

The Corporation of the City of Dryden  
Consolidated Financial Statements  
For the year ended December 31, 2021

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For the year ended December 31, 2021

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## Management's Responsibility for Financial Reporting

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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.

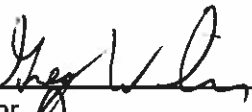
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting principles. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen 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.

  
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Mayor

  
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Chief Administrative Officer

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## Independent Auditor's Report

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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, 2021, 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, 2021, 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 *Auditor's 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.

### Auditor's 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 auditor's 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 auditor's 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 auditor's 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.

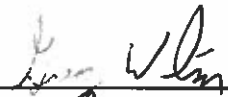
*BDO Canada LLP*


Chartered Professional Accountants, Licensed Public Accountants

Kenora, Ontario  
May 27, 2022

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

December 31	2021	2020
<b>Financial assets</b>		
Cash and cash equivalents (Note 1)	\$ 10,970,463	\$ 7,549,801
Investments (Note 2)	70,821	79,111
Taxes receivable	1,144,940	1,250,734
Accounts receivable (Note 3)	1,532,884	1,022,811
User charges receivable	421,437	454,921
Grants receivable	2,422,103	1,837,944
	<u>16,562,648</u>	<u>12,195,322</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	4,994,592	3,324,943
Employee benefits liability (Note 5)	1,314,724	1,346,439
Landfill closure and post closure liability (Note 6)	1,207,430	1,261,712
Post-retirement benefits liability (Note 7)	2,021,189	2,019,000
Deferred revenue/obligatory reserve funds (Note 8)	1,689,307	651,212
Debt financing (Note 9)	7,241,138	7,999,932
Capital lease obligations (Note 10)	527,393	711,973
	<u>18,995,773</u>	<u>17,315,211</u>
<b>Net debt</b>	<u>(2,433,125)</u>	<u>(5,119,889)</u>
<b>Non-financial assets</b>		
Inventory for internal consumption	375,488	387,060
Inventory of surplus land	1,324,118	1,324,118
Prepaid expenses	286,696	228,975
Tangible capital assets (Note 11)	81,406,754	83,015,780
	<u>83,393,056</u>	<u>84,955,933</u>
<b>Accumulated surplus (Note 12)</b>	<u>\$ 80,959,931</u>	<u>\$ 79,836,044</u>

  
 \_\_\_\_\_  
 Mayor

  
 \_\_\_\_\_  
 Chief Administrative Officer

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

For the year ended December 31	2021 Budget (Note 20)	2021 Actual	2020 Actual
<b>Revenue</b>			
Taxation (Note 13)	\$ 14,508,093	\$14,629,481	\$ 14,481,674
Fees and user charges	6,708,110	6,629,577	6,522,349
Government transfers - federal (Note 14)	2,713,319	2,253,935	851,252
Government transfers - provincial (Note 15)	4,877,719	4,011,091	6,360,154
Other income (Note 16)	2,617,047	1,868,987	3,300,939
	<u>31,424,288</u>	<u>29,393,071</u>	<u>31,516,368</u>
<b>Expenses</b>			
General government	3,450,185	3,374,144	3,733,530
Protection services	5,989,166	6,722,094	6,133,602
Transportation services	3,670,706	5,997,914	5,483,716
Environmental services	4,452,483	5,785,863	5,213,827
Health services	1,043,380	1,040,468	1,060,096
Social and family services	1,006,198	943,639	912,997
Social housing	477,210	477,210	514,626
Recreation and cultural services	3,122,169	3,258,913	3,185,959
Planning and development	781,141	668,939	473,931
	<u>23,992,638</u>	<u>28,269,184</u>	<u>26,712,284</u>
Annual surplus	7,431,650	1,123,887	4,804,084
Accumulated surplus, beginning of year	<u>79,836,044</u>	<u>79,836,044</u>	<u>75,031,960</u>
Accumulated surplus, end of year	<u>\$ 87,267,694</u>	<u>\$ 80,959,931</u>	<u>\$ 79,836,044</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	2021 Budget (Note 20)	2021 Actual	2020 Actual
Annual surplus	\$ 7,431,650	\$ 1,123,887	\$ 4,804,084
Acquisition of tangible capital assets	(6,716,407)	(2,924,152)	(4,566,698)
Amortization of tangible capital assets	-	4,502,708	4,748,789
(Gain) loss on disposal of tangible capital assets	-	(12,910)	151,694
Proceeds on disposal of tangible capital assets	-	43,380	50,809
	<u>715,243</u>	<u>2,732,913</u>	<u>5,188,678</u>
Acquisition (use) of prepaid expenses and inventory for internal consumption	-	(46,149)	(96,794)
Acquisition of inventory of surplus land	-	-	(50,809)
Gain on disposal of inventory of surplus land	-	-	(646,614)
Proceeds on disposal of inventory of surplus land	-	-	750,765
	<u>-</u>	<u>-</u>	<u>53,342</u>
Net change in net debt	715,243	2,686,764	5,145,226
Net debt, beginning of year	<u>(5,119,889)</u>	<u>(5,119,889)</u>	<u>(10,265,115)</u>
Net debt, end of year	<u>\$ (4,404,646)</u>	<u>\$ (2,433,125)</u>	<u>\$ (5,119,889)</u>



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

For the year ended December 31	2021	2020
Cash provided by (used in)		
Operating activities		
Annual surplus	\$ 1,123,887	\$ 4,804,084
Items not involving cash		
Amortization of tangible capital assets	4,502,708	4,748,789
(Gain) loss on disposal of tangible capital assets	(12,910)	151,694
	5,613,685	9,704,567
Changes in non-cash operating balances		
(Increase) decrease in taxes receivable	105,794	(46,899)
(Increase) decrease in accounts receivable	(510,073)	58,783
(Increase) decrease in user charges receivable	33,484	(10,384)
(Increase) decrease in grants receivable	(584,159)	(1,198,471)
(Increase) decrease in prepaid expenses	(57,721)	(91,822)
Decrease in long term receivables	-	61,995
Increase (decrease) in accounts payable and accrued liabilities	1,669,649	(1,230,078)
Decrease in employee benefits liability	(31,715)	(30,105)
Increase (decrease) in landfill closure and post closure liability	(54,282)	(772,894)
Increase in post-retirement benefits liability	2,189	60,550
Increase (decrease) in deferred revenue	1,038,095	(631,202)
Increase in inventory held for internal consumption	11,572	(4,972)
Decrease in surplus land inventory	-	53,342
	1,622,833	(3,782,157)
	7,236,518	5,922,410
Capital activities		
Purchase of tangible capital assets net of capital lease financing	(2,756,262)	(4,106,724)
Proceeds on disposal of tangible capital assets	43,380	50,809
	(2,712,882)	(4,055,915)
Investing activities		
(Increase) decrease in investments	8,290	(1,056)
Financing activities		
Repayment of debt financing	(758,794)	(2,990,015)
Repayment of capital lease obligations	(352,470)	(269,275)
	(1,111,264)	(3,259,290)
Net change in cash and cash equivalents	3,420,662	(1,393,851)
Cash and cash equivalents, beginning of year	7,549,801	8,943,652
Cash and cash equivalents, end of year	\$ 10,970,463	\$ 7,549,801

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

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

December 31, 2021

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### 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 Chartered Professional Accountants of 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. The carrying value of an investment is written down to its net recoverable amount if a decline in value is judged to be other than temporary.

### 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.

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

December 31, 2021

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### 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.

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

December 31, 2021

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### 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.

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

December 31, 2021

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### 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.

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

December 31, 2021

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### 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, 2021

### 1. Cash and Cash Equivalents

Cash and cash equivalents are comprised of the following:

	2021	2020
Cash on hand and bank balances	\$ 8,261,725	\$ 4,856,250
ONE Investment high interest savings	2,708,738	2,693,551
	\$10,970,463	\$ 7,549,801

The ONE Investment high interest savings account provides interest at rates which varied between 0.165% - 0.915% during the year.

### 2. Investments

	2021	2020
Guaranteed Investment Certificates - (for retired employees) interest earned at varying rates between 0.40% and 1.65% per annum	\$ 70,821	\$ 79,111

### 3. Accounts Receivable

	2021	2020
Trade and other	\$ 1,678,300	\$ 1,084,555
Allowance for doubtful accounts	(145,416)	(95,180)
Due from School Boards	-	33,436
Provincial Offences Act		
Fines and charges	12,148,390	10,389,852
Allowance for doubtful accounts	(12,148,390)	(10,389,852)
	\$ 1,532,884	\$ 1,022,811

#### 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, 2021

### 4. 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.

### 5. 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 2.75% for NVSL and 2.25% 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.

Employee Benefits Liability	2021	2020
Accrued employee benefits liability	\$ 874,842	\$ 768,270
Unamortized actuarial gain	439,882	578,169
Employee benefits liability	\$ 1,314,724	\$ 1,346,439
Employee Benefits Liability Expense	2021	2020
Current year benefit costs	\$ 72,608	\$ 76,950
Interest on accrued benefit obligation	17,159	22,300
Employee contributions	(121,482)	(130,961)
Employee benefits expense	\$ (31,715)	\$ (31,711)



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

December 31, 2021

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### 6. 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 \$1,207,430 (2020 - \$1,261,712) and reflects a discount rate of 2.57% (2020 - 2.57%).

Relevant information regarding the landfill sites is as follows:

	Dryden Site	Barclay Site
Total estimated expenses for closure and post closure	\$ 1,731,905	\$ 247,895
Landfill closure and post closure liability as at		
December 31, 2021	\$ 959,535	\$ 247,895
Total expenses remaining to be recognized	\$ 772,370	\$ -
Remaining capacity of the site (cubic metres)	258,660	-
Remaining landfill site life (years)	22	-
Number of years required for post closure care	25	25

The Barclay site is scheduled to be closed in 2022.

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, 2021

### 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, 2021, The Corporation of the City of Dryden's accrued benefit obligation relating to post-retirement benefit plans was \$2,021,189 (2020 - \$2,019,000).

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

Discount Rate	2.75%
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	2021	2020
Accrued post-retirement benefits obligations	\$ 1,766,303	\$ 1,946,003
Unamortized actuarial (gain) loss	254,886	72,997
Post-retirement benefits liability	<u>\$ 2,021,189</u>	<u>\$ 2,019,000</u>
Post-retirement Benefits Expense	2021	2020
Current year benefit costs	\$ 85,962	\$ 118,546
Interest on accrued benefit obligation	34,727	56,519
Employee contributions	(118,500)	(114,515)
Post-retirement benefits expense	<u>\$ 2,189</u>	<u>\$ 60,550</u>

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

December 31, 2021

8. Deferred Revenue/Obligatory Reserve Funds

	2021	2020
Federal gas tax / Canada Community-Building funds	\$ 566,711	\$ 226,765
Nuclear Waste Management Organization	141,403	8,000
OCIF grant	813,622	165,540
Other deferred revenue	167,571	250,907
	<u>\$ 1,689,307</u>	<u>\$ 651,212</u>

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

	2021	2020
Balance, beginning of year	\$ 651,212	\$ 1,282,414
Transfers from revenue in the current year		
Deferred grants	1,397,305	1,285,118
Miscellaneous	74,237	19,288
	<u>1,471,542</u>	<u>1,304,406</u>
Transfers to revenue in the current year		
Transfer to grant revenue	428,351	1,918,833
Transfer to miscellaneous revenue	5,096	16,775
	<u>433,447</u>	<u>1,935,608</u>
Balance, end of year	<u>\$ 1,689,307</u>	<u>\$ 651,212</u>

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

December 31, 2021

### 9. Debt Financing

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

	2021	2020
Bank of Montreal loan, repayable in monthly instalments of \$13,458 plus interest at 3.72%, secured by By-Law #4205-2014; maturing 2026	\$ 726,773	\$ 888,268
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	6,514,365	7,111,664
	\$ 7,241,138	\$ 7,999,932

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

	Principal	Interest	Total
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
2026	801,227	149,443	950,670
Thereafter	3,167,678	308,181	3,475,859
	\$ 7,241,138	\$ 1,366,566	\$ 8,607,704

- 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 for the 2021 audited financial statements.

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

December 31, 2021

### 10. 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:

	2021	2020
Bomag lease, repayable in monthly instalments of \$8,967 including principal and interest at 4.95%, secured by machinery and equipment; matured 2021	\$ -	\$ 145,862
Kubota lease, repayable in monthly principal instalments of \$189, secured by machinery and equipment; matured 2021	-	1,702
CLE Capital lease, repayable in monthly instalments of \$5,903 including principal and interest at 4.95%, secured by machinery and equipment; maturing 2027	344,827	397,186
Coastal Capital lease, repayable in monthly instalments of \$6,119, secured by machinery and equipment; maturing 2022	30,595	104,024
DLL Financial Solutions Lease, repayable in monthly instalments of \$3,438, secured by machinery and equipment; matured 2021	-	63,199
DLL Financial Solutions Lease, repayable in monthly instalments of \$3,628 including principal and interest at 4.13%, secured by machinery and equipment; maturing 2024	151,971	-
	\$ 527,393	\$ 711,973

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

	Principal	Interest	Total
2022	\$ 123,858	\$ 21,114	\$ 144,972
2023	97,604	16,770	114,374
2024	135,257	11,655	146,912
2025	63,913	6,929	70,842
2026	67,089	3,753	70,842
Thereafter	39,672	660	40,332
	\$ 527,393	\$ 60,881	\$ 588,274

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

December 31, 2021

11. Tangible Capital Assets

	2021							
	Land	Land Improvements	Linear Assets	Buildings & Improvements	Machinery & Equipment	Vehicles	Construction in Progress	Total
Cost, beginning 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
Additions	-	68,600	384,939	639,705	1,139,127	149,718	542,063	2,924,152
Disposals	-	(21,117)	(25,417)	-	(356,389)	(358,410)	-	(761,333)
Capitalized construction	-	-	-	-	-	-	-	-
Cost, end of year	4,293,488	7,847,627	86,258,558	45,344,294	28,419,986	5,280,631	1,035,116	178,479,700
Accumulated amortization, beginning of year	-	5,102,944	49,449,963	18,030,745	16,620,111	4,097,338	-	93,301,101
Amortization	-	337,866	1,850,241	945,185	1,160,599	208,817	-	4,502,708
Disposals	-	(19,006)	(16,108)	-	(356,389)	(339,360)	-	(730,863)
Accumulated amortization, end of year	-	5,421,804	51,284,096	18,975,930	17,424,321	3,966,795	-	97,072,946
Net carrying amount, end of year	\$ 4,293,488	\$ 2,425,823	\$ 34,974,462	\$ 26,368,364	\$ 10,995,665	\$ 1,313,836	\$ 1,035,116	\$ 81,406,754

The construction in progress amounts not being amortized because they are under construction (or development) are \$1,035,116 (2020 - \$493,053).

Included in machinery and equipment is assets held under capital lease with cost of \$1,078,945 and accumulated amortization of \$135,689.

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

December 31, 2021

11. Tangible Capital Assets (continued)

	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 Corporation of the City of Dryden Notes to Consolidated Financial Statements

December 31, 2021

### 12. Accumulated Surplus

The Municipality segregates its accumulated surplus in the following categories:

	2021	2020
Current funds	\$ 6,064,537	\$ 5,046,117
Investment in tangible capital assets	73,638,223	74,303,875
Amounts to be recovered	(5,542,020)	(5,667,238)
Reserves		
for general operating	433,811	207,768
for future municipal election costs	43,882	33,882
for Aaron park	39,365	25,324
for Museum	51,135	51,135
Reserve funds set aside for specific purpose by Council:		
for operating revenue	2,023,329	2,013,487
for City buildings and land development	1,300,453	1,333,936
for purchase of capital assets	1,408,116	1,743,782
for sewer/wastewater infrastructure	364,240	135,678
for waterworks infrastructure	318,474	38,272
for transit	362,258	362,258
for emergency capital	433,811	207,768
for fire equipment	20,317	-
	\$ 80,959,931	\$ 79,836,044

### 13. Taxation

	2021	2020
Property taxes	\$16,440,852	\$ 16,501,035
Payments-in-lieu of property	457,307	432,104
	16,898,159	16,933,139
Payments to school boards	(2,268,678)	(2,451,465)
Available for general municipal purposes	\$14,629,481	\$ 14,481,674



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

December 31, 2021

14. Government Transfers - Federal

	Budget 2021	2021	2020
Operating			
FedNor	\$ 95,169	\$ 1,057,980	\$ 82,151
Other	192,850	23,782	20,598
Total operating grants	<u>288,019</u>	<u>1,081,762</u>	<u>102,749</u>
Tangible Capital Assets			
Association of Municipalities of Ontario			
Federal Gas Tax Fund	864,250	624,090	748,503
Transport Canada	750,000	454,240	-
Other	811,050	93,843	-
Total tangible capital assets grants	<u>2,425,300</u>	<u>1,172,173</u>	<u>748,503</u>
Total federal grants	<u>\$ 2,713,319</u>	<u>\$ 2,253,935</u>	<u>\$ 851,252</u>

15. Government Transfers - Provincial

	Budget 2021	2021	2020
Operating			
Ontario Municipal Partnership Fund	\$ 2,252,400	\$ 2,252,400	\$ 2,361,000
Other	1,367,519	1,300,066	1,222,019
Total operating grants	<u>3,619,919</u>	<u>3,552,466</u>	<u>3,583,019</u>
Tangible Capital Assets			
Ministry of Agriculture and Food and Ministry of Rural Affairs	-	179,442	2,321,803
Ministry of Transportation	1,170,000	82,604	400,854
Clean Water and Wastewater Fund	-	-	-
Other	87,800	196,579	54,478
Total tangible capital assets grants	<u>1,257,800</u>	<u>458,625</u>	<u>2,777,135</u>
Total provincial grants	<u>\$ 4,877,719</u>	<u>\$ 4,011,091</u>	<u>\$ 6,360,154</u>

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

December 31, 2021

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### 16. Other Income

	2021	2020
Penalties and interest on taxation	\$ 178,406	\$ 134,657
Investment	53,115	89,165
Building rentals	409,185	414,184
Provincial Offences Act	528,523	523,767
Licences and permits	172,606	62,284
Gain on sale of land and other assets	12,910	599,071
Other fines	6,716	4,820
Miscellaneous	496,814	1,381,126
Donations	10,712	91,865
	\$ 1,868,987	\$ 3,300,939

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### 17. 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, 2021. The results of this valuation disclosed total actuarial liabilities of \$119,342 (2020 - \$111,820) million in respect of benefits accrued for service, with actuarial assets at that date of \$116,211 (2020 - \$108,609) million, indicating an actuarial deficit of \$3,131 (2020 - \$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 2021 was \$866,816 (2020 - \$863,446).

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

December 31, 2021

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18. Trust Funds

The trust funds administered by the municipality amounting to \$647,194 (2020 - \$635,704) 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, 2021, the trust funds balance is as follows:

	<u>2021</u>	<u>2020</u>
Cemetery Perpetual Care	\$ 647,194	\$ 635,704

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19. Contributions to Unconsolidated Joint Boards

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

	<u>2021</u>	<u>2020</u>
District of Kenora Home for the Aged	\$ 717,955	\$ 710,801
Northwestern Health Unit	346,103	363,781
Kenora District Services Board	1,242,506	1,246,571
	<u>\$ 2,306,564</u>	<u>\$ 2,321,153</u>

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

December 31, 2021

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### 20. Budget

The Financial Plan (Budget) By-law adopted by Council on June 28, 2021 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 28, 2021 with adjustments as follows:

	<u>2021</u>
Financial Plan (Budget) By-law deficit for the year	\$ -
Add:	
Transfers to accumulated surplus	3,533,842
Loan and lease payments	904,655
Acquisition of tangible capital assets	6,716,407
Less:	
Transfers from accumulated surplus	<u>(3,723,254)</u>
Budget surplus per consolidated statement of operations and accumulated surplus	<u>\$ 7,431,650</u>

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### 21. Impact of COVID-19

During the year, the COVID-19 outbreak continued to have a significant impact on local, regional and global economies. The situation continues to be dynamic and the ultimate duration of this event, as well as its financial impact on the City's 2022 operations, is not known at this time. During the year, COVID-19 had negative impacts on cash flows due to a combination of revenue short falls from delay of receipt of cash from taxation levies and user fees and increased organizational expenditures from the outbreak. A number of actions have been taken or will be available to the City to continue to mitigate the financial impacts of this event. Given the dynamic nature of these circumstances and the duration of business disruption, future financial impacts cannot be reasonably estimated at this time.

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# The Corporation of the City of Dryden

## Notes to Consolidated Financial Statements

December 31, 2021

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### 22. Subsequent Events

Subsequent to the year-end, the City transitioned its policing services from the Dryden Police Services Board to the Ontario Provincial Police (OPP). As such, the City has entered into an agreement with the OPP for policing services. Total estimated costs for 2022 are approximately \$6.1 million. The agreement expires on December 31, 2025.

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### 23. 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.

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

December 31, 2021

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## 23. 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, 2021

23. 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	2021 Total
<b>Revenue</b>										
Taxation	\$ 1,961,446	\$ 5,171,936	\$ 3,903,401	\$ -	\$ 815,524	\$ 776,984	\$ -	\$ 2,000,190	\$ -	\$ 14,629,481
Fees and user charges	-	-	432,164	5,639,523	50,367	327	-	473,899	33,297	6,629,577
Conditional grants	934,697	78,794	826,758	757,751	-	-	-	356,647	1,057,979	4,012,626
Unconditional grants	249,108	820,433	585,255	-	122,275	116,497	58,934	299,898	-	2,252,400
Other	206,705	680,775	485,630	-	101,461	96,666	48,902	248,848	-	1,868,987
<b>Total revenue</b>	<b>3,351,956</b>	<b>6,751,938</b>	<b>6,233,208</b>	<b>6,397,274</b>	<b>1,089,627</b>	<b>990,474</b>	<b>107,836</b>	<b>3,379,482</b>	<b>1,091,276</b>	<b>29,393,071</b>
<b>Expenses</b>										
Wages and benefits	1,773,516	4,797,870	1,733,767	1,444,135	71,903	22,385	1,686,974	280,334	-	11,810,884
Long term debt charges (interest)	-	-	19,575	231,841	-	-	-	2,139	44,970	298,525
Materials	727,942	1,491,994	1,475,941	1,238,682	36,139	-	-	931,446	311,952	6,214,096
Contracted services	715,024	165,397	819,672	1,219,784	7,080	-	-	180,741	12,585	3,120,283
Rents and financial	3,776	-	-	-	-	-	-	30,000	-	33,776
External transfers	-	(17,651)	-	-	908,101	921,253	477,210	-	-	2,288,913
Amortization	153,888	284,484	1,948,960	1,651,420	17,245	-	-	427,612	19,098	4,502,707
<b>Total expenses</b>	<b>3,374,146</b>	<b>6,722,094</b>	<b>5,997,915</b>	<b>5,785,862</b>	<b>1,040,468</b>	<b>943,638</b>	<b>2,164,184</b>	<b>1,852,272</b>	<b>388,605</b>	<b>28,269,184</b>
<b>Net surplus (deficit)</b>	<b>\$ (22,190)</b>	<b>\$ 29,844</b>	<b>\$ 235,293</b>	<b>\$ 611,412</b>	<b>\$ 49,159</b>	<b>\$ 46,836</b>	<b>\$ (2,056,348)</b>	<b>\$ 1,527,210</b>	<b>\$ 702,671</b>	<b>\$ 1,123,887</b>

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

December 31, 2021

23. 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
<b>Revenue</b>										
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
<b>Total revenue</b>	<b>4,366,142</b>	<b>7,527,129</b>	<b>6,040,979</b>	<b>6,632,351</b>	<b>1,291,653</b>	<b>1,123,484</b>	<b>174,452</b>	<b>3,800,176</b>	<b>560,002</b>	<b>31,516,368</b>
<b>Expenses</b>										
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
<b>Total expenses</b>	<b>3,733,530</b>	<b>6,133,602</b>	<b>5,483,716</b>	<b>5,213,827</b>	<b>1,060,096</b>	<b>912,997</b>	<b>514,626</b>	<b>3,185,959</b>	<b>473,931</b>	<b>26,712,284</b>
<b>Net surplus (deficit)</b>	<b>\$ 632,612</b>	<b>\$ 1,393,527</b>	<b>\$ 557,263</b>	<b>\$ 1,418,524</b>	<b>\$ 231,557</b>	<b>\$ 210,487</b>	<b>(\$ 340,174)</b>	<b>\$ 614,217</b>	<b>\$ 86,071</b>	<b>\$ 4,804,084</b>