

The Corporation of the
City of Owen Sound
Financial Information
For the year ended December 31, 2022

The Corporation of the City of Owen Sound
Financial Information
December 31, 2022

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Independent Auditor's Report

To the Members of Council
of the Corporation of the City of Owen Sound

Opinion

We have audited the consolidated financial statements of the Corporation of the City of Owen Sound ("the City"), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of operations and accumulated surplus, changes 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 changes 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

Owen Sound, Ontario
November 27, 2023

The Corporation of the City of Owen Sound
Consolidated Statement of Financial Position

| December 31 | 2022 | 2021 |
|--|-----------------------|-----------------------|
| Financial assets | | |
| Cash (Note 1) | \$ 17,569,832 | \$ 11,681,358 |
| Investments (Note 2) | 8,328,190 | 2,389,038 |
| Taxes receivable | 2,241,082 | 1,724,327 |
| Trade and other receivables | 6,994,535 | 4,832,225 |
| Inventory held for resale | 10,043 | 17,307 |
| Loans receivable (Note 3) | 75,000 | 2,715,000 |
| | <u>35,218,682</u> | <u>23,359,255</u> |
| Liabilities | | |
| Accounts payable and accrued liabilities | 7,757,673 | 7,404,585 |
| Solid waste landfill closure and post-closure liabilities (Note 5) | 2,340,797 | 2,284,729 |
| Post-employment benefits (Note 16) | 7,011,523 | 6,518,382 |
| Deferred revenue (Page 28) | 7,873,258 | 6,228,557 |
| Long-term liabilities (Note 6) | 34,502,576 | 27,830,104 |
| | <u>59,485,827</u> | <u>50,266,357</u> |
| Net debt | (24,267,145) | (26,907,102) |
| Non-financial assets | | |
| Inventory of supplies | 869,798 | 799,248 |
| Prepaid expenses | 1,636,567 | 309,368 |
| Tangible capital assets (Note 7) | 262,166,115 | 261,549,719 |
| | <u>264,672,480</u> | <u>262,658,335</u> |
| Accumulated surplus (Note 8) | <u>\$ 240,405,335</u> | <u>\$ 235,751,233</u> |

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

The Corporation of the City of Owen Sound
Consolidated Statement of Operations and Accumulated Surplus

| For the year ended December 31 | 2022 Budget (Note 10) | 2022 Actual | 2021 Actual |
|--|-----------------------------|-----------------------|-----------------------|
| Revenue | | | |
| Taxation | \$ 32,547,948 | \$33,095,738 | \$ 31,702,602 |
| Fees and user charges | 14,725,486 | 15,758,244 | 14,784,526 |
| Government transfers (Note 15) | 19,778,696 | 11,073,518 | 13,162,941 |
| Other income (Note 11) | 3,039,791 | 4,480,194 | 3,090,818 |
| | <u>70,091,921</u> | <u>64,407,694</u> | <u>62,740,887</u> |
| Expenses | | | |
| General government | 5,480,872 | 6,034,493 | 5,987,730 |
| Protection services | 16,985,991 | 18,405,830 | 17,344,882 |
| Transportation services | 5,723,651 | 11,423,132 | 9,367,006 |
| Environmental services | 11,511,383 | 12,117,155 | 11,369,790 |
| Health services | 308,956 | 396,047 | 377,105 |
| Recreation and cultural services | 6,485,526 | 10,268,262 | 9,748,587 |
| Planning and development | 1,032,308 | 1,108,673 | 1,097,227 |
| | <u>47,528,687</u> | <u>59,753,592</u> | <u>55,292,327</u> |
| Annual surplus (Note 10) | 22,563,234 | 4,654,102 | 7,448,560 |
| Accumulated surplus, beginning of the year | <u>235,751,233</u> | <u>235,751,233</u> | <u>228,302,673</u> |
| Accumulated surplus, end of the year | <u>\$ 258,314,467</u> | <u>\$ 240,405,335</u> | <u>\$ 235,751,233</u> |

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

The Corporation of the City of Owen Sound
Consolidated Statement of Changes in Net Debt

| For the year ended December 31 | 2022 Budget (Note 10) | 2022 Actual | 2021 Actual |
|---|-----------------------------|-----------------|-----------------|
| Annual surplus (Page 6) | \$ 22,563,234 | \$ 4,654,102 | \$ 7,448,560 |
| Acquisition of tangible capital assets | (30,789,917) | (9,280,622) | (9,853,377) |
| Amortization of tangible capital assets | - | 8,332,173 | 8,266,450 |
| Proceeds on disposal of assets | - | 84,511 | 1,648,914 |
| Loss on disposal of assets | - | 247,542 | 368,406 |
| | (30,789,917) | (616,396) | 430,393 |
| Change in prepaid expenses | - | (1,327,199) | (15,094) |
| Change in inventories of supplies | - | (70,550) | (63,555) |
| | - | (1,397,749) | (78,649) |
| (Increase) decrease in net debt | (8,226,683) | 2,639,957 | 7,800,304 |
| Net debt, beginning of the year | (26,907,102) | (26,907,102) | (34,707,406) |
| Net debt, end of the year | \$ (35,133,785) | \$ (24,267,145) | \$ (26,907,102) |

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

The Corporation of the City of Owen Sound
Consolidated Statement of Cash Flows

| For the year ended December 31 | 2022 | 2021 |
|--|---------------------|----------------------|
| Cash provided by (used in) | | |
| Operating activities | | |
| Annual surplus | \$ 4,654,102 | \$ 7,448,560 |
| Items not involving cash | | |
| Amortization | 8,332,173 | 8,266,450 |
| Post-employment benefits | 493,141 | 538,535 |
| Solid waste landfill liability | 56,068 | (165,237) |
| Loss on disposal of assets | 247,542 | 368,406 |
| Deferred revenue recognized | (2,666,497) | (5,842,484) |
| Change in inventory of supplies | (70,550) | (63,555) |
| | <u>11,045,979</u> | <u>10,550,675</u> |
| Changes in non-cash working capital balances | | |
| Taxes receivable | (516,755) | 901,716 |
| Trade and other receivables | (2,162,310) | 322,867 |
| Inventory held for resale | 7,264 | 55,263 |
| Accounts payable and accrued liabilities | 353,088 | (2,808,847) |
| Deferred revenue received | 4,311,198 | 5,077,333 |
| Prepaid expenses | (1,327,199) | (15,094) |
| | <u>11,711,265</u> | <u>14,083,913</u> |
| Capital transactions | | |
| Cash used to acquire capital assets | (9,280,622) | (9,853,377) |
| Proceeds on sale of capital assets | 84,511 | 1,648,914 |
| | <u>(9,196,111)</u> | <u>(8,204,463)</u> |
| Investing activities | | |
| (Increase) decrease in loans receivable | 2,640,000 | (1,960,000) |
| (Increase) decrease in investments | (5,939,152) | 1,784,810 |
| | <u>(3,299,152)</u> | <u>(175,190)</u> |
| Financing activities | | |
| Additions to long-term liabilities | 8,445,000 | - |
| Repayment of long-term liabilities | (1,772,528) | (2,251,635) |
| | <u>6,672,472</u> | <u>(2,251,635)</u> |
| Net change in cash and cash equivalents | 5,888,474 | 3,452,625 |
| Cash, beginning of the year | <u>11,681,358</u> | <u>8,228,733</u> |
| Cash, end of the year | <u>\$17,569,832</u> | <u>\$ 11,681,358</u> |

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

The Corporation of the City of Owen Sound Summary of Significant Accounting Policies

December 31, 2022

| | |
|---------------------------|--|
| Management Responsibility | <p>The management of the Corporation of the City of Owen Sound has prepared and is responsible for the integrity, objectivity and accuracy of the financial information presented in these consolidated financial statements. The Corporate Services Committee reviews and approves the consolidated financial statements before they are submitted to Council.</p> |
| Basis of Accounting | <p>The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of Chartered Professional Accountants of Canada as prescribed by the Ontario Ministry of Municipal Affairs and Housing.</p> <p>Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.</p> |
| Basis of Consolidation | <p>The consolidated 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.</p> <p>The following boards controlled by Council have been consolidated:</p> <p>Owen Sound and North Grey Union Public Library</p> <p>Owen Sound River District</p> |
| Use of Estimates | <p>The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future. Estimates are used when accounting for items such as accrued grant receivables, accrued liabilities, useful lives of capital assets, post-employment benefits liability, solid waste landfill post-closure liabilities and taxes receivable.</p> |

The Corporation of the City of Owen Sound Summary of Significant Accounting Policies

December 31, 2022

Revenue Recognition

Revenues are recognized as follows:

- a) 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 an allowance for anticipated uncollectible amounts.
- b) Fines and donations are recognized when collected.
- c) Fees, user charges and other revenues are recorded upon sale of goods or provision of service when collection is reasonably assured.
- d) Investment income earned on surplus funds (other than obligatory reserve funds) are reported as revenue in the period earned. Investment income earned on obligatory reserve funds is recorded directly to each fund balance and forms part of the respective deferred revenue balances.
- e) Government transfers are recognized as revenue in the 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 as the stipulation liabilities are settled.
- f) Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the consolidated statement of financial position. The revenue is reported on the consolidated statement of operations in the year in which it is used for the specified purpose.

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and short-term highly liquid investments that are readily converted into cash.

The Corporation of the City of Owen Sound
Summary of Significant Accounting Policies

December 31, 2022

| | | | | | | | | | | | | | |
|-----------------------------------|--|-------------------|---------------|--------------------------|---------------|-----------------------------------|--------------|---------------------|---------------|------------------------------|---------------|--------------------------------|---------------|
| Investments | Investments are recorded at cost, unless there has been a decline in the market value which is other than temporary in nature, in which case the investments are written down to market. | | | | | | | | | | | | |
| County and School Boards | The municipality collects taxation revenue on behalf of the school boards and the County of Grey. The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards and the County of Grey, are not reflected in these financial statements. | | | | | | | | | | | | |
| Inventory | <p>Inventory of goods held for resale is recorded at the lower of cost and net realizable value. Cost is determined on the average cost basis.</p> <p>Inventory held for consumption is recorded at the lower of cost and replacement cost.</p> | | | | | | | | | | | | |
| Tangible Capital Assets | <p>Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Amortization is provided over the estimated useful life of the assets using the straight-line method. The useful life of the assets is based on estimates made by management. The following useful lives are used:</p> <table><tr><td>Land improvements</td><td>40 - 75 years</td></tr><tr><td>Buildings and structures</td><td>15 - 40 years</td></tr><tr><td>Vehicles, machinery and equipment</td><td>3 - 20 years</td></tr><tr><td>Roads and sidewalks</td><td>10 - 80 years</td></tr><tr><td>Bridges and other structures</td><td>40 - 80 years</td></tr><tr><td>Water and sewer infrastructure</td><td>40 - 90 years</td></tr></table> <p>Tangible capital assets received as contributions are recorded at fair value at the date of receipt.</p> | Land improvements | 40 - 75 years | Buildings and structures | 15 - 40 years | Vehicles, machinery and equipment | 3 - 20 years | Roads and sidewalks | 10 - 80 years | Bridges and other structures | 40 - 80 years | Water and sewer infrastructure | 40 - 90 years |
| Land improvements | 40 - 75 years | | | | | | | | | | | | |
| Buildings and structures | 15 - 40 years | | | | | | | | | | | | |
| Vehicles, machinery and equipment | 3 - 20 years | | | | | | | | | | | | |
| Roads and sidewalks | 10 - 80 years | | | | | | | | | | | | |
| Bridges and other structures | 40 - 80 years | | | | | | | | | | | | |
| Water and sewer infrastructure | 40 - 90 years | | | | | | | | | | | | |
| Intangible Assets | Intangible assets, art and historic treasures are not recognized in these financial statements. | | | | | | | | | | | | |

The Corporation of the City of Owen Sound Summary of Significant Accounting Policies

December 31, 2022

| | |
|---|---|
| Post-Employment Benefits | <p>The municipality provides post-employment health, dental, life insurance benefits and other benefits to eligible retired employees. The benefits earned by employees are determined using management's best estimate of expected benefit costs and are expensed as services are rendered.</p> <p>Previously the municipality was an employer included under Schedule II of the Workplace Safety and Insurance Act. It self-insured the entire risk of its own WSIB claims and was individually liable for reimbursing the WSIB for all costs relating to its workers' WSIB claims. The municipality is still liable for claims relating to Schedule II employer status. The cost of the claims are determined using management's best estimate.</p> <p>The contributions to the Ontario Municipal Employers Retirement System ("OMERS"), a multi-employer defined benefit plan, are expensed when contributions are due.</p> |
| Liability for Contaminated Sites | <p>A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization 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. The liability is recorded net of any expected recoveries. Management is not aware of any contaminated sites for which a liability needs to be recognized.</p> |
| Solid Waste Landfill Closure and Post-Closure Costs | <p>Site closure and post-closure care costs were recognized over the operating life of the landfill based on capacity used. The liability is recorded at its discounted value, based on the average long-term borrowing rate of the municipality. The landfill is now in the post-closure phase.</p> |
| Trust Funds | <p>Funds held in trust by the municipality, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately on the trust funds statement of continuity and balance sheet.</p> |

The Corporation of the City of Owen Sound
Notes to Financial Statements

December 31, 2022

1. Cash

| | <u>2022</u> | <u>2021</u> |
|---------------|---------------------|----------------------|
| Cash and bank | <u>\$17,569,832</u> | <u>\$ 11,681,358</u> |

The municipality's bank accounts are all held at one financial institution. The Canadian Deposit Insurance Corporation insures deposits up to a maximum of \$100,000 per depositor per financial institution.

Interest is earned at the average monthly prime rate less 1.75%.

2. Investments

| | <u>2022</u> | <u>2021</u> |
|--------------|---------------------|---------------------|
| Unrestricted | <u>\$ 8,328,190</u> | <u>\$ 2,389,038</u> |

Investments include government bonds, municipal debentures and commercial paper from chartered banks with effective interest rates of 0.75% to 5.23%. Interest is receivable on a semi-annual basis. Investments have a market value of \$8,200,179 (2021 - \$2,405,951) at the end of the year.

3. Loans Receivable

| | <u>2022</u> | <u>2021</u> |
|---|------------------|---------------------|
| Loan, non-interest bearing, due on demand | \$ 75,000 | \$ 75,000 |
| Loan, interest at 2.0%, due August 2022 | - | 640,000 |
| Loan, interest at 2.5%, due June 2023 | - | 2,000,000 |
| | <u>\$ 75,000</u> | <u>\$ 2,715,000</u> |

The Corporation of the City of Owen Sound
Notes to Financial Statements

December 31, 2022

4. Temporary Borrowings

The City of Owen Sound has a demand operating facility with a financial institution at prime less 0.75%. At December 31, 2022, the City had a \$10,000,000 unused credit facility.

5. Solid Waste Landfill Closure and Post-Closure Liabilities

The landfill was closed May 2005. The liability for the landfill site is recorded at \$2,340,797 (2021 - \$2,284,729) and represents the present value of post-closure costs for the closed site, using a borrowing rate of 3.5%. Post closure costs include removal of ground water and leachates and ongoing environmental monitoring, site inspection and maintenance. The total estimated future expenditures for post-closure care are \$2,639,269 leaving an amount to be recognized of \$298,472. Post-closure care is estimated to continue for a period of 25 years from the date of of closure.

6. Long-Term Liabilities

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

| | <u>2022</u> | <u>2021</u> |
|--|---------------------|----------------------|
| Debentures payable, 1.98% to 4.16%, principal and interest payable semi-annually, due 2031 to 2043 | \$37,152,560 | \$ 31,155,265 |
| Less: Debentures issued internally | <u>(2,649,984)</u> | <u>(3,325,161)</u> |
| | <u>\$34,502,576</u> | <u>\$ 27,830,104</u> |

Principal payments for the next five fiscal years and thereafter are as follows:

| | |
|------------|----------------------|
| 2023 | \$ 1,961,207 |
| 2024 | 2,029,228 |
| 2025 | 2,099,739 |
| 2026 | 2,172,833 |
| 2027 | 2,248,609 |
| Thereafter | <u>23,990,960</u> |
| | <u>\$ 34,502,576</u> |

Interest paid during the year on long-term debt was \$818,585 (2021 - \$881,949).

The Corporation of the City of Owen Sound
Notes to Financial Statements

December 31

7. Tangible Capital Assets

| | | | | | | | | 2022 |
|--|--------------|---------------------|-----------------------------|---|------------------------|------------------------------------|--------------------------------------|----------------|
| | Land | Land Improvement | Buildings and Structures | Vehicles, Machinery and Equipment | Roads and Sidewalks | Bridges and Other Structures | Water and Sewer Infrastructure | Total |
| Cost, beginning of the year | \$ 6,511,096 | \$ 10,606,027 | \$ 136,416,015 | \$ 35,538,981 | \$ 99,355,547 | \$ 13,569,740 | \$ 114,269,616 | \$ 416,267,022 |
| Additions | | - | 800,677 | 2,510,298 | 4,305,544 | - | 1,664,103 | 9,280,622 |
| Disposals | | - | (118,631) | (1,308,106) | (259,591) | - | - | (1,686,328) |
| Cost, end of the year | 6,511,096 | 10,606,027 | 137,098,061 | 36,741,173 | 103,401,500 | 13,569,740 | 115,933,719 | 423,861,316 |
| Accumulated amortization, beginning of the year | - | 5,492,831 | 37,031,083 | 17,618,411 | 39,676,986 | 3,431,162 | 51,466,830 | 154,717,303 |
| Amortization | - | 366,887 | 1,736,467 | 2,115,055 | 1,795,641 | 167,913 | 2,150,210 | 8,332,173 |
| Disposals | - | - | (79,975) | (1,136,864) | (137,436) | - | - | (1,354,275) |
| Accumulated amortization, end of the year | - | 5,859,718 | 38,687,575 | 18,596,602 | 41,335,191 | 3,599,075 | 53,617,040 | 161,695,201 |
| Net carrying amount, end of the year | \$ 6,511,096 | \$ 4,746,309 | \$ 98,410,486 | \$ 18,144,571 | \$ 62,066,309 | \$ 9,970,665 | \$ 62,316,679 | \$ 262,166,115 |

The Corporation of the City of Owen Sound
Notes to Financial Statements

December 31

7. Tangible Capital Assets - (continued)

| | | | | | | | | 2021 |
|--|--------------|---------------------|-----------------------------|---|------------------------|------------------------------------|--------------------------------------|----------------|
| | Land | Land Improvement | Buildings and Structures | Vehicles, Machinery and Equipment | Roads and Sidewalks | Bridges and Other Structures | Water and Sewer Infrastructure | Total |
| Cost, beginning of the year | \$ 6,911,228 | \$ 13,044,798 | \$ 136,723,850 | \$ 34,518,930 | \$ 97,699,735 | \$ 13,569,740 | \$ 110,423,768 | \$ 412,892,049 |
| Additions | - | 169,680 | 426,475 | 3,755,562 | 1,655,812 | - | 3,845,848 | 9,853,377 |
| Disposals | (400,132) | (2,608,451) | (734,310) | (2,735,511) | - | - | - | (6,478,404) |
| Cost, end of the year | 6,511,096 | 10,606,027 | 136,416,015 | 35,538,981 | 99,355,547 | 13,569,740 | 114,269,616 | 416,267,022 |
| Accumulated amortization, beginning of the year | - | 6,497,526 | 35,825,467 | 18,040,696 | 37,905,356 | 3,263,249 | 49,379,643 | 150,911,937 |
| Amortization | - | 434,511 | 1,693,051 | 2,112,158 | 1,771,630 | 167,913 | 2,087,187 | 8,266,450 |
| Disposals | - | (1,439,206) | (487,435) | (2,534,443) | - | - | - | (4,461,084) |
| Accumulated amortization, end of the year | - | 5,492,831 | 37,031,083 | 17,618,411 | 39,676,986 | 3,431,162 | 51,466,830 | 154,717,303 |
| Net carrying amount, end of the year | \$ 6,511,096 | \$ 5,113,196 | \$ 99,384,932 | \$ 17,920,570 | \$ 59,678,561 | \$ 10,138,578 | \$ 62,802,786 | \$ 261,549,719 |

The Corporation of the City of Owen Sound
Notes to Financial Statements

December 31, 2022

7. Tangible Capital Assets - (continued)

The net book value of tangible capital assets not being amortized because they are under construction is \$3,789,016 (2021 - \$917,234).

Interest of \$184,399 (2021 - \$238,975) was capitalized to tangible capital assets during the year.

The municipality holds various works of art and historical treasures. These items are not recognized as tangible capital assets in the financial statements because a reasonable estimate of the future benefits associated with such property cannot be made.

8. Accumulated Surplus

Accumulated surplus consists of individual fund surplus (deficit) and reserves as follows:

| | 2022 | 2021 |
|---|-----------------------|-----------------------|
| Invested in tangible capital assets | | |
| Tangible capital assets at cost less amortization | \$ 262,166,115 | \$ 261,549,719 |
| Unfinanced capital assets | (13,166,356) | (19,959,824) |
| Capital assets financed by long-term liabilities and to be funded in future years (Note 6) | (37,152,560) | (31,155,265) |
| Total invested in capital assets | 211,847,199 | 210,434,630 |
| Unfunded post-employment benefits | (6,452,781) | (5,944,524) |
| Unfunded solid waste closure and post-closure costs | (2,340,797) | (2,284,729) |
| Unexpended interest on deposits | 145,349 | 61,367 |
| Library Adult Learning Centre surplus | 86,624 | 92,462 |
| Art Gallery | (172,206) | (257,206) |
| | 203,113,388 | 202,102,000 |
| Reserves and reserve funds (Note 9) | 37,291,947 | 33,649,233 |
| Accumulated surplus | <u>\$ 240,405,335</u> | <u>\$ 235,751,233</u> |

During the year, the City's operating surplus of \$54,187 was transferred to the tax stabilization reserve, as approved by Council.

The Corporation of the City of Owen Sound
Notes to Financial Statements

December 31, 2022

9. Reserves and Reserve Funds Set Aside for Specific Purpose by Council

| | 2022 | 2021 |
|----------------------------------|--------------|---------------|
| Reserves | | |
| Working funds | \$ 431,644 | \$ 735,762 |
| Tax stabilization | 489,053 | 434,866 |
| Capital purposes | 3,999,383 | 3,545,318 |
| | 4,920,080 | 4,715,946 |
| Reserve funds | | |
| Sick leave | 13,503 | 13,229 |
| Capital purposes | 32,358,364 | 28,920,058 |
| | 32,371,867 | 28,933,287 |
| Total reserves and reserve funds | \$37,291,947 | \$ 33,649,233 |

10. Budgets

Under Canadian Public sector accounting standards, budget amounts are to be reported on the consolidated statement of operations and accumulated surplus and changes in net debt for comparative purposes. The 2022 budget amounts for the City of Owen Sound approved by Council have been reclassified to conform to the presentation of the consolidated statements of operations and accumulated surplus and changes in net debt. The following is a reconciliation of the budget approved by Council.

| | 2022 Budget | 2022 Actual | 2021 Actual |
|---|----------------|----------------|----------------|
| Annual surplus (Page 6) | \$ 22,563,234 | \$ 4,654,102 | \$ 7,448,560 |
| Net transfers from (to) reserves | 4,891,889 | (3,696,901) | (1,547,049) |
| Capital acquisitions and disposals | (30,789,917) | (8,948,569) | (7,836,057) |
| Change in capital projects not funded | 487,500 | (6,793,468) | (3,446,715) |
| Amortization | - | 8,332,173 | 8,266,450 |
| Proceeds from long-term debt | 5,345,000 | 8,445,000 | - |
| Debt principal repayments | (2,447,706) | (2,447,705) | (2,903,925) |
| Change in unfunded liabilities | - | 564,325 | 212,618 |
| Change in Art Gallery | (50,000) | (85,000) | (50,000) |
| Change in other surpluses | - | (78,144) | (40,764) |
| | - | (54,187) | 103,118 |
| Surplus (deficit) transfer (to) from reserves | - | 54,187 | (103,118) |
| General surplus | \$ - | \$ - | \$ - |

The Corporation of the City of Owen Sound
Notes to Financial Statements

December 31, 2022

11. Other Income

| | 2022 | 2022 | 2021 |
|--|---------------------|---------------------|---------------------|
| | Budget | Actual | Actual |
| Penalties and interest on taxation | \$ 350,000 | \$ 336,728 | \$ 350,176 |
| Other fines and penalties | 45,460 | 85,219 | 66,645 |
| Investment income | 50 | 784,982 | 532,722 |
| Licenses and permits | 593,250 | 468,823 | 474,320 |
| Rents | 1,263,831 | 1,145,355 | 817,127 |
| Donations | 306,700 | 559,550 | 453,624 |
| Loss on disposal of capital assets | - | (247,542) | (368,406) |
| Contributions from developers | 47,750 | 815,370 | 347,279 |
| Contributions from non-consolidated entities | 23,000 | 40,503 | 21,352 |
| Other and miscellaneous | 409,750 | 491,206 | 395,979 |
| | <u>\$ 3,039,791</u> | <u>\$ 4,480,194</u> | <u>\$ 3,090,818</u> |

12. Pension Agreements

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 298 members of its staff. This plan is a defined benefit plan which specifies the amount of the retirement income to be received by the employees based on length of service and rates of pay. Employees and employers contribute jointly to the plan. The amount contributed to OMERS for 2022 by the City was \$2,138,885 (2021 - \$2,085,206). The contribution rate for 2022 was 9.0% to 15.8% depending on age and income level (2021 - 9.0% to 15.8%).

OMERS is a multi-employer plan, therefore, 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. The last available report for the OMERS plan was on December 31, 2022. At that time the plan reported a \$6.68 billion actuarial deficit (2021 - \$3.1 billion), based on actuarial liabilities of \$128.79 billion (2021 - \$119.3 billion) and actuarial assets of \$122.11 billion (2021 - \$116.2 billion). Ongoing adequacy of the current contribution rates will need to be monitored and may lead to increased future funding requirements.

The Corporation of the City of Owen Sound
Notes to Financial Statements

December 31, 2022

13. Owen Sound River District

The following summarizes the financial position and operations of the Owen Sound River District, which is controlled by the municipality. The Owen Sound District has been consolidated into these financial statements.

| | 2022 | 2021 |
|--------------------------|------------|-------------|
| Financial assets | \$ 152,880 | \$ 174,387 |
| Liabilities | 12,216 | 34,044 |
| Net financial assets | 140,664 | 140,343 |
| Non-financial assets | - | - |
| Accumulated surplus | \$ 140,664 | \$ 140,343 |
| Revenues | \$ 279,932 | \$ 256,960 |
| Expenses | 279,611 | 280,226 |
| Annual surplus (deficit) | \$ 321 | \$ (23,266) |

14. Owen Sound & North Grey Union Public Library

The following summarizes the financial position and operations of the Owen Sound & North Grey Union Public Library, which is controlled by the municipality. The Owen Sound & North Grey Union Public Library has been consolidated into these financial statements.

| | 2022 | 2021 |
|----------------------|--------------|--------------|
| Financial assets | \$ 1,312,642 | \$ 1,393,711 |
| Liabilities | 909,671 | 861,743 |
| Net financial assets | 402,971 | 531,968 |
| Non-financial assets | 953,669 | 940,693 |
| Accumulated surplus | \$ 1,356,640 | \$ 1,472,661 |
| Revenues | \$ 2,657,590 | \$ 2,621,771 |
| Expenses | 2,773,611 | 2,668,913 |
| Annual deficit | \$ (116,021) | \$ (47,142) |

The Corporation of the City of Owen Sound
Notes to Financial Statements

December 31, 2022

15. Government Transfers

| | 2022 Budget | 2022 Actual | 2021 Actual |
|---|----------------------|---------------------|----------------------|
| Operating | | | |
| Province of Ontario | | | |
| Ontario Municipal Partnership Fund (OMPF)\$ | 1,909,800 | \$ 1,909,800 | \$ 1,897,600 |
| - Sewer and Water | 280,000 | 9,604 | - |
| - Other | 1,325,826 | 3,139,971 | 2,969,504 |
| | <u>3,515,626</u> | <u>5,059,375</u> | <u>4,867,104</u> |
| Government of Canada | | | |
| - Roads | 700,000 | 713,548 | 732,295 |
| - Other | 88,065 | 211,674 | 95,246 |
| | <u>788,065</u> | <u>925,222</u> | <u>827,541</u> |
| Other municipalities | | | |
| - Library | - | 722,332 | 702,015 |
| - Police | 1,742,105 | 1,758,120 | 1,466,198 |
| - Roads | 127,500 | 131,850 | 129,332 |
| - Other | 20,000 | 20,000 | 20,000 |
| | <u>1,889,605</u> | <u>2,632,302</u> | <u>2,317,545</u> |
| Total operating contributions | <u>6,193,296</u> | <u>8,616,899</u> | <u>8,012,190</u> |
| Capital | | | |
| Province of Ontario | | | |
| - Recreation facility | 397,000 | 473,252 | 239,000 |
| - Roads | 4,948,000 | 232,720 | 4,064,010 |
| - Sewer and water | 2,841,900 | - | - |
| - Other | 25,000 | 23,077 | 513,469 |
| | <u>8,211,900</u> | <u>729,049</u> | <u>4,816,479</u> |
| Government of Canada | | | |
| - Recreation facility | - | - | 137,261 |
| - Roads | - | - | 193,605 |
| - Other | 688,500 | 11,837 | - |
| | <u>688,500</u> | <u>11,837</u> | <u>330,866</u> |
| Other municipalities | | | |
| - Roads and other | 4,685,000 | 1,715,733 | - |
| - Other | - | - | 3,406 |
| | <u>4,685,000</u> | <u>1,715,733</u> | <u>3,406</u> |
| Total capital contributions | <u>13,585,400</u> | <u>2,456,619</u> | <u>5,150,751</u> |
| Total contributions | <u>\$ 19,778,696</u> | <u>\$11,073,518</u> | <u>\$ 13,162,941</u> |

The Corporation of the City of Owen Sound
Notes to Financial Statements

December 31, 2022

16. Post-Employment Benefits

| | 2022 | 2021 |
|--------------------------|--------------|--------------|
| Sick leave liability | \$ 5,819 | \$ 5,819 |
| Vacation pay liability | 1,526,405 | 1,466,564 |
| Post-employment benefits | 5,431,299 | 4,997,999 |
| WSIB future benefit | 48,000 | 48,000 |
| | \$ 7,011,523 | \$ 6,518,382 |

- a) Sick leave liability includes amounts earned by employees as defined by applicable union contract but not taken during the year. This amount is funded through reserves.
- b) The vacation liability includes vacation earned. The vacation year for an employee begins either on their "start date" anniversary or the date defined by the applicable union contract. The vacation liability includes all carry-forward amounts from the previous vacation year and vacation earned from the vacation start date to December 31, 2022. Of the balance \$558,742 has been funded.
- c) The City pays certain life insurance, health and dental benefits on behalf of its retired employees to the age of 65. The City recognizes these post-employment costs in the period in which the employees rendered the services. An actuarial valuation has been performed as at December 31, 2022 using the assumption of a 4.6% per year borrowing rate and a 4% per year inflation rate. This amount has not been funded. The post-employment benefit shown above is net of unamortized loss of \$431,700 (2021 - \$1,250,900).

| | 2022 | 2021 |
|--------------------------------|------------|------------|
| Current period benefit cost | \$ 372,200 | \$ 312,500 |
| Amortization of actuarial loss | 241,600 | 184,100 |
| Plan amendments incurred | - | 66,500 |
| Interest costs | 206,500 | 196,100 |
| Total expense for the year | \$ 820,300 | \$ 759,200 |

- d) The City became a Schedule I employer under the Workplace Safety Insurance Act effective January 1, 2010. The City was a Schedule II employer for the years 1998 to 2009 and, as such, the municipality self-insured for WSIB benefits.

The municipality is still liable for events which took place while they were a Schedule II employer. An actuarial valuation has been performed using the projected benefit method. The most recent actuarial report was updated as at December 31, 2021. The total benefits not yet awarded and provision for presumptive cancer legislation for firefighters for the period in which the municipality was a Schedule II employer was determined using a 2.9% per year borrowing rate and a 2.5% per year inflation rate. This amount has not been funded.

The Corporation of the City of Owen Sound
Notes to Financial Statements

December 31, 2022

17. Operations of School Boards and the County of Grey

During the year, the following taxation revenue was raised and remitted to the school boards and the County of Grey:

| | 2022 | 2021 |
|----------------|---------------------|----------------------|
| School boards | \$ 5,791,044 | \$ 5,469,203 |
| County of Grey | 8,598,541 | 8,123,491 |
| | <u>\$14,389,585</u> | <u>\$ 13,592,694</u> |

18. Trust Funds

The trust funds administered by the City have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of financial activities. At December 31, 2022, the trust fund balances are as follows:

| | 2022 | 2021 |
|---|---------------------|---------------------|
| Cemetery Care and Maintenance Funds | \$ 1,469,485 | \$ 1,407,491 |
| Art Collection and Gallery Building Trust | 125,083 | 122,542 |
| | <u>\$ 1,594,568</u> | <u>\$ 1,530,033</u> |

19. Contractual Commitments

The Corporation of the City of Owen Sound has awarded construction contracts related to the purchase of a wheel loader and backhoe, the Water Treatment Plant, Art Gallery upgrades, and road reconstruction capital projects. At December 31, 2022, \$3,555,790 remains to be spent on these contracts.

20. Contingencies

The City has been named in a number of claims that are in proceedings through their insurance company. The City's liability with respect to these claims is not determinable at this time. Management is of the opinion that the City maintains adequate and appropriate liability and errors and omissions insurance to protect the municipality against such claims.

The Corporation of the City of Owen Sound
Notes to Financial Statements

December 31, 2022

21. Segmented Information

The Corporation of the City of Owen Sound is a diversified municipal government institution that provides a wide range of services to its citizens such as policing, fire protection, clean water and waste water treatment, waste collection and disposal, recreation and cultural services, library and planning. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segment and activities they encompass are as follows:

Administration Services

This item relates to the revenues and expenses that are generated and incurred by the governance operations and are not specifically attributed to a specific segment. This item includes City Council, Clerk and Legal Services, Human Resources, Financial Services and Information Technology.

Operation Services

This item includes all revenues and expenditures as they related to the City's Operations departments. Included in this item are Transportation Infrastructure, Water and Waste Water Services, Engineering, Transit, Air Transportation and Street Lighting.

Community Services

This service area encompasses revenues and expenses associated with services provided to the community that are meant to improve the health and development of the municipality's citizens. Included in Community Services are the Building and Planning Departments as well as Recreation Programs and Facilities.

The Corporation of the City of Owen Sound
Notes to Financial Statements

December 31, 2022

21. Segmented Information - (continued)

Parks and Cemeteries

This service area encompasses revenues and expenses associated with Greenspaces including Parks, Cemeteries and Playgrounds.

Economic Development

The departments included under the item Economic Development are responsible for Tourism, Small Business Support Services and Downtown Revitalization.

Protection Services

This item includes the services in place to ensure the safety and protection of the citizens and their property. Protection is comprised of police services, fire protection, parking and bylaw enforcement, and animal control.

Cultural Services

This item includes the revenues and expenses generated by both the Art Gallery and the Consolidated Library Board.

Taxation, payments-in lieu and penalties and interest as well as the Ontario Municipal Partnership Fund Grant are allocated to each segment based on the funding requirements for total expenses less segment specific revenues. Amortization expenses are not included in determining this allocation.

The Corporation of the City of Owen Sound
Notes to Financial Statements

| For the year ended December 31 | Administration Services | Operation Services | Community Services | Parks and Cemeteries | Economic Development | Protection Services | Cultural Services | 2022 Total |
|---------------------------------|----------------------------|-----------------------|-----------------------|-------------------------|-------------------------|------------------------|--------------------|---------------------|
| Revenue | | | | | | | | |
| Taxation | \$ 7,942,977 | \$ 5,295,318 | \$ 1,323,830 | \$ 1,985,744 | \$ 992,872 | \$ 14,231,167 | \$ 1,323,830 | \$ 33,095,738 |
| Fees and user charges | 149,464 | 13,698,086 | 758,902 | 280,214 | 1,228 | 743,782 | 126,568 | 15,758,244 |
| Specific grants | - | 3,655,050 | 493,252 | 23,077 | 42,511 | 3,107,601 | 1,842,227 | 9,163,718 |
| OMPF grant | 458,352 | 305,568 | 76,392 | 114,588 | 57,294 | 821,214 | 76,392 | 1,909,800 |
| Other revenue | 1,155,920 | 1,199,416 | 1,251,821 | 175,090 | 2,510 | 489,537 | 205,900 | 4,480,194 |
| | <u>9,706,713</u> | <u>24,153,438</u> | <u>3,904,197</u> | <u>2,578,713</u> | <u>1,096,415</u> | <u>19,393,301</u> | <u>3,574,917</u> | <u>64,407,694</u> |
| Expenses | | | | | | | | |
| Salaries and benefits | 2,339,617 | 6,285,020 | 1,455,357 | 1,482,174 | 735,184 | 15,680,167 | 1,491,584 | 29,469,103 |
| Interest on debt | 147,613 | 607,122 | 16,346 | 15,198 | - | 143,150 | - | 929,429 |
| Materials and supplies | 2,515,762 | 7,648,197 | 1,565,510 | 137,259 | 123,098 | 1,031,463 | 573,347 | 13,594,636 |
| Contracted services | 535,939 | 3,795,057 | 353,926 | 93,968 | 98,591 | 611,577 | 27,506 | 5,516,564 |
| Other transfers | 68,600 | - | - | - | 138,190 | 280,919 | 1,195,538 | 1,683,247 |
| Rents and financial expenses | 26,866 | 155,290 | 13,152 | 5,533 | 8,861 | 13,242 | 5,497 | 228,441 |
| Amortization | 400,096 | 5,049,603 | 1,249,924 | 632,739 | 4,749 | 645,312 | 349,749 | 8,332,172 |
| | <u>6,034,493</u> | <u>23,540,289</u> | <u>4,654,215</u> | <u>2,366,871</u> | <u>1,108,673</u> | <u>18,405,830</u> | <u>3,643,221</u> | <u>59,753,592</u> |
| <i>Annual surplus (deficit)</i> | <u>\$ 3,672,220</u> | <u>\$ 613,149</u> | <u>\$ (750,018)</u> | <u>\$ 211,842</u> | <u>\$ (12,258)</u> | <u>\$ 987,471</u> | <u>\$ (68,304)</u> | <u>\$ 4,654,102</u> |

The Corporation of the City of Owen Sound
Notes to Financial Statements

| For the year ended December 31 | Administration Services | Operation Services | Community Services | Parks and Cemeteries | Economic Development | Protection Services | Cultural Services | 2021 Total |
|---------------------------------|----------------------------|-----------------------|-----------------------|-------------------------|-------------------------|------------------------|---------------------|---------------------|
| Revenue | | | | | | | | |
| Taxation | \$ 7,291,599 | \$ 5,389,442 | \$ 1,268,104 | \$ 1,902,156 | \$ 951,078 | \$ 13,632,119 | \$ 1,268,104 | \$ 31,702,602 |
| Fees and user charges | 145,050 | 13,200,723 | 753,188 | 160,710 | - | 439,999 | 84,856 | 14,784,526 |
| Specific grants | 342,009 | 6,271,030 | 396,261 | - | 33,086 | 2,406,147 | 1,816,808 | 11,265,341 |
| OMPF grant | 436,448 | 322,592 | 75,904 | 113,856 | 56,928 | 815,968 | 75,904 | 1,897,600 |
| Other revenue | (508,916) | 1,958,964 | 779,306 | 229,139 | 2,251 | 523,918 | 106,156 | 3,090,818 |
| | <u>7,706,190</u> | <u>27,142,751</u> | <u>3,272,763</u> | <u>2,405,861</u> | <u>1,043,343</u> | <u>17,818,151</u> | <u>3,351,828</u> | <u>62,740,887</u> |
| Expenses | | | | | | | | |
| Salaries and benefits | 2,221,002 | 5,867,754 | 1,353,306 | 1,382,463 | 635,952 | 14,666,617 | 1,564,802 | 27,691,896 |
| Interest on debt | 162,474 | 660,572 | 21,357 | 16,132 | - | 155,144 | - | 1,015,679 |
| Materials and supplies | 2,296,046 | 7,355,639 | 916,575 | 1,128,923 | 222,171 | 1,140,047 | 598,700 | 13,658,101 |
| Contracted services | 763,294 | 1,684,643 | 230,172 | (310,690) | 89,311 | 465,056 | 27,266 | 2,949,052 |
| Other transfers | 64,850 | - | - | - | 138,348 | 268,205 | 1,047,076 | 1,518,479 |
| Rents and financial expenses | 29,577 | 134,677 | 1,443 | 3,152 | 6,849 | 14,101 | 2,871 | 192,670 |
| Amortization | 450,487 | 5,033,511 | 1,241,689 | 556,077 | 4,596 | 635,712 | 344,378 | 8,266,450 |
| | <u>5,987,730</u> | <u>20,736,796</u> | <u>3,764,542</u> | <u>2,776,057</u> | <u>1,097,227</u> | <u>17,344,882</u> | <u>3,585,093</u> | <u>55,292,327</u> |
| Annual surplus (deficit) | \$ 1,718,460 | \$ 6,405,955 | \$ (491,779) | \$ (370,196) | \$ (53,884) | \$ 473,269 | \$ (233,265) | \$ 7,448,560 |

The Corporation of the City of Owen Sound
Schedule of Deferred Revenue

For the year ended December 31, 2022

| | Opening | Contributions Received | Investment Income | Revenue Recognized | Ending |
|--|---------------------|---------------------------|----------------------|-----------------------|---------------------|
| Obligatory Reserve Funds | | | | | |
| Canada Community-Building | | | | | |
| Fund | \$ 1,521,644 | \$ 676,833 | \$ 30,887 | \$ (713,549) | \$1,515,815 |
| Provincial Transit Gas Tax | 175,781 | - | 3,824 | - | 179,605 |
| Development charges | 1,480,781 | 488,312 | 30,745 | (819,277) | 1,180,561 |
| Building development | 565,186 | - | 12,421 | (300,000) | 277,607 |
| Recreational land | 153,575 | 50,812 | 3,200 | (10,000) | 197,587 |
| | <u>3,896,967</u> | <u>1,215,957</u> | <u>81,077</u> | <u>(1,842,826)</u> | <u>3,351,175</u> |
| Other | | | | | |
| Other deferred revenues | 823,671 | 805,108 | - | (823,671) | 805,108 |
| Ontario Community Infrastructure Fund | 1,507,919 | 2,180,470 | 28,586 | - | 3,716,975 |
| | <u>\$ 6,228,557</u> | <u>\$ 4,201,535</u> | <u>\$ 109,663</u> | <u>\$ (2,666,497)</u> | <u>\$ 7,873,258</u> |

The Corporation of the
City of Owen Sound
Trust Funds
Financial Information
For the year ended December 31, 2022

The Corporation of the City of Owen Sound
Trust Funds Financial Information
For the year ended December 31, 2022

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The Corporation of the City of Owen Sound

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Independent Auditor's Report

To the Members of Council
of the Corporation of the City of Owen Sound

Opinion

We have audited the accompanying financial information for the Corporation of the City of Owen Sound Trust Funds ("the Trust Funds"), which comprise the balance sheet as at December 31, 2022, the statement of continuity for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial information presents fairly, in all material respects, the balance sheet for the Trust Funds as at December 31, 2022 and the statement of continuity 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 Financial Information* section of our report. We are independent of the Trust Funds in accordance with the ethical requirements that are relevant to our audit of the financial information 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 Financial Information

Management is responsible for the preparation and fair presentation of this financial information in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

In preparing the financial information, management is responsible for assessing the Trust Funds 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 Trust Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust Funds financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Information

Our objectives are to obtain reasonable assurance about whether the financial information 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 this financial information.

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 financial information, 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 Trust Funds 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 Trust Funds 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 financial information 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 Trust Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial information, including the disclosures, and whether the financial information represents the underlying transactions and events in a manner that achieves fair presentation.

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

Owen Sound, Ontario
November 27, 2023

The Corporation of the City of Owen Sound
Trust Funds
Balance Sheet

December 31, 2022

| | Cemetery Care and Maintenance | Art Collection and Gallery Building Trust | Total 2022 | Total 2021 |
|-----------------------------|-------------------------------------|--|--------------------|---------------------|
| Assets | | | | |
| Cash | \$ 1,432,104 | \$ 125,083 | \$1,557,187 | \$ 1,385,806 |
| Investments (Note 2) | - | - | - | 4,138 |
| | 1,432,104 | 125,083 | 1,557,187 | 1,389,944 |
| Other | | | | |
| Due from City of Owen Sound | 37,381 | - | 37,381 | 140,089 |
| | \$ 1,469,485 | \$ 125,083 | \$1,594,568 | \$ 1,530,033 |
| Fund Balance | \$ 1,469,485 | \$ 125,083 | \$1,594,568 | \$ 1,530,033 |

The Corporation of the City of Owen Sound
Trust Funds
Statement of Continuity

For the year ended December 31, 2022

| | Cemetery Care and Maintenance | Art Collection and Gallery Building Trust | Total 2022 | Total 2021 |
|--------------------------------|-------------------------------------|--|---------------|---------------|
| Balance, beginning of the year | \$ 1,407,491 | \$ 122,542 | \$1,530,033 | \$ 1,497,386 |
| Receipts | | | | |
| Share of plot sales | 61,994 | - | 61,994 | 31,793 |
| Interest earned | 28,875 | 2,541 | 31,416 | 12,906 |
| | 90,869 | 2,541 | 93,410 | 44,699 |
| Expenditures | | | | |
| Transfer to City of Owen Sound | 28,875 | - | 28,875 | 12,052 |
| Balance, end of the year | \$ 1,469,485 | \$ 125,083 | \$1,594,568 | \$ 1,530,033 |

The Corporation of the City of Owen Sound
Trust Funds
Notes to the Financial Information

December 31, 2022

1. Summary of Significant Accounting Policies

| | |
|---------------------------|--|
| Management Responsibility | The management of the Corporation of the City of Owen Sound has prepared and is responsible for the integrity, objectivity and accuracy of this financial information. The Corporate Services Committee reviews and approves the financial information before it is submitted to Council. |
| Basis of Accounting | <p>The financial information has been prepared by management in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada as prescribed by the Ontario Ministry of Municipal Affairs and Housing.</p> <p>The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.</p> |
| Investments | Investments are recorded at cost, unless there has been a decline in the market value which is other than temporary in nature, in which case the investments are written down to market. |
| Use of Estimates | The preparation of financial information in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial information, and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future. |
| Basis of Consolidation | These trust funds have not been consolidated with the financial statements of the City of Owen Sound. |

2. Investments

The total investments of \$Nil (2021 - \$4,138) reported on the balance sheet at cost have a market value of approximately \$Nil (2021 - \$4,138) at the end of the year.
