

**The Corporation of the
City of Owen Sound
Financial Information
For the year ended December 31, 2023**

**The Corporation of the City of Owen Sound
Financial Information
December 31, 2023**

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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, 2023, 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, 2023, 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Owen Sound, Ontario
December 23, 2024

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

December 31	2023	2022
		(Restated Note 1)
Financial assets		
Cash (Note 2)	\$ 26,543,408	\$ 17,569,832
Investments (Note 3)	9,827,700	8,328,190
Taxes receivable	2,795,353	2,241,082
Trade and other receivables	5,869,946	6,994,535
Inventory held for resale	5,175	10,043
Loans receivable (Note 4)	75,000	75,000
	<u>45,116,582</u>	<u>35,218,682</u>
Liabilities		
Accounts payable and accrued liabilities	7,789,302	7,757,673
Asset retirement obligation liability (Note 5)	4,310,517	4,426,723
Post-employment benefits (Note 17)	7,310,653	7,011,523
Deferred revenue (Page 31)	12,890,720	7,873,258
Long-term liabilities (Note 7)	32,541,369	34,502,576
	<u>64,842,561</u>	<u>61,571,753</u>
Net debt	<u>(19,725,979)</u>	<u>(26,353,071)</u>
Non-financial assets		
Inventory of supplies	822,207	869,798
Prepaid expenses	1,683,236	1,636,567
Tangible capital assets (Note 8)	262,012,411	262,444,073
	<u>264,517,854</u>	<u>264,950,438</u>
Accumulated surplus (Note 9)	<u>\$ 244,791,875</u>	<u>\$ 238,597,367</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	2023	2023	2022
	Budget (Note 11)	Actual	Actual (Restated Note 1)
Revenue			
Taxation	\$ 33,333,567	\$33,772,275	\$ 33,095,738
Fees and user charges	16,198,444	16,509,864	15,758,244
Government transfers (Note 16)	19,637,270	10,977,199	11,073,518
Other income (Note 12)	4,272,711	4,409,297	4,480,194
	<u>73,441,992</u>	<u>65,668,635</u>	<u>64,407,694</u>
Expenses			
General government	5,586,720	5,887,785	6,035,682
Protection services	17,800,362	19,054,728	18,406,224
Transportation services	6,192,300	9,965,266	11,425,509
Environmental services	11,983,665	12,215,028	12,111,095
Health services	329,269	390,952	397,991
Recreation and cultural services	6,865,997	10,843,435	10,322,399
Planning and development	1,104,967	1,116,933	1,108,887
	<u>49,863,280</u>	<u>59,474,127</u>	<u>59,807,787</u>
Annual surplus (Note 11)	23,578,712	6,194,508	4,599,907
Accumulated surplus, beginning of the year as previously stated	238,597,367	238,597,367	235,751,233
Change in accounting policy (Note 1)	-	-	(1,753,773)
Accumulated surplus, beginning of the year, restated	<u>238,597,367</u>	<u>238,597,367</u>	<u>233,997,460</u>
Accumulated surplus, end of the year	<u>\$262,176,079</u>	<u>\$244,791,875</u>	<u>\$238,597,367</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	2023	2023	2022
	Budget (Note 11)	Actual	Actual (Restated Note 1)
Annual surplus (Page 6)	\$ 23,578,712	\$ 6,194,508	\$ 4,599,907
Acquisition of tangible capital assets	(25,098,751)	(8,467,923)	(9,280,622)
Amortization of tangible capital assets	-	8,182,814	8,339,952
Proceeds on disposal of assets	-	272,783	84,511
Loss on disposal of assets	-	443,988	247,542
	(25,098,751)	431,662	(608,617)
Change in prepaid expenses	-	(46,669)	(1,327,199)
Change in inventories of supplies	-	47,591	(70,550)
	-	922	(1,397,749)
(Increase) decrease in net debt	(1,520,039)	6,627,092	2,593,541
Net debt, beginning of the year as previously stated	(26,353,071)	(26,353,071)	(26,907,102)
Change in accounting policy (Note 1)	-	-	(2,039,510)
Net debt, beginning of the year, restated	(26,353,071)	(26,353,071)	(28,946,612)
Net debt, end of the year	\$ (27,873,110)	\$ (19,725,979)	\$ (26,353,071)

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	2023	2022
		(Restated Note 1)
Cash provided by (used in)		
Operating activities		
Annual surplus	\$ 6,194,508	\$ 4,599,907
Items not involving cash		
Amortization	8,182,814	8,339,952
Post-employment benefits	299,130	493,141
Accretion	104,915	102,484
Loss on disposal of assets	443,988	247,542
Deferred revenue recognized	(2,450,853)	(2,666,497)
Change in inventory of supplies	47,591	(70,550)
	<u>12,822,093</u>	<u>11,045,979</u>
Changes in non-cash working capital balances		
Taxes receivable	(554,271)	(516,755)
Trade and other receivables	1,124,589	(2,162,310)
Inventory held for resale	4,868	7,264
Accounts payable and accrued liabilities	31,629	353,088
Deferred revenue received	7,468,315	4,311,198
Prepaid expenses	(46,669)	(1,327,199)
	<u>20,850,554</u>	<u>11,711,265</u>
Capital transactions		
Cash used to acquire capital assets	(8,467,923)	(9,280,622)
Proceeds on sale of capital assets	272,783	84,511
Asset retirement cash outlays	(221,121)	-
	<u>(8,416,261)</u>	<u>(9,196,111)</u>
Investing activities		
Decrease in loans receivable	-	2,640,000
Increase in investments	(1,499,510)	(5,939,152)
	<u>(1,499,510)</u>	<u>(3,299,152)</u>
Financing activities		
Additions to long-term liabilities	-	8,445,000
Repayment of long-term liabilities	(1,961,207)	(1,772,528)
	<u>(1,961,207)</u>	<u>6,672,472</u>
Net change in cash	8,973,576	5,888,474
Cash, beginning of the year	17,569,832	11,681,358
Cash, end of the year	\$26,543,408	\$ 17,569,832

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, 2023

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 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.

Basis of Accounting

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.

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.

Basis of Consolidation

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.

The following boards controlled by Council have been consolidated:

Owen Sound and North Grey Union Public Library

Owen Sound River District

Use of Estimates

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, asset retirement obligation liability and taxes receivable.

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

December 31, 2023

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.

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

December 31, 2023

Financial Instruments

Cash is measured at fair value. All other financial assets; investments, taxes receivable, trade and other receivables, loans receivable, accounts payable and accrued liabilities and long-term liabilities are measured at amortized cost.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

All financial assets except derivatives are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost.

Inventory

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.

Inventory held for consumption is recorded at the lower of cost and replacement cost.

Tangible Capital Assets

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:

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

Tangible capital assets received as contributions are recorded at fair value at the date of receipt.

The Corporation of the City of Owen Sound

Summary of Significant Accounting Policies

December 31, 2023

Intangible Assets Intangible assets, art and historic treasures are not recognized in these financial statements.

Post-Employment Benefits 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.

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.

The contributions to the Ontario Municipal Employers Retirement System ("OMERS"), a multi-employer defined benefit plan, are expensed when contributions are due.

Asset Retirement Obligations A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

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

December 31, 2023

Liability for Contaminated Sites	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. Management is not aware of any contaminated sites for which a liability needs to be recognized.
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.
Trust Funds	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.

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

December 31, 2023

1. Change in Accounting Policy

Effective January 1, 2023, the City adopted new Public Sector Accounting Handbook Standard 3280: Asset Retirement Obligations. The standard requires that the City evaluate their assets for any potential asset retirement obligations. This change in accounting policy has been made in accordance with the modified retrospective approach of the standard. Under this method, the asset retirement obligation liability, adjusted for accumulated accretion to date, was measured as of January 1, 2022 with a corresponding adjustment to capital assets, accumulated amortization, and net assets. The impact of adoption of this standard at January 1, 2022 was as follows:

Increase in capital assets	\$ 285,737
Increase in asset retirement obligation	\$ 4,324,239
Decrease in solid waste landfill closure and post-closure liabilities	\$ 2,284,729
Decrease in accumulated surplus	\$ 1,753,773

The impact of adoption of this standard at December 31, 2022 was as follows:

Increase in amortization	\$ 7,779
Increase in accretion expense	\$ 102,484
Decrease in solid waste landfill expense	\$ 56,068
Decrease in annual surplus	\$ 54,195
Decrease in accumulated surplus	\$ 1,807,968
Increase in asset retirement obligation	\$ 4,426,723
Decrease in solid waste landfill closure and post-closure liabilities	\$ 2,340,797
Increase in capital assets	\$ 277,958

On January 1, 2023 the County adopted PS 3450 Financial Instruments which establishes standards for recognizing and measuring financial assets, financial liabilities and derivatives. This standard is required to be adopted prospectively, therefore comparative figures have not been restated.

2. Cash

	2023	2022
Cash and bank	\$ 26,543,408	\$ 17,569,832

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

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

December 31, 2023

3. Investments

	2023	2022
Unrestricted	\$ 9,827,700	\$ 8,328,190

Investments include guaranteed investment certificates, government bonds, municipal debentures and commercial paper from chartered banks with effective interest rates of 1.35% to 5.63%. Interest is receivable on a semi-annual basis. Investments have a market value of \$9,885,816 (2022 - \$8,200,179) at the end of the year.

4. Loans Receivable

	2023	2022
Loan, non-interest bearing, due on demand	\$ 75,000	\$ 75,000

5. Asset Retirement Obligation Liability

The City's financial statements include an asset retirement obligation related to remediation required for asbestos present in 22 municipal buildings, along with closure and post-closure costs of the City's closed landfill site. As at year-end, an obligation of \$4,310,516 has been accrued on the balance sheet. This amount was determined based on total undiscounted expenditures of \$5,277,129 present valued at a discount rate of 2.37% as follows:

Buildings with asbestos	27 - 42 years
Landfill	9 years

Payment to settle the asset retirement obligations will occur at the end of their life in full.

	2023	2022
Asset retirement obligation, opening	\$ 4,426,723	\$ 4,324,239
Accretion expense	104,915	102,484
Cash outlays	(221,121)	-
Asset retirement obligation, closing	\$ 4,310,517	\$ 4,426,723

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

December 31, 2023

6. Temporary Borrowings

The City of Owen Sound has a demand operating facility with a financial institution at prime less 0.75%. At December 31, 2023, the City had a \$10,000,000 unused credit facility.

7. Long-Term Liabilities

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

	<u>2023</u>	<u>2022</u>
Debentures payable, 1.98% to 4.16%, principal and interest payable semi-annually, due 2031 to 2043	\$34,492,443	\$ 37,152,560
Less: Debentures issued internally	<u>(1,951,074)</u>	<u>(2,649,984)</u>
	<u>\$32,541,369</u>	<u>\$ 34,502,576</u>

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

2024	\$ 1,961,207
2025	2,029,228
2026	2,099,739
2027	2,172,833
2028	2,248,609
Thereafter	<u>22,029,753</u>
	<u>\$ 32,541,369</u>

Interest paid during the year on external long-term debt was \$1,114,134 (2022 - \$818,585).

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

December 31

8. Tangible Capital Assets

								2023
	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	\$ 11,452,375	\$ 137,725,410	\$ 36,741,173	\$ 103,401,500	\$ 13,569,740	\$ 115,933,719	\$ 425,335,013
Additions	-	24,173	1,461,138	1,985,600	1,597,803	-	3,399,209	8,467,923
Disposals	-	(43,784)	(48,632)	(2,650,836)	(137,038)	(36,646)	(409,515)	(3,326,451)
Cost, end of the year	<u>6,511,096</u>	<u>11,432,764</u>	<u>139,137,916</u>	<u>36,075,937</u>	<u>104,862,265</u>	<u>13,533,094</u>	<u>118,923,413</u>	<u>430,476,485</u>
Accumulated amortization, beginning of the year	-	6,706,066	39,036,966	18,596,602	41,335,191	3,599,075	53,617,040	162,890,940
Amortization	-	373,626	1,668,896	1,994,154	1,794,730	167,913	2,183,495	8,182,814
Disposals	-	(11,300)	(23,932)	(2,447,570)	-	(36,646)	(90,232)	(2,609,680)
Accumulated amortization, end of the year	<u>-</u>	<u>7,068,392</u>	<u>40,681,930</u>	<u>18,143,186</u>	<u>43,129,921</u>	<u>3,730,342</u>	<u>55,710,303</u>	<u>168,464,074</u>
Net carrying amount, end of the year	<u>\$ 6,511,096</u>	<u>\$ 4,364,372</u>	<u>\$ 98,455,986</u>	<u>\$ 17,932,751</u>	<u>\$ 61,732,344</u>	<u>\$ 9,802,752</u>	<u>\$ 63,213,110</u>	<u>\$ 262,012,411</u>

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

December 31

8. Tangible Capital Assets - (continued)

								2022
	Land	Land Improvement	Buildings and Structures	Vehicles, Machinery and Equipment	Roads and Sidewalks	Bridges and Other Structures	Water and Sewer Infrastructure	(Restated Note 1) Total
Cost, beginning of the year	\$ 6,511,096	\$ 11,452,375	\$ 137,043,364	\$ 35,538,981	\$ 99,355,547	\$ 13,569,740	\$ 114,269,616	\$ 417,740,719
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	11,452,375	137,725,410	36,741,173	103,401,500	13,569,740	115,933,719	425,335,013
Accumulated amortization, beginning of the year	-	6,339,179	37,372,695	17,618,411	39,676,986	3,431,162	51,466,830	155,905,263
Amortization	-	366,887	1,744,246	2,115,055	1,795,641	167,913	2,150,210	8,339,952
Disposals	-	-	(79,975)	(1,136,864)	(137,436)	-	-	(1,354,275)
Accumulated amortization, end of the year	-	6,706,066	39,036,966	18,596,602	41,335,191	3,599,075	53,617,040	162,890,940
Net carrying amount, end of the year	\$ 6,511,096	\$ 4,746,309	\$ 98,688,444	\$ 18,144,571	\$ 62,066,309	\$ 9,970,665	\$ 62,316,679	\$ 262,444,073

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

December 31, 2023

8. Tangible Capital Assets - (continued)

The net book value of tangible capital assets not being amortized because they are under construction is \$2,928,570 (2022 - \$3,789,016).

Interest of \$Nil (2022 - \$184,399) 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.

9. Accumulated Surplus

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

	2023	2022
		(Restated Note 1)
Invested in tangible capital assets		
Tangible capital assets at cost less amortization	\$ 262,012,411	\$262,444,073
Unfinanced capital assets	(11,630,432)	(13,166,356)
Capital assets financed by long-term liabilities and to be funded in future years (Note 7)	(34,492,443)	(37,152,560)
Total invested in capital assets	215,889,536	212,125,157
Unfunded post-employment benefits (Note 17)	(6,406,030)	(6,452,781)
Unfunded asset retirement obligation (Note 5)	(4,310,517)	(4,426,723)
Unexpended interest on deposits	123,020	145,349
Library Adult Learning Centre surplus	79,232	86,624
Art Gallery	-	(172,206)
	205,375,241	201,305,420
Reserves and reserve funds (Note 10)	39,416,634	37,291,947
Accumulated surplus	\$ 244,791,875	\$238,597,367

During the year, the City's operating surplus of \$207,194 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, 2023

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

	2023	2022
Reserves		
Working funds	\$ 433,864	\$ 431,644
Tax stabilization	696,967	489,053
Insurance contingency	50,000	-
Capital purposes	4,257,746	3,999,383
	5,438,577	4,920,080
Reserve funds		
Sick leave	-	13,503
Capital purposes	33,978,057	32,358,364
	33,978,057	32,371,867
Total reserves and reserve funds	\$39,416,634	\$ 37,291,947

11. 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 2023 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.

	2023 Budget	2023 Actual	2022 Actual (Restated Note 1)
Annual surplus (Page 6)	\$ 23,578,712	\$ 6,194,508	\$ 4,599,907
Net transfers from (to) reserves	3,647,656	(1,916,773)	(3,588,527)
Capital acquisitions and disposals	(25,098,751)	(7,751,152)	(8,948,569)
Change in capital projects not funded	(12,500)	(1,535,924)	(6,793,468)
Amortization	-	8,182,814	8,339,952
Proceeds from long-term debt	595,000	-	8,445,000
Debt principal repayments	(2,660,117)	(2,660,117)	(2,447,705)
Change in unfunded liabilities	-	(162,957)	610,741
Change in Art Gallery	(50,000)	(172,206)	(85,000)
Change in other surpluses	-	29,721	(78,144)
	-	207,914	54,187
Surplus transfer to reserves	-	(207,914)	(54,187)
	\$ -	\$ -	\$ -

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

December 31, 2023

12. Other Income

	2023	2023	2022
	Budget	Actual	Actual
Penalties and interest on taxation	\$ 350,000	\$ 404,129	\$ 336,728
Other fines and penalties	71,000	89,026	85,219
Investment income	9,000	1,502,198	784,982
Licenses and permits	593,250	423,193	468,823
Rents	1,237,094	1,414,347	1,145,355
Donations	346,900	466,523	559,550
Loss on disposal of capital assets	-	(443,988)	(247,542)
Contributions from developers	1,230,000	110,000	815,370
Contributions from non-consolidated entities	18,000	94,314	40,503
Other and miscellaneous	417,467	349,555	491,206
	<u>\$ 4,272,711</u>	<u>\$ 4,409,297</u>	<u>\$ 4,480,194</u>

13. Pension Agreements

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 363 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 2023 by the City was \$2,361,981 (2022 - \$2,138,885). The contribution rate for 2023 was 9.0% to 15.8% depending on age and income level (2022 - 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, 2023. At that time the plan reported a \$4.2 billion actuarial deficit (2022 - \$6.68 billion), based on actuarial liabilities of \$134.6 billion (2022 - \$128.79 billion) and actuarial assets of \$130.4 billion (2022 - \$122.11 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, 2023

14. 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.

	2023	2022
Financial assets	\$ 156,507	\$ 152,880
Liabilities	11,713	12,216
	144,794	140,664
Net financial assets		
Non-financial assets	-	-
	\$ 144,794	\$ 140,664
Accumulated surplus		
Revenues	\$ 285,414	\$ 279,932
Expenses	275,093	279,611
	\$ 10,321	\$ 321
Annual surplus		

15. 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.

	2023	2022
Financial assets	\$ 1,225,803	\$ 1,312,642
Liabilities	932,339	909,671
	293,464	402,971
Net financial assets		
Non-financial assets	998,279	953,669
	\$ 1,291,743	\$ 1,356,640
Accumulated surplus		
Revenues	\$ 2,875,033	\$ 2,657,590
Expenses	2,939,930	2,773,611
	\$ (64,897)	\$ (116,021)
Annual deficit		

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

December 31, 2023

16. Government Transfers

	2023 Budget	2023 Actual	2022 Actual
Operating			
Province of Ontario			
Ontario Municipal Partnership Fund (OMPF)\$	1,961,600	\$ 1,961,600	\$ 1,909,800
- Sewer and Water	180,000	84,218	9,604
- Other	1,602,369	3,570,364	3,139,971
	<u>3,743,969</u>	<u>5,616,182</u>	<u>5,059,375</u>
Government of Canada			
- Roads	800,000	970,365	713,548
- Other	150,000	187,685	211,674
	<u>950,000</u>	<u>1,158,050</u>	<u>925,222</u>
Other municipalities			
- Library	-	762,102	722,332
- Police	1,932,651	1,937,931	1,758,120
- Roads	127,500	130,465	131,850
- Other	40,000	20,000	20,000
	<u>2,100,151</u>	<u>2,850,498</u>	<u>2,632,302</u>
Total operating contributions	<u>6,794,120</u>	<u>9,624,730</u>	<u>8,616,899</u>
Capital			
Province of Ontario			
- Recreation facility	-	10,736	473,252
- Roads	4,200,000	(25,032)	232,720
- Sewer and water	3,021,900	-	-
- Other	200,000	72,198	23,077
	<u>7,421,900</u>	<u>57,902</u>	<u>729,049</u>
Government of Canada			
- Recreation facility	86,250	-	-
- Roads	260,000	-	-
- Other	390,000	646,570	11,837
	<u>736,250</u>	<u>646,570</u>	<u>11,837</u>
Other municipalities			
- Roads and other	4,685,000	647,997	-
- Other	-	-	1,715,733
	<u>4,685,000</u>	<u>647,997</u>	<u>1,715,733</u>
Total capital contributions	<u>12,843,150</u>	<u>1,352,469</u>	<u>2,456,619</u>
Total contributions	<u>\$ 19,637,270</u>	<u>\$10,977,199</u>	<u>\$ 11,073,518</u>

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

December 31, 2023

17. Post-Employment Benefits

	2023	2022
Sick leave liability	\$ 4,400	\$ 5,819
Vacation pay liability	1,514,754	1,526,405
Post-employment benefits	5,743,499	5,431,299
WSIB future benefit	48,000	48,000
	\$ 7,310,653	\$ 7,011,523

- 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, 2023. Of the balance \$904,623 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, 2023 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 \$283,900 (2022 - \$431,700).

	2023	2022
Current period benefit cost	\$ 287,300	\$ 372,200
Amortization of actuarial loss	147,800	241,600
Interest costs	280,900	206,500
Total expense for the year	\$ 716,000	\$ 820,300

- 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, 2023

18. 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:

	<u>2023</u>	<u>2022</u>
School boards	\$ 5,793,456	\$ 5,791,044
County of Grey	8,813,878	8,598,541
	<u>\$14,607,334</u>	<u>\$ 14,389,585</u>

19. 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, 2023, the trust fund balances are as follows:

	<u>2023</u>	<u>2022</u>
Cemetery Care and Maintenance Funds	\$ 1,514,477	\$ 1,469,485
Art Collection and Gallery Building Trust	131,629	125,083
	<u>\$ 1,646,106</u>	<u>\$ 1,594,568</u>

20. Contractual Commitments

The Corporation of the City of Owen Sound has awarded a construction contract totalling \$4,702,670 related to filter upgrades for the Water Treatment Plant. At December 31, 2023, \$4,532,230 remains to be spent on this contract.

21. 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, 2023

22. Financial Instruments

Financial Instrument Risk Management

The City is exposed to credit risk, liquidity risk, and interest rate risk from its financial instruments. This note describes the City's objectives, policies and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The City is exposed to interest rate risk arising from the changes in interest rates on its variable rate bank account, fixed rate investments and long-term receivable.

Credit Risk

The City is exposed to credit risk arising from its cash, taxes receivable, trade and other receivables and long-term receivable. On December 31, 2023, the City holds all of its cash deposits in one Canadian Chartered bank. The Canadian Deposit Insurance Corporation insures deposits up to a maximum of \$100,000 per depositor. There is the possibility of non-collection of taxes receivable, trade and other receivables and long-term receivable. The majority of the City's receivables are from ratepayers and government entities. For receivables, the City measures impairment of each receivable type based on how long the amounts have been outstanding. The amounts outstanding at year end, which is the City's maximum exposure to credit risk related to receivables, were as follows:

	0 - 30 days	31 - 90 days	91 - 365 days	1 to 2 years	3 to 10 years
Cash	\$ 26,543,408	\$ -	\$ -	\$ -	-
Investments	-	-	5,335,922	993,352	3,498,426
Taxes receivable	27,297	625,002	937,504	890,229	315,321
Trade and other receivables	3,644,818	989,988	1,087,167	147,973	-
Long-term receivables	-	-	-	75,000	-
Total	\$ 30,215,523	\$ 1,614,990	\$ 7,360,593	\$ 2,181,554	\$ 3,813,747

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

December 31, 2023

23. Financial Instruments - (continued)

Liquidity Risk

Liquidity risk is the risk that the City encounters difficulty in meeting its obligations as they fall due. The City has a planning and budgeting process in place to help determine the funds required to support the City's normal operating requirements on an ongoing basis. The City is exposed to liquidity risk through its accounts payable and accrued liabilities and long-term liabilities. The City ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents. Further, the City seeks to maintain an available line of credit balance as approved by the appropriate borrowing by-law to meet, at a minimum, expected requirements for a period of at least 90 days. The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

	Within 6 months	6 months to 1 year	1 - 5 years	Over 5 years
Accounts payable and accrued liabilities	\$ 3,953,926	\$ 1,487,408	1,991,521	\$ 356,447
Long-term debt	-	1,961,207	8,550,409	22,029,753
Total financial liabilities	\$ 3,953,926	\$ 3,448,615	10,541,930	\$ 22,386,200

24. 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.

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

December 31, 2023

24. Segmented Information - (continued)

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.

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	2023 Total
Revenue								
Taxation	\$ 8,443,069	\$ 4,728,118	\$ 1,013,168	\$ 2,026,337	\$ 1,013,168	\$ 15,197,524	\$ 1,350,891	\$ 33,772,275
Fees and user charges	172,881	14,501,939	805,524	194,951	2,297	638,417	193,855	16,509,864
Specific grants	12,040	2,695,490	30,736	(23,077)	46,053	3,691,466	2,562,891	9,015,599
OMPF grant	490,400	274,624	58,848	117,696	58,848	882,720	78,464	1,961,600
Other revenue	1,461,080	430,102	1,508,536	269,283	5,936	513,452	220,908	4,409,297
	<u>10,579,470</u>	<u>22,630,273</u>	<u>3,416,812</u>	<u>2,585,190</u>	<u>1,126,302</u>	<u>20,923,579</u>	<u>4,407,009</u>	<u>65,668,635</u>
Expenses								
Salaries and benefits	2,567,031	6,390,041	1,598,010	1,488,665	738,690	16,278,377	1,567,382	30,628,196
Interest on debt	134,347	910,126	11,823	14,241	-	130,707	-	1,201,244
Materials and supplies	2,041,127	6,462,954	494,247	833,490	157,950	1,237,119	1,146,151	12,373,038
Contracted services	654,765	3,250,880	447,383	141,461	101,443	513,082	35,969	5,144,983
Other transfers	68,600	-	-	-	90,356	290,967	1,243,376	1,693,299
Rents and financial expenses	25,841	35,276	31,293	6,730	22,329	13,215	10,954	145,638
Amortization	396,074	5,077,859	1,185,944	570,020	6,165	589,803	356,949	8,182,814
Accretion	-	53,158	-	31,021	-	1,458	19,278	104,915
	<u>5,887,785</u>	<u>22,180,294</u>	<u>3,768,700</u>	<u>3,085,628</u>	<u>1,116,933</u>	<u>19,054,728</u>	<u>4,380,059</u>	<u>59,474,127</u>
Annual surplus (deficit)	\$ 4,691,685	\$ 449,979	\$ (351,888)	\$ (500,438)	\$ 9,369	\$ 1,868,851	\$ 26,950	\$ 6,194,508

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 (Restated Note1)
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	57,294	114,588	57,294	859,410	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
	9,706,713	24,153,438	3,885,099	2,578,713	1,096,415	19,431,497	3,574,917	64,407,694
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	7,592,128	1,565,510	137,259	123,098	1,031,463	573,347	13,538,567
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	5,050,062	1,255,536	632,745	4,749	645,686	351,078	8,339,952
Accretion	-	51,926	-	30,302	-	1,424	18,832	102,484
	6,034,493	23,536,605	4,659,827	2,397,179	1,108,673	18,407,628	3,663,382	59,807,787
Annual surplus (deficit)	\$ 3,672,220	\$ 616,833	\$ (774,728)	\$ 181,534	\$ (12,258)	\$ 1,023,869	\$ (88,465)	\$ 4,599,907

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

For the year ended December 31, 2023

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Obligatory Reserve Funds					
Canada Community-Building Fund	\$ 1,515,815	\$ 706,261	\$ 79,893	\$(1,226,935)	\$1,075,034
Provincial Transit Gas Tax	179,605	-	9,399	-	189,004
Development charges	1,180,561	107,621	66,898	(110,000)	1,245,080
Building development	277,607	-	19,164	(296,770)	1
Recreational land	197,587	57,589	9,710	-	264,886
Parking in lieu	-	12,000	-	-	12,000
	3,351,175	883,471	185,064	(1,633,705)	2,786,005
Other					
Other deferred revenues	805,108	3,731,198	-	(805,108)	3,731,198
Ontario Community Infrastructure Fund	3,716,975	2,507,541	161,041	(12,040)	6,373,517
	\$ 7,873,258	\$ 7,122,210	\$ 346,105	\$(2,450,853)	\$12,890,720

The Corporation of the
City of Owen Sound
Trust Funds
Financial Information
For the year ended December 31, 2023

The Corporation of the City of Owen Sound
Trust Funds Financial Information
For the year ended December 31, 2023

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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, 2023, 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, 2023 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Owen Sound, Ontario
December 23, 2024

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

December 31, 2023

	Cemetery Care and Maintenance	Art Collection and Gallery Building Trust	Total 2023	Total 2022
Assets				
Cash	\$ 1,545,810	\$ 131,629	\$1,677,439	\$ 1,557,187
Other				
Due from City of Owen Sound	(31,333)	-	(31,333)	37,381
	\$ 1,514,477	\$ 131,629	\$1,646,106	\$ 1,594,568
Fund Balance	\$ 1,514,477	\$ 131,629	\$1,646,106	\$ 1,594,568

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

For the year ended December 31, 2023

	Cemetery Care and Maintenance	Art Collection and Gallery Building Trust	Total 2023	Total 2022
Balance, beginning of the year	\$ 1,469,485	\$ 125,083	\$1,594,568	\$ 1,530,033
Receipts				
Share of plot sales	44,992	-	44,992	61,994
Interest earned	76,325	6,546	82,871	31,416
	121,317	6,546	127,863	93,410
Expenditures				
Transfer to City of Owen Sound	76,325	-	76,325	28,875
Balance, end of the year	\$ 1,514,477	\$ 131,629	\$1,646,106	\$ 1,594,568

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

December 31, 2023

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>
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.
Financial Instrument	Cash is measured at fair value. All other financial instruments are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the balance sheet. For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of continuity. Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost.

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

December 31, 2023

2. Financial Instruments

The Trust is exposed to risks that arise from its use of financial instruments. The trust's financial instruments consist of cash and due from City of Owen Sound. It is management's opinion that the Trust is not exposed to significant currency risk arising from these financial instruments. The Trust is exposed to interest rate risk arising from its bank accounts. The trust is exposed to credit risk relating to its cash. The cash is held in a Canadian Chartered bank. The Canadian Deposit Insurance Corporation insures deposits up to a maximum of \$100,000 per depositor. There is the possibility of non-collection of amounts due from the City of Owen Sound. This is mitigated by being receivable from a government entity.
