

CITY OF DAWSON
Financial Statements
For The Year Ended December 31, 2013



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, 2013, 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, 2013 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 10, 2014

Hawkings Epp Dumont LLP
Chartered Accountants

EDMONTON

Mayfield Square I
10476 – Mayfield Road
Edmonton, AB T5P 4P4
T: 780.489.9606
F: 780.484.9689

STONY PLAIN

#101, 5300 – 50 Street
PO Box 3188, Station Main
Stony Plain, AB T7Z 1T8
T: 780.963.2727
F: 780.963.1294

LLOYDMINSTER

5102 – 48 Street
PO Box 10099
Lloydminster, AB T9V 3A2
T: 780.875.7433
F: 780.875.5304

HAWKINGS.COM



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

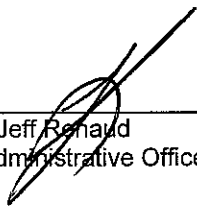
The integrity, relevance and comparability of the data in the accompanying financial statements are the responsibility of management.

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 10, 2014



Jeff Renaud
Chief Administrative Officer

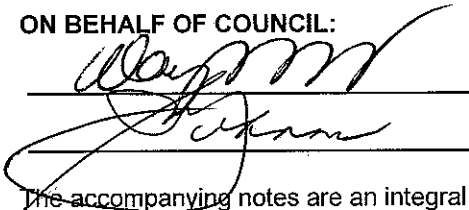


Joanne Van Nostrand, CMA
Senior Financial Officer

CITY OF DAWSON
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2013

	2013	2012
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 4,106,333	\$ 3,206,491
Receivables (Note 3)	451,377	564,073
Land held for resale	80,249	56,160
	<u>4,637,959</u>	<u>3,826,724</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 4)	1,008,624	863,163
Deferred revenue	34,913	33,030
Obligation under capital lease (Note 5)	98,144	-
Long-term debt (Note 6)	1,129,357	1,175,180
	<u>2,271,038</u>	<u>2,071,373</u>
NET FINANCIAL ASSETS	<u>2,366,921</u>	<u>1,755,351</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 7)	14,656,647	15,030,735
Inventory for consumption	76,017	110,950
Prepaid expenses	16,581	17,792
	<u>14,749,245</u>	<u>15,159,477</u>
ACCUMULATED SURPLUS (Note 8)	<u>\$ 17,116,166</u>	<u>\$ 16,914,828</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, 2013

	2013 (Budget) (Note 14)	2013 (Actual)	2012 (Actual)
REVENUE			
Government transfers for operating	\$ 2,795,237	\$ 2,854,265	\$ 1,893,851
Taxes and grants in lieu of taxes	2,504,706	2,504,650	2,346,072
Sales and user charges	1,887,275	1,910,747	1,892,831
Other	38,410	51,148	73,668
Licenses and permits	32,470	43,855	29,545
Return on investments	28,400	34,484	29,983
Penalties and costs on taxes	28,930	21,910	35,178
Fines	4,000	4,145	4,425
	<u>7,319,428</u>	<u>7,425,204</u>	<u>6,305,553</u>
EXPENSES			
Parks and recreation	1,847,743	1,540,249	1,344,778
Amortization	-	1,429,132	1,439,597
General administration	1,200,623	1,103,919	1,141,319
Water supply and distribution	916,310	931,862	1,054,057
Transportation services	814,100	927,194	700,105
Wastewater treatment and disposal	501,932	527,910	271,097
Fire	355,370	335,313	312,574
Cable television	210,785	203,384	199,635
Land use planning, zoning and development	184,560	200,547	243,222
Waste management	513,447	150,419	369,154
Bylaws enforcement and emergency measures	138,210	109,077	118,961
Council and other legislative	119,710	102,565	129,606
Cemeteries	12,000	12,434	7,971
	<u>6,814,790</u>	<u>7,574,005</u>	<u>7,332,076</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER INCOME	<u>504,638</u>	<u>(148,801)</u>	<u>(1,026,523)</u>
OTHER INCOME			
Government transfers for capital	1,432,500	309,420	590,421
Contributed tangible capital assets (Note 7)	-	750	123,600
Gain (loss) on disposal of tangible capital assets	-	39,969	(2,918)
	<u>1,432,500</u>	<u>350,139</u>	<u>711,103</u>
ANNUAL SURPLUS (DEFICIT)	<u>1,937,138</u>	<u>201,338</u>	<u>(315,420)</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>16,914,828</u>	<u>16,914,828</u>	<u>17,230,248</u>
ACCUMULATED SURPLUS, END OF YEAR (Note 8)	<u>\$ 18,851,966</u>	<u>\$ 17,116,166</u>	<u>\$ 16,914,828</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, 2013

	2013 (Budget) <i>(Note 14)</i>	2013 (Actual)	2012 (Actual)
ANNUAL SURPLUS (DEFICIT)	\$ 1,937,138	\$ 201,338	\$ (315,420)
Acquisition of tangible capital assets	(2,119,439)	(1,077,349)	(833,971)
Amortization of tangible capital assets	-	1,429,132	1,439,597
Proceeds on disposal of tangible capital assets	-	62,277	-
Loss (gain) on disposal of tangible capital assets	-	(39,969)	2,918
	<u>(182,301)</u>	<u>575,429</u>	<u>293,124</u>
(Acquisition) use of inventory for consumption	-	34,930	(16,701)
(Acquisition) use of prepaid expenses	-	1,211	(17,792)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	<u>(182,301)</u>	<u>611,570</u>	<u>258,631</u>
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>1,755,351</u>	<u>1,755,351</u>	<u>1,496,720</u>
NET FINANCIAL ASSETS - END OF YEAR	<u>\$ 1,573,050</u>	<u>\$ 2,366,921</u>	<u>\$ 1,755,351</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, 2013

	2013	2012
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ 201,338	\$ (315,420)
Non-cash items not included in annual surplus (deficit):		
Amortization of tangible capital assets	1,429,132	1,439,597
Loss (gain) on disposal of tangible capital assets	(39,969)	2,918
Contributed tangible capital assets	(750)	(123,600)
	<u>1,589,751</u>	<u>1,003,495</u>
Changes in non-cash working capital balances related to operations:		
Receivables	112,697	(105,915)
Land held for resale	(24,089)	(19,677)
Accounts payable and accrued liabilities	145,461	192,020
Deferred revenue	1,883	(59,256)
Inventory for consumption	34,930	(16,702)
Prepaid expenses	1,211	(17,792)
	<u>272,093</u>	<u>(27,322)</u>
Cash flow from operating activities	<u>1,861,844</u>	<u>976,173</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(1,076,599)	(710,371)
Proceeds on sale of tangible capital assets	62,277	-
Cash flow used by capital activities	<u>(1,014,322)</u>	<u>(710,371)</u>
FINANCING ACTIVITIES		
Proceeds from capital lease obligation	117,580	-
Repayment of long term debt	(45,823)	(44,060)
Repayment of obligations under capital lease	(19,437)	(59,112)
Cash flow from (used by) financing activities	<u>52,320</u>	<u>(103,172)</u>
CHANGE IN CASH AND TEMPORARY INVESTMENTS	899,842	162,630
CASH AND TEMPORARY INVESTMENTS - BEGINNING OF YEAR	3,206,491	3,043,861
CASH AND TEMPORARY INVESTMENTS - END OF YEAR	\$ 4,106,333	\$ 3,206,491

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, 2013

	2013	2012
BALANCE, BEGINNING OF YEAR	\$ 13,855,555	\$ 14,360,927
Acquisition of tangible capital assets	1,077,349	833,971
Amortization of tangible capital assets	(1,429,132)	(1,439,597)
Repayment of capital long-term debt	45,823	44,060
Net book value of tangible capital assets disposed of	(22,306)	(2,918)
Repayment of obligations under capital lease	19,437	59,112
Proceeds from capital lease obligation	(117,580)	-
BALANCE, END OF YEAR	\$ 13,429,146	\$ 13,855,555
Equity in tangible capital assets is comprised of the following:		
Tangible Capital Assets (net book value)	\$ 14,656,647	\$ 15,030,735
Long-term debt	(1,129,357)	(1,175,180)
Obligation under capital lease	(98,144)	-
	\$ 13,429,146	\$ 13,855,555

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 2)

	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
Materials, supplies and utilities	149,763	444,764	86,482	227,202	405,424	8,997	1,322,632
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>\$ 1,813,575</u>	<u>\$ 315,546</u>	<u>\$ 6,144,873</u>
NET REVENUE BEFORE AMORTIZATION	255,450	523,803	74,211	448,123	(60,970)	39,714	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>\$ (635,066)</u>	<u>\$ 39,714</u>	<u>\$ (148,801)</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, 2012
(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	\$ 668,195	\$ 787,312	\$ 234,595	\$ 464,778	\$ -	\$ 191,192	\$ 2,346,072
Government transfers	539,396	635,553	189,375	375,189	-	154,338	1,893,851
Sales and user charges	42,223	99,689	20,462	7,200	1,721,577	1,680	1,892,831
All other	133,158	-	4,463	-	15,450	19,728	172,799
	<u>1,382,972</u>	<u>1,522,554</u>	<u>448,895</u>	<u>847,167</u>	<u>1,737,027</u>	<u>366,938</u>	<u>6,305,553</u>
EXPENSES							
Salaries, wages and benefits	\$ 529,709	\$ 623,222	\$ 274,442	\$ 196,197	\$ 540,322	\$ 178,765	\$ 2,342,657
Contracted and general services	409,952	34,575	63,304	292,559	731,205	161,838	1,693,433
Materials, supplies and utilities	134,316	373,836	64,205	200,938	582,101	39,660	1,395,056
Repairs and maintenance	39,317	187,997	4,729	6,629	25,215	-	263,887
Insurance	28,025	38,867	24,854	3,782	15,100	537	111,165
Interest on capital lease and long-term debt	-	47,958	-	-	-	-	47,958
Grants to individuals and organizations	-	38,323	-	-	-	-	38,323
	<u>1,141,319</u>	<u>1,344,778</u>	<u>431,534</u>	<u>700,105</u>	<u>1,893,943</u>	<u>380,800</u>	<u>5,892,479</u>
NET REVENUE BEFORE AMORTIZATION	241,653	177,776	17,361	147,062	(156,916)	(13,862)	413,074
Amortization	110,678	587,110	42,371	52,469	646,969	-	1,439,597
NET REVENUE (DEFICIT)	<u>\$ 130,975</u>	<u>\$ (409,334)</u>	<u>\$ (25,010)</u>	<u>\$ 94,593</u>	<u>\$ (803,885)</u>	<u>\$ (13,862)</u>	<u>\$ (1,026,523)</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, 2013

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.

(continues)

CITY OF DAWSON
Notes to Financial Statements
For The Year Ended December 31, 2013

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Inventory for consumption

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

(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

	2013	2012
Operating accounts	\$ 587,088	\$ 361,933
Temporary investments	3,519,245	2,844,558
	\$ 4,106,333	\$ 3,206,491

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 2014.

CITY OF DAWSON
Notes to Financial Statements
For The Year Ended December 31, 2013

3. RECEIVABLES

	2013	2012
Trade and other	\$ 388,419	\$ 356,894
Goods and Services Tax rebate	52,551	101,470
Taxes and grants in place of taxes	54,381	182,533
	495,351	640,897
Less: allowance for doubtful accounts	(43,974)	(76,824)
	\$ 451,377	\$ 564,073

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2013	2012
Trade accounts payable and accrued liabilities	\$ 685,633	\$ 591,251
Accrued vacation, overtime and sick time	304,179	252,336
Accrued interest on long-term debt	18,812	19,576
	\$ 1,008,624	\$ 863,163

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

	2013	2012
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.	\$ 98,144	\$ -

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

2014	\$ 24,619
2015	24,619
2016	24,619
2017	24,619
2018	11,758
	110,234
Less amount representing interest at 5.25%:	12,090
	\$ 98,144

Total interest paid on the capital lease obligation in 2013 amounted to \$5,183.

CITY OF DAWSON
Notes to Financial Statements
For The Year Ended December 31, 2013

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>Interest</u>	<u>Total</u>
2014	\$ 47,656	\$ 45,174	\$ 92,830
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
To maturity	<u>871,239</u>	<u>279,836</u>	<u>1,151,075</u>
	<u>\$ 1,129,357</u>	<u>\$ 485,868</u>	<u>\$ 1,615,225</u>

Total interest paid on long-term debt in 2013 amounted to \$47,007 (2012 - \$48,770).

CITY OF DAWSON
Notes to Financial Statements
For The Year Ended December 31, 2013

7. TANGIBLE CAPITAL ASSETS

	2013 Net Book Value	2012 Net Book Value
Engineered structures		
Water and wastewater	\$ 1,225,499	\$ 943,502
Other	1,226,449	1,310,742
Cable television	701,725	763,432
	<u>3,153,673</u>	<u>3,017,676</u>
Buildings	8,326,548	8,915,461
Land	1,286,821	1,304,094
Work in progress	497,485	683,877
Machinery, equipment, and furnishings	728,200	422,812
Land improvements	663,920	686,815
	<u>\$ 14,656,647</u>	<u>\$ 15,030,735</u>

Land additions include \$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	10,178,525	162,368	-	628,555	10,969,448
Other	1,574,076	-	-	-	1,574,076
	<u>13,295,283</u>	<u>162,368</u>	<u>-</u>	<u>628,555</u>	<u>14,086,206</u>
Buildings	16,947,328	56,337	-	-	17,003,665
Machinery, equipment, and furnishings	2,610,297	361,413	655,650	38,518	2,354,578
Land	1,304,094	750	18,023	-	1,286,821
Land improvements	977,146	-	-	15,800	992,946
Work in progress	683,877	496,481	-	(682,873)	497,485
	<u>\$ 35,818,025</u>	<u>\$ 1,077,349</u>	<u>\$ 673,673</u>	<u>\$ -</u>	<u>\$ 36,221,701</u>

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Transfers	Accumulated Amortization End of Year
Engineered structures					
Cable television	\$ 779,250	\$ 61,707	\$ -	\$ -	\$ 840,957
Water and wastewater	9,235,023	508,926	-	-	9,743,949
Other	263,334	84,293	-	-	347,627
	<u>10,277,607</u>	<u>654,926</u>	<u>-</u>	<u>-</u>	<u>10,932,533</u>
Buildings	8,031,867	645,250	-	-	8,677,117
Machinery, equipment, and furnishings	2,187,485	90,261	651,368	-	1,626,378
Land improvements	290,331	38,695	-	-	329,026
	<u>\$ 20,787,290</u>	<u>\$ 1,429,132</u>	<u>\$ 651,368</u>	<u>\$ -</u>	<u>\$ 21,565,054</u>

CITY OF DAWSON
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8. ACCUMULATED SURPLUS

	2013	2012
Unrestricted surplus	\$ 1,652,684	\$ 1,415,268
Restricted surplus:		
Reserves (Note 9)	2,034,336	1,644,005
Equity in tangible capital assets (Schedule 1)	13,429,146	13,855,555
	\$ 17,116,166	\$ 16,914,828

9. RESERVES

	2013	2012
Public works	\$ 1,050,219	\$ 706,538
Recreation	334,086	191,513
Protective services	285,530	247,489
Load capacity	113,145	87,108
Cable	90,670	75,739
Waste management	60,686	40,192
Future land development	27,319	26,987
Administration	26,522	171,504
Parking	26,159	25,841
Administration equipment replacement	10,000	71,094
Heritage	10,000	-
	\$ 2,034,336	\$ 1,644,005

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 will be deemed to be the owner upon the successful commissioning of the facility and the City has agreed to work diligently and cooperatively with the Government of Yukon in ensuring that the facility is completed and operational. At this time the City is yet to be responsible for the treatment 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.

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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.

14. BUDGET

Budget figures are presented for information purposes only and are unaudited.

15. COMPARATIVE FIGURES

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