

The Corporation of the City of Dryden
Consolidated Financial Statements
For the year ended December 31, 2022

Draft for Discussion Purpose
2023-05-18

**The Corporation of the City of Dryden
Consolidated Financial Statements
For the year ended December 31, 2022**

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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 Auditor's 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, 2022 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, 2022 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.

Chartered Professional Accountants, Licensed Public Accountants

Kenora, Ontario
May XX, 2023

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

December 31	2022	2021
Financial assets		
Cash and cash equivalents (Note 1)	\$ 7,112,934	\$ 10,970,463
Investments (Note 2)	71,662	70,821
Taxes receivable	1,096,008	1,144,940
Accounts receivable (Note 3)	1,224,332	1,532,884
User charges receivable	464,115	421,437
Grants receivable	2,709,216	2,422,103
	<u>12,678,267</u>	<u>16,562,648</u>
Financial liabilities		
Accounts payable and accrued liabilities	5,946,390	4,994,592
Employee benefits liability (Note 5)	1,008,076	1,314,724
Landfill closure and post closure liability (Note 6)	1,256,582	1,207,430
Post-retirement benefits liability (Note 7)	1,581,637	2,021,189
Deferred revenue/obligatory reserve funds (Note 8)	979,392	1,689,307
Debt financing (Note 9)	6,557,429	7,241,138
Capital lease obligations (Note 10)	469,191	527,393
	<u>17,798,697</u>	<u>18,995,773</u>
Net debt	<u>(5,120,430)</u>	<u>(2,433,125)</u>
Non-financial assets		
Inventory for internal consumption	420,319	375,488
Inventory of surplus land	1,324,118	1,324,118
Prepaid expenses	384,793	286,696
Tangible capital assets (Note 11)	84,558,614	81,406,754
	<u>86,687,844</u>	<u>83,393,056</u>
Accumulated surplus (Note 12)	<u>\$ 81,567,414</u>	<u>\$ 80,959,931</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	2022 Budget (Note 20)	2022 Actual	2021 Actual
Revenue			
Taxation (Note 13)	\$ 14,697,468	\$ 14,605,568	\$ 14,629,481
Fees and user charges	7,445,100	7,139,300	6,629,577
Government transfers - federal (Note 14)	3,342,997	3,136,491	2,253,935
Government transfers - provincial (Note 15)	7,044,190	7,298,775	4,011,091
Other income (Note 16)	2,903,707	2,977,684	1,868,987
	<u>35,433,462</u>	<u>35,157,818</u>	<u>29,393,071</u>
Expenses			
General government	3,644,495	2,992,984	3,374,144
Protection services	10,725,738	10,375,933	6,722,094
Transportation services	3,848,278	7,541,720	5,997,914
Environmental services	4,366,256	6,347,937	5,785,863
Health services	1,109,252	1,148,288	1,040,468
Social and family services	996,893	898,256	943,639
Social housing	436,872	436,871	477,210
Recreation and cultural services	3,180,000	3,731,742	3,258,913
Planning and development	1,166,602	1,076,604	668,939
	<u>29,474,386</u>	<u>34,550,335</u>	<u>28,269,184</u>
Annual surplus	5,959,076	607,483	1,123,887
Accumulated surplus, beginning of year	80,959,931	80,959,931	79,836,044
Accumulated surplus, end of year	<u>\$ 86,919,007</u>	<u>\$ 81,567,414</u>	<u>\$ 80,959,931</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	2022 Budget (Note 20)	2022 Actual	2021 Actual
Annual surplus	\$ 5,959,076	\$ 607,483	\$ 1,123,887
Acquisition of tangible capital assets	(9,744,832)	(7,844,695)	(2,924,152)
Amortization of tangible capital assets	-	4,550,541	4,502,708
(Gain) loss on disposal of tangible capital assets	-	125,450	(12,910)
Proceeds on disposal of tangible capital assets	-	16,844	43,380
	<u>(3,785,756)</u>	<u>(2,544,377)</u>	<u>2,732,913</u>
Use of prepaid expenses and inventory for internal consumption	-	(142,928)	(46,149)
Net change in net debt	(3,785,756)	(2,687,305)	2,686,764
Net debt, beginning of year	(2,433,125)	(2,433,125)	(5,119,889)
Net debt, end of year	<u>\$ (6,218,881)</u>	<u>\$ (5,120,430)</u>	<u>\$ (2,433,125)</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 Cash Flows

For the year ended December 31	2022	2021
Cash provided by (used in)		
Operating activities		
Annual surplus	\$ 607,483	\$ 1,123,887
Items not involving cash		
Amortization of tangible capital assets	4,550,541	4,502,708
(Gain) loss on disposal of tangible capital assets	125,450	(12,910)
	<u>5,283,474</u>	<u>5,613,685</u>
Changes in non-cash operating balances		
(Increase) decrease in taxes receivable	48,932	105,794
(Increase) decrease in accounts receivable	308,552	(510,073)
(Increase) decrease in user charges receivable	(42,678)	33,484
(Increase) decrease in grants receivable	(287,113)	(584,159)
(Increase) decrease in prepaid expenses	(98,097)	(57,721)
Increase (decrease) in accounts payable and accrued liabilities	951,798	1,669,649
Decrease in employee benefits liability	(306,648)	(31,715)
Increase (decrease) in landfill closure and post closure liability	49,152	(54,282)
Increase (decrease) in post-retirement benefits liability	(439,552)	2,189
Increase (decrease) in deferred revenue	(709,915)	1,038,095
(Increase) decrease in inventory held for internal consumption	(44,831)	11,572
	<u>(570,400)</u>	<u>1,622,833</u>
	<u>4,713,074</u>	<u>7,236,518</u>
Capital activities		
Purchase of tangible capital assets net of capital lease financing	(7,844,695)	(2,756,262)
Proceeds on disposal of tangible capital assets	16,844	43,380
	<u>(7,827,851)</u>	<u>(2,712,882)</u>
Investing activities		
(Increase) decrease in investments	(841)	8,290
Financing activities		
Proceeds from debt financing	115,253	-
Repayment of debt financing	(798,962)	(758,794)
Repayment of capital lease obligations	(58,202)	(352,470)
	<u>(741,911)</u>	<u>(1,111,264)</u>
Net change in cash and cash equivalents	<u>(3,857,529)</u>	<u>3,420,662</u>
Cash and cash equivalents, beginning of year	<u>10,970,463</u>	<u>7,549,801</u>
Cash and cash equivalents, end of year	<u>\$ 7,112,934</u>	<u>\$ 10,970,463</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, 2022

**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 public sector accounting standards. 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

Portfolio investments are recorded at cost. Investments are written down where there has been a loss in value that is other than a temporary decline.

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, 2022

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, 2022

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, 2022

**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, 2022

Liability for Contaminated Sites

A contaminated site is a site at which substances occur in concentration that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered contaminated if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the municipality is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring.

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. Significant estimates include allowances for accounts receivable, and for doubtful taxes, useful lives of tangible capital assets, tax revenue due to reassessments and appeals, landfill closure and post closure liabilities, employee benefits and post-retirement benefits liabilities, and contaminated sites. Actual results could differ materially 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, 2022

1. Cash and Cash Equivalents

Cash and cash equivalents are comprised of the following:

	2022	2021
Cash on hand and bank balances	\$ 5,588,229	\$ 8,261,725
ONE Investment high interest savings	1,524,705	2,708,738
	<u>\$ 7,112,934</u>	<u>\$ 10,970,463</u>

The ONE Investment high interest savings account provides interest at rates which varied between 0.7150% - 4.215% during the year.

2. Investments

	2022	2021
Guaranteed Investment Certificates - (for retired employees) interest earned at varying rates between 1.30% and 3.25% per annum	\$ 71,662	\$ 70,821

3. Accounts Receivable

	2022	2021
Trade and other	\$ 1,384,085	\$ 1,678,300
Allowance for doubtful accounts	(192,873)	(145,416)
Due from school boards	33,120	-
Provincial Offences Act		
Fines and charges	13,243,146	12,148,390
Allowance for doubtful accounts	(13,243,146)	(12,148,390)
	<u>\$ 1,224,332</u>	<u>\$ 1,532,884</u>

Provincial Offences Act

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

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

December 31, 2022

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 5.0% (2021 - 2.75%) for NVSL and 5.0% (2021 - 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	2022	2021
Accrued employee benefits liability	\$ 573,503	\$ 830,339
Unamortized actuarial gain	434,573	484,385
Employee benefits liability	\$ 1,008,076	\$ 1,314,724
Employee Benefits Liability Expense (Recovery)	2022	2021
Current year benefit costs	\$ 69,285	\$ 72,608
Interest on accrued benefit obligation	22,799	17,159
Amortization of actuarial gains / losses	-	(42,394)
Employee contributions	(223,965)	(79,088)
Curtailment	(174,767)	-
Employee benefits expense (recovery)	\$ (306,648)	\$ (31,715)

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

December 31, 2022

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 \$1,256,582 (2021 - \$1,207,430) and reflects a discount rate of 2.57% (2021 - 2.57%).

Relevant information regarding the landfill sites is as follows:

	Dryden Site	Barclay Site
Total estimated expenses for closure and post closure	\$ 1,776,414	\$ 247,895
Landfill closure and post closure liability as at		
December 31, 2022	\$ 1,019,968	\$ 236,614
Total expenses remaining to be recognized	\$ 756,446	\$ -
Estimated remaining capacity of the site (cubic metres)	246,980	-
Estimated remaining landfill site life (years)	21	-
Number of years required for post closure care	25	25

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

December 31, 2022

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, 2022, The Corporation of the City of Dryden's accrued benefit obligation relating to post-retirement benefit plans was \$1,581,637 (2021 - \$2,021,189).

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

Discount Rate	5.0%
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	2022	2021
Accrued post-retirement benefits obligations	\$ 1,007,381	\$ 1,466,671
Unamortized actuarial (gain) loss	574,256	554,518
Post-retirement benefits liability	<u>\$ 1,581,637</u>	<u>\$ 2,021,189</u>

Post-retirement Benefits Expense (Recovery)	2022	2021
Current year benefit costs	\$ 75,910	\$ 85,962
Amortization of actuarial gains / losses	(169,189)	(22,963)
Interest on accrued benefit obligation	36,119	34,727
Curtailment	(288,226)	-
Employee contributions	(94,166)	(95,537)
Post-retirement benefits expense (recovery)	<u>\$ (439,552)</u>	<u>\$ 2,189</u>

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

December 31, 2022

8. Deferred Revenue/Obligatory Reserve Funds

	2022	2021
Federal gas tax / Canada Community-Building funds	\$ 354,575	\$ 566,711
Nuclear Waste Management Organization	36,295	141,403
Ontario Community Infrastructure Fund	253,882	813,622
Other deferred revenue	334,640	167,571
	<u>\$ 979,392</u>	<u>\$ 1,689,307</u>

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

	2022	2021
Balance, beginning of year	\$ 1,689,307	\$ 651,212
Transfers from revenue in the current year		
Deferred grants	912,114	1,397,305
Miscellaneous	133,819	74,237
	<u>1,045,933</u>	<u>1,471,542</u>
Transfers to revenue in the current year		
Transfer to grant revenue	1,690,906	428,351
Transfer to miscellaneous revenue	64,942	5,096
	<u>1,755,848</u>	<u>433,447</u>
Balance, end of year	<u>\$ 979,392</u>	<u>\$ 1,689,307</u>

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

December 31, 2022

9. Debt Financing

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

	2022	2021
Bank of Montreal loan, repayable in monthly instalments of \$13,458 plus interest at 3.72%, secured by By-Law #4205-2014; maturing 2026	\$ 565,276	\$ 726,773
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	5,894,249	6,514,365
Ford Credit Canada financing, repayable in monthly instalments of \$2,211 including interest at 5.60%, secured specific automotive equipment, maturing 2027	97,904	-
	<u>\$ 6,557,429</u>	<u>\$ 7,241,138</u>

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

	Principal	Interest	Total
2023	\$ 826,189	\$ 247,324	\$ 1,073,513
2024	851,984	217,275	1,069,259
2025	878,786	184,466	1,063,252
2026	825,928	151,272	977,200
2027	754,824	121,450	876,274
Thereafter	2,419,718	187,176	2,606,894
	<u>\$ 6,557,429</u>	<u>\$ 1,108,963</u>	<u>\$ 7,666,392</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 for the 2022 audited financial statements.

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

December 31, 2022

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:

	2022	2021
CLE Capital lease, repayable in monthly instalments of \$5,903 including principal and interest at 4.95%, secured by machinery and equipment; maturing 2027	\$ 289,817	\$ 344,827
Coastal Capital lease, repayable in monthly instalments of \$6,119, secured by machinery and equipment; matured 2022	-	30,595
DLL Financial Solutions Lease, repayable in monthly instalments of \$3,911 including principal and interest at 3.82%, secured by machinery and equipment; maturing 2024	65,316	-
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	114,058	151,971
	<u>\$ 469,191</u>	<u>\$ 527,393</u>

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

	Principal	Interest	Total
2023	\$ 143,588	\$ 18,548	\$ 162,136
2024	154,677	11,852	166,529
2025	63,913	6,929	70,842
2026	67,089	3,753	70,842
2027	39,924	660	40,584
	<u>\$ 469,191</u>	<u>\$ 41,742</u>	<u>\$ 510,933</u>

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

December 31, 2022

11. Tangible Capital Assets

	2022							
	Land	Land Improvements	Linear Assets	Buildings & Improvements	Machinery & Equipment	Vehicles	Construction in Progress	Total
Cost, beginning 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
Additions	32,000	302,669	3,382,112	2,525,095	374,493	223,561	1,004,765	7,844,695
Disposals	-	-	(457,572)	(193,818)	(374,655)	(233,273)	-	(1,259,318)
Cost, end of year	<u>4,325,488</u>	<u>8,150,296</u>	<u>89,183,098</u>	<u>47,675,571</u>	<u>28,419,824</u>	<u>5,270,919</u>	<u>2,039,881</u>	<u>185,065,077</u>
Accumulated amortization, beginning of year	-	5,421,804	51,284,096	18,975,930	17,424,321	3,966,795	-	97,072,946
Amortization	-	346,230	1,765,303	1,020,164	1,210,629	208,215	-	4,550,541
Disposals	-	-	(354,605)	(164,624)	(364,522)	(233,273)	-	(1,117,024)
Accumulated amortization, end of year	-	<u>5,768,034</u>	<u>52,694,794</u>	<u>19,831,470</u>	<u>18,270,428</u>	<u>3,941,737</u>	-	<u>100,506,463</u>
Net carrying amount, end of year	<u>\$ 4,325,488</u>	<u>\$ 2,382,262</u>	<u>\$ 36,488,304</u>	<u>\$ 27,844,101</u>	<u>\$ 10,149,396</u>	<u>\$ 1,329,182</u>	<u>\$ 2,039,881</u>	<u>\$ 84,558,614</u>

The construction in progress amounts not being amortized because they are under construction (or development) are \$2,039,881 (2021 - \$1,035,116).

Included in machinery and equipment is assets held under capital lease with cost of \$785,231 and accumulated amortization of \$125,451.

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

December 31, 2022

11. Tangible Capital Assets (continued)

	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	\$ 5,489,333	\$ 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)
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	18,036,745	16,620,111	4,087,338	-	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 Corporation of the City of Dryden Notes to Consolidated Financial Statements

December 31, 2022

12. Accumulated Surplus

The Municipality segregates its accumulated surplus in the following categories:

	2022	2021
Current funds	\$ 3,600,804	\$ 6,064,537
Investment in tangible capital assets	77,531,994	73,638,223
Amounts to be recovered	(4,740,024)	(5,542,020)
Reserves		
for general operating	771,475	433,811
for future municipal election costs	13,882	43,882
for Aaron park	40,159	39,365
for Museum	54,060	51,135
Reserve funds set aside for specific purpose by Council:		
for operating revenue	543,816	2,023,329
for City buildings and land development	812,893	1,300,453
for purchase of capital assets	1,337,899	1,408,116
for sewer/wastewater infrastructure	338,531	364,240
for waterworks infrastructure	570,616	318,474
for transit	359,874	362,258
for emergency capital	296,182	433,811
for fire equipment	35,253	20,317
	\$ 81,567,414	\$ 80,959,931

13. Taxation

	2022	2021
Property taxes	\$16,449,622	\$ 16,440,852
Payments-in-lieu of property	454,328	457,307
	16,903,950	16,898,159
Payments to school boards	(2,298,382)	(2,268,678)
Available for general municipal purposes	\$14,605,568	\$ 14,629,481

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

December 31, 2022

14. Government Transfers - Federal

	Budget 2022	2022	2021
Operating			
FedNor	\$ 81,617	\$ 98,582	\$ 1,057,980
Other	33,250	30,918	23,782
Total operating grants	114,867	129,500	1,081,762
Tangible Capital Assets			
Association of Municipalities of Ontario			
Federal Gas Tax Fund	802,380	703,657	624,090
Transport Canada	400,000	410,667	454,240
Investing in Canada Infrastructure Program	1,843,095	1,708,061	93,843
Other	182,655	184,606	-
Total tangible capital assets grants	3,228,130	3,006,991	1,172,173
Total federal grants	\$ 3,342,997	\$ 3,136,491	\$ 2,253,935

15. Government Transfers - Provincial

	Budget 2022	2022	2021
Operating			
Ontario Municipal Partnership Fund	\$ 2,145,500	\$ 2,145,500	\$ 2,252,400
Nuclear Waste Management Organization	1,227,275	1,085,490	554,975
Other	412,177	677,751	745,091
Total operating grants	3,784,952	3,908,741	3,552,466
Tangible Capital Assets			
Ministry of Agriculture and Food and			
Ministry of Rural Affairs	1,489,900	1,465,269	179,442
Ministry of Transportation	1,116,868	1,116,952	82,604
Other	652,470	807,813	196,579
Total tangible capital assets grants	3,259,238	3,390,034	458,625
Total provincial grants	\$ 7,044,190	\$ 7,298,775	\$ 4,011,091

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

December 31, 2022

16. Other Income

	2022	2021
Penalties and interest on taxation	\$ 55,857	\$ 178,406
Investment	224,755	53,115
Building rentals	480,188	409,185
Provincial Offences Act	698,428	528,523
Licences and permits	65,771	172,606
Gain (loss) on sale of land and other assets	(24,950)	12,910
Other fines	26,410	6,716
Miscellaneous	1,328,041	496,814
Donations	123,184	10,712
	<u>\$ 2,977,684</u>	<u>\$ 1,868,987</u>

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, 2022. The results of this valuation disclosed total actuarial liabilities of \$128,789 (2021 - \$119,342) million in respect of benefits accrued for service, with actuarial assets at that date of \$122,111 (2021 - \$116,211) million, indicating an actuarial deficit of \$6,678 (2021 - \$3,121) 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 2022 was \$731,025 (2021 - \$866,816).

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

December 31, 2022

18. Trust Funds

The trust funds administered by the municipality amounting to \$661,629 (2021 - \$647,194) 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, 2022, the trust funds balance is as follows:

	2022	2021
Cemetery Perpetual Care	\$ 661,629	\$ 647,194

19. Contributions to Unconsolidated Joint Boards

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

	2022	2021
District of Kenora Home for the Aged	\$ 661,151	\$ 717,955
Northwestern Health Unit	367,668	346,103
Kenora District Services Board	1,253,201	1,242,506
	<u>\$ 2,282,020</u>	<u>\$ 2,306,564</u>

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

December 31, 2022

20. Budget

The Financial Plan (Budget) By-law adopted by Council on February 22, 2022 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 February 22, 2022 with adjustments as follows:

	2022
Financial Plan (Budget) By-law deficit for the year	\$ -
Add:	
Transfers to accumulated surplus	4,427,196
Loan and lease payments	812,457
Acquisition of tangible capital assets	9,744,832
Less:	
Transfers from accumulated surplus	(9,025,409)
Budget surplus per consolidated statement of operations and accumulated surplus	<u>\$ 5,959,076</u>

21. Contractual Obligations

During the year, the municipality 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 2023 are approximately \$5.16 million. Costs are reviewed and may be adjusted annually. The agreement expires on December 31, 2025.

The municipality has also entered into an agreement for capital costs relating to recreation centre expansion to a maximum of \$2.82 million. The project was approximately 45% complete at year-end.

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

December 31, 2022

22. 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, 2022

22. 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, 2022

22. 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	2022 Total
Revenue										
Taxation	\$ 1,013,837	\$ 7,944,783	\$ 1,985,143	\$ -	\$ 823,375	\$ 690,962	\$ -	\$ 1,420,403	\$ 727,065	\$ 14,605,568
Fees and user charges	-	-	273,055	6,010,266	77,893	-	-	745,255	32,831	7,139,300
Conditional grants	1,674,987	47,645	4,687,961	640,841	-	-	-	1,139,950	98,582	8,289,766
Unconditional grants	145,579	1,140,808	285,051	-	118,230	99,217	48,255	203,959	104,401	2,145,500
Other	202,045	1,583,300	395,615	-	164,089	137,700	66,971	283,069	144,895	2,977,684
Total revenue	3,036,448	10,716,936	7,626,825	6,650,907	1,183,587	927,879	115,226	3,792,636	1,107,774	35,157,818
Expenses										
Wages and benefits	1,350,138	6,699,857	1,933,127	1,330,300	44,851	35,777	-	2,015,757	294,187	10,703,994
Long term debt charges (interest)	-	-	15,952	255,435	-	-	-	-	-	271,387
Materials	698,889	877,115	2,736,380	1,589,235	86,753	388	-	1,090,607	754,561	7,833,928
Contracted services	734,456	5,443,445	918,733	1,498,596	15,590	-	-	133,903	8,758	8,753,481
Rents and financial	33,715	-	-	-	-	-	-	30,000	-	63,715
External transfers	-	91,270	-	-	983,057	862,091	436,871	-	-	2,373,289
Amortization	175,786	264,246	1,937,528	1,674,371	18,037	-	-	461,475	19,098	4,550,541
Total expenses	2,992,984	10,375,933	7,541,720	6,347,937	1,148,288	898,256	436,871	3,731,742	1,076,604	34,550,335
Net surplus (deficit)	\$ 43,464	\$ 340,603	\$ 85,105	\$ 302,970	\$ 35,299	\$ 29,623	\$ (321,645)	\$ 60,894	\$ 31,170	\$ 607,483

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

December 31, 2022

22. 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
Revenue										
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
Total revenue	3,351,956	6,751,938	6,233,208	6,397,274	1,089,627	990,474	107,836	3,379,482	1,091,276	29,393,071
Expenses										
Wages and benefits	1,773,516	4,797,870	1,733,767	1,444,135	71,903	22,386	-	1,686,974	280,334	11,810,885
Long term debt charges (interest)	-	-	19,575	231,841	-	-	-	2,139	44,970	298,525
Materials	727,940	1,491,994	1,475,940	1,238,683	36,139	-	-	931,447	311,952	6,214,095
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
Total expenses	3,374,144	6,722,094	5,997,914	5,785,863	1,040,468	943,639	477,210	3,258,913	668,939	28,269,184
Net surplus (deficit)	\$ (22,188)	\$ 29,844	\$ 235,294	\$ 611,411	\$ 49,159	\$ 46,835	\$ (369,374)	\$ 120,569	\$ 422,337	\$ 1,123,887