

The Corporation of the City of Dryden
Consolidated Financial Statements
For the year ended December 31, 2020

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Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of The Corporation of the City of Dryden are the responsibility of management and have been approved by the Mayor and Members of Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting principles. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

Management maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate, and The Corporation of the City of Dryden's assets are appropriately accounted for and adequately safeguarded.

The Mayor and Members of Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Mayor and Members of Council review The Corporation of the City of Dryden consolidated financial statements and recommend their approval. The Mayor and Members of Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditors' report. The Mayor and Members of Council takes this information into consideration when approving the consolidated financial statements for issuance to the Members of Council, Inhabitants and Ratepayers. The Mayor and Members of Council also consider the engagement of the external auditors.

The consolidated financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the Members of Council, Inhabitants and Ratepayers. BDO Canada LLP has full access to the Mayor and Members of Council.



Mayor



Chief Administrative Officer



Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of The Corporation of the City of Dryden and its entities (the City), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2020, and its consolidated results of operations, its consolidated change in net debt, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the City's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the City or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the City's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.



Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the City to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Kenora, Ontario
May 25, 2021

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

December 31	2020	2019
Financial assets		
Cash and cash equivalents (Note 1)	\$ 7,549,801	\$ 8,943,652
Investments (Note 2)	79,111	78,055
Taxes receivable	1,250,734	1,203,835
Accounts receivable (Note 3)	1,022,811	1,081,594
User charges receivable	454,921	444,537
Grants receivable	1,837,944	639,473
Long term receivables (Note 4)	-	61,995
	12,195,322	12,453,141
Financial liabilities		
Accounts payable and accrued liabilities	3,324,943	4,555,021
Employee benefits liability (Note 6)	1,346,439	1,376,544
Landfill closure and post closure liability (Note 7)	1,261,712	2,034,606
Post-retirement benefits liability (Note 8)	2,019,000	1,958,450
Deferred revenue/obligatory reserve funds (Note 9)	651,212	1,282,414
Debt financing (Note 10)	7,999,932	10,989,947
Capital lease obligations (Note 11)	711,973	521,274
	17,315,211	22,718,256
Net debt	(5,119,889)	(10,265,115)
Non-financial assets		
Inventory for internal consumption	387,060	382,088
Inventory of surplus land	1,324,118	1,377,460
Prepaid expenses	228,975	137,153
Tangible capital assets (Note 12)	83,015,780	83,400,374
	84,955,933	85,297,075
Accumulated surplus (Note 13)	\$ 79,836,044	\$ 75,031,960

Mayor

Chief Administrative Officer

The Corporation of the City of Dryden
Consolidated Statement of Operations and Accumulated Surplus

For the year ended December 31	2020 Budget (Note 21)	2020 Actual	2019 Actual
Revenue			
Taxation (Note 14)	\$ 14,487,167	\$14,481,674	\$ 14,387,543
Fees and user charges	7,066,015	6,522,349	7,648,579
Government transfers - federal (Note 15)	1,295,617	851,252	1,163,664
Government transfers - provincial (Note 16)	6,793,987	6,360,154	5,559,949
Other income (Note 17)	3,382,978	3,300,939	2,042,830
	<u>33,025,764</u>	<u>31,516,368</u>	<u>30,802,565</u>
Expenses			
General government	3,591,204	3,733,530	3,608,854
Protection services	5,882,331	6,133,602	6,119,842
Transportation services	3,622,938	5,483,716	5,853,074
Environmental services	4,184,212	5,213,827	5,596,743
Health services	1,076,143	1,060,096	1,040,363
Social and family services	934,604	912,997	2,679,821
Social housing	542,929	514,626	545,657
Recreation and cultural services	3,219,488	3,185,959	3,583,896
Planning and development	318,630	473,931	480,124
	<u>23,372,479</u>	<u>26,712,284</u>	<u>29,508,374</u>
Annual surplus	9,653,285	4,804,084	1,294,191
Accumulated surplus, beginning of year	<u>75,031,960</u>	<u>75,031,960</u>	<u>73,737,769</u>
Accumulated surplus, end of year	<u>\$ 84,685,245</u>	<u>\$ 79,836,044</u>	<u>\$ 75,031,960</u>

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

**The Corporation of the City of Dryden
Consolidated Statement of Change in Net Debt**

For the year ended December 31	2020 Budget (Note 21)	2020 Actual	2019 Actual
Annual surplus	\$ 9,653,285	\$ 4,804,084	\$ 1,294,191
Acquisition of tangible capital assets	(6,385,384)	(4,566,698)	(2,595,492)
Amortization of tangible capital assets	-	4,748,789	4,743,624
Loss on disposal of tangible capital assets	-	151,694	310,783
Proceeds on disposal of tangible capital assets	-	50,809	25,281
	<u>3,267,901</u>	<u>5,188,678</u>	<u>3,778,387</u>
Acquisition (use) of prepaid expenses and inventory for internal consumption	-	(96,794)	(641)
Acquisition of inventory of surplus land	-	(50,809)	-
Gain on disposal of inventory of surplus land	-	(646,614)	(19,022)
Proceeds on disposal of inventory of surplus land	-	750,765	19,478
	<u>-</u>	<u>53,342</u>	<u>456</u>
Net change in net debt	3,267,901	5,145,226	3,778,202
Net debt, beginning of year	<u>(10,265,115)</u>	<u>(10,265,115)</u>	<u>(14,043,317)</u>
Net debt, end of year	<u>\$ (6,997,214)</u>	<u>\$ (5,119,889)</u>	<u>\$ (10,265,115)</u>

The Corporation of the City of Dryden Consolidated Statement of Cash Flows

For the year ended December 31	2020	2019
Cash provided by (used in)		
Operating activities		
Annual surplus	\$ 4,804,084	\$ 1,294,191
Items not involving cash		
Amortization of tangible capital assets	4,748,789	4,743,624
Loss on disposal of tangible capital assets	151,694	310,783
	<u>9,704,567</u>	<u>6,348,598</u>
Changes in non-cash operating balances		
(Increase) decrease in taxes receivable	(46,899)	103,071
(Increase) decrease in accounts receivable	58,783	(144,387)
(Increase) decrease in user charges receivable	(10,384)	(32,037)
(Increase) decrease in grants receivable	(1,198,471)	62,787
(Increase) decrease in prepaid expenses	(91,822)	16,978
Decrease in long term receivables	61,995	118,626
Increase (decrease) in accounts payable and accrued liabilities	(1,230,078)	233,278
Decrease in employee benefits liability	(30,105)	(22,473)
Increase (decrease) in landfill closure and post closure liability	(772,894)	70,663
Increase in post-retirement benefits liability	60,550	94,585
Increase (decrease) in deferred revenue	(631,202)	823,670
Increase in inventory held for internal consumption	(4,972)	(17,619)
Decrease in surplus land inventory	53,342	456
	<u>(3,782,157)</u>	<u>1,307,598</u>
	<u>5,922,410</u>	<u>7,656,196</u>
Capital activities		
Purchase of tangible capital assets net of capital lease financing	(4,106,724)	(2,595,492)
Proceeds on disposal of tangible capital assets	50,809	25,281
	<u>(4,055,915)</u>	<u>(2,570,211)</u>
Investing activities		
Increase in investments	(1,056)	(986)
Financing activities		
Repayment of debt financing	(2,990,015)	(2,890,724)
Repayment of capital lease obligations	(269,275)	(238,449)
	<u>(3,259,290)</u>	<u>(3,129,173)</u>
Net change in cash and cash equivalents	(1,393,851)	1,955,826
Cash and cash equivalents, beginning of year	<u>8,943,652</u>	<u>6,987,826</u>
Cash and cash equivalents, end of year	<u>\$ 7,549,801</u>	<u>\$ 8,943,652</u>

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

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

December 31, 2020

Management's Responsibility for the Consolidated Financial Statements

The consolidated financial statements of The Corporation of the City of Dryden are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the CPA Canada. The Corporation of the City of Dryden is a municipality in the Province of Ontario and operates under the provisions of the Community Charter. The Corporation of the City of Dryden provides municipal services such as police, fire, public works, planning, parks, recreation and other general government services.

Basis of Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of all municipal organizations, committees and boards which are owned or controlled by Council. All interfund assets and liabilities and revenues and expenses 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 Renewable Energy Corporation

Non-consolidated Entities

The following joint local boards are not consolidated:

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

Cash and Cash Equivalents

Management considers all highly liquid investments with maturity of three months or less at acquisition to be cash equivalents.

Investments

Investments are recorded at cost.

Inventory Held for Consumption

Inventory held for consumption is valued at the lower of cost and replacement cost. Cost is determined on the average unit cost.

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

December 31, 2020

Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset, commencing once the asset is available for productive use, as follows:

Land improvements	20 to 50 years
Linear assets	7 to 60 years
Buildings and improvements	10 to 50 years
Machinery and equipment	3 to 20 years
Vehicles	5 to 15 years

Revenue Recognition

Government transfers are recognized in the consolidated financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the consolidated statement of operations and accumulated surplus as the stipulation liabilities are settled.

Charges for water and sewer usage are recorded as user fees and are recognized when the services are performed and there is reasonable assurance of collection. Connection fee revenues are recognized when the connection has been established.

Sales of service and other revenue is recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.

Fees, rental and other user charge revenue are recorded in the accounts when title passes to the buyer and/or when services have been rendered and the transaction can be reasonably measured.

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

December 31, 2020

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.

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of allowance for anticipated uncollectable amounts.

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

December 31, 2020

Collection of Taxes on Behalf of Other Taxation Authorities

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

Solid Waste Landfill

The estimated costs to close and maintain the closed solid waste landfill sites are based on estimated future expenses in current dollars, discounted, adjusted for estimated inflation, and are recognized and charged to expense as the landfill site's capacity is used.

Post-retirement Benefits

The municipality is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The municipality has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The municipality records as pension expense the current service cost, amortization of past service costs, and interest costs related to the future employer contributions to the Plan for past employee service.

The cost of other post-employment benefits offered to employees are actuarially determined using the projected benefit method, prorated on service and based on management's best estimate assumptions. Under this method, the projected post-retirement benefit is deemed to be earned on pro-rata basis over the years of service in the attribution period commencing at date of hire, and ending at the earliest age the employee could retire and qualify for benefits.

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

December 31, 2020

Use of Estimates

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

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

December 31, 2020

1. Cash and Cash Equivalents

Cash and cash equivalents are comprised of the following:

	2020	2019
Cash on hand and bank balances	\$ 4,856,250	\$ 6,413,443
ONE Investment high interest savings	2,693,551	2,530,209
	\$ 7,549,801	\$ 8,943,652

The ONE Investment high interest savings account provides interest at rates which varied between 0.915% - 2.415% during the year.

2. Investments

	2020	2019
GICs - (for retired employees) interest earned at varying rates between 1.0% and 1.5% per annum	\$ 79,111	\$ 78,055
	\$ 79,111	\$ 78,055

3. Accounts Receivable

	2020	2019
Trade and other	\$ 1,084,555	\$ 1,048,673
Allowance for doubtful accounts	(95,180)	-
Due from School Boards	33,436	32,921
Provincial Offences Act		
Fines and charges	10,389,852	10,340,377
Allowance for doubtful accounts	(10,389,852)	(10,340,377)
	\$ 1,022,811	\$ 1,081,594

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, 2020

4. Long Term Receivables

	2020	2019
Loan receivable from Kenora District Services Board, repayable in semi-annual instalments of \$63,855 including interest at 6%, secured by debenture By-law #3778-2010; maturing June 2020	\$ -	\$ 61,995
	-	61,995

5. Bank Indebtedness

The Corporation of the City of Dryden has an operating line of credit of \$7,500,000 with the BMO Financial Group. This operating line of credit is for general business purposes, is due on demand and bears interest at prime. The operating line of credit is secured by Council By-laws. The operating line of credit is not being utilized at year end.

6. Employee Benefits Liability

The employee benefits liability consists of non-vested sick leave (NVSL) and a retirement sick bank benefit (RSBB) that has been calculated by an actuary based on the projected benefit method prorated on service. The significant assumptions assume a discount rate of 2.0% for NVSL and 1.5% for RSBB; future salary increases of 3.0% for both NVSL and RRSB; and an estimated average remaining service life of 11.4 years for NVSL and 8.7 years for RSBB.

	2020	2019
Employee Benefits Liability		
Accrued employee benefits liability	\$ 768,270	\$ 736,142
Unamortized actuarial gain	578,169	640,402
Employee benefits liability	\$ 1,346,439	\$ 1,376,544
Employee Benefits Liability Expense		
Current year benefit costs	\$ 76,950	\$ 73,258
Interest on accrued benefit obligation	22,300	24,912
Employee contributions	(130,961)	(136,371)
Employee benefits expense	\$ (31,711)	\$ (38,201)

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

December 31, 2020

7. Landfill Closure and Post Closure Liability

Solid waste closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, removal of ground water and leachates, and ongoing environmental monitoring, site inspection and maintenance. The reported liability as at year end is \$1,261,712 (2019 - \$2,034,606) and reflects a discount rate of 2.57% (2019 - 3.38%).

Relevant information regarding the landfill sites is as follows:

	Dryden Site	Barclay Site
Total estimated expenses for closure and post closure	\$ 1,688,510	\$ 360,222
Landfill closure and post closure liability as at		
December 31, 2020	\$ 901,490	\$ 360,222
Total expenses remaining to be recognized	\$ 787,020	\$ -
Remaining capacity of the site (cubic metres)	270,340	-
Remaining landfill site life (years)	23	-
Number of years required for post closure care	25	25

The Barclay site is scheduled to be closed in 2021.

The Municipality intends to fund the liability in the years the disbursements occur.

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

December 31, 2020

8. 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, 2020, The Corporation of the City of Dryden's accrued benefit obligation relating to post-retirement benefit plans was \$2,019,000 (2019 - \$1,958,450).

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

Discount Rate	2.0%
Health Care Drug Cost Increase	8.0% decreasing linearly to an ultimate rate after 7 years of 4.0%
General Inflation	2.5%
Other Benefits Cost Increase	4.0% per year

Post-retirement Benefits Liabilities	2020	2019
Accrued post-retirement benefits obligations	\$ 1,946,003	\$ 2,039,704
Unamortized actuarial (gain) loss	72,997	(81,254)
Post-retirement benefits liability	<u>\$ 2,019,000</u>	<u>\$ 1,958,450</u>
Post-retirement Benefits Expense	2020	2019
Current year benefit costs	\$ 118,546	\$ 108,306
Interest on accrued benefit obligation	56,519	68,669
Employee contributions	(114,515)	(82,390)
Post-retirement benefits expense	<u>\$ 60,550</u>	<u>\$ 94,585</u>

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

December 31, 2020

9. Deferred Revenue/Obligatory Reserve Funds

	2020	2019
Federal gas tax	\$ 226,765	\$ 505,117
Nuclear Waste Management Organization	8,000	-
AMO main street funding	-	8,773
OCIF grant	165,540	660,128
Other deferred revenue	250,907	108,396
	\$ 651,212	\$ 1,282,414

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

	2020	2019
Balance, beginning of year	\$ 1,282,414	\$ 458,744
Transfers from revenue in the current year		
Deferred grants	1,285,118	1,174,018
Miscellaneous	19,288	51,062
	1,304,406	1,225,080
Transfers to revenue in the current year		
Transfer to grant revenue	1,918,833	311,244
Transfer to miscellaneous revenue	16,775	90,166
	1,935,608	401,410
Balance, end of year	\$ 651,212	\$ 1,282,414

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

December 31, 2020

10. Debt Financing

- a) The balance of the debt financing reported on the consolidated statement of financial position is made up of the following:

	2020	2019
Bank of Montreal loan, repayable in monthly instalments of \$13,458 plus interest at 3.72%, secured by By-Law #4205-2014; maturing 2026	\$ 888,268	\$ 1,049,764
Ontario Infrastructure Projects Corporation debenture, interest only payable monthly at 3.56% until March 2018, then semi-annual instalments of \$1,156,767 including principal and interest at 3.56%, secured by By-law #4362-2016; matured 2020	-	2,253,197
Canada Mortgage and Housing Corporation mortgage repayable in annual instalments of \$868,965 including principal and interest at 3.82%, secured by By-law #3808-2010; maturing 2030	7,111,664	7,686,986
	<u>\$ 7,999,932</u>	<u>\$ 10,989,947</u>

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

	Principal	Interest	Total
2021	\$ 758,795	\$ 301,956	\$ 1,060,751
2022	781,612	273,131	1,054,743
2023	805,300	241,683	1,046,983
2024	829,894	212,834	1,042,728
2025	855,427	181,294	1,036,721
Thereafter	3,968,904	457,624	4,426,528
	<u>\$ 7,999,932</u>	<u>\$ 1,668,522</u>	<u>\$ 9,668,454</u>

- c) The net long term debt in a) issued in the name of the municipality is within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

The agreements governing the long term debt facilities contain certain covenants regarding provision of audited financial statements within 120 days of the fiscal year end. The City was in violation of this covenant as at December 31, 2020.

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

December 31, 2020

11. Capital Lease Obligations

- a) The balance of the capital lease obligation reported on the consolidated statement of financial position is made up of the following:

	2020	2019
Bomag lease, repayable in monthly instalments of \$8,967 including principal and interest at 4.95%, secured by machinery and equipment; maturing 2021	\$ 145,862	\$ 233,183
Kubota lease, repayable in monthly principal instalments of \$184, secured by machinery and equipment; matured 2020	-	2,214
Kubota lease, repayable in monthly principal instalments of \$189, secured by machinery and equipment; maturing 2021	1,702	3,973
CLE Capital lease, repayable in monthly instalments of \$5,903 including principal and interest at 4.95%, secured by machinery and equipment; maturing 2027	397,186	-
Coastal Capital lease, repayable in monthly instalments of \$6,119, secured by machinery and equipment; maturing 2022	104,024	177,452
DLL Financial Solutions Lease, repayable in monthly instalments of \$3,438, secured by machinery and equipment; maturing 2021	63,199	104,452
	\$ 711,973	\$ 521,274

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

	Principal	Interest	Total
2021	\$ 313,699	\$ 39,044	\$ 352,743
2022	106,601	15,558	122,159
2023	56,796	12,821	69,617
2024	59,672	9,945	69,617
2025	62,694	6,923	69,617
Thereafter	112,511	4,405	116,916
	\$ 711,973	\$ 88,696	\$ 800,669

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

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12. Tangible Capital Assets

	2020							
	Land	Land Improvements	Linear Assets	Buildings & Improvements	Machinery & Equipment	Vehicles	Construction in Progress	Total
Cost, beginning of year	\$ 4,301,097	\$ 7,800,144	\$ 83,480,378	\$ 44,579,236	\$ 27,341,079	\$ 4,806,264	\$ 477,902	\$ 172,786,100
Additions	-	-	3,234,900	170,353	296,169	683,059	182,217	4,566,698
Disposals	(7,609)	-	(983,308)	(45,000)	-	-	-	(1,035,917)
Capitalized construction	-	-	167,066	-	-	-	(167,066)	-
Cost, end of year	4,293,488	7,800,144	85,899,036	44,704,589	27,637,248	5,489,323	493,053	176,316,881
Accumulated amortization, beginning of year	-	4,766,264	48,118,266	17,088,337	15,511,298	3,901,561	-	89,385,726
Amortization	-	336,680	2,163,311	944,208	1,108,813	195,777	-	4,748,789
Disposals	-	-	(831,614)	(1,800)	-	-	-	(833,414)
Accumulated amortization, end of year	-	5,102,944	49,449,963	18,030,745	16,620,111	4,097,338	-	93,301,101
Net carrying amount, end of year	\$ 4,293,488	\$ 2,697,200	\$ 36,449,073	\$ 26,673,844	\$ 11,017,137	\$ 1,391,985	\$ 493,053	\$ 83,015,780

The construction in progress amounts not being amortized because they are under construction (or development) are \$493,053 (2019 - \$477,902).

Included in machinery and equipment is assets held under capital lease with cost of \$1,545,215 and accumulated amortization of \$467,804.

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

December 31, 2020

12. Tangible Capital Assets (continued)

	2019							
	Land	Land Improvements	Linear Assets	Buildings & Improvements	Machinery & Equipment	Vehicles	Construction in Progress	Total
Cost, beginning of year	\$ 4,315,532	\$ 7,800,144	\$ 83,351,147	\$ 44,363,418	\$ 26,379,662	\$ 4,673,786	\$ 541,534	\$ 171,425,223
Additions	-	-	845,110	215,818	1,255,268	132,478	146,818	2,595,492
Disposals	(14,435)	-	(926,329)	-	(293,851)	-	-	(1,234,615)
Capitalized construction	-	-	210,450	-	-	-	(210,450)	-
Cost, end of year	4,301,097	7,800,144	83,480,378	44,579,236	27,341,079	4,806,264	477,902	172,786,100
Accumulated amortization, beginning of year	-	4,429,584	46,530,633	16,137,148	14,711,007	3,732,281	-	85,540,653
Amortization	-	336,680	2,192,333	951,189	1,094,142	169,280	-	4,743,624
Disposals	-	-	(604,700)	-	(293,851)	-	-	(898,551)
Accumulated amortization, end of year	-	4,766,264	48,118,266	17,088,337	15,511,298	3,901,561	-	89,385,726
Net carrying amount, end of year	\$ 4,301,097	\$ 3,033,880	\$ 35,362,112	\$ 27,490,899	\$ 11,829,781	\$ 904,703	\$ 477,902	\$ 83,400,374

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

December 31, 2020

13. Accumulated Surplus

The Municipality segregates its accumulated surplus in the following categories:

	2020	2019
Current funds	\$ 5,046,117	\$ 1,353,940
Investment in tangible capital assets	74,303,875	71,889,153
Amounts to be recovered	(5,667,238)	(6,451,091)
Reserves		
for general operating	207,768	3,555,742
for future municipal election costs	33,882	13,854
for Aaron park	25,324	21,670
for Museum	51,135	71,203
Reserve funds set aside for specific purpose by Council:		
for operating revenue	2,013,487	1,987,507
for City buildings and land development	1,333,936	682,564
for purchase of capital assets	1,743,782	1,274,040
for sewer/wastewater infrastructure	135,678	203,607
for waterworks infrastructure	38,272	37,465
for transit	362,258	315,506
for emergency capital	207,768	76,800
	\$ 79,836,044	\$ 75,031,960

14. Taxation

	2020	2019
Property taxes	\$16,501,035	\$ 16,467,117
Payments-in-lieu of property	432,104	433,455
	16,933,139	16,900,572
Payments to school boards	(2,451,465)	(2,513,029)
Available for general municipal purposes	\$14,481,674	\$ 14,387,543

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

December 31, 2020

15. Government Transfers - Federal

	Budget 2020	2020	2019
Operating			
FedNor	\$ 79,500	\$ 82,151	\$ 154,326
Other	8,250	20,598	36,104
Total operating grants	<u>87,750</u>	<u>102,749</u>	<u>190,430</u>
Tangible Capital Assets			
Association of Municipalities of Ontario			
Federal Gas Tax Fund	757,867	748,503	553,214
Transport Canada	450,000	-	400,220
Other	-	-	19,800
Total tangible capital assets grants	<u>1,207,867</u>	<u>748,503</u>	<u>973,234</u>
Total federal grants	<u>\$ 1,295,617</u>	<u>\$ 851,252</u>	<u>\$ 1,163,664</u>

16. Government Transfers - Provincial

	Budget 2020	2020	2019
Operating			
Ontario Municipal Partnership Fund	\$ 2,361,000	\$ 2,361,000	\$ 2,467,000
Other	451,040	1,222,019	2,564,026
Total operating grants	<u>2,812,040</u>	<u>3,583,019</u>	<u>5,031,026</u>
Tangible Capital Assets			
Ministry of Agriculture and Food and Ministry of Rural Affairs	2,604,397	2,321,803	160,000
Ministry of Transportation	405,000	400,854	-
Clean Water and Wastewater Fund	-	-	271,923
Other	972,550	54,478	97,000
Total tangible capital assets grants	<u>3,981,947</u>	<u>2,777,135</u>	<u>528,923</u>
Total provincial grants	<u>\$ 6,793,987</u>	<u>\$ 6,360,154</u>	<u>\$ 5,559,949</u>

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

December 31, 2020

17. Other Income

	2020	2019
Penalties and interest on taxation	\$ 134,657	\$ 124,486
Investment	89,165	217,723
Building rentals	414,184	402,838
Provincial Offences Act	523,767	722,251
Licences and permits	62,284	67,117
Gain (loss) on sale of land and other assets	599,071	(291,305)
Other fines	4,820	9,733
Miscellaneous	1,381,126	659,125
Donations	91,865	130,862
	\$ 3,300,939	\$ 2,042,830

18. Pension Agreements

OMERS provides pension services to approximately half a million active and retired members and approximately 1,000 employers. Each year, an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2020. The results of this valuation disclosed total actuarial liabilities of \$111,820 million in respect of benefits accrued for service, with actuarial assets at that date of \$108,609 million, indicating an actuarial deficit of \$3,211 million. 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 Municipality does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the Municipality to OMERS for 2020 was \$863,446 (2019 - \$923,591).

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

December 31, 2020

19. Trust Funds

The trust funds administered by the municipality amounting to \$635,704 (2019 - \$623,634) have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of operations and accumulated surplus. At December 31, 2020, the trust funds balance is as follows:

	<u>2020</u>	<u>2019</u>
Cemetery Perpetual Care	\$ 635,704	\$ 623,634

20. Contributions to Unconsolidated Joint Boards

The following contributions were made by the municipality to joint boards:

	<u>2020</u>	<u>2019</u>
District of Kenora Home for the Aged	\$ 710,801	\$ 710,699
Northwestern Health Unit	363,781	363,781
Kenora District Services Board	1,246,571	1,253,086
	<u>\$ 2,321,153</u>	<u>\$ 2,327,566</u>

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

December 31, 2020

21. Budget

The Financial Plan (Budget) By-law adopted by Council on June 22, 2020 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures did not include amortization expense. As a result, the budget figures presented in the consolidated statements of operations and accumulated surplus, and change in net debt represent the Financial Plan adopted by Council on June 22, 2020 with adjustments as follows:

	<u>2020</u>
Financial Plan (Budget) By-law deficit for the year	\$ (533,872)
Add:	
Transfers to accumulated surplus	2,127,592
Loan and lease payments	3,196,501
Acquisition of tangible capital assets	6,385,384
Less:	
Transfers from accumulated surplus	<u>(1,522,320)</u>
Budget surplus per consolidated statement of operations and accumulated surplus	<u>\$ 9,653,285</u>

22. Impact of COVID-19

Prior to the 2020 fiscal year ending on December 31, 2020, the Province of Ontario declared a state of emergency and placed restriction on specific business activities, allowing only essential businesses to remain open. The office for the City was closed to the public from March to May of 2020 due to lock down restrictions. During this time, the public was not allowed to enter the City's office, and non-essential staff were required to work from home. No penalties or finance charges were charged on resident tax and user fee billings for the period of March to June 2020. City facilities such as the recreation complex, museum and library were also required to close at certain times during the year due to government restrictions which saw a decrease in some of these revenue categories. The Airport also saw revenues slightly decrease due to less travel as a result of government restrictions. The City was able to partially offset these revenue drops by incurring lower operating costs during the closures as well as temporarily laying off staff during closures. Given the dynamic nature of these circumstances and the duration of business disruption, the related financial impact cannot be reasonably estimated at this time.

The Corporation of the City of Dryden

Notes to Consolidated Financial Statements

December 31, 2020

23. Comparative Figures

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

24. 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.

The presentation by segment is based on the same accounting policies as described in the summary of significant accounting policies. For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Amounts that are directly attributable to a number of segments have been allocated on a reasonable basis as follows:

- Unconditional grants and other income - Allocated to those segments that are funded by these amounts based on the net surplus for the year.
- Taxation - Allocated to those segments that are funded by these amounts based on the net surplus for the year after allocating unconditional grants and other income.

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. 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.

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

December 31, 2020

24. Segmented Information (continued)

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.

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.

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

December 31, 2020

24. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Social Housing	Recreational and Cultural Services	Planning and Development	2020 Total
Revenue										
Taxation	\$ 2,519,455	\$ 5,389,271	\$ 2,155,141	\$ -	\$ 895,512	\$ 814,029	\$ -	\$ 2,375,399	\$ 332,867	\$ 14,481,674
Fees and user charges	-	-	268,048	5,738,394	55,642	(62)	-	441,910	18,417	6,522,349
Conditional grants	907,574	88,705	2,798,345	893,957	-	-	-	79,673	82,152	4,850,406
Unconditional grants	398,142	851,650	340,570	-	141,515	128,639	72,504	375,377	52,603	2,361,000
Other	540,971	1,197,503	478,875	-	198,984	180,878	101,948	527,817	73,963	3,300,939
Total revenue	4,366,142	7,527,129	6,040,979	6,632,351	1,291,653	1,123,484	174,452	3,800,176	560,002	31,516,368
Expenses										
Wages and benefits	2,170,811	4,551,764	1,484,793	1,385,066	70,929	26,750	-	1,692,853	150,138	11,533,104
Long term debt charges (interest)	-	6,728	23,470	265,545	-	-	-	-	82,244	377,987
Materials	655,631	1,059,491	1,112,812	599,841	48,236	691	-	932,004	218,368	4,627,074
Contracted services	707,199	177,378	794,672	1,168,847	3,664	-	-	107,037	4,083	2,962,880
Rents and financial	43,207	-	-	-	-	-	-	30,000	-	73,207
External transfers	-	68,090	-	-	920,971	885,556	514,626	-	-	2,389,243
Amortization	156,682	270,151	2,067,969	1,794,528	16,296	-	-	424,065	19,098	4,748,789
Total expenses	3,733,530	6,133,602	5,483,716	5,213,827	1,060,096	912,997	514,626	3,185,959	473,931	26,712,284
Net surplus (deficit)	\$ 632,612	\$ 1,393,527	\$ 557,263	\$ 1,418,524	\$ 231,557	\$ 210,487	\$ (340,174)	\$ 614,217	\$ 86,071	\$ 4,804,084

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

December 31, 2020

24. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Social Housing	Recreational and Cultural Services	Planning and Development	2019 Total
Revenue										
Taxation	\$ 2,124,255	\$ 4,776,442	\$ 3,830,821	\$ -	\$ 775,956	\$ 727,232	\$ -	\$ 1,877,999	\$ 274,838	\$ 14,387,543
Fees and user charges	-	-	343,268	5,712,987	63,822	443,580	-	1,057,992	26,930	7,648,579
Conditional grants	935,482	108,689	688,718	932,953	-	1,321,019	-	162,442	107,310	4,256,613
Unconditional grants	353,585	795,047	637,647	-	129,159	121,049	72,170	312,596	45,747	2,467,000
Other	292,791	658,348	528,011	-	106,952	100,236	59,761	258,849	37,882	2,042,830
Total revenue	3,706,113	6,338,526	6,028,465	6,645,940	1,075,889	2,713,116	131,931	3,669,878	492,707	30,802,565
Expenses										
Wages and benefits	2,091,466	4,569,602	1,693,955	1,330,178	69,079	1,639,408	-	1,965,479	106,168	13,465,335
Long term debt charges (interest)	-	-	27,351	289,567	-	-	-	-	177,970	494,888
Materials	758,852	1,003,389	1,156,966	1,361,218	44,383	145,764	-	1,066,889	176,886	5,714,347
Contracted services	552,713	167,668	725,025	1,008,233	4,683	18,820	-	98,380	2	2,575,524
Rents and financial	27,621	-	-	-	-	-	-	30,000	-	57,621
External transfers	-	129,469	-	-	906,080	875,829	545,657	-	-	2,457,035
Amortization	178,202	249,714	2,249,777	1,607,547	16,138	-	-	423,148	19,098	4,743,624
Total expenses	3,608,854	6,119,842	5,853,074	5,596,743	1,040,363	2,679,821	545,657	3,583,896	480,124	29,508,374
Net surplus (deficit)	\$ 97,259	\$ 218,684	\$ 175,391	\$ 1,049,197	\$ 35,526	\$ 33,295	\$(413,726)	\$ 85,982	\$ 12,583	\$ 1,294,191