

**The Corporation of the
City of Dryden
Consolidated Financial Statements
For the year ended December 31, 2005**

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Driving growth

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Auditors' Report

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the City of Dryden

We have audited the consolidated statement of financial position of The Corporation of the City of Dryden as at December 31, 2005 and the consolidated statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the Municipality's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the City of Dryden as at December 31, 2005 and the results of its financial activities and changes in financial position for the year then ended in accordance with Canadian generally accepted accounting principles.


Chartered Accountants

Dryden, Ontario
July 27, 2006

**The Corporation of the City of Dryden
Consolidated Statement of Financial Position**

December 31	2005	2004
Assets		
Financial assets		
Cash and bank	\$ 888,336	\$ 500,512
Temporary investments (Note 1)	2,328,012	2,215,502
Taxes receivable	531,433	573,780
Accounts receivable (Note 2)	1,278,588	1,514,040
User charges receivable	126,251	102,978
Grants receivable	2,694,295	1,500,281
Investment in government business enterprises (Note 3)	8,107,092	8,279,559
Long-term receivables (Note 4)	7,648,393	3,538,286
	<u>\$ 23,602,400</u>	<u>\$ 18,224,938</u>
Liabilities and Municipal Position		
Liabilities		
Bank indebtedness (Note 5)	\$ 6,249,648	\$ 4,822,836
Accounts payable and accrued liabilities	4,099,803	3,628,987
Landfill closure and post closure liability (Note 6)	293,276	235,882
Post-retirement benefits liability (Note 7)	560,907	367,298
Deferred revenue (Note 8)	274,890	370,826
Net long-term liabilities (Note 9)	5,214,948	343,692
	<u>16,693,472</u>	<u>9,769,521</u>
Municipal position		
Current fund (Note 10)	(790,419)	(485,546)
Capital fund (Note 11)	-	(3,811,553)
Reserves	6,444,849	5,864,592
Net equity in government business enterprises (Note 3)	8,731,748	8,763,820
	<u>14,386,178</u>	<u>10,331,313</u>
Amounts to be recovered (Note 12)	(7,477,250)	(1,875,896)
	<u>6,908,928</u>	<u>8,455,417</u>
	<u>\$ 23,602,400</u>	<u>\$ 18,224,938</u>

**The Corporation of the City of Dryden
Consolidated Statement of Financial Activities**

For the year ended December 31	2005	2005	2004
	Budget	Actual	Actual
Revenue			
Taxation	\$ 9,425,720	\$ 9,274,148	\$ 8,963,966
Payments in lieu of taxation	225,169	225,138	210,529
Fees and user charges	4,891,760	4,887,472	4,422,622
Canada grants	422,036	3,435,546	1,466,939
Ontario grants	5,179,943	4,930,431	3,864,832
Municipal grants	4,903	3,340	4,403
Dryden Telephone System share of income (Note 3)	749,767	68,493	(1,022,120)
Dryden Mobility share of income (Note 3)	369,123	425,406	326,345
Other income (Note 13)	3,060,982	3,611,848	3,926,835
	<u>24,329,403</u>	<u>26,861,822</u>	<u>22,164,351</u>
Expenditures			
Current Operations (Note 14)			
General government	2,030,882	2,669,810	2,192,408
Protection services	3,990,677	4,106,704	4,110,617
Transportation services	2,636,805	2,927,894	2,879,498
Environmental services	2,463,805	2,924,291	2,786,593
Health services	1,363,140	1,226,080	1,404,221
Social and family services	3,023,795	3,575,370	3,542,198
Social housing	664,691	665,880	619,092
Recreation and cultural services	2,554,484	2,808,181	2,548,671
Planning and development	211,000	216,766	249,169
	<u>18,939,279</u>	<u>21,120,976</u>	<u>20,332,467</u>
Capital			
General government	379,300	282,599	1,709,490
Protection services	1,153,999	1,043,007	708,200
Transportation services	832,200	3,207,154	1,049,238
Environmental services	1,627,500	568,505	825,632
Health services	70,000	54,563	44,137
Social and family services	95,542	84,340	93,629
Recreation and cultural services	807,100	644,076	271,807
Planning and development	1,414,425	1,527,120	1,161,959
	<u>6,380,066</u>	<u>7,411,364</u>	<u>5,864,092</u>
Net revenue (expenditures) for the year	<u>(989,942)</u>	<u>(1,670,518)</u>	<u>(4,032,208)</u>
Change in amounts to be recovered and surplus adjustments			
Debenture proceeds	1,307,200	5,080,000	-
Debt principal repayments	(205,646)	(208,743)	(198,451)
Change in employee benefits payable	-	157,689	101,266
Change in interest payable	-	1,908	(4,805)
Change in landfill closure and post closure costs	-	57,394	54,138
Change in Home for the Aged	-	513,106	721,814
Dryden Telephone System - correction of a prior period error (Note 3)	-	124,029	-
	<u>1,101,554</u>	<u>5,725,383</u>	<u>673,962</u>
Change in fund balances for the year	<u>\$ 111,612</u>	<u>\$ 4,054,865</u>	<u>\$ (3,358,246)</u>

The accompanying summary of significant accounting policies, notes and schedules are an integral part of these financial statements.

The Corporation of the City of Dryden Consolidated Statement of Changes in Financial Position

For the year ended December 31	2005	2004
Cash provided by (used in)		
Operating activities		
Net revenue (expenditures) for the year	\$ (1,670,518)	\$ (4,032,208)
Changes in non-cash working capital balances		
Decrease in government business enterprises	172,467	1,632,000
Decrease in taxes receivable	42,347	256,973
Decrease in accounts receivable	235,452	684,698
Decrease (increase) in user charges receivable	(23,273)	178
Decrease (increase) in grants receivable	(1,194,014)	33,129
Increase in long-term receivables	(4,110,107)	(3,538,286)
Increase in accounts payable and accrued liabilities	470,812	696,158
Increase in landfill closure and post closure liability	57,394	54,138
Increase in post-retirement benefits liability	193,609	41,344
Decrease in deferred revenue	(95,936)	(1,376,500)
	<u>(5,921,767)</u>	<u>(5,548,376)</u>
Financing activities		
Decrease (increase) in temporary investments	(112,510)	2,763,692
Increase in bank indebtedness	1,426,812	3,020,821
Increase (decrease) in long-term liabilities	4,871,256	(198,451)
Prior period adjustment	124,033	-
	<u>6,309,591</u>	<u>5,586,062</u>
Net change in cash	387,824	37,686
Cash, beginning of the year	500,512	462,826
Cash, end of the year	\$ 888,336	\$ 500,512

The accompanying summary of significant accounting policies, notes and schedules are an integral part of these financial statements.

The Corporation of the City of Dryden Summary of Significant Accounting Policies

December 31, 2005

Management Responsibility

The consolidated financial statements of The Corporation of the City of Dryden are the representations of management. They have been prepared in accordance with accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants as prescribed by the Ministry of Municipal Affairs and Housing.

The consolidated financial statements of the municipality have been prepared by management in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The consolidated financial statements have, in management's opinion, been properly prepared using careful judgement within reasonable limits of materiality and within the framework of the accounting policies summarized below.

Basis of Consolidation

The consolidated statements reflect the assets, liabilities, revenues and expenditures of the current fund, capital fund, reserves and reserve funds of all municipal organizations, committees, and boards which are owned or controlled by Council. All interfund assets and liabilities and revenues and expenditures have been eliminated on consolidation.

The following boards and municipal enterprises owned or controlled by Council have been consolidated:

- Dryden Municipal Airport
- Dryden Public Library Board
- The Dryden Police Services Board
- Waterworks Department
- Dryden Museum Board
- Dryden Cemetery Board
- Dryden Economic Development Board

Government business enterprises and partnerships are separate legal entities which do not rely on the municipality for funding. Investments in government business enterprises are accounted for using the modified equity method. The following government business enterprises are reflected in the consolidated financial statements:

- Dryden Telephone System
- Dryden Mobility

The Corporation of the City of Dryden Summary of Significant Accounting Policies

December 31, 2005

Non-consolidated Entities

The following joint local boards are not consolidated:

Kenora District Home for the Aged
Northwestern Health Unit
Kenora District Services Board

Basis of Accounting

Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.

The consolidated statement of financial position reflects all of the financial assets and liabilities of the municipality. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Municipal position represents the financial position of the municipality, and is the difference between its assets and liabilities. This provides information about the municipality's overall future revenue requirements and its ability to finance activities and meet its obligations.

Temporary Investments

Temporary investments are recorded at the lower of cost and market value.

Inventories

Inventories of supplies, including vehicle parts and road maintenance materials, are charged to operations when purchased.

Capital Assets

The historical cost and accumulated amortization of capital assets are not recorded for municipal purposes. Capital assets are reported as an expenditure on the consolidated statement of financial activities in the period of acquisition.

Deferred Revenue

Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the consolidated statement of financial position. The revenue is reported on the consolidated statement of financial activities in the year in which it is used for the specified purpose.

Amounts to be Recovered

Amounts to be recovered are reported in the municipal position on the consolidated statement of financial position. The balance represents the outstanding principal portion of unmatured long-term liabilities, liabilities not yet due, and other future expenditures not yet levied on the ratepayers.

The Corporation of the City of Dryden Summary of Significant Accounting Policies

December 31, 2005

Government Transfers

Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility have been met and reasonable estimates of the amount can be made.

Trust Funds

Funds held in trust by the municipality, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately on the trust funds statement of continuity and balance sheet.

Financial Instruments

The municipality's financial instruments consist of cash, temporary investments, taxes receivable, accounts receivable, user charges receivable, grants receivable, investment in government business enterprises, long-term receivables, bank indebtedness, accounts payable and net long-term liabilities. Unless otherwise noted, it is management's opinion that the municipality is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

Post-retirement Benefits

The cost of retirement benefits earned by employees is actuarially determined using the projected cost method prorated on service and management's best estimate of salary escalation, retirement ages of employees and expected health care costs.

**The Corporation of the City of Dryden
Notes to Financial Statements**

December 31, 2005

1. Temporary Investments

	2005	2004
Unrestricted	<u>\$ 2,328,012</u>	<u>\$ 2,215,502</u>

Temporary investments are recorded at cost and have a market value approximating cost. These investments include a combination of term deposits, money market investments and guaranteed investment certificates. The above investments earn interest at varying rates between 2.3% and 4.0%.

2. Accounts Receivable

	2005	2004
Merchandise and other	\$ 1,244,566	\$ 1,370,299
Due from School Boards	34,022	143,741
Provincial Offences Act		
Fines and charges	2,802,649	2,551,433
Allowance for doubtful accounts	<u>(2,802,649)</u>	<u>(2,551,433)</u>
	<u>\$ 1,278,588</u>	<u>\$ 1,514,040</u>

Provincial Offences Act

The majority of the fines and penalties receivable for the Provincial Offences Act have been outstanding for more than one hundred and twenty days. Due to the nature of these fines and penalties, it is difficult for the municipality to actively pursue collection of these outstanding accounts.

The Corporation of the City of Dryden Notes to Financial Statements

December 31, 2005

3. Investment in Government Business Enterprises

	2005	2004
Dryden Telephone System		
Net equity in Government Business Investment	\$ 7,455,068	\$ 7,662,546
Due to The Corporation of the City of Dryden	(456,553)	(513,875)
	6,998,515	7,148,671
Dryden Mobility		
Net equity in Government Business Investment	1,276,680	1,101,274
Due from The Corporation of the City of Dryden	(168,103)	29,614
	1,108,577	1,130,888
	\$ 8,107,092	\$ 8,279,559

The Dryden Telephone System and Dryden Mobility are owned and controlled by The Corporation of the City of Dryden as business enterprises of the City and are accounted for on a modified equity basis in these financial statements. The following information provides condensed supplementary information for the enterprises for the year ended December 31, 2005:

Financial Position, Results of Operations and Changes in Net Assets

	Dryden Telephone System	Dryden Mobility	2005 Total	2004 Total
Current assets	\$ 1,592,634	\$ 249,351	\$ 1,841,985	\$ 1,411,261
Long-term investments	14,413	-	14,413	13,983
Capital assets	6,188,516	1,225,358	7,413,874	7,716,807
	\$ 7,795,563	\$ 1,474,709	\$ 9,270,272	\$ 9,142,051
Current liabilities	\$ 142,691	\$ 198,029	\$ 340,720	\$ 279,342
Long-term liabilities	-	-	-	84,906
Deferred liability	197,804	-	197,804	13,983
	340,495	198,029	538,524	378,231
Net assets, end of year	7,455,068	1,276,680	8,731,748	8,763,820
	\$ 7,795,563	\$ 1,474,709	\$ 9,270,272	\$ 9,142,051

**The Corporation of the City of Dryden
Notes to Financial Statements**

December 31, 2005

3. Investment in Government Business Enterprises (continued)

Results of Operations

	Dryden Telephone System	Dryden Mobility	2005 Total	2004 Total
Revenues	\$ 4,267,147	\$ 1,884,798	\$ 6,151,945	\$ 5,751,619
Operating expenses	4,198,654	1,459,392	5,658,046	6,447,394
Net income	68,493	425,406	493,899	(695,775)
Contribution to The Corporation of the City of Dryden	(400,000)	(250,000)	(650,000)	(550,000)
	(331,507)	175,406	(156,101)	(1,245,775)
Net equity, beginning of the year	7,662,542	1,101,274	8,763,816	10,009,595
Correction of prior period error - See note below	124,033	-	124,033	-
Net equity, end of the year	<u>\$ 7,455,068</u>	<u>\$ 1,276,680</u>	<u>\$ 8,731,748</u>	<u>\$ 8,763,820</u>

Correction of a Prior Period Error

In the current year Dryden Telephone System followed up with Bell Canada/OTA concerning an outstanding payable on its books arising from a Carrier Access Tarriff (CAT) adjustment dating back to 1998. Based on discussions with Bell Canda/OTA it was determined that the amount of \$124,033 was no longer outstanding and was not payable. As a result, Dryden Telephone System has reduced the prior year accounts payable and increased the opening retained earnings by \$124,033.

4. Long-term Receivables

	2005	2004
Loan receivable from Dryden Regional Health Centre, repayable in monthly instalments of \$14,380 including interest at 5%, secured by land and buildings; maturing January 2014	\$ 1,145,452	\$ 1,257,673
Loan receivable from of Kenora District Home for the Aged, interest accrued at prime less 1/2% (currently 4.5%), no specific terms of repayment	<u>6,502,941</u>	<u>2,280,613</u>
	<u>\$ 7,648,393</u>	<u>\$ 3,538,286</u>

The Corporation of the City of Dryden Notes to Financial Statements

December 31, 2005

4. Long-term Receivables (continued)

Loan Receivable from Kenora Distict Home for the Aged

The Corporation of the City of Dryden has committed to financing, to a maximum of \$7,100,000, to the District of Kenora Home for Aged, for a 32 bed addition at Princess Court and a 10 bed addition at Northwood Lodge.

The Corporation of the City of Dryden had advanced \$6,502,941 (2004 - \$2,280,613) to Kenora District Home for the Aged to December 31, 2005. Interest is accrued at prime less 1/2% (currently 4.50%) and added to the debt, to be converted to a 10 year debenture upon completion of construction.

Principal payments required on long-term receivables for the next five years and thereafter are due as follows:

Year	Amount
2006	\$ 112,221
2007	117,963
2008	123,998
2009	130,342
2010	137,010
Thereafter	7,026,859
	\$ 7,648,393

5. Bank Indebtedness

	2005	2004
CIBC operating bank overdraft	\$ 39,801	\$ 857,836
BMO Financial Group loan, interest only at prime plus .5% payable on demand	-	3,965,000
BMO Financial Group loan, interest only at prime plus .5% payable on demand	6,209,847	-
	\$ 6,249,648	\$ 4,822,836

The Corporation of the City of Dryden has a revolving credit facility with the Canadian Imperial Bank of Commerce which provides for maximum aggregate commitments of \$6,000,000. Borrowings are not to exceed the lesser of the credit limit and/or 50% of annual budgeted revenues during the period January 1 to September 30, 25% of annual budgeted revenues during the period October 1 to December 31. Advances under this facility bear interest at prime less 1/4%, which is payable monthly.

The indebtedness under this credit facility is secured by a general security agreement covering all real or personal, movable or immovable property.

The Corporation of the City of Dryden Notes to Financial Statements

December 31, 2005

6. Landfill Closure and Post Closure Liability

Effective January 1, 2003, the municipality adopted accounting recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants with respect to landfill site closing and post closure costs. As a result, the consolidated statement of financial position now reflects liabilities for anticipated future costs related to the closing and monitoring of the existing Dryden and Barclay landfill sites. This liability is recognized over the operating life of the waste disposal sites, in proportion to the sites' utilized capacity.

Relevant information regarding the landfill sites is as follows:

	Dryden Site	Barclay Site
Total estimated expenditures for closure and post closure	\$ 823,340	\$ 275,506
Landfill closure and post closure liability as at December 31, 2005	\$ 170,829	\$ 122,447
Total expenditures remaining to be recognized	\$ 652,511	\$ 153,059
Remaining capacity of the site (cubic metres)	459,660	7,500
Remaining landfill site life (years)	26	5
Number of years required for post closure care	25	25

7. Post-retirement Benefits Liability

The Corporation of the City of Dryden provides the following benefits to employees who have been a member of the benefits plan for at least one year immediately prior to retirement from active service with retirement under the terms of the OMERS pension plan:

- Extended health care drug plan
- Dental benefits
- Semi-private hospital coverage
- Vision care
- Group life insurance

At December 31, 2005, The Corporation of the City of Dryden's accrued benefit obligation relating to post-retirement benefit plans was \$560,907 (2004 - \$367,298).

The significant actuarial assumptions adopted and estimated for The Corporation of the City of Dryden's accrued benefit obligations are as follows:

Discount Rate	5.25
Health Care Drug Cost Increase	7% decreasing 1% per annum until 4%
General Inflation	3%
Other Benefits Cost Increase	4%

Included in the employee benefits on the schedule of current fund operations is an amount of \$193,609 (net of employer contributions) regarding future benefits.

**The Corporation of the City of Dryden
Notes to Financial Statements**

December 31, 2005

8. Deferred Revenue

	2005	2004
Airport funding	\$ 53,104	\$ 53,104
Obligatory reserve fund - park purposes	49,854	48,535
Miscellaneous	171,932	269,187
	\$ 274,890	\$ 370,826

The net change during the year in the deferred revenue balances is made up as follows:

	2005	2004
Balance, beginning of the year	\$ 370,826	\$ 1,747,326
Transfers from revenue in the current year		
Deferred grants	70,287	49,267
Donations	91,576	366,566
Miscellaneous	3,600	250
Interest income	1,319	707
	166,782	416,790
Transfers to revenue in the current year		
Transfer to grant revenue	105,283	555,603
Transfer to miscellaneous revenue	1,899	224
Transfer to donation revenue	150,068	444,273
	257,250	1,000,100
Transfer to operating accounts	5,468	793,190
Balance, end of the year	\$ 274,890	\$ 370,826

**The Corporation of the City of Dryden
Notes to Financial Statements**

December 31, 2005

9. Net Long-term Liabilities

a) The balance of long-term liabilities reported on the consolidated statement of financial position is made up of the following:

	2005	2004
Total net long-term liabilities incurred by the Municipality, maturing 2008 and outstanding at the end of the year amount to	\$ 5,214,948	\$ 343,692

b) Debt charges for the next five fiscal years and thereafter are as follows:

	Principal	Interest	Total
2006	\$ 473,059	\$ 229,910	\$ 702,969
2007	495,854	207,115	702,969
2008	456,454	183,184	639,638
2009	470,622	162,334	632,956
2010	492,438	140,518	632,956
Thereafter	2,826,521	338,257	3,164,778
	\$ 5,214,948	\$ 1,261,318	\$ 6,476,266

c) The net long-term liabilities in (a) issued in the name of the Municipality have either received approval of the Ontario Municipal Board on or before December 31, 2000, or are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing if issued after January 1, 2005.

10. Current Fund

The balance on the consolidated statement of financial position of \$(790,419) [2004 - \$(485,546)] at the end of the year is comprised of the following:

	2005	2004
To be applied to (financed by) operations of the operating fund for the following year	\$ (131,466)	\$ 59,122
To be financed by operations of the Waterworks department for the following year	(720,285)	(583,430)
To be applied to operations of the Dryden Public Library for the following year	6,550	8,620
To be applied to operations of the Dryden Cemetery Board for the following year	54,782	30,142
Current fund, end of the year	\$ (790,419)	\$ (485,546)

**The Corporation of the City of Dryden
Notes to Financial Statements**

December 31, 2005

11. Capital Fund

	2005	2004
Acquisition of capital assets to be financed through: Issue of debentures	\$ -	\$ (3,811,553)

12. Amounts to be Recovered

	2005	2004
Accrued interest payable on long-term liabilities	\$ 7,291	\$ 5,382
Capital outlay financed by long-term liabilities and to be recovered in future years	5,214,948	343,692
Post-retirement benefits liability	726,815	569,126
Landfill closure and post closure costs	293,276	235,882
Home for the Aged	1,234,920	721,814
	\$ 7,477,250	\$ 1,875,896

13. Other Income

	2005	2004
Penalties and interest on taxation	\$ 95,898	\$ 92,866
Investment	470,424	298,976
Building rentals	746,584	686,187
Provincial Offences Act	688,055	1,005,273
Licences and permits	80,254	77,469
Sale of land and other assets	38,790	25,830
Other fines	14,226	71,721
Miscellaneous	882,975	1,059,473
Donations	594,642	609,040
	\$ 3,611,848	\$ 3,926,835

**The Corporation of the City of Dryden
Notes to Financial Statements**

December 31, 2005

14. Expenditures by Object

Total operating expenditures for the year reported on the consolidated statement of financial activities are as follows:

	2005	2004
Salaries, wages and employee benefits	\$ 9,893,688	\$ 8,924,170
Materials	5,980,445	5,634,348
Contracted services	1,177,985	1,245,916
Rents and financial expenses	339,172	212,275
Interest on long-term debt	26,903	36,424
Contributions to other organizations	3,702,783	4,279,334
	\$ 21,120,976	\$ 20,332,467

15. Public Sector Salary Disclosure

As required under the Public Sector Salary Disclosure Act, 1996, the following employees of the City were paid \$100,000 or more in 2005:

Name	Position	Salary Paid	Taxable Benefits
Arie Hoogenboom	City Manager	\$ 105,157	\$795
Shayne MacKinnon	Police Chief	\$ 105,210	\$740

16. Pension Agreements

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 167 members of its staff. This plan is a defined benefit plan which specifies the amount of the retirement to be received by the employees based on the length of service and rates of pay. The amount contributed to OMERS for 2005 was \$487,613 (2004 - \$449,971).

17. Trust Funds

The trust funds administered by the municipality amounting to \$456,701 (2004 - \$435,237) have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of financial activities. At December 31, 2005, the trusts fund balances are as follows:

	2005	2004
Cemetery Perpetual Care	\$ 456,701	\$ 435,237

The Corporation of the City of Dryden Notes to Financial Statements

December 31, 2005

18. Contributions to Unconsolidated Joint Boards

Further to the Significant Accounting Policies, the following contributions were made by the Municipality to these boards:

	2005	2004
Kenora District Home for the Aged	\$ 841,841	\$ 729,562
Northwestern Health Unit	379,350	278,822
Kenora District Services Board	1,939,533	1,739,844
	\$ 3,160,724	\$ 2,748,228

19. Operations of School Boards

During the year, taxation revenue of \$5,882,268 (2004 - \$5,718,025) was raised and remitted to the school boards.

20. Physical Assets

The amounts below represent the values as estimated by the municipality's insurer:

Building and structures	\$ 53,525,400
Contents and equipment	22,997,600
Unlicensed equipment	3,437,612

21. Budget Amounts

Under Canadian generally accepted accounting principles, budget amounts are to be reported on the consolidated statement of financial activities for comparative purposes. The 2005 budget amounts for The Corporation of the City of Dryden approved by Council have been restated to conform to the basis of preparation of the revenues and expenditures on the consolidated statement of financial activities.

22. Commitments

The City leases certain of its premises and equipment under various operating leases. The future minimum lease payments over the next five years are as follows:

Year	Amount
2006	\$ 162,490
2007	127,346
2008	16,856
2009	11,954
2010	7,350

**The Corporation of the City of Dryden
Notes to Financial Statements**

December 31, 2005

23. Subsequent Event and Contingent Liability

The Corporation of the City of Dryden is disputing a claim filed by Roma Insurance. Management is unable to determine if there will be a liability as a result of this claim. In addition, the City is involved in a suit pertaining to a motor vehicle accident which occurred in 2004 for which the amount of settlement, if any, is not determinable. No opinion is expressed as to whether these claims would have a material effect on the City's current year consolidated financial statements. If any settlements result from the claims, these settlements will be expensed in the Consolidated Statement of Financial Activities in the year in which judgements are rendered. No provision has been made in these consolidated financial statements in respect of the above claims.

24. Comparative Figures

Certain of the comparative figures have been restated to conform to the presentation adopted in the current year.

The Corporation of the City of Dryden Schedule of Current Fund Operations

For the year ended December 31	2005 Budget	2005 Actual	2004 Actual
Revenue			
Taxation	\$ 9,425,720	\$ 9,274,148	\$ 8,963,966
Payments in lieu of taxation	225,169	225,138	210,529
Fees and user charges	4,891,760	4,887,472	4,422,622
Canada grants	422,036	260,332	761,857
Ontario grants	4,297,570	4,681,014	3,333,979
Municipal grants	4,903	3,340	4,403
Other	2,838,625	3,520,323	3,679,806
	<u>22,105,783</u>	<u>22,851,767</u>	<u>21,377,162</u>
Expenditures			
General government	2,030,882	2,669,810	2,192,408
Protection services	3,990,677	4,106,704	4,110,617
Transportation services	2,636,805	2,927,894	2,879,498
Environmental services	2,463,805	2,924,291	2,786,593
Health services	1,363,140	1,226,080	1,404,221
Social and family services	3,023,795	3,575,370	3,542,198
Social housing	664,691	665,880	619,092
Recreation and cultural services	2,554,484	2,808,181	2,548,671
Planning and development	211,000	216,766	249,169
	<u>18,939,279</u>	<u>21,120,976</u>	<u>20,332,467</u>
Net revenue (expenditures) for the year	<u>3,166,504</u>	<u>1,730,791</u>	<u>1,044,695</u>
Change in amounts to be recovered and surplus adjustments			
Debt principal repayments	(205,646)	(208,743)	(198,451)
Changes in employee benefits payable	-	157,689	101,266
Change in interest payable	-	1,908	(4,805)
Change in landfill closure and post closure costs	-	57,394	54,138
Change in Home for the Aged	-	513,106	721,814
Transfers to capital fund operations	(3,968,136)	(2,377,253)	(2,655,278)
Transfers (to) from reserves and reserve funds	900,183	(179,765)	510,730
	<u>(3,273,599)</u>	<u>(2,035,664)</u>	<u>(1,470,586)</u>
Change in fund balances for the year	(107,095)	(304,873)	(425,891)
Current fund, beginning of the year	<u>107,095</u>	<u>(485,546)</u>	<u>(59,655)</u>
Current fund, end of the year	<u>\$ -</u>	<u>\$ (790,419)</u>	<u>\$ (485,546)</u>

The Corporation of the City of Dryden Schedule of Capital Fund Operations

For the year ended December 31	2005 Budget	2005 Actual	2004 Actual
Revenue			
Canada grants	\$ -	\$ 3,175,214	\$ 705,082
Ontario grants	882,373	249,417	530,853
Other	222,357	543,847	601,800
	<u>1,104,730</u>	<u>3,968,478</u>	<u>1,837,735</u>
Expenditures			
General government	379,300	282,599	1,709,490
Protection services	1,153,999	1,043,007	708,200
Transportation services	832,200	3,207,154	1,049,238
Environmental services	1,627,500	568,505	825,632
Health services	70,000	54,563	44,137
Social and family services	95,542	84,340	93,629
Recreation and cultural services	807,100	644,076	271,807
Planning and development	1,414,425	1,527,120	1,161,959
	<u>6,380,066</u>	<u>7,411,364</u>	<u>5,864,092</u>
Net revenue (expenditures) for the year	<u>(5,275,336)</u>	<u>(3,442,886)</u>	<u>(4,026,357)</u>
Financing and transfers			
Debenture proceeds	1,307,200	5,080,000	-
Transfers from revenue fund	3,968,136	2,377,253	2,655,278
Transfer to reserves and reserve funds	-	(202,814)	-
	<u>5,275,336</u>	<u>7,254,439</u>	<u>2,655,278</u>
Change in fund balances for the year	-	3,811,553	(1,371,079)
Capital fund, beginning of the year	-	(3,811,553)	(2,440,474)
Capital fund, end of the year	\$ -	\$ -	\$ (3,811,553)

**The Corporation of the City of Dryden
Schedule of Reserves**

For the year ended December 31	2005 Budget	2005 Actual	2004 Actual
Revenue			
Interest	\$ -	\$ 197,678	\$ 195,229
Net transfers from (to) other funds			
Transfer (to) from revenue fund	(900,183)	179,765	(510,730)
Transfer from capital fund	-	202,814	-
	(900,183)	382,579	(510,730)
Change in fund balances for the year	(900,183)	580,257	(315,501)
Reserves, beginning of the year	5,819,611	5,864,592	6,180,093
Reserves, end of the year	\$ 4,919,428	\$ 6,444,849	\$ 5,864,592

Analyzed as follows:

Reserves set aside for specific purpose by Council:

Working funds	\$ 1,027,725	\$ 891,615
Capital expenditure purposes	4,934,080	4,567,133
Sick leave and WSIB benefits	165,908	197,046
Recreation	38,040	36,794
Personal protection	1,500	1,500
Roads	277,596	170,504
Reserves, end of the year	\$ 6,444,849	\$ 5,864,592