

The Corporation of the  
City of Owen Sound  
Financial Information  
For the year ended December 31, 2018

The Corporation of the City of Owen Sound  
Financial Information  
December 31, 2018

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## Independent Auditor's Report

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To the Members of Council, Inhabitants and Ratepayers  
of the Corporation of the City of 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, 2018, 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, 2018, 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 26, 2019

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

December 31	2018	2017
<b>Financial assets</b>		
Cash (Note 1)	\$ 894,503	\$ 389,409
Investments (Note 2)	4,131,904	4,145,655
Taxes receivable	2,037,923	2,399,015
Trade and other receivables	6,775,858	10,774,921
Inventory held for resale	82,454	59,649
Other receivables (Note 3)	838,169	1,757,841
	<u>14,760,811</u>	<u>19,526,490</u>
<b>Liabilities</b>		
Temporary borrowings (Note 4)	720,000	10,360,000
Accounts payable and accrued liabilities	9,232,781	7,143,630
Solid waste landfill closure and post-closure liabilities (Note 5)	2,749,132	3,213,182
Post-employment benefits (Note 16)	5,235,285	4,871,718
Deferred revenue (Page 28)	4,483,447	3,156,155
Long-term liabilities (Note 6)	25,410,328	21,192,999
	<u>47,830,973</u>	<u>49,937,684</u>
Net debt	(33,070,162)	(30,411,194)
<b>Non-financial assets</b>		
Inventory of supplies	463,385	427,753
Prepaid expenses	199,111	155,326
Tangible capital assets (Note 7)	251,650,738	241,727,787
	<u>252,313,234</u>	<u>242,310,866</u>
Accumulated surplus (Note 8)	<u>\$ 219,243,072</u>	<u>\$ 211,899,672</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	2018 Budget (Note 10)	2018 Actual	2017 Actual
<b>Revenue</b>			
Taxation	\$ 28,804,786	\$28,789,835	\$ 28,379,905
Fees and user charges	14,032,191	14,745,087	14,479,802
Government transfers (Note 15)	10,856,938	9,127,068	12,450,486
Other income (Note 11)	2,712,498	3,837,760	2,048,166
	<u>56,406,413</u>	<u>56,499,750</u>	<u>57,358,359</u>
<b>Expenses</b>			
General government	5,017,652	3,435,637	4,514,602
Protection services	15,755,359	15,980,382	15,537,396
Transportation services	7,246,661	7,241,941	8,733,189
Environmental services	14,406,738	11,318,365	10,686,712
Health services	250,563	415,613	459,628
Recreation and cultural services	9,492,224	9,389,013	9,778,959
Planning and development	890,946	1,375,399	1,299,521
	<u>53,060,143</u>	<u>49,156,350</u>	<u>51,010,007</u>
Annual surplus (Note 10)	3,346,270	7,343,400	6,348,352
Accumulated surplus, beginning of the year	<u>211,899,672</u>	<u>211,899,672</u>	<u>205,551,320</u>
<b>Accumulated surplus, end of the year</b>	<u>\$215,245,942</u>	<u>\$219,243,072</u>	<u>\$211,899,672</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	2018 Budget (Note 10)	2018 Actual	2017 Actual
Annual surplus (Page 6)	\$ 3,346,270	\$ 7,343,400	\$ 6,348,352
Acquisition of tangible capital assets	(19,646,847)	(17,858,374)	(16,255,964)
Amortization of tangible capital assets	7,855,592	7,855,592	6,293,536
Proceeds on disposal of assets	-	314,056	261,334
Loss (gain) on disposal of assets	-	(234,225)	207,005
Write-downs of tangible capital assets	-	-	797,555
	<u>(11,791,255)</u>	<u>(9,922,951)</u>	<u>(8,696,534)</u>
Change in prepaid expenses	-	(43,785)	568,704
Change in inventories of supplies	-	(35,632)	70,765
	<u>-</u>	<u>(79,417)</u>	<u>639,469</u>
Increase in net debt	(8,444,985)	(2,658,968)	(1,708,713)
Net debt, beginning of the year	<u>(30,411,194)</u>	<u>(30,411,194)</u>	<u>(28,702,481)</u>
Net debt, end of the year	<u>\$ (38,856,179)</u>	<u>\$ (33,070,162)</u>	<u>\$ (30,411,194)</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	2018	2017
Cash provided by (used in)		
Operating activities		
Annual surplus	\$ 7,343,400	\$ 6,348,352
Items not involving cash		
Amortization	7,855,592	6,293,536
Post-employment benefits	363,567	(3,600)
Solid waste landfill liability	(464,050)	547,389
Loss (gain) on disposal of assets	(234,225)	1,004,560
Deferred revenue recognized	(1,969,615)	(1,059,487)
Change in inventory of supplies	(35,632)	70,765
	<u>12,859,037</u>	<u>13,201,515</u>
Changes in non-cash working capital balances		
Taxes receivable	361,092	(256,046)
Trade and other receivables	3,999,063	(1,660,066)
Inventory held for resale	(22,805)	10,642
Accounts payable and accrued liabilities	2,089,151	(3,937,701)
Deferred revenue received	3,296,907	1,797,439
Prepaid expenses	(43,785)	568,704
	<u>22,538,660</u>	<u>9,724,487</u>
Capital transactions		
Cash used to acquire capital assets	(17,858,374)	(16,255,964)
Proceeds on sale of capital assets	314,056	261,334
	<u>(17,544,318)</u>	<u>(15,994,630)</u>
Investing activities		
(Increase) decrease in long-term receivables	919,672	(1,682,841)
(Increase) decrease in investments	13,751	(10,285)
	<u>933,423</u>	<u>(1,693,126)</u>
Financing activities		
Additions to long-term liabilities	7,926,000	-
Repayment of long-term liabilities	(3,708,671)	(2,606,459)
Increase (decrease) in temporary borrowings	(9,640,000)	10,220,000
	<u>(5,422,671)</u>	<u>7,613,541</u>
Net change in cash and cash equivalents	505,094	(349,728)
Cash, beginning of the year	389,409	739,137
Cash, end of the year	<u>\$ 894,503</u>	<u>\$ 389,409</u>

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

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

December 31, 2018

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

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

December 31, 2018

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### 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.

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

December 31, 2018

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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.												

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

December 31, 2018

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Post-Employment Benefits	<p>The municipality provides post-employment health, dental, life insurance benefits and other benefits to eligible retired employees. The benefits earned by employees are determined using management's best estimate of expected benefit costs and are expensed as services are rendered.</p> <p>Previously the municipality was an employer included under Schedule 2 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 2 employer status. The cost of the claims are determined using management's best estimate.</p> <p>The contributions to the Ontario Municipal Employers Retirement System ("OMERS"), a multi-employer defined benefit plan, are expensed when contributions are due.</p>
Liability for Contaminated Sites	<p>A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries. Management is not aware of any contaminated sites for which a liability needs to be recognized.</p>
Solid Waste Landfill Closure and Post-Closure Costs	<p>Site closure and post-closure care costs were recognized over the operating life of the landfill based on capacity used. The liability is recorded at its discounted value, based on the average long-term borrowing rate of the municipality. The landfill is now in the post-closure phase.</p>
Trust Funds	<p>Funds held in trust by the municipality, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately on the trust funds statement of continuity and balance sheet.</p>

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

December 31, 2018

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1. Cash		2018	2017
		\$ 894,503	\$ 389,409

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%.

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2. Investments		2018	2017
		\$ 4,131,904	\$ 4,145,655

Investments include government bonds, municipal debentures and commercial paper from chartered banks with effective interest rates of 2.1% to 4.875%. Interest is receivable on a semi-annual basis. Investments have a market value of \$4,161,079 (2017 - \$4,207,504) at the end of the year.

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3. Other Receivables		2018	2017
	Loan, non-interest bearing, due on demand	\$ 75,000	\$ 75,000
	Loan, interest at 2.0%, due August 2022	763,169	800,000
	Loan, interest at 2.0%, due August 2018	-	882,841
		\$ 838,169	\$ 1,757,841

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

December 31, 2018

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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, 2018, the City had a \$9,280,000 unused credit facility.

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5. Solid Waste Landfill Closure and Post-Closure Liabilities

The landfill was closed May 2005. The liability for the landfill site is recorded at \$2,749,132 (2017 - \$3,213,182) 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 \$3,169,659 leaving an amount to be recognized of \$420,527. Post-closure care is estimated to continue for a period of 25 years from the date of of closure.

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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>2018</u>	<u>2017</u>
Debentures payable, 2.69% - 4.0%, principal and interest payable semi- annually, various maturities	\$30,718,475	\$ 25,653,564
Less: Debentures issued internally	<u>(5,308,147)</u>	<u>(4,460,565)</u>
	<u>\$25,410,328</u>	<u>\$ 21,192,999</u>

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

2019	\$ 2,658,156
2020	2,347,437
2021	1,865,398
2022	1,378,607
2023	862,658
Thereafter	<u>16,298,072</u>
	<u>\$ 25,410,328</u>

Interest paid during the year on long-term debt was \$809,150 (2017 - \$779,582).

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

December 31

7. Tangible Capital Assets

								2018
	Land	Land Improvement	Buildings and Structures	Vehicles, Machinery and Equipment	Roads and Sidewalks	Bridges	Water and Sewer Infrastructure	Total
Cost, beginning of the year	\$ 6,744,258	\$ 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	3,408,948	332,139	2,810,711	17,858,374
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>84,227,359</u>	<u>11,875,327</u>	<u>106,111,150</u>	<u>387,725,435</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>\$ 49,332,835</u>	<u>\$ 9,189,775</u>	<u>\$ 60,743,623</u>	<u>\$ 251,650,738</u>

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

December 31

7. Tangible Capital Assets - (continued)

								2017
	Land	Land Improvement	Buildings and Structures	Vehicles, Machinery and Equipment	Roads and Sidewalks	Bridges	Water and Sewer Infrastructure	Total
Cost, beginning of the year	\$ 6,744,258	\$ 12,048,132	\$ 124,167,292	\$ 27,605,222	\$ 81,785,809	\$ 11,391,339	\$ 93,518,479	\$ 357,260,531
Additions	-	-	3,576,920	1,235,175	79,301	151,849	11,212,719	16,255,964
Disposals	-	-	-	(487,254)	(217,730)	-	(1,322,447)	(2,027,431)
Write-downs during the year	-	-	-	-	(724,149)	-	(73,406)	(797,555)
Cost, end 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
Accumulated amortization, beginning of the year	-	5,056,345	26,806,029	13,424,902	32,142,197	2,355,751	44,444,054	124,229,278
Amortization	-	276,865	1,755,419	1,634,903	1,528,441	163,636	934,272	6,293,536
Disposals	-	-	-	(435,907)	(115,268)	-	(1,007,917)	(1,559,092)
Accumulated amortization, end of the year	-	5,333,210	28,561,448	14,623,898	33,555,370	2,519,387	44,370,409	128,963,722
Net carrying amount, end of the year	\$ 6,744,258	\$ 6,714,922	\$ 99,182,764	\$ 13,729,245	\$ 47,367,861	\$ 9,023,801	\$ 58,964,936	\$ 241,727,787

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

December 31, 2018

7. Tangible Capital Assets - (continued)

The net book value of tangible capital assets not being amortized because they are under construction is \$15,349,141 (2017 - \$9,715,588).

Interest of \$155,883 (2017 - \$289,824) 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:

	2018	2017
Invested in tangible capital assets		
Tangible capital assets at cost less amortization	\$ 251,650,738	\$ 241,727,787
Unfinanced capital assets	(21,605,368)	(24,540,037)
Capital assets financed by long-term liabilities and to be funded in future years (Note 6)	(30,718,475)	(25,653,564)
Total invested in capital assets	199,326,895	191,534,186
Unfunded post-employment benefits	(5,235,285)	(4,871,718)
Unfunded solid waste closure and post-closure costs	(2,749,132)	(3,213,182)
General surplus (deficit) (Note 10)	8,811	11,037
Unfunded tax adjustments	(27,235)	(27,235)
Library Adult Learning Centre surplus	70,339	70,126
Art Gallery	(442,206)	(532,868)
	190,952,187	182,970,346
Reserves and reserve funds (Note 9)	28,290,885	28,929,326
Accumulated surplus	\$ 219,243,072	\$ 211,899,672

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

December 31, 2018

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

	2018	2017
Reserves		
Working funds	\$ 729,144	\$ 959,475
Capital purposes	2,592,464	2,785,767
	3,321,608	3,745,242
Reserve funds		
Sick leave	12,707	13,424
Capital purposes	24,956,570	25,170,660
	24,969,277	25,184,084
Total reserves and reserve funds	\$28,290,885	\$ 28,929,326

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 2018 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.

	2018 Budget	2018 Actual	2017 Actual
Annual surplus (Page 6)	\$ 3,346,270	\$ 7,343,400	\$ 6,348,352
Prior year general surplus (deficit)	-	11,037	(12,391)
Net transfers from (to) reserves	5,702,654	638,441	(756,341)
Capital acquisitions, disposals and write-down	(19,646,847)	(17,778,543)	(14,990,070)
Amortization	7,855,592	7,855,592	6,293,536
Proceeds from long-term debt	5,562,219	7,926,000	-
Debt principal repayments	(2,819,888)	(2,861,088)	(3,164,978)
Change in unfunded liabilities	-	(100,483)	181,142
Change in Art Gallery	-	(90,662)	532,868
Change in other surpluses	-	(213)	(1,016)
	-	2,943,481	(5,568,898)
Change in capital projects not funded	-	(2,934,670)	5,579,935
	\$ -	\$ 8,811	\$ 11,037

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

December 31, 2018

11. Other Income

	2018 Budget	2018 Actual	2017 Actual
Penalties and interest on taxation	\$ 300,000	\$ 328,746	\$ 352,719
Other fines and penalties	132,000	135,694	152,167
Investment income	35,000	321,236	488,978
Licenses, permits and rents	1,459,105	1,558,704	1,476,130
Donations	412,896	781,378	514,071
Gain (loss) on disposal of capital assets and writedowns of assets	-	234,225	(1,004,560)
Contributions from developers	45,000	297,882	-
Contributions from non-consolidated entities	25,000	31,422	27,655
Other and miscellaneous	303,497	148,473	41,006
	<u>\$ 2,712,498</u>	<u>\$ 3,837,760</u>	<u>\$ 2,048,166</u>

12. Pension Agreements

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 247 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 2018 by the City was \$1,840,519 (2017 - \$1,840,382). The contribution rate for 2018 was 9.0% to 15.8% depending on age and income level (2017 - 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, 2018. At that time the plan reported a \$4.19 billion actuarial deficit (2017 - \$5.40 billion), based on actuarial liabilities of \$99.06 billion (2017 - \$93.61 billion) and actuarial assets of \$94.87 billion (2017 - \$88.21 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, 2018

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.

	2018	2017
Financial assets	\$ 97,995	\$ 107,242
Liabilities	17,521	23,807
	80,474	83,435
Net financial assets		
Non-financial assets	8,136	11,042
	\$ 88,610	\$ 94,477
Accumulated surplus		
Revenues	\$ 259,821	\$ 250,385
Expenses	265,688	295,159
	\$ (5,867)	\$ (44,774)
Annual deficit		

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.

	2018	2017
Financial assets	\$ 1,209,688	\$ 1,103,621
Liabilities	708,880	667,960
	500,808	435,661
Net financial assets		
Non-financial assets	959,695	930,221
	\$ 1,460,503	\$ 1,365,882
Accumulated surplus		
Revenues	\$ 2,613,366	\$ 2,496,164
Expenses	2,518,745	2,485,599
	\$ 94,621	\$ 10,565
Annual surplus		

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

December 31, 2018

15. Government Transfers

	2018 Budget	2018 Actual	2017 Actual
Operating			
Province of Ontario			
Ontario Municipal Partnership Fund (OMPF)\$	1,140,000	\$ 1,144,900	\$ 754,900
- Other	2,740,569	1,910,045	1,851,258
	<u>3,880,569</u>	<u>3,054,945</u>	<u>2,606,158</u>
Government of Canada			
- Other	117,565	114,974	137,227
Other municipalities			
- Library	-	700,489	640,152
- Police	1,459,714	1,477,270	1,459,044
- Roads	150,000	150,100	146,398
- Other	-	12,933	12,807
	<u>1,609,714</u>	<u>2,340,792</u>	<u>2,258,401</u>
Total operating contributions	<u>5,607,848</u>	<u>5,510,711</u>	<u>5,001,786</u>
Capital			
Province of Ontario			
- Roads	2,370,000	1,476,764	223,715
- Sewer and water	60,000	400	2,957,798
- Other	-	7,500	-
	<u>2,430,000</u>	<u>1,484,664</u>	<u>3,181,513</u>
Government of Canada			
- Roads	-	56,525	3,120
- Sewer and water	1,419,090	941,739	3,814,604
- Other	-	64,143	449,463
	<u>1,419,090</u>	<u>1,062,407</u>	<u>4,267,187</u>
Other municipalities			
- Roads	1,400,000	1,069,286	-
Total capital contributions	<u>5,249,090</u>	<u>3,616,357</u>	<u>7,448,700</u>
Total contributions	<u>\$ 10,856,938</u>	<u>\$ 9,127,068</u>	<u>\$ 12,450,486</u>

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

December 31, 2018

16. Post-Employment Benefits

	2018	2017
Sick leave liability	\$ 7,622	\$ 7,622
Vacation pay liability	999,264	971,428
Post-employment benefits	4,169,199	3,828,468
WSIB future benefit	59,200	64,200
	\$ 5,235,285	\$ 4,871,718

- 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, 2018. 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 \$939,800 (2017 - \$1,528,400).

	2018	2017
Current period benefit cost	\$ 260,700	\$ 266,100
Amortization of actuarial loss	588,600	169,800
Plan amendments incurred	(418,800)	-
Interest costs	186,600	182,200
Total expense for the year	\$ 617,100	\$ 618,100

- 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 2 employer. An actuarial valuation has been performed using the projected benefit method. The most recent actuarial report was updated as at December 31, 2018. The total benefits not yet awarded and provision for presumptive cancer legislation for firefighters for the period in which the municipality was a Schedule 2 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.

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

December 31, 2018

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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:

	2018	2017
School boards	\$ 7,292,118	\$ 6,777,867
County of Grey	7,831,809	7,526,143
	<u>\$15,123,927</u>	<u>\$ 14,304,010</u>

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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, 2018, the trust fund balances are as follows:

	2018	2017
Cemetery Care and Maintenance Funds	\$ 1,299,499	\$ 1,273,456
Art Collection and Gallery Building Trust	117,761	115,680
	<u>\$ 1,417,260</u>	<u>\$ 1,389,136</u>

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19. Contractual Commitments

The Corporation of the City of Owen Sound has awarded construction contracts related to the Downtown River Precinct and the design of the 10th Street bridge replacement. At December 31, 2018, \$1,658,879 remains to be spent on these contracts.

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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.

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

December 31, 2018

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21. Segmented Information

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

Administration Services

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

Operation Services

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

Community Services

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

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.

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

December 31, 2018

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21. Segmented Information - (continued)

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.

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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
<b>Revenue</b>								
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>
<b>Expenses</b>								
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	7,389,834	888,458	1,120,157	412,813	1,136,006	470,170	11,803,356
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>18,560,306</u>	<u>3,114,901</u>	<u>3,449,513</u>	<u>1,375,399</u>	<u>15,980,382</u>	<u>3,240,212</u>	<u>49,156,350</u>
<b>Annual surplus (deficit)</b>	<b>\$ (748,521)</b>	<b>\$ 7,239,693</b>	<b>\$ (1,048,621)</b>	<b>\$ (1,310,179)</b>	<b>\$ (1,174,799)</b>	<b>\$ 1,830,974</b>	<b>\$ 2,554,853</b>	<b>\$ 7,343,400</b>

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	2017 Total
<b>Revenue</b>								
Taxation	\$ 1,418,995	\$ 7,662,574	\$ -	\$ 1,702,794	\$ -	\$ 14,189,953	\$ 3,405,589	\$ 28,379,905
Fees and user charges	153,808	12,970,701	625,709	167,036	60,076	235,984	266,488	14,479,802
Specific grants	44,000	7,780,720	-	2,713	242,069	1,940,399	1,685,685	11,695,586
OMPF grant	37,745	203,823	-	45,294	-	377,450	90,588	754,900
Other revenue	140,101	196,710	1,113,087	134,237	11,613	261,608	190,810	2,048,166
	<u>1,794,649</u>	<u>28,814,528</u>	<u>1,738,796</u>	<u>2,052,074</u>	<u>313,758</u>	<u>17,005,394</u>	<u>5,639,160</u>	<u>57,358,359</u>
<b>Expenses</b>								
Salaries and benefits	1,537,440	5,446,152	1,153,666	1,271,830	624,329	13,131,960	1,532,612	24,697,989
Interest on debt	45,464	515,438	13,906	1,079	-	203,695	-	779,582
Materials and supplies	1,978,145	6,863,248	1,129,131	967,540	431,638	1,036,592	744,105	13,150,399
Contracted services	436,212	2,981,562	340,818	48,620	175,460	374,329	64,113	4,421,114
Other transfers	80,889	-	-	-	9,047	245,022	1,098,128	1,433,086
Rents and financial expenses	42,068	107,693	18,003	10,395	28,565	13,978	13,599	234,301
Amortization	394,386	3,505,808	926,255	675,998	5,876	535,922	249,291	6,293,536
	<u>4,514,604</u>	<u>19,419,901</u>	<u>3,581,779</u>	<u>2,975,462</u>	<u>1,274,915</u>	<u>15,541,498</u>	<u>3,701,848</u>	<u>51,010,007</u>
<b>Annual surplus (deficit)</b>	<b>\$ (2,719,955)</b>	<b>\$ 9,394,627</b>	<b>\$ (1,842,983)</b>	<b>\$ (923,388)</b>	<b>\$ (961,157)</b>	<b>\$ 1,463,896</b>	<b>\$ 1,937,312</b>	<b>\$ 6,348,352</b>

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

For the year ended December 31, 2018

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
<b>Obligatory Reserve Funds</b>					
Federal Gas Tax	\$ 231,164	\$ 690,784	\$ 3,508	\$ (717,654)	\$ 207,802
Provincial Transit Gas Tax	267,632	246,223	5,398	(246,223)	273,030
Development charges	1,562,752	63,223	27,231	(297,882)	1,355,324
Building development	318,494	-	5,523	-	324,017
Recreational land	121,388	16,613	2,148	-	140,149
	2,501,430	1,016,843	43,808	(1,261,759)	2,300,322
<b>Other</b>					
Other deferred revenues	241,719	59,159	-	(5,269)	295,609
Ontario Community Infrastructure Fund	413,006	668,011	9,086	(702,587)	387,516
Connecting link program	-	1,500,000	-	-	1,500,000
	\$ 3,156,155	\$ 3,244,013	\$ 52,894	\$ (1,969,615)	\$4,483,447

The Corporation of the  
City of Owen Sound  
Trust Funds  
Financial Information  
For the year ended December 31, 2018

The Corporation of the City of Owen Sound  
Trust Funds Financial Information  
For the year ended December 31, 2018

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The Corporation of the City of Owen Sound

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## Independent Auditor's Report

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To the Members of Council, Inhabitants and Ratepayers  
of the Corporation of the City of 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, 2018, 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, 2018 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 26, 2019

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

December 31, 2018

	Cemetery Care and Maintenance	Art Collection and Gallery Building Trust	Total 2018	Total 2017
Assets				
Cash	\$ 832,886	\$ 117,760	\$ 950,646	\$ 815,244
Investments (Note 2)	347,022	-	347,022	454,806
	1,179,908	117,760	1,297,668	1,270,050
Other				
Due from City of Owen Sound	119,592	-	119,592	119,086
	\$ 1,299,500	\$ 117,760	\$1,417,260	\$ 1,389,136
<b>Fund Balance</b>	<b>\$ 1,299,500</b>	<b>\$ 117,760</b>	<b>\$1,417,260</b>	<b>\$ 1,389,136</b>

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

For the year ended December 31, 2018

	Cemetery Care and Maintenance	Art Collection and Gallery Building Trust	Total 2018	Total 2017
Balance, beginning of the year	\$ 1,273,456	\$ 115,680	\$1,389,136	\$ 1,366,061
Receipts				
Share of plot sales	26,043	-	26,043	21,805
Interest earned	27,705	2,080	29,785	25,243
	53,748	2,080	55,828	47,048
Expenditures				
Transfer to City of Owen Sound	27,704	-	27,704	23,973
Balance, end of the year	\$ 1,299,500	\$ 117,760	\$1,417,260	\$ 1,389,136

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

December 31, 2018

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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.

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2. Investments

The total investments of \$347,022 (2017 - \$454,806) reported on the balance sheet at cost have a market value of approximately \$347,022 (2017 - \$454,806) at the end of the year.

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