

**The Corporation of the
City of Owen Sound
Financial Information
For the year ended December 31, 2019**

**The Corporation of the City of Owen Sound
Financial Information
December 31, 2019**

Contents

The Corporation of the City of Owen Sound Financial Statements

The Corporation of the City of Owen Sound Trust Funds

**The Corporation of the
City of Owen Sound
Financial Statements
For the year ended December 31, 2019**

**The Corporation of the City of Owen Sound
Financial Statements
For the year ended December 31, 2019**

Contents

The Corporation of the City of Owen Sound

Independent Auditor's Report	2 - 4
Consolidated Statement of Financial Position	5
Consolidated Statement of Operations and Accumulated Surplus	6
Consolidated Statement of Changes in Net Debt	7
Consolidated Statement of Cash Flows	8
Summary of Significant Accounting Policies	9 - 12
Notes to Financial Statements	13 - 29
Schedule of Deferred Revenue	30



Tel: 519 376 6110
Fax: 519 376 4741
www.bdo.ca

BDO Canada LLP
1717 2nd Avenue E, Third Floor
PO Box 397
Owen Sound ON N4K 5P7 Canada

Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers 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, 2019, 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, 2019, 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
September 24, 2020

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

December 31	2019	2018
		(restated) (Note 21)
Financial assets		
Cash (Note 1)	\$ 1,905,704	\$ 894,503
Investments (Note 2)	4,128,848	4,131,904
Taxes receivable	2,042,191	2,037,923
Trade and other receivables	4,704,457	6,775,858
Inventory held for resale	81,664	82,454
Other receivables (Note 3)	795,000	838,169
	<u>13,657,864</u>	<u>14,760,811</u>
Liabilities		
Temporary borrowings (Note 4)	-	720,000
Accounts payable and accrued liabilities	8,251,157	9,232,781
Solid waste landfill closure and post-closure liabilities (Note 5)	2,658,922	2,749,132
Post-employment benefits (Note 16)	5,648,605	5,235,285
Deferred revenue (Page 30)	6,159,093	4,483,447
Long-term liabilities (Note 6)	23,054,176	25,410,328
	<u>45,771,953</u>	<u>47,830,973</u>
Net debt	(32,114,089)	(33,070,162)
Non-financial assets		
Inventory of supplies	662,238	463,385
Prepaid expenses	242,752	199,111
Tangible capital assets (Note 7)	255,285,994	253,477,298
	<u>256,190,984</u>	<u>254,139,794</u>
Accumulated surplus (Note 8)	\$ 224,076,895	\$ 221,069,632

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	2019 Budget (Note 10)	2019 Actual	2018 Actual (restated) (Note 21)
Revenue			
Taxation	\$ 29,886,529	\$28,972,907	\$ 28,789,835
Fees and user charges	14,311,824	14,476,857	14,745,087
Government transfers (Note 15)	8,978,702	8,080,136	9,127,068
Other income (Note 11)	2,870,317	2,978,985	3,837,760
	<u>56,047,372</u>	<u>54,508,885</u>	<u>56,499,750</u>
Expenses			
General government	5,402,103	5,567,628	3,435,637
Protection services	15,564,560	16,173,487	15,980,382
Transportation services	5,965,463	9,300,052	7,223,870
Environmental services	7,548,522	9,143,053	9,565,428
Health services	269,958	344,414	415,613
Recreation and cultural services	6,034,172	9,950,173	9,333,461
Planning and development	905,664	1,022,815	1,375,399
	<u>41,690,442</u>	<u>51,501,622</u>	<u>47,329,790</u>
Annual surplus (Note 10)	14,356,930	3,007,263	9,169,960
Accumulated surplus, beginning of the year	<u>221,069,632</u>	<u>221,069,632</u>	<u>211,899,672</u>
Accumulated surplus, end of the year	<u>\$235,426,562</u>	<u>\$ 224,076,895</u>	<u>\$221,069,632</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	2019	2019	2018
	Budget (Note 10)	Actual	Actual (restated) (Note 21)
Annual surplus (Page 6)	\$ 14,356,930	\$ 3,007,263	\$ 9,169,960
Acquisition of tangible capital assets	(15,547,003)	(10,682,636)	(19,684,934)
Amortization of tangible capital assets	-	8,356,478	7,855,592
Proceeds on disposal of assets	-	94,544	314,056
Loss (gain) on disposal of assets	-	422,918	(234,225)
	<u>(15,547,003)</u>	<u>(1,808,696)</u>	<u>(11,749,511)</u>
Change in prepaid expenses	-	(43,641)	(43,785)
Change in inventories of supplies	-	(198,853)	(35,632)
	<u>-</u>	<u>(242,494)</u>	<u>(79,417)</u>
(Increase) decrease in net debt	(1,190,073)	956,073	(2,658,968)
Net debt, beginning of the year	(33,070,162)	(33,070,162)	(30,411,194)
Net debt, end of the year	<u>\$ (34,260,235)</u>	<u>\$ (32,114,089)</u>	<u>\$ (33,070,162)</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 Cash Flows

For the year ended December 31	2019	2018
		(restated) (Note 21)
Cash provided by (used in)		
Operating activities		
Annual surplus	\$ 3,007,263	\$ 9,169,960
Items not involving cash		
Amortization	8,356,478	7,855,592
Post-employment benefits	413,320	363,567
Solid waste landfill liability	(90,210)	(464,050)
(Gain) loss on disposal of assets	422,918	(234,225)
Deferred revenue recognized	(1,906,923)	(1,969,615)
Change in inventory of supplies	(198,853)	(35,632)
	10,003,993	14,685,597
Changes in non-cash working capital balances		
Taxes receivable	(4,268)	361,092
Trade and other receivables	2,071,401	3,999,063
Inventory held for resale	790	(22,805)
Accounts payable and accrued liabilities	(981,624)	2,089,151
Deferred revenue received	3,582,569	3,296,907
Prepaid expenses	(43,641)	(43,785)
	14,629,220	24,365,220
Capital transactions		
Cash used to acquire capital assets	(10,682,636)	(19,684,934)
Proceeds on sale of capital assets	94,544	314,056
	(10,588,092)	(19,370,878)
Investing activities		
Decrease in long-term receivables	43,169	919,672
Decrease in investments	3,056	13,751
	46,225	933,423
Financing activities		
Additions to long-term liabilities	-	7,926,000
Repayment of long-term liabilities	(2,356,152)	(3,708,671)
Decrease in temporary borrowings	(720,000)	(9,640,000)
	(3,076,152)	(5,422,671)
Net change in cash and cash equivalents	1,011,201	505,094
Cash, beginning of the year	894,503	389,409
Cash, end of the year	\$ 1,905,704	\$ 894,503

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, 2019

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 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 Downtown Improvement Area Board of Management

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, solid waste landfill post-closure liabilities and taxes receivable.

The Corporation of the City of Owen Sound

Summary of Significant Accounting Policies

December 31, 2019

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 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 financial activities 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, 2019

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 Board	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, 2019

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.

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. 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.

Solid Waste Landfill Closure and Post-Closure Costs

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.

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
Notes to Financial Statements

December 31, 2019

1. Cash

	2019	2018
Cash and bank	\$ 1,905,704	\$ 894,503

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

	2019	2018
Unrestricted	\$ 4,128,848	\$ 4,131,904

Investments include government bonds, municipal debentures and commercial paper from chartered banks with effective interest rates of 2.16% to 4.45%. Interest is receivable on a semi-annual basis. Investments have a market value of \$4,182,074 (2018 - \$4,161,079) at the end of the year.

3. Other Receivables

	2019	2018
Loan, non-interest bearing, due on demand	\$ 75,000	\$ 75,000
Loan, interest at 2.0%, due August 2022	720,000	763,169
	\$ 795,000	\$ 838,169

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

December 31, 2019

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, 2019, 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 \$2,658,922 (2018 - \$2,749,132) and represents the present value of post-closure costs for the closed site, using the Government of Canada's average long-term 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 \$3,090,393 leaving an amount to be recognized of \$431,471. 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>2019</u>	<u>2018</u>
Debentures payable, 2.69% to 3.87%, principal and interest payable semi-annually, various maturities	\$27,661,843	\$ 30,718,475
Less: Debentures issued internally	(4,607,667)	(5,308,147)
	<u>\$23,054,176</u>	<u>\$ 25,410,328</u>

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

2020	\$ 2,347,437
2021	2,103,571
2022	1,616,780
2023	1,100,831
2024	1,131,571
Thereafter	<u>14,753,986</u>
	<u>\$ 23,054,176</u>

Interest paid during the year on long-term debt was \$848,890 (2018 - \$809,150).

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

December 31

7. Tangible Capital Assets

								2019
	Land	Land Improvement	Buildings and Structures	Vehicles, Machinery and Equipment	Roads and Sidewalks	Bridges	Water and Sewer Infrastructure	Total
Cost, beginning of the year	\$ 6,911,228	\$ 12,712,545	\$ 135,368,966	\$ 30,518,860	\$ 84,300,982	\$ 11,875,327	\$ 107,864,087	\$ 389,551,995
Additions		120,820	733,121	2,690,730	3,455,718	1,697,051	1,985,196	10,682,636
Disposals		(18,374)	-	(1,169,804)	(39,745)	-	(463,796)	(1,691,719)
Cost, end of the year	6,911,228	12,814,991	136,102,087	32,039,786	87,716,955	13,572,378	109,385,487	398,542,912
Accumulated amortization, beginning of the year	-	5,629,306	31,693,553	15,804,235	34,894,524	2,685,552	45,367,527	136,074,697
Amortization	-	353,968	2,086,867	1,952,119	1,317,206	168,935	2,477,383	8,356,478
Disposals	-	-	-	(1,082,581)	(5,891)	-	(85,785)	(1,174,257)
Accumulated amortization, end of the year	-	5,983,274	33,780,420	16,673,773	36,205,839	2,854,487	47,759,125	143,256,918
Net carrying amount, end of the year	\$ 6,911,228	\$ 6,831,717	\$ 102,321,667	\$ 15,366,013	\$ 51,511,116	\$ 10,717,891	\$ 61,626,362	\$ 255,285,994

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

December 31

7. Tangible Capital Assets - (continued)

								2018
	Land	Land Improvement	Buildings and Structures	Vehicles, Machinery and Equipment	Roads and Sidewalks	Bridges	Water and Sewer Infrastructure	(restated) Total
Cost, beginning of the year	\$ 6,744,258	\$ 12,048,132	\$ 127,744,212	\$ 28,353,143	\$ 80,923,231	\$ 11,543,188	\$ 103,335,345	\$ 370,691,509
Additions	166,970	664,413	7,847,161	2,628,032	3,482,571	332,139	4,563,648	19,684,934
Disposals	-	-	(222,407)	(462,315)	(104,820)	-	(34,906)	(824,448)
Cost, end of the year	<u>6,911,228</u>	<u>12,712,545</u>	<u>135,368,966</u>	<u>30,518,860</u>	<u>84,300,982</u>	<u>11,875,327</u>	<u>107,864,087</u>	<u>389,551,995</u>
Accumulated amortization, beginning of the year	-	5,333,210	28,561,448	14,623,898	33,555,370	2,519,387	44,370,409	128,963,722
Amortization	-	296,096	3,352,236	1,581,338	1,442,707	166,165	1,017,050	7,855,592
Disposals	-	-	(220,131)	(401,001)	(103,553)	-	(19,932)	(744,617)
Accumulated amortization, end of the year	<u>-</u>	<u>5,629,306</u>	<u>31,693,553</u>	<u>15,804,235</u>	<u>34,894,524</u>	<u>2,685,552</u>	<u>45,367,527</u>	<u>136,074,697</u>
Net carrying amount, end of the year	<u>\$ 6,911,228</u>	<u>\$ 7,083,239</u>	<u>\$ 103,675,413</u>	<u>\$ 14,714,625</u>	<u>\$ 49,406,458</u>	<u>\$ 9,189,775</u>	<u>\$ 62,496,560</u>	<u>\$ 253,477,298</u>

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

December 31, 2019

7. Tangible Capital Assets - (continued)

The net book value of tangible capital assets not being amortized because they are under construction is \$2,676,129 (2018 - \$15,349,141).

Interest of \$112,008 (2018 - \$155,883) 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:

	2019	2018 (restated)
Invested in tangible capital assets		
Tangible capital assets at cost less amortization	\$ 255,285,994	\$ 253,477,298
Unfinanced capital assets	(24,827,629)	(21,605,368)
Capital assets financed by long-term liabilities and to be funded in future years (Note 6)	(27,661,843)	(30,718,475)
	202,796,522	201,153,455
Total invested in capital assets		
Unfunded post-employment benefits	(5,648,605)	(5,235,285)
Unfunded solid waste closure and post-closure costs	(2,658,922)	(2,749,132)
General surplus (Note 10)	18,363	8,811
Unfunded tax adjustments	(79,002)	(27,235)
Library Adult Learning Centre surplus	80,743	70,339
Art Gallery	(357,206)	(442,206)
	194,151,893	192,778,747
Reserves and reserve funds (Note 9)	29,925,002	28,290,885
Accumulated surplus	\$ 224,076,895	\$ 221,069,632

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

December 31, 2019

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

	<u>2019</u>	<u>2018</u>
Reserves		
Working funds	\$ 704,105	\$ 729,144
Capital purposes	<u>3,412,629</u>	<u>2,592,464</u>
	<u>4,116,734</u>	<u>3,321,608</u>
 Reserve funds		
Sick leave	12,995	12,707
Capital purposes	<u>25,795,273</u>	<u>24,956,570</u>
	<u>25,808,268</u>	<u>24,969,277</u>
 Total reserves and reserve funds	<u><u>\$29,925,002</u></u>	<u><u>\$ 28,290,885</u></u>

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

December 31, 2019

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 2019 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.

	2019 Budget	2019 Actual	2018 Actual (restated)
Annual surplus (Page 6)	\$ 14,356,930	\$ 3,007,263	\$ 9,169,960
Prior year general surplus	-	8,811	11,037
Net transfers from (to) reserves	1,127,478	(1,634,117)	638,441
Capital acquisitions and disposals	(15,547,003)	(10,165,174)	(19,605,103)
Amortization	-	8,356,478	7,855,592
Proceeds from long-term debt	3,160,319	-	7,926,000
Debt principal repayments	(3,097,724)	(3,056,632)	(2,861,088)
Change in unfunded liabilities	-	374,877	(100,483)
Change in Art Gallery	-	(85,000)	(90,662)
Change in other surpluses	-	(10,404)	(213)
	-	(3,203,898)	2,943,481
Change in capital projects not funded	-	3,222,261	(2,934,670)
General surplus	\$ -	\$ 18,363	\$ 8,811

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

December 31, 2019

11. Other Income

	2019	2019	2018
	Budget	Actual	Actual
Penalties and interest on taxation	\$ 350,000	\$ 326,357	\$ 328,746
Other fines and penalties	39,500	90,576	135,694
Investment income	5,000	327,054	321,236
Licenses, permits and rents	1,608,637	1,881,461	1,558,704
Donations	560,100	565,343	781,378
Gain (loss) on disposal of capital assets	-	(422,918)	234,225
Contributions from developers	45,000	225,498	297,882
Contributions from non-consolidated entities	25,000	30,792	31,422
Other and miscellaneous	237,080	(45,178)	148,473
	\$ 2,870,317	\$ 2,978,985	\$ 3,837,760

12. Pension Agreements

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 229 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 2019 by the City was \$1,935,068 (2018 - \$1,840,519). The contribution rate for 2019 was 9.0% to 15.8% depending on age and income level (2018 - 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, 2019. At that time the plan reported a \$3.40 billion actuarial deficit (2018 - \$4.19 billion), based on actuarial liabilities of \$106.44 billion (2018 - \$99.06 billion) and actuarial assets of \$103.04 billion (2018 - \$94.87 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, 2019

13. Owen Sound Downtown Improvement Area Board of Management

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

	2019	2018
Financial assets	\$ 143,576	\$ 97,995
Liabilities	13,578	17,521
Net financial assets	129,998	80,474
Non-financial assets	-	8,136
Accumulated surplus	\$ 129,998	\$ 88,610
Revenues	\$ 255,466	\$ 259,821
Expenses	214,078	265,688
Annual surplus (deficit)	\$ 41,388	\$ (5,867)

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.

	2019	2018
Financial assets	\$ 1,372,695	\$ 1,209,688
Liabilities	700,717	708,880
Net financial assets	671,978	500,808
Non-financial assets	932,205	959,695
Accumulated surplus	\$ 1,604,183	\$ 1,460,503
Revenues	\$ 2,923,423	\$ 2,613,366
Expenses	2,779,743	2,518,745
Annual surplus	\$ 143,680	\$ 94,621

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

December 31, 2019

15. Government Transfers

	2019 Budget	2019 Actual	2018 Actual
Operating			
Province of Ontario			
Ontario Municipal Partnership Fund (OMPF) \$	1,140,000	\$ 1,409,000	\$ 1,144,900
- Other	1,245,920	2,881,021	1,910,045
	<u>2,385,920</u>	<u>4,290,021</u>	<u>3,054,945</u>
Government of Canada			
- Roads	666,000	415,887	-
- Other	752,065	87,286	114,974
	<u>1,418,065</u>	<u>503,173</u>	<u>114,974</u>
Other municipalities			
- Library	-	728,504	700,489
- Police	1,406,627	1,417,631	1,477,270
- Roads	305,000	264,884	150,100
- Other	12,000	27,048	12,933
	<u>1,723,627</u>	<u>2,438,067</u>	<u>2,340,792</u>
Total operating contributions	<u>5,527,612</u>	<u>7,231,261</u>	<u>5,510,711</u>
Capital			
Province of Ontario			
- Recreation facility	10,000	-	-
- Roads	1,950,000	589,987	1,476,764
- Sewer and water	-	-	400
- Other	-	162,695	7,500
	<u>1,960,000</u>	<u>752,682</u>	<u>1,484,664</u>
Government of Canada			
- Roads	-	-	56,525
- Sewer and water	1,419,090	(7,675)	941,739
- Other	-	-	64,143
	<u>1,419,090</u>	<u>(7,675)</u>	<u>1,062,407</u>
Other municipalities			
- Roads	72,000	103,868	1,069,286
Total capital contributions	<u>3,451,090</u>	<u>848,875</u>	<u>3,616,357</u>
Total contributions	<u>\$ 8,978,702</u>	<u>\$ 8,080,136</u>	<u>\$ 9,127,068</u>

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

December 31, 2019

16. Post-Employment Benefits

	2019	2018
Sick leave liability	\$ 5,819	\$ 7,622
Vacation pay liability	1,107,587	999,264
Post-employment benefits	4,480,999	4,169,199
WSIB future benefit	54,200	59,200
	\$ 5,648,605	\$ 5,235,285

- 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, 2019. This amount is not 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 using the assumption of a 3.4% 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 \$1,643,100 (2018 - \$939,800).

	2019	2018
Current period benefit cost	\$ 271,700	\$ 260,700
Amortization of actuarial loss	187,100	588,600
Plan amendments incurred	-	(418,800)
Interest costs	197,200	186,600
Total expense for the year	\$ 656,000	\$ 617,100

- 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, 2019. 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 3.4% 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, 2019

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:

	<u>2019</u>	<u>2018</u>
School boards	\$ 5,999,674	\$ 7,292,118
County of Grey	<u>7,466,548</u>	<u>7,831,809</u>
	<u>\$13,466,222</u>	<u>\$ 15,123,927</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, 2019, the trust fund balances are as follows:

	<u>2019</u>	<u>2018</u>
Cemetery Care and Maintenance Funds	\$ 1,329,968	\$ 1,299,499
Art Collection and Gallery Building Trust	<u>120,375</u>	<u>117,761</u>
	<u>\$ 1,450,343</u>	<u>\$ 1,417,260</u>

19. Contractual Commitments

The Corporation of the City of Owen Sound has awarded construction contracts related to the water treatment plant valve, screen and piping replacement capital project, the construction of the 10th Street bridge replacement and the purchase of an aerial platform fire truck. At December 31, 2019, \$10,229,733 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, 2019

21. Prior Period Restatement

Management has determined that various roads, water and sewer infrastructure were excluded from capitalization of tangible assets in the prior year. The impact of adjusting for these additional items is as follows:

	<u>2018</u>
Consolidated Statement of Financial Position	
Increase in non-financial assets - tangible capital assets	\$ 1,826,560
Increase in accumulated surplus	\$ 1,826,560
Consolidated Statement of Operations:	
Decrease in Operating Expenses	
Transportation services	\$ (18,071)
Environmental services	(1,752,937)
Recreation and cultural services	(55,552)
	<u>\$ (1,826,560)</u>
Increase in annual surplus	\$ 1,826,560

22. Subsequent Events

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy increased significantly. As the impacts of COVID-19 continue, there could be further impact on City of Owen Sound (The City) that could impact the timing and amounts realized on the City's assets and future ability to deliver its services. At this time, the full potential impact of COVID-19 on the City is not known. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances the related financial impact cannot be fully reasonably determined at this time. The City will continue to focus on its operations in order to maintain its ability to provide essential services.

The Corporation of the City of Owen Sound

Notes to Financial Statements

December 31, 2019

23. 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.

Parks and Cemeteries

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

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

December 31, 2019

23. Segmented Information - (continued)

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	2019 Total
Revenue								
Taxation	\$ 1,448,645	\$ 7,822,685	\$ -	\$ 1,738,374	\$ -	\$ 14,486,454	\$ 3,476,749	\$ 28,972,907
Fees and user charges	133,368	12,935,686	647,443	190,104	2,414	275,501	292,341	14,476,857
Specific grants	689,252	1,944,849	20,000	97,175	-	2,015,923	1,903,937	6,671,136
OMPF grant	70,450	380,430	-	84,540	-	704,500	169,080	1,409,000
Other revenue	537,522	335,410	1,194,362	119,021	18,322	502,517	271,831	2,978,985
	<u>2,879,237</u>	<u>23,419,060</u>	<u>1,861,805</u>	<u>2,229,214</u>	<u>20,736</u>	<u>17,984,895</u>	<u>6,113,938</u>	<u>54,508,885</u>
Expenses								
Salaries and benefits	2,789,839	4,909,112	1,379,026	1,326,564	516,816	13,774,341	1,329,318	26,025,016
Interest on debt	28,018	635,165	6,883	662	-	178,162	-	848,890
Materials and supplies	1,891,146	9,373,096	1,060,183	798,106	163,759	840,606	457,353	14,584,249
Contracted services	501,707	(1,554,206)	165,239	(66,161)	99,465	481,770	19,104	(353,082)
Other transfers	81,637	-	6,623	-	234,215	262,712	1,299,671	1,884,858
Rents and financial expenses	29,713	59,888	17,855	6,134	5,450	21,517	14,656	155,213
Amortization	245,618	5,020,000	1,168,657	952,969	3,110	614,379	351,745	8,356,478
	<u>5,567,678</u>	<u>18,443,055</u>	<u>3,804,466</u>	<u>3,018,274</u>	<u>1,022,815</u>	<u>16,173,487</u>	<u>3,471,847</u>	<u>51,501,622</u>
Annual surplus (deficit)	\$ (2,688,441)	\$ 4,976,005	\$ (1,942,661)	\$ (789,060)	\$ (1,002,079)	\$ 1,811,408	\$ 2,642,091	\$ 3,007,263

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	2018 Total
Revenue								
Taxation	\$ 1,439,492	\$ 7,773,255	\$ -	\$ 1,727,390	\$ -	\$ 14,394,918	\$ 3,454,780	\$ 28,789,835
Fees and user charges	151,242	13,273,933	642,480	200,991	42,864	225,921	207,656	14,745,087
Specific grants	54,970	3,911,528	-	-	149,002	2,071,208	1,795,460	7,982,168
OMPF grant	57,245	309,123	-	68,694	-	572,450	137,388	1,144,900
Other revenue	984,167	532,160	1,423,800	142,259	8,734	546,859	199,781	3,837,760
	<u>2,687,116</u>	<u>25,799,999</u>	<u>2,066,280</u>	<u>2,139,334</u>	<u>200,600</u>	<u>17,811,356</u>	<u>5,795,065</u>	<u>56,499,750</u>
Expenses								
Salaries and benefits	1,858,487	5,622,181	1,198,523	1,351,599	671,489	13,409,945	1,320,256	25,432,480
Interest on debt	35,938	572,034	11,230	874	-	189,074	-	809,150
Materials and supplies	385,918	5,618,826	888,458	1,064,605	412,813	1,136,006	470,170	9,976,796
Contracted services	472,539	308,257	29,381	-	79,868	473,466	23,284	1,386,795
Other transfers	96,660	-	17,699	-	190,470	254,332	1,081,920	1,641,081
Rents and financial expenses	97,022	65,799	16,682	8,751	17,853	8,651	13,138	227,896
Amortization	489,073	4,602,201	952,928	968,132	2,906	508,908	331,444	7,855,592
	<u>3,435,637</u>	<u>16,789,298</u>	<u>3,114,901</u>	<u>3,393,961</u>	<u>1,375,399</u>	<u>15,980,382</u>	<u>3,240,212</u>	<u>47,329,790</u>
Annual surplus (deficit)	\$ (748,521)	\$ 9,010,701	\$ (1,048,621)	\$ (1,254,627)	\$ (1,174,799)	\$ 1,830,974	\$ 2,554,853	\$ 9,169,960

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

For the year ended December 31, 2019

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Obligatory Reserve Funds					
Federal Gas Tax	\$ 207,802	\$ 1,351,054	\$ 4,755	\$ (415,887)	\$1,147,724
Provincial Transit Gas Tax	273,030	255,200	5,561	(292,392)	241,399
Development charges	1,355,324	351,341	31,350	(200,448)	1,537,567
Building development	324,017	100,000	7,196	-	431,213
Recreational land	140,149	22,410	3,021	-	165,580
	2,300,322	2,080,005	51,883	(908,727)	3,523,483
Other					
Other deferred revenues	295,609	424,811	-	(295,609)	424,811
Ontario Community Infrastructure Fund	387,516	1,017,128	8,742	(702,587)	710,799
Connecting link program	1,500,000	-	-	-	1,500,000
	\$ 4,483,447	\$ 3,521,944	\$ 60,625	\$(1,906,923)	\$ 6,159,093

**The Corporation of the
City of Owen Sound
Trust Funds
Financial Information
For the year ended December 31, 2019**

**The Corporation of the City of Owen Sound
Trust Funds Financial Information
For the year ended December 31, 2019**

Contents

The Corporation of the City of Owen Sound

Independent Auditor's Report	2 - 3
Balance Sheet	4
Statement of Continuity	5
Notes to the Financial Information	6



Tel: 519 376 6110
Fax: 519 376 4741
www.bdo.ca

BDO Canada LLP
1717 2nd Avenue E, Third Floor
PO Box 397
Owen Sound ON N4K 5P7 Canada

Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers 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, 2019, 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, 2019 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
September 24, 2020

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

December 31, 2019

	Cemetery Care and Maintenance	Art Collection and Gallery Building Trust	Total 2019	Total 2018
Assets				
Cash	\$ 972,991	\$ 120,375	\$1,093,366	\$ 950,646
Investments (Note 2)	236,046	-	236,046	347,022
	1,209,037	120,375	1,329,412	1,297,668
Other				
Due from City of Owen Sound	120,931	-	120,931	119,592
	\$ 1,329,968	\$ 120,375	\$1,450,343	\$ 1,417,260
Fund Balance				
	\$ 1,329,968	\$ 120,375	\$1,450,343	\$ 1,417,260

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

For the year ended December 31, 2019

	Cemetery Care and Maintenance	Art Collection and Gallery Building Trust	Total 2019	Total 2018
Balance, beginning of the year	\$ 1,299,500	\$ 117,760	\$1,417,260	\$ 1,389,136
Receipts				
Share of plot sales	30,470	-	30,470	26,043
Interest earned	30,790	2,615	33,405	29,785
	61,260	2,615	63,875	55,828
Expenditures				
Transfer to City of Owen Sound	30,792	-	30,792	27,704
Balance, end of the year	\$ 1,329,968	\$ 120,375	\$1,450,343	\$ 1,417,260

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

December 31, 2019

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 \$236,046 (2018 - \$347,022) reported on the balance sheet at cost have a market value of approximately \$236,046 (2018 - \$347,022) at the end of the year.
