

The Corporation of the City of Dryden
Financial Statements
For the year ended December 31, 2008

The Corporation of the City of Dryden
Consolidated Financial Statements
For the year ended December 31, 2008

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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, 2008 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.

The Corporation of the City of Dryden decided to set up the Non-financial Asset for Inventory held for internal consumption. This resulted in the retroactive restatement of the prior year audited financial statements. We were unable to obtain satisfactory evidence of the value of the Inventory held for internal consumption for the prior year.

In our opinion, except for the effect of the failure to obtain satisfactory evidence of the value of the Inventory for internal consumption for the prior year, 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, 2008 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, Licensed Public Accountants

Dryden, Ontario
September 18, 2009

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

December 31	2008	2007
Assets		
Financial assets		
Cash and bank	\$ 2,257,699	\$ 3,237,804
Investments (Note 1)	3,060,868	2,707,005
Taxes receivable	588,365	589,602
Accounts receivable (Note 2)	1,782,735	831,632
User charges receivable	202,881	214,017
Grants receivable	762,089	593,643
Investment in government business enterprises (Note 3)	6,284,005	6,198,281
Long-term receivables (Note 4)	7,160,636	7,967,458
	<u>22,099,278</u>	<u>22,339,442</u>
Non-financial asset		
Inventory for internal consumption	<u>324,533</u>	<u>329,384</u>
	\$ 22,423,811	\$ 22,668,826
Liabilities and Municipal Position		
Liabilities		
Accounts payable and accrued liabilities	\$ 5,204,915	\$ 4,527,601
Landfill closure and post closure liability (Note 6)	590,514	406,787
Post-retirement benefits liability (Note 7)	845,423	780,109
Deferred revenue/obligatory reserve funds (Note 8)	1,531,525	313,682
Net long-term liabilities (Note 9)	13,863,904	15,310,003
	<u>22,036,281</u>	<u>21,338,182</u>
Municipal position		
Current fund (deficit) (Note 10)	(430,778)	(785,269)
Capital fund (deficit) (Note 11)	(305,876)	-
Reserves	5,181,590	5,312,965
Net equity in government business enterprises (Note 3)	6,849,103	8,112,129
	<u>11,294,039</u>	<u>12,639,825</u>
Amounts to be recovered (Note 12)	<u>(10,906,509)</u>	<u>(11,309,181)</u>
	<u>387,530</u>	<u>1,330,644</u>
	\$ 22,423,811	\$ 22,668,826

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

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

For the year ended December 31	2008 Budget	2008 Actual	2007 Actual
Revenue			
Taxation	\$ 9,551,883	\$ 9,713,207	\$ 9,901,424
Payments in lieu of taxation	237,231	226,957	235,814
Fees and user charges	6,370,955	5,600,399	5,321,545
Canada grants	1,339,213	627,264	360,984
Ontario grants	10,020,572	6,415,325	5,959,840
Dryden Municipal Telephone System share of income (Note 3)	749,767	166,566	462,979
Dryden Mobility share of income (loss) (Note 3)	369,123	(279,592)	60,267
Other income (Note 13)	4,117,659	3,365,873	3,786,911
	<u>32,756,403</u>	<u>25,835,999</u>	<u>26,089,764</u>
Expenditures			
Current Operations (Note 14)			
General government	2,544,115	2,849,566	3,283,087
Protection services	4,587,313	4,968,804	4,819,241
Transportation services	2,737,260	3,100,873	3,028,402
Environmental services	2,793,433	3,641,457	2,947,240
Health services	1,165,814	1,205,954	1,188,080
Social and family services	4,216,566	4,132,437	4,122,658
Social housing	714,376	675,514	649,733
Recreation and cultural services	2,937,648	2,996,903	3,014,525
Planning and development	1,177,733	643,521	384,035
	<u>22,874,258</u>	<u>24,215,029</u>	<u>23,437,001</u>
Capital			
General government	518,000	361,606	434,736
Protection services	130,800	114,853	156,839
Transportation services	4,569,500	330,681	838,904
Environmental services	2,188,500	1,218,327	1,370,634
Health services	80,000	84,713	94,548
Social and family services	78,070	35,078	62,046
Recreation and cultural services	399,500	263,695	1,061,051
Planning and development	719,000	150,280	304,375
	<u>8,683,370</u>	<u>2,559,233</u>	<u>4,323,133</u>
Net revenue (expenditures) for the year	<u>1,198,775</u>	<u>(938,263)</u>	<u>(1,670,370)</u>
Change in amounts to be recovered and adjustments			
Debenture proceeds	-	-	4,000,000
Debt principal repayments	(769,618)	(769,619)	(495,854)
Change in employee benefits payable	-	(162,694)	222,075
Change in landfill closure and post closure costs	-	183,727	32,764
Change in District of Kenora Home for the Aged	-	345,914	(111,912)
Change in non-financial asset	-	(4,851)	-
	<u>(769,618)</u>	<u>(407,523)</u>	<u>3,647,073</u>
Change in fund balances for the year	<u>\$ 429,157</u>	<u>\$ (1,345,786)</u>	<u>\$ 1,976,703</u>

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

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

For the year ended December 31	2008	2007
Cash provided by (used in)		
Operating activities		
Net revenue (expenditures) for the year	\$ (938,263)	\$ (1,670,370)
Changes in non-cash working capital balances		
Increase (decrease) in government business enterprises	(85,724)	824,754
Decrease in taxes receivable	1,238	164,192
(Increase) decrease in accounts receivable	(951,103)	215,431
Decrease (increase) in user charges receivable	11,136	(91,864)
(Increase) decrease in grants receivable	(168,446)	1,524,691
Increase in inventory held for resale	4,851	-
Decrease (increase) in long-term receivables	806,822	(113,212)
Increase (decrease) in accounts payable and accrued liabilities	677,313	(1,038,313)
Increase in landfill closure and post closure liability	183,727	32,764
Increase in post-retirement benefits liability	65,314	219,294
Increase (decrease) in deferred revenue	1,217,843	(156,183)
Change in accounting policy - inventory	(4,851)	-
	819,857	(88,816)
Investing activities		
Increase in temporary investments	(353,863)	(324,906)
Financing activities		
Decrease in bank indebtedness	-	(695,150)
Increase (decrease) in long-term liabilities	(1,446,099)	3,741,356
	(1,446,099)	3,046,206
Net change in cash	(980,105)	2,632,484
Cash and bank, beginning of the year	3,237,804	605,320
Cash and bank, end of the year	\$ 2,257,699	\$ 3,237,804

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

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

December 31, 2008

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.

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

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 Regional Airport
- Dryden Public Library Board
- Dryden Police Services Board
- Dryden Museum Advisory Board
- Dryden Cemetery Board
- Dryden Waterworks Department
- Dryden Development Corporation

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 Municipal Telephone System
- Dryden Mobility

The Corporation of the City of Dryden

Summary of Significant Accounting Policies

December 31, 2008

Non-consolidated Entities	<p>The following joint local boards are not consolidated:</p> <ul style="list-style-type: none">District of Kenora Home for the AgedNorthwestern Health UnitKenora District Services Board
Basis of Accounting	<p>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.</p>
Investments	<p>Investments are recorded at the lower of cost and market value.</p>
Inventory for internal consumption	<p>Inventory is stated at the lower of cost and net realizable value. Cost is determined on the average unit cost.</p>
Capital Assets	<p>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.</p>
Deferred Revenue/Obligatory Reserve Funds	<p>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.</p>
Amounts to be Recovered	<p>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.</p>
Government Transfers	<p>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.</p>

The Corporation of the City of Dryden

Summary of Significant Accounting Policies

December 31, 2008

Tax Revenues

The amount of the total tax levy is determined each year through Council's approval of the annual operation budget. Municipal tax rates are set annually by Council for each class or type of property, in accordance with legislation and Council approved policies, in order to raise the revenues required to meet operating budget requirements. Education tax rates are established by the Province each year in order to fund the costs of education on a Province wide basis.

Property assessment, on which property taxes are based, are established by the Municipal Property Assessment Corporation. The current value assessment (CVA) of a property represents an estimated market value of a property as of a fixed date. Assessed values for all properties within the municipality are provided to the City in the form of the returned assessment roll in December of each year.

The amount of property tax levied on an individual property is the product of the CVA of the property and the tax rate for the class, together with any adjustments that reflect Council approved mitigation or other tax policy measures.

Fees, Rentals and User Charges

Revenues are recorded in the accounts when the title passes to the buyer and/or when services have been rendered and the transaction can be reasonably measured.

School Boards

The municipality collects taxation revenue on behalf of the school boards. The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards are not reflected in these financial statements.

Trust Funds

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

Post-retirement Benefits

The cost of retirement benefits earned by employees is actuarially determined using the projected cost method pro-rated 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 Consolidated Financial Statements

December 31, 2008

1. Investments

	2008	2007
Unrestricted	\$ 3,060,868	\$ 2,707,005

Investments have a market value of \$3,060,868 (2007 - \$2,707,005) at the end of the year.

The investments include a combination of term deposits, money market investments and guaranteed investment certificates. The above investments earn interest at varying rates between 2.085% and 5.055%.

2. Accounts Receivable

	2008	2007
Trade and other	\$ 889,047	\$ 831,632
Due from School Boards	893,688	-
Provincial Offences Act		
Fines and charges	4,058,928	3,709,229
Allowance for doubtful accounts	(4,058,928)	(3,709,229)
	\$ 1,782,735	\$ 831,632

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 Consolidated Financial Statements

December 31, 2008

3. Investment in Government Business Enterprises

	2008	2007
Dryden Municipal Telephone System		
Net equity in Government Business Investment	\$ 6,646,607	\$ 7,080,039
Due (to) from The Corporation of the City of Dryden	1,642,256	(1,742,046)
	8,288,863	5,337,993
Dryden Mobility		
Net equity in Government Business Investment	202,496	1,032,090
Due to The Corporation of the City of Dryden	(2,207,354)	(171,802)
	(2,004,858)	860,288
	\$ 6,284,005	\$ 6,198,281

Dryden Municipal 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 consolidated financial statements. The following information provides condensed supplementary information for the enterprises for the year ended December 31, 2008:

Financial Position, Results of Operations and Changes in Net Assets

	Dryden Municipal Telephone System	Dryden Mobility	2008 Total	2007 Total
Current assets	\$ 3,121,614	\$ 236,885	\$ 3,358,499	\$ 3,017,252
Long-term investments	15,768	-	15,768	15,303
Capital assets	3,675,305	2,207,327	5,882,632	5,611,294
	\$ 6,812,687	\$ 2,444,212	\$ 9,256,899	\$ 8,643,849
Current liabilities	\$ 115,984	\$ 2,241,716	\$ 2,357,700	\$ 449,797
Long-term liabilities	34,328	-	34,328	66,620
Deferred liability	15,768	-	15,768	15,303
	166,080	2,241,716	2,407,796	531,720
Net assets, end of year	6,646,607	202,496	6,849,103	8,112,129
	\$ 6,812,687	\$ 2,444,212	\$ 9,256,899	\$ 8,643,849

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

December 31, 2008

3. Investment in Government Business Enterprises (continued)

Results of Operations

	Dryden Municipal Telephone System	Dryden Mobility	2008 Total	2007 Total
Revenues	\$ 4,298,973	\$ 1,783,734	\$ 6,082,707	\$ 6,619,470
Operating expenses	4,132,405	2,063,328	6,195,733	6,096,224
Net income (loss)	166,568	(279,594)	(113,026)	523,246
Contribution to The Corporation of the City of Dryden	(600,000)	(550,000)	(1,150,000)	(750,000)
	(433,432)	(829,594)	(1,263,026)	(226,754)
Net equity, beginning of the year	7,080,039	1,032,090	8,112,129	8,338,883
Net equity, end of the year	<u>\$ 6,646,607</u>	<u>\$ 202,496</u>	<u>\$ 6,849,103</u>	<u>\$ 8,112,129</u>

4. Long-term Receivables

	2008	2007
Loan receivable from Dryden Regional Health Centre, unsecured, repayable in monthly instalments of \$14,380 including interest at 5%; maturing January 2014	\$ 773,148	\$ 903,490
Loan receivable from District of Kenora Home for the Aged, repayable in monthly instalments of \$76,282 including interest at 5.28%, secured by debenture By-law # 3139-2004; maturing June 2016	5,658,883	6,258,198
Loan receivable from District of Kenora Home for the Aged, repayable in monthly instalments of \$9,822 including interest at 5.28%, secured by debenture By-law # 3139-2004; maturing June 2016	728,605	805,770
	<u>\$ 7,160,636</u>	<u>\$ 7,967,458</u>

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

Year	Amount
2009	850,087
2010	895,671
2011	943,701
2012	994,308
2013	894,615
Thereafter	2,582,254
	<u>\$ 7,160,636</u>

The Corporation of the City of Dryden

Notes to Consolidated Financial Statements

December 31, 2008

5. Bank Indebtedness

	2008	2007
Line of credit	\$ -	\$ -

The Corporation of the City of Dryden has an operating line of credit of \$6,000,000 with the Canadian Imperial Bank of Commerce. This operating line of credit is for general business purposes, is due on demand and bears interest at prime plus 1/4%. The operating line of credit is secured by Council By-laws.

The Corporation of the City of Dryden had not utilized any advances under this facility at December 31, 2008.

6. Landfill Closure and Post Closure Liability

The consolidated statement of financial position reflects liabilities for anticipated future costs related to the closing and monitoring of the existing 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	\$ 1,321,388	\$ 375,602
Landfill closure and post closure liability as at December 31, 2008	\$ 347,069	\$ 243,445
Total expenditures remaining to be recognized	\$ 974,319	\$ 132,157
Remaining capacity of the site (cubic metres)	427,660	4,750
Remaining landfill site life (years)	23	3
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 and AD&D insurance

At December 31, 2008 The Corporation of the City of Dryden's accrued benefit obligation relating to post-retirement benefit plans was \$845,423 (2007 - \$780,109).

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

December 31, 2008

7. Post-retirement Benefits Liability (continued)

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

Discount Rate	7.00%
Health Care Drug Cost Increase	8.2% decreasing linearly to an ultimate rate after 7 years of Consumer Price Index (CPI), plus 1%
General Inflation	3%
Other Benefits Cost Increase	Consumer Price Index plus 1%

Post-retirement Benefits Liabilities	<u>2008</u>	<u>2007</u>
Accrued post-retirement benefits obligations	\$ 892,482	\$ 669,616
Unamortized actuarial loss	(47,059)	110,493
Post-retirement benefits liability	<u>\$ 845,423</u>	<u>\$ 780,109</u>

Post-retirement Benefits Expenditure	<u>2008</u>	<u>2007</u>
Current year benefit costs	\$ 35,594	\$ 23,419
Interest on accrued benefit obligation	43,484	24,028
Plan amendments in year	-	177,836
Employee contributions	(13,764)	(26,456)
Post-retirement benefits expenditure	<u>\$ 65,314</u>	<u>\$ 198,827</u>

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

December 31, 2008

8. Deferred Revenue/Obligatory Reserve Funds

	2008	2007
Deferred revenue	\$ 1,531,525	\$ 313,682

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

	2008	2007
Balance, beginning of the year	\$ 313,682	\$ 469,865
Transfers from revenue in the current year		
Deferred grants	1,329,315	251,930
Donations	105,200	21,468
Miscellaneous	19,641	5,943
Interest income - Parkland	-	2,136
	1,454,156	281,477
Transfers to revenue in the current year		
Transfer to grant revenue	207,789	372,950
Transfer to miscellaneous revenue	10,506	64,710
Transfer to donation revenue	18,018	-
	236,313	437,660
Balance, end of the year	\$ 1,531,525	\$ 313,682

9. Net Long-term Liabilities

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

	2008	2007
Total net long-term liabilities incurred by the municipality, maturing 2017 and outstanding at the end of the year amount to	\$ 13,863,904	\$ 15,310,003

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

	Principal	Interest	Total
2009	\$ 1,513,552	\$ 666,544	\$ 2,180,096
2010	1,591,522	588,574	2,180,096
2011	1,673,526	506,570	2,180,096
2012	1,759,776	420,320	2,180,096
2013	1,850,491	329,605	2,180,096
Thereafter	5,475,037	488,500	5,963,537
	\$ 13,863,904	\$ 3,000,113	\$ 16,864,017

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

December 31, 2008

9. Net Long-term Liabilities (continued)

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, 2006.

The above long-term debt has various maturity dates from 2009 to 2017 and interest rates varying from 4.54% and 6.75% respectively.

The agreements governing the long-term debt facilities contain certain covenants regarding i) provision of audited financial statements within 120 days of the fiscal year end, and ii) provision of the approved budget within 120 days of the fiscal year end. The City was in violation of both of these covenants as at December 31, 2008.

10. Current Fund (Deficit)

The balance on the consolidated statement of financial position of \$(430,778) [2006 - \$(785,269)] at the end of the year is comprised of the following:

	2008	2007
To be applied to (financed by) operations of the operating fund for the following year	\$ 7,015	\$ (159,739)
To be financed by operations of the Waterworks department for the following year	(470,247)	(661,286)
To be applied to (financed by) operations of the Dryden Public Library for the following year	16,985	(3,719)
To be applied to operations of the Dryden Cemetery Board for the following year	25,388	39,475
To be applied to (financed by) operations of the Dryden Development Corporation	(9,919)	-
	\$ (430,778)	\$ (785,269)

11. Capital Fund (Deficit)

	2008	2007
Acquisition of capital assets to be financed through: Issue of debentures	\$ (305,876)	\$ -

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

December 31, 2008

12. Amounts to be Recovered

	2008	2007
Capital outlay financed by long-term liabilities and to be recovered in future years	\$ 7,476,416	\$ 8,246,035
Post-retirement benefits liability	845,423	1,008,117
Landfill closure and post closure costs	590,514	406,787
District of Kenora Home for the Aged	1,994,156	1,648,242
	\$ 10,906,509	\$ 11,309,181

13. Other Income

	2008	2007
Penalties and interest on taxation	\$ 103,437	\$ 90,276
Investment	740,213	743,460
Building rentals	681,873	641,326
Provincial Offences Act	744,156	802,353
Licences and permits	72,767	73,858
Sale of land and other assets	65,413	19,045
Other fines	16,819	19,796
Miscellaneous	892,020	1,120,814
Donations	49,175	275,983
	\$ 3,365,873	\$ 3,786,911

14. Expenditures by Object

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

	2008	2007
Salaries, wages and employee benefits	\$ 12,273,099	\$ 12,041,353
Materials	6,204,166	5,871,265
Contracted services	1,471,180	1,435,804
Rents and financial expenses	318,854	350,463
Interest on long-term debt	740,679	583,282
Contributions to other organizations	3,207,051	3,154,834
	\$ 24,215,029	\$ 23,437,001

The Corporation of the City of Dryden

Notes to Consolidated Financial Statements

December 31, 2008

15. Change in Accounting Policy

Effective January 1, 2008 The Corporation of the City of Dryden decided to record the Inventory for internal consumption. Since this is a change in accounting policy, the prior year financial statements have been retroactively restated. This adjustment has resulted in the restatement of the comparative figures by increasing the Inventory Held for Consumption by \$329,384 and decreasing the Current Fund (deficit) by \$329,384.

16. Tangible Capital Assets

For the year ended December 31, 2008 The Corporation of the City of Dryden will be required to comply with Section 3150, Tangible Capital Assets of the Public Sector Accounting Board Handbook. Section 3150 requires the capitalization and amortization of tangible assets in the financial statements. As a transitional provision, Public Sector Guideline 7 - Tangible Capital Assets of Local Governments, requires disclosure of information for each major class of tangible capital asset for which all relevant information can be provided for the complete stock of tangible capital assets of the category. Such information is not yet available for any major category.

17. 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 2008:

Name	Position	Salary Paid	Taxable Benefits
Arie Hoogenboom	City Manager	\$ 120,723	\$ 941
Shayne MacKinnon	Police Chief	\$ 120,759	\$ 5,180
Ann Tkachyk	Detective Sergeant/Acting Inspector	\$ 108,877	\$ 638
Kevin Glenister	Sergeant/Acting Inspector	\$ 106,361	\$ 691

The Corporation of the City of Dryden

Notes to Consolidated Financial Statements

December 31, 2008

18. Pension Agreements

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), a multi-employer plan, on behalf of 194 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 employers and employees contribute jointly to the plan.

Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, The Corporation of the City of Dryden does not recognize any share of the OMERS pension surplus or deficit. The amount contributed to OMERS for 2008 was \$640,279 (2007 - \$642,106). The OMERS Board rate was 6.5% to 10.7%, depending on income level for 2008 (2007 - 6.5% - 10.7%), depending on income level.

19. Trust Funds

The trust funds administered by the municipality amounting to \$525,154 (2007 - \$510,396) 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, 2008, the trusts fund balances are as follows:

	<u>2008</u>	<u>2007</u>
Cemetery Perpetual Care	\$ 525,154	\$ 510,396

20. Contributions to Unconsolidated Joint Boards

The following contributions were made by the municipality to Joint Boards:

	<u>2008</u>	<u>2007</u>
District of Kenora Home for the Aged	\$ 726,380	\$ 680,424
Northwestern Health Unit	392,915	392,915
Kenora District Services Board	1,891,577	1,844,375
	<u>\$ 3,010,872</u>	<u>\$ 2,917,714</u>

21. Operations of School Boards

During the year, taxation revenue of \$ 4,680,832 (2007 - \$5,591,245) was raised and remitted to the school boards.

22. Physical Assets

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

Building and structures	\$ 60,273,305
Contents and equipment	24,877,450

The Corporation of the City of Dryden

Notes to Consolidated Financial Statements

December 31, 2008

23. 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 2008 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.

24. Commitments

The Corporation of the City of Dryden 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
2009	\$ 258,465
2010	178,654
2011	76,847
2012	31,824
2013	150

25. Contingent Liabilities

The Corporation of the City of Dryden has settled a claim with Roma Insurance. The City may still be liable for additional amounts, however, management is unable to determine if there will be a liability from future claims. In addition, the City is involved in various lawsuits 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.

In the normal course of business, appeals are made by taxpayers against property assessments, the resolution of which is not known as at the date of issuance of these financial statements. It is the practice of The Corporation of the City of Dryden to provide for any claims only when the decisions are rendered by the appropriate authorities.

26. Credit Risk

The Corporation of the City of Dryden is in the normal course of operations, exposed to credit risk from having bank account balances over the amounts insured by the Canadian Deposit Insurance Corporation.

The Corporation of the City of Dryden

Notes to Consolidated Financial Statements

December 31, 2008

27. Comparative Figures

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

28. Segmented Information

The Corporation of the City of Dryden is a diversified municipal government institution that provides a wide range of services to its citizens. The management of the municipality considers decisions based on separate service areas. These service areas are: general government, protection services, transportation services, environmental services, health services, social and family services, social housing, recreational and cultural services and planning and development.

Descriptions of the services and funds that management bases their decisions on, are as follows:

General Government

General government consists of governance, corporate management and program support. These categories relate to operations of all of the various programs and services that the municipality offers to its citizens.

Protection Services

Protection is comprised of police services and fire protection. Police service is contracted out to the Ontario Provincial Police. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education related to prevention, detection or extinguishment of fires.

Transportation Services

The transportation services area provides construction and maintenance of the roadways throughout the municipality as well as the municipal airport.

Environmental Services

Environmental services consists of the management and maintenance of the sanitary sewer system, waterworks system, and waste disposal facility located within the municipal borders.

Health Services

Health services are comprised of public health services and ambulance service. The municipality contributes to local boards which provide these services to the citizens of the municipality.

Social and Family Services

Social and family services are comprised of general assistance, child care and assistance to the aged. The municipality contributes to local boards which provide these services to the citizens of the municipality.

Social Housing

The municipality contributes to a local board, which provides social housing if the citizens of The Corporation of the City of Dryden require the service.

The Corporation of the City of Dryden

Notes to Consolidated Financial Statements

December 31, 2008

28. Segmented Information (continued)

Recreational and Cultural Services

This service area consists of the operation and maintenance of local parks, recreational facilities, cultural facilities, and the town library.

Planning and Development

These services relate to zoning issues as well as planning of various municipal maintenance projects.

Capital Fund

The capital fund relates to various building, equipment, and infrastructure projects and purchases. Management considers specific funding for all capital items.

Reserves

Management of The Corporation of the City of Dryden utilizes reserves to plan for future expenditures in the capital and operating funds. Decisions on allocations and withdrawals from reserves are made during meetings of council.

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

December 31, 2008

The Corporation of the City of Dryden Schedule of Segmented Disclosure

For the year ended December 31, 2008	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Social Housing	Recreational and Cultural Services	Planning and Development	Eliminations	2007	
											Total	Total
Revenues												
Taxation	\$ 194,900	\$ 2,157,162	\$ 2,163,041	\$ -	\$ 1,093,658	\$ 1,673,449	\$ 675,514	\$ 1,787,085	\$ 195,355	\$ -	\$ 9,940,164	\$ 10,137,238
Fees and user charges	-	-	193,137	4,106,733	45,020	492,177	-	751,863	11,469	-	5,600,399	5,321,545
Conditional grants	276,638	125,864	29,643	73,897	-	1,949,063	-	56,688	208,961	-	2,720,754	2,681,914
Unconditional grants	420,596	1,642,408	449,462	-	-	50,900	-	427,070	103,971	-	3,094,407	2,818,639
Capital	150,703	-	206,434	792,248	-	-	-	33,900	44,142	-	1,227,427	820,271
Other	1,253,300	1,158,222	371,886	103,976	47,873	1,926	-	176,514	139,151	-	3,252,848	4,310,157
Total Revenue	2,296,137	5,083,656	3,413,603	5,076,854	1,186,551	4,167,515	675,514	3,233,120	703,049	-	25,835,999	26,089,764
Expenses												
Wages and benefits	1,610,076	3,974,484	1,826,685	962,805	56,359	2,010,850	-	1,831,839	-	-	12,273,098	12,041,353
Long-term debt charges (interest)	121,848	32,840	-	211,235	-	356,762	-	17,994	-	-	740,679	583,282
Materials	429,015	704,590	1,026,549	2,065,593	190,674	286,323	-	1,057,150	444,273	-	6,204,167	5,871,265
Contracted services	555,630	60,709	239,239	367,781	5,981	25,952	-	59,920	155,968	-	1,471,180	1,435,804
Rents and financial	132,998	-	8,400	34,043	-	70,133	-	30,000	43,280	-	318,854	350,463
External transfers	-	196,180	-	-	952,940	1,382,417	675,514	-	-	-	3,207,051	3,154,834
Total current fund expenses	2,849,567	4,968,803	3,100,873	3,641,457	1,205,954	4,132,437	675,514	2,996,903	643,521	-	24,215,029	23,437,001
Capital expenses	361,606	114,853	330,681	1,218,327	84,713	35,078	-	263,695	150,280	-	2,559,233	4,323,133
Total expenses	3,211,173	5,083,656	3,431,554	4,859,784	1,290,667	4,167,515	675,514	3,260,598	793,801	-	26,774,262	27,760,134
Net surplus (deficit)	\$ (915,036)\$	\$ -	(17,951)\$	217,070 \$	(104,116)\$	\$ -	\$ -	(27,478)\$	643,521	(90,752)\$	(938,263)\$	(1,670,370)

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

For the year ended December 31	2008 Budget	2008 Actual	2007 Actual
Revenue			
Taxation	\$ 9,551,883	\$ 9,713,207	\$ 9,901,424
Payments in lieu of taxation	237,231	226,957	235,814
Fees and user charges	6,370,955	5,600,399	5,321,545
Canada grants	282,585	92,111	72,174
Ontario grants	5,539,363	5,723,051	5,428,379
Other	3,997,659	4,308,406	3,999,121
	<u>25,979,676</u>	<u>25,664,131</u>	<u>24,958,457</u>
Expenditures			
General government	2,544,115	2,849,566	3,283,087
Protection services	4,587,313	4,968,804	4,819,241
Transportation services	2,737,260	3,100,873	3,028,402
Environmental services	2,793,433	3,641,457	2,947,240
Health services	1,165,814	1,205,954	1,188,080
Social and family services	4,216,566	4,132,437	4,122,658
Social housing	714,376	675,514	649,733
Recreational and cultural services	2,937,648	2,996,903	3,014,525
Planning and development	1,177,733	643,521	384,035
	<u>22,874,258</u>	<u>24,215,029</u>	<u>23,437,001</u>
Net revenue (expenditures) for the year	<u>3,105,418</u>	<u>1,449,102</u>	<u>1,521,456</u>
Change in amounts to be recovered and adjustments			
Debt principal repayments	(769,618)	(769,619)	(495,854)
Change in employee benefits payable	-	(162,694)	222,075
Change in landfill closure and post closure costs	-	183,727	32,764
Change in District of Kenora Home for the Aged	-	345,914	(111,912)
Change in non-financial asset	-	(4,851)	-
Transfers to capital fund	(2,378,061)	(971,136)	(1,253,141)
Transfers (to) from reserves	-	284,048	(297,059)
	<u>(3,147,679)</u>	<u>(1,094,611)</u>	<u>(1,903,127)</u>
Change in fund balances for the year	<u>(42,261)</u>	<u>354,491</u>	<u>(381,671)</u>
Current fund (deficit), beginning of the year	(742,302)	(1,114,653)	(732,982)
Change in accounting policy (Note 15)	-	329,384	329,384
Current fund (deficit), as restated	<u>(742,302)</u>	<u>(785,269)</u>	<u>(403,598)</u>
Current fund (deficit), end of the year	<u>\$ (784,563)</u>	<u>\$ (430,778)</u>	<u>\$ (785,269)</u>

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

For the year ended December 31	2008 Budget	2008 Actual	2007 Actual
Revenue			
Canada grants	\$ 1,056,628	\$ 535,153	\$ 288,810
Ontario grants	4,481,209	692,274	531,461
Other	120,000	-	255,361
	<u>5,657,837</u>	<u>1,227,427</u>	<u>1,075,632</u>
Expenditures			
General government	518,000	361,606	434,736
Protection services	130,800	114,853	156,839
Transportation services	4,569,500	330,681	838,904
Environmental services	2,188,500	1,218,327	1,370,634
Health services	80,000	84,713	94,548
Social and family services	78,070	35,078	62,046
Recreational and cultural services	399,500	263,695	1,061,051
Planning and development	719,000	150,280	304,375
	<u>8,683,370</u>	<u>2,559,233</u>	<u>4,323,133</u>
Net revenue (expenditures) for the year	<u>(3,025,533)</u>	<u>(1,331,806)</u>	<u>(3,247,501)</u>
Financing and transfers			
Debenture proceeds	-	-	4,000,000
Transfers from revenue fund	2,378,061	971,136	1,253,141
Transfers from reserves	647,472	54,794	1,134,412
	<u>3,025,533</u>	<u>1,025,930</u>	<u>6,387,553</u>
Change in fund balances for the year	-	(305,876)	3,140,052
Capital fund (deficit), beginning of the year	-	-	(3,140,052)
Capital fund (deficit), end of the year	\$ -	\$ (305,876)	\$ -

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

For the year ended December 31	2008 Budget	2008 Actual	2007 Actual
Revenue			
Interest	\$ -	\$ 207,467	\$ 228,616
Other	-	-	53,813
	<u>-</u>	<u>207,467</u>	<u>282,429</u>
Net transfers (to) from other funds			
Transfers (to) from revenue fund	-	(284,048)	297,059
Transfers to capital fund	(647,472)	(54,794)	(1,134,412)
	<u>(647,472)</u>	<u>(338,842)</u>	<u>(837,353)</u>
Change in fund balances for the year	(647,472)	(131,375)	(554,924)
Reserves, beginning of the year	5,867,889	5,312,965	5,867,889
Reserves, end of the year	\$ 5,220,417	\$ 5,181,590	\$ 5,312,965

Analyzed as follows:

Reserves set aside for specific purpose by Council:			
Working funds	\$ 891,615	\$ 1,002,153	
General capital expenditure purposes	4,197,012	4,073,849	
Sick leave and WSIB benefits	-	147,703	
Community Improvement plan	17,436	-	
Recreation	-	-	
Personal protection	-	-	
Roads	75,527	89,260	
Reserves, end of the year	<u>\$ 5,181,590</u>	<u>\$ 5,312,965</u>	