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.

12. SEGMENTED DISCLOSURES

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

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

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

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

13. 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, 2014

14. BUDGET

The budget figures presented in these financial statements are based upon the 2014 operating and capital budgets approved by Council on April 15, 2014.

The 2014 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.

	2014 (Budget)	2014 (Actual)	2013 (Actual)
Annual surplus	\$ 3,761,169	\$ 1,032,962	\$ 201,338
Add:			
Amortization expense	-	1,437,617	1,429,132
Transfers from reserves	495,900	806,336	682,511
Net change in inventory	33,500	-	-
	<u>529,400</u>	<u>2,243,953</u>	<u>2,111,643</u>
Deduct:			
Transfers to reserves	(518,019)	(83,993)	(292,181)
Purchase of tangible capital assets	(3,700,900)	(1,348,039)	(1,077,349)
Long term debt repayment	(45,823)	(47,656)	(45,823)
Obligations under capital lease repayment	(24,750)	(19,942)	(19,437)
	<u>(4,289,492)</u>	<u>(1,499,630)</u>	<u>(1,434,790)</u>
Result of operations	<u>\$ 1,077</u>	<u>\$ 1,777,285</u>	<u>\$ 878,191</u>

15. COMPARATIVE FIGURES

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