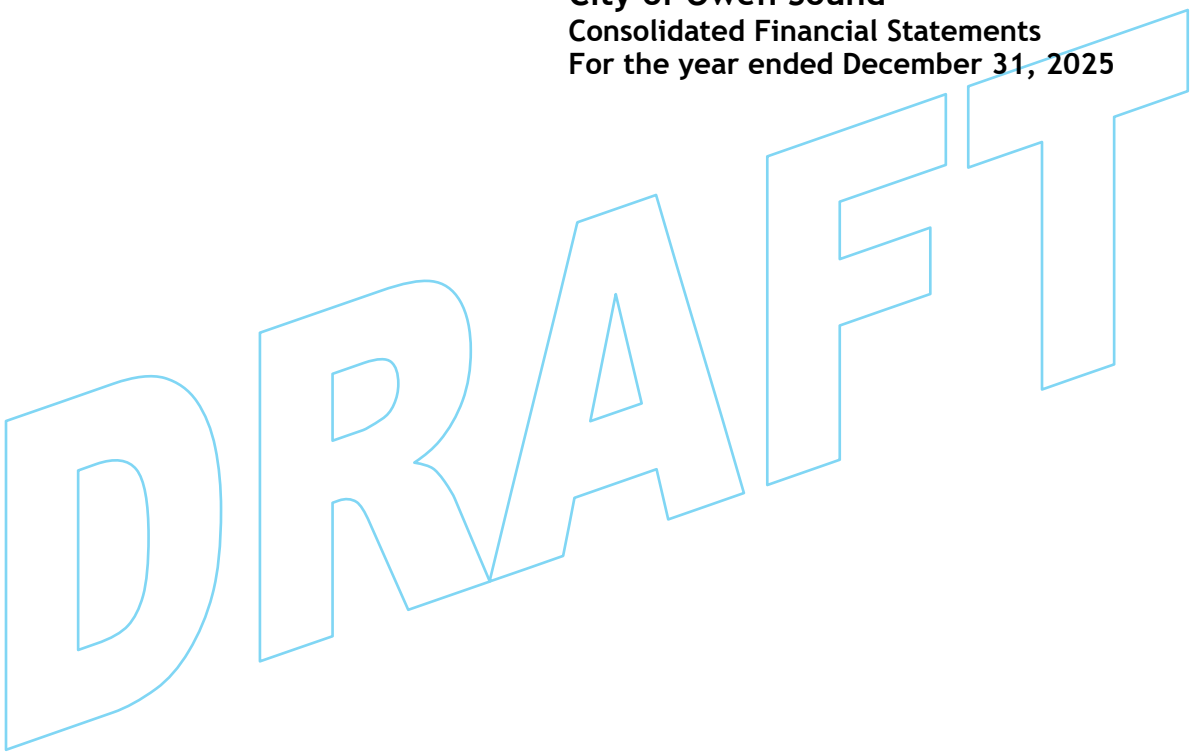
The Corporation of the City of Owen Sound

Consolidated Financial Statements

For the year ended December 31, 2025



The Corporation of the City of Owen Sound
Consolidated Financial Statements
For the year ended December 31, 2025

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The Corporation of the City of Owen Sound

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

Opinion

We have audited the consolidated financial statements of City of Owen Sound (the "City"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of operations, 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, 2025, and the results of its consolidated operations, changes in its 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.

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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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the City as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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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.

Owen Sound, Ontario

Date, 2026

Chartered Professional Accountants

Licensed Public Accountants

MNP

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

December 31	2025	2024
Financial assets		
Cash (Note 1)	**$ 35,288,204**	$ 29,016,897
Investments (Note 2)	**9,827,700**	9,827,700
Taxes receivable	**3,955,593**	3,655,750
Trade and other receivables	**9,410,143**	9,866,199
Loans receivable (Note 3)	**2,124,041**	75,000
	60,605,681	52,441,546
Liabilities		
Accounts payable and accrued liabilities	**12,664,997**	10,240,611
Asset retirement obligation liability (Note 4)	**4,015,136**	4,149,397
Post-employment benefits (Note 16)	**8,072,083**	7,735,228
Deferred revenue (Page 30)	**16,965,116**	12,235,687
Long-term liabilities (Note 6)	**28,412,403**	30,512,141
	70,129,735	64,873,064
Net debt	**(9,524,054)**	(12,431,518)
Non-financial assets		
Inventory of supplies	**756,604**	792,300
Prepaid expenses	**406,560**	424,777
Tangible capital assets (Note 7)	**281,552,340**	271,797,311
	282,715,504	273,014,388
Accumulated surplus (Note 8)	**$ 273,191,450**	$260,582,870

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

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

For the year ended December 31	2025 Budget (Note 10)	**2025 Actual**	2024 Actual
Revenue			
Taxation	$ 36,481,648	**$ 36,517,787**	$ 35,396,533
Fees and user charges	20,481,351	**21,149,231**	19,536,742
Government transfers (Note 15)	9,102,059	**13,393,800**	18,449,422
Other income (Note 11)	6,398,608	**6,260,632**	4,829,151
	72,463,666	**77,321,450**	78,211,848
Expenses			
General government	5,949,579	**5,247,589**	6,129,400
Protection services	20,570,780	**23,392,610**	20,774,169
Transportation services	6,248,476	**12,104,893**	9,255,202
Environmental services	14,162,163	**11,413,024**	12,726,796
Health services	371,505	**474,303**	419,911
Recreation and cultural services	7,624,526	**10,687,790**	11,849,442
Planning and development	1,158,698	**1,392,661**	1,265,933
	56,085,727	**64,712,870**	62,420,853
Annual surplus (Note 10)	16,377,939	**12,608,580**	15,790,995
Accumulated surplus, beginning of the year	260,582,870	260,582,870	244,791,875
Accumulated surplus, end of the year	$276,960,809	**$ 273,191,450**	$260,582,870

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

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

For the year ended December 31	2025 Budget (Note 10)	**2025 Actual**	2024 Actual
Annual surplus (Page 5)	$ 16,377,939	**$ 12,608,580**	$ 15,790,995
Acquisition of tangible capital assets	(29,041,270)	**(18,750,380)**	(18,646,719)
Amortization of tangible capital assets	-	**8,979,079**	8,368,383
Proceeds on disposal of assets	-	**324,895**	140,919
Loss (gain) on disposal of assets	-	**(308,623)**	352,517
	(29,041,270)	**(9,755,029)**	(9,784,900)
Change in prepaid expenses	-	**18,217**	1,258,459
Change in inventories of supplies	-	**35,696**	29,907
	-	**53,913**	1,288,366
(Increase) decrease in net debt	(12,663,331)	**2,907,464**	7,294,461
Net debt, beginning of the year	(12,431,518)	**(12,431,518)**	(19,725,979)
Net debt, end of the year	$ (25,094,849)	**$ (9,524,054)**	$ (12,431,518)

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

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

For the year ended December 31	2025	2024
Cash provided by (used in)		
Operating activities		
Annual surplus	**$ 12,608,580**	$ 15,790,995
Items not involving cash		
Amortization	**8,979,079**	8,368,383
Post-employment benefits	**336,855**	424,575
Accretion	**95,794**	99,141
Loss (gain) on disposal of assets	**(308,623)**	352,517
Derecognition of asset retirement obligation	**-**	(73,693)
Deferred revenue recognized	**(3,062,071)**	(8,518,773)
Change in inventory of supplies	**35,696**	29,907
	18,685,310	16,473,052
Changes in non-cash working capital balances		
Taxes receivable	**(299,843)**	(860,397)
Trade and other receivables	**456,056**	(3,996,253)
Inventory held for resale	**-**	4,125
Accounts payable and accrued liabilities	**2,424,386**	2,452,359
Deferred revenue received	**7,791,500**	7,863,740
Prepaid expenses	**18,217**	1,258,459
	29,075,626	23,195,085
Capital transactions		
Cash used to acquire capital assets	**(18,750,380)**	(18,646,719)
Proceeds on sale of capital assets	**324,895**	140,919
Asset retirement cash outlays	**(230,055)**	(186,568)
	(18,655,540)	(18,692,368)
Investing activities		
Increase in loans receivable	**(2,049,041)**	-
Financing activities		
Repayment of long-term liabilities	**(2,099,738)**	(2,029,228)
Net change in cash	**6,271,307**	2,473,489
Cash, beginning of the year	**29,016,897**	26,543,408
Cash, end of the year	**$ 35,288,204**	$ 29,016,897

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

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

December 31, 2025

Management Responsibility

The management of the Corporation of the City of Owen Sound has prepared and is responsible for the integrity, objectivity and accuracy of the financial information presented in these consolidated financial statements. The Corporate Services Committee reviews and approves the consolidated financial statements before they are submitted to Council.

Basis of Accounting

The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of Chartered Professional Accountants of Canada as prescribed by the Ontario Ministry of Municipal Affairs and Housing.

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

Basis of Consolidation

The consolidated statements reflect the assets, liabilities, revenues and expenses of all municipal organizations, committees, and boards which are owned or controlled by Council. All interfund assets and liabilities and revenues and expenses have been eliminated on consolidation.

The following boards controlled by Council have been consolidated:

Owen Sound and North Grey Union Public Library

Owen Sound River District

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future. Estimates are used when accounting for items such as accrued grant receivables, accrued liabilities, useful lives of capital assets, post-employment benefits liability, asset retirement obligation liability and taxes receivable.

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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. Revenue related to fees or services received in advance of the fee being earned or when the service is performed is deferred and recognized when the fee is earned on the service performed.

d) Investment income earned on surplus funds (other than obligatory reserve funds) are reported as revenue in the period earned. Investment income earned on obligatory reserve funds is recorded directly to each fund balance and forms part of the respective deferred revenue balances.

e) Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the consolidated statement of operations as the stipulation liabilities are settled.

f) Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the consolidated statement of financial position. The revenue is reported on the consolidated statement of operations in the year in which it is used for the specified purpose.

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December 31, 2025

Financial Instruments

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

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

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

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

Inventory

Inventory of goods held for resale is recorded at the lower of cost and net realizable value. Cost is determined on the average cost basis.

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

Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Amortization is provided over the estimated useful life of the assets using the straight-line method. The useful life of the assets is based on estimates made by management. The following useful lives are used:

Land improvements	40 - 75 years
Buildings and structures	15 - 40 years
Vehicles, machinery and equipment	3 - 20 years
Roads and sidewalks	10 - 80 years
Bridges and other structures	40 - 80 years
Water and sewer infrastructure	40 - 90 years

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

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Intangible Assets

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

Post-Employment Benefits

The City 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 City 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 City is still liable for claims relating to Schedule II employer status. The cost of the claims are determined using management's best estimate.

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

Asset Retirement Obligations

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

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December 31, 2025

Liability for Contaminated Sites

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. Management is not aware of any contaminated sites for which a liability needs to be recognized.

County and School Boards

The City collects taxation revenue on behalf of the school boards and the County of Grey. The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards and the County of Grey, are not reflected in these financial statements.

Trust Funds

Funds held in trust by the City, 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.

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1. Cash

	2025	2024
Cash and bank	$ 35,288,204	$ 29,016,897

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

December 31, 2025

2. Investments

	2025	2024
Unrestricted	**$ 9,827,700**	$ 9,827,700

Investments include guaranteed investment certificates, government bonds, municipal debentures and commercial paper from chartered banks with effective interest rates of 1.35% to 5.65%. Interest is receivable on a semi-annual basis. Due September 2026 to September 2032.

3. Loans Receivable

	2025	2024
Loan, non-interest bearing, due on demand	**$ 75,000**	$ 75,000
Loan, interest at 4.20%, $95,059 blended semi-annual payments, due April 2040	**2,049,041**	-
	$ 2,124,041	$ 75,000

4. Asset Retirement Obligation Liability

The City's financial statements include an asset retirement obligation related to remediation required for asbestos present in 22 municipal buildings, along with closure and post-closure costs of the City's closed landfill site. As at year-end, an obligation of $4,015,136 has been accrued on the statement of financial position. This amount was determined based on total undiscounted expenditures of $5,273,990 present valued at a discount rate of 2.37% as follows:

Buildings with asbestos	25 - 40 years
Landfill	7 years

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

	2025	2024
Asset retirement obligation, opening	**$ 4,149,397**	$ 4,310,517
Accretion expense	**95,794**	99,141
Cash outlays	**(230,055)**	(186,568)
Derecognition of asset retirement obligation	**-**	(73,693)
Asset retirement obligation, closing	**$ 4,015,136**	$ 4,149,397

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5. Temporary Borrowings

The City of Owen Sound has a demand operating facility with a financial institution at prime less 0.75%. At December 31, 2025, the City had a $1,000,000 unused credit facility.

6. Long-Term Liabilities

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

	2025	2024
Debentures payable, 1.98% to 4.16%, principal and interest payable semi-annually, due 2031 to 2043	**$ 29,225,046**	$ 31,902,687
Less: Debentures issued internally	**(812,643)**	(1,390,546)
	$ 28,412,403	$ 30,512,141

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

2026	$ 2,172,833
2027	2,248,609
2028	2,327,164
2029	2,408,610
2030	2,493,144
Thereafter	16,762,043
	$ 28,412,403

Interest paid during the year on external long-term debt was $975,602 (2024 - $1,046,112).

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7. Tangible Capital Assets

2025

	Land	Land Improvement	Buildings and Structures	Vehicles, Machinery and Equipment	Roads and Sidewalks	Bridges and Other Structures	Water and Sewer Infrastructure	Total
Cost, beginning of the year	$ 6,757,496	$ 11,432,764	$ 141,082,833	$ 38,161,520	$112,235,880	$13,533,094	$ 124,237,188	$ 447,440,775
Additions	271,472	-	4,454,209	2,138,541	1,037,573	9,646	10,838,939	18,750,380
Disposals	-	-	-	(818,586)	-	-	-	(818,586)
Cost, end of the year	7,028,968	11,432,764	145,537,042	39,481,475	113,273,453	13,542,740	135,076,127	465,372,569
Accumulated amortization, beginning of the year	-	7,451,921	42,618,143	19,373,393	44,414,663	3,901,647	57,883,697	175,643,464
Amortization	-	387,734	2,056,160	2,371,307	1,693,076	188,143	2,282,659	8,979,079
Disposals	-	-	-	(802,314)	-	-	-	(802,314)
Accumulated amortization, end of the year	-	7,839,655	44,674,303	20,942,386	46,107,739	4,089,790	60,166,356	183,820,229
Net carrying amount, end of the year	$ 7,028,968	$ 3,593,109	$ 100,862,739	$ 18,539,089	$ 67,165,714	$ 9,452,950	$ 74,909,771	$ 281,552,340

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7. Tangible Capital Assets - (continued)

2024

	Land	Land Improvement	Buildings and Structures	Vehicles, Machinery and Equipment	Roads and Sidewalks	Bridges and Other Structures	Water and Sewer Infrastructure	Total
Cost, beginning of the year	$ 6,511,096	$ 11,432,764	$ 139,137,916	$ 36,075,937	$104,862,265	$13,533,094	$ 118,923,413	$ 430,476,485
Additions	246,400	-	1,944,917	3,028,510	8,021,760	-	5,405,132	18,646,719
Disposals	-	-	-	(942,927)	(648,145)	-	(91,357)	(1,682,429)
Cost, end of the year	6,757,496	11,432,764	141,082,833	38,161,520	112,235,880	13,533,094	124,237,188	447,440,775
Accumulated amortization, beginning of the year	-	7,068,392	40,681,930	18,143,186	43,129,921	3,730,342	55,710,303	168,464,074
Amortization	-	383,529	1,936,213	2,022,219	1,621,146	171,305	2,233,971	8,368,383
Disposals	-	-	-	(792,012)	(336,404)	-	(60,577)	(1,188,993)
Accumulated amortization, end of the year	-	7,451,921	42,618,143	19,373,393	44,414,663	3,901,647	57,883,697	175,643,464
Net carrying amount, end of the year	$ 6,757,496	$ 3,980,843	$ 98,464,690	$ 18,788,127	$ 67,821,217	$ 9,631,447	$ 66,353,491	$ 271,797,311

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7. Tangible Capital Assets - (continued)

The net book value of tangible capital assets not being amortized because they are under construction is $16,919,428 (2024 - $4,885,710).

Interest of $Nil (2024 - $124,183) was capitalized to tangible capital assets during the year.

The City 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:

	2025	2024
Invested in tangible capital assets		
Tangible capital assets at cost less amortization	**$ 281,552,340**	$271,797,311
Unfinanced capital assets	**(17,474,570)**	(11,399,751)
Capital assets financed by long-term liabilities and to be funded in future years (Note 6)	**(29,225,046)**	(31,902,687)
Total invested in capital assets	**234,852,724**	228,494,873
Unfunded post-employment benefits (Note 16)	**(7,132,103)**	(6,785,884)
Unfunded asset retirement obligation (Note 4)	**(4,015,136)**	(4,149,397)
Unexpended interest on deposits	**89,696**	105,563
Library Adult Learning Centre surplus	**71,175**	94,128
	223,866,356	217,759,283
Reserves and reserve funds (Note 9)	**49,325,094**	42,823,587
Accumulated surplus	**$ 273,191,450**	$260,582,870

During the year, the City's operating surplus of $343,042 was transferred to the tax stabilization reserve, as approved by Council.

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

	2025	2024
Reserves		
Working funds	**$ 587,280**	$ 512,156
Tax stabilization	**1,357,203**	1,117,374
Insurance contingency	**195,580**	100,000
Capital purposes	**3,540,265**	3,096,974
	5,680,328	4,826,504
Reserve funds		
Other	**-**	98,476
Capital purposes	**43,644,766**	37,898,607
	43,644,766	37,997,083
Total reserves and reserve funds	**$ 49,325,094**	$ 42,823,587

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 2025 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.

	2025 Budget	**2025 Actual**	2024 Actual
Annual surplus (Page 5)	$ 16,377,939	**$ 12,608,580**	$ 15,790,995
Net transfers from (to) reserves	11,086,247	**(6,158,465)**	(2,986,546)
Capital acquisitions and disposals	(29,041,270)	**(18,734,108)**	(18,153,283)
Change in capital projects not funded	-	**6,074,819**	(230,681)
Amortization	-	**8,979,079**	8,368,383
Proceeds from long-term debt	4,255,000	**-**	-
Debt principal repayments	(2,677,916)	**(2,677,641)**	(2,589,756)
Change in unfunded liabilities	-	**211,958**	218,734
Change in other surpluses	-	**38,820**	2,561
	-	**343,042**	420,407
Surplus transfer to reserves	-	**(343,042)**	(420,407)
	$ -	**$ -**	$ -

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11. Other Income

	2025 Budget	2025 Actual	2024 Actual
Penalties and interest on taxation	$ 440,000	$ 584,399	$ 520,114
Other fines and penalties	83,000	68,112	81,687
Investment income	310,000	1,444,131	1,838,160
Licenses and permits	589,543	461,047	563,939
Rents	1,411,689	1,638,084	1,569,120
Donations	546,114	262,347	329,617
Gain (loss) on disposal of capital assets	-	308,623	(352,517)
Contributions from developers	2,720,000	1,374,922	86,340
Contributions from non-consolidated entities	33,000	64,071	114,256
Other and miscellaneous	265,262	54,896	4,742
Derecognition of asset retirement obligation	-	-	73,693
	$ 6,398,608	$ 6,260,632	$ 4,829,151

12. Pension Agreements

The City makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 413 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 2025 by the City was $2,572,146 (2024 - $2,385,975). The contribution rate for 2025 was 9.0% to 15.8% depending on age and income level (2024 - 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 City does not recognize any share of the OMERS pension surplus or deficit. The last available report for the OMERS plan was as at December 31, 2025. At that time the plan reported a $1.3 billion actuarial deficit (2024 - $2.9 billion), based on actuarial liabilities of $149.6 billion (2024 - $140.8 billion) and actuarial assets of $148.3 billion (2024 - $137.9 billion). The adequacy of the current contribution rates will continue to be monitored.

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13. Owen Sound River District

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

	2025	2024
Financial assets	$ 195,896	$ 183,805
Liabilities	15,725	15,725
Net financial assets	180,171	168,080
Accumulated surplus	$ 180,171	$ 168,080
Revenues	$ 299,716	$ 289,910
Expenses	287,625	272,815
Annual surplus	$ 12,091	$ 17,095

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 City. The Owen Sound & North Grey Union Public Library has been consolidated into these financial statements.

	2025	2024
Financial assets	$ 1,008,792	$ 1,174,538
Liabilities	811,873	938,845
Net financial assets	196,919	235,693
Non-financial assets	948,118	983,147
Accumulated surplus	$ 1,145,037	$ 1,218,840
Revenues	$ 2,887,119	$ 2,961,362
Expenses	2,960,922	3,034,265
Annual deficit	$ (73,803)	$ (72,903)

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15. Government Transfers

	2025 Budget	2025 Actual	2024 Actual
Operating			
Province of Ontario			
Ontario Municipal Partnership Fund (OMPF)	$ 2,133,800	$ 2,133,800	$ 2,070,900
- Other	1,737,635	5,913,282	3,511,907
	3,871,435	8,047,082	5,582,807
Government of Canada			
- Roads	700,000	764,272	315,800
- Other	98,000	99,642	91,889
	798,000	863,914	407,689
Other municipalities			
- Library	-	803,672	790,862
- Police	206,924	144,123	127,335
- Roads	130,000	135,619	138,734
- Other	100,000	498,598	92,909
	436,924	1,582,012	1,149,840
Total operating contributions	5,106,359	10,493,008	7,140,336
Capital			
Province of Ontario			
- Recreation facility	-	-	35,888
- Roads	1,063,300	1,368,650	7,077,589
- Sewer and water	2,841,900	156,227	1,098,461
- Other	63,000	251,763	1,903,385
	3,968,200	1,776,640	10,115,323
Government of Canada			
- Recreation facility	27,500	-	-
- Roads	-	922,665	-
- Sewer and water	-	201,487	1,200,000
- Other	-	-	(11,837)
	27,500	1,124,152	1,188,163
Other municipalities			
- Roads and other	-	-	5,600
Total capital contributions	3,995,700	2,900,792	11,309,086
Total contributions	$ 9,102,059	$ 13,393,800	$ 18,449,422

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16. Post-Employment Benefits

	2025	2024
Sick leave liability	$ 3,471	$ 3,471
Vacation pay liability	1,656,713	1,642,858
Post-employment benefits liability	6,363,899	6,040,899
WSIB future benefit liability	48,000	48,000
	$ 8,072,083	$ 7,735,228

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, 2025. Of the balance $939,980 has been funded.

c) The City pays certain life insurance, health and dental benefits on behalf of its retired employees to the age of 65. The City recognizes these post-employment costs in the period in which the employees rendered the services. An actuarial valuation has been performed as at December 31, 2025 using the assumption of a 4.6% per year borrowing rate and a 4% per year inflation rate. This amount has not been funded. The post-employment benefit shown above is net of unamortized gain of $600,900, (2024 - unamortized loss of $136,100).

	2025	2024
Current period benefit cost	$ 305,000	$ 292,600
Amortization of actuarial loss	82,300	139,600
Interest costs	270,400	279,700
Contributions paid	(419,200)	(414,700)
Total expense for the year	$ 238,500	$ 297,200

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

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

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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:

	2025	2024
School boards	**$ 6,062,667**	$ 6,037,646
County of Grey	**9,810,719**	9,513,765
	$ 15,873,386	$ 15,551,411

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 operations. At December 31, 2025, the trust fund balances are as follows:

	2025	2024
Cemetery Care and Maintenance Funds	**$ 1,600,392**	$ 1,559,822
Art Collection and Gallery Building Trust	**143,122**	138,550
	$ 1,743,514	$ 1,698,372

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19. Contractual Commitments

The Corporation of the City of Owen Sound has awarded a construction contract totalling $4,377,600 related to 9th Ave E Road Rehabilitation and Watermain Replacement. At December 31, 2025, $2,286,909 remains to be spent on this contract.

20. Contingencies

a) 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 City against such claims.

b) The City of Owen Sound has been named in a claim for $3,000,000. The City's liability with respect to this claim is not determinable at this time.

21. Subsequent Event

In July 2026, the County of Grey approved transferring urban roads to local municipalities, including 15 km total in Owen Sound. The road transfer and transition funding take effect on June 1, 2027.

22. Financial Instruments

Financial Instrument Risk Management

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

Interest Rate Risk

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

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22. Financial Instruments - (continued)

Credit Risk

The City is exposed to credit risk arising from its cash, taxes receivable, trade and other receivables and loans receivable. On December 31, 2025, the City holds all of its cash deposits in one Canadian chartered bank. The Canadian Deposit Insurance Corporation insures deposits up to a maximum of $100,000 per depositor. There is the possibility of non-collection of taxes receivable, trade and other receivables and loans receivable. The majority of the City's receivables are from ratepayers and government entities. For receivables, the City measures impairment of each receivable type based on how long the amounts have been outstanding. The amounts outstanding at year end, which represent the City's maximum exposure to credit risk related to receivables, had been outstanding for the following periods as at December 31, 2025:

	0 - 30 days	31 - 90 days	91 - 365 days	1 to 2 years	3 to 10 years
Cash	$ 35,288,204	$ -	$ -	$ -	$ -
Investments	9,827,700	-	-	-	-
Taxes receivable	174,778	647,234	1,411,124	1,540,880	181,577
Trade and other receivables	3,656,562	1,767,229	2,950,582	943,559	92,211
Loans receivable	-	-	2,049,041	-	75,000
Total	$ 48,947,244	$ 2,414,463	$ 6,410,747	$ 2,484,439	$ 348,788

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22. Financial Instruments - (continued)

Liquidity Risk

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

	Within 6 months	6 months to 1 year	1 - 5 years	Over 5 years
Accounts payable and accrued liabilities	$ 4,134,966	$ 3,495,520	4,467,267	$ 567,244
Long-term debt	97,775	2,075,058	6,984,383	19,255,186
Total financial liabilities	$ 4,232,741	$ 5,570,578	11,451,650	$ 19,822,430

23. Comparative Amounts

Comparative amounts have been reclassified to conform to current year presentation.

24. Segmented Information

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

Administration Services

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

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24. Segmented Information - (continued)

Operation Services

This item includes all revenues and expenditures as they relate to the City's operations departments. Included in this item are Transportation Infrastructure, Water and Wastewater 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 City'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 green spaces including Parks, Cemeteries and Playgrounds.

Economic Development

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

Protection Services

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

Cultural Services

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

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

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For the year ended December 31	Administration Services	Operation Services	Community Services	Parks and Cemeteries	Economic Development	Protection Services	Cultural Services	2025 Total
Revenue								
Taxation	$ 8,398,967	$ 5,112,513	$ 1,825,897	$ 2,556,256	$ 1,095,538	$ 16,067,898	$ 1,460,718	$ 36,517,787
Fees and user charges	190,436	15,648,956	985,529	222,265	100	3,342,557	759,388	21,149,231
Specific grants	89,197	4,152,552	-	-	-	4,288,781	2,729,470	11,260,000
OMPF grant	490,774	298,732	106,690	149,366	64,014	938,872	85,352	2,133,800
Other revenue	1,929,042	1,265,556	1,408,887	190,903	3,280	1,313,979	148,985	6,260,632
	11,098,416	26,478,309	4,327,003	3,118,790	1,162,932	25,952,087	5,183,913	77,321,450
Expenses								
Salaries and benefits	1,632,313	6,586,132	1,677,657	1,789,569	735,459	19,068,052	1,672,479	33,161,661
Interest on debt	119,612	778,962	5,228	12,513	-	104,411	-	1,020,726
Materials and supplies	2,233,275	6,355,711	863,519	707,635	272,364	1,935,700	537,221	12,905,425
Contracted services	718,505	4,358,364	116,029	186,337	281,779	877,077	43,333	6,581,424
Other transfers	68,600	-	-	-	86,302	354,134	1,244,650	1,753,686
Rents and financial expenses	26,360	76,873	34,780	30,344	14,432	21,449	10,837	215,075
Amortization	448,924	5,317,836	1,195,842	592,945	2,325	1,030,329	390,878	8,979,079
Accretion	-	44,037	-	31,021	-	1,458	19,278	95,794
	5,247,589	23,517,915	3,893,055	3,350,364	1,392,661	23,392,610	3,918,676	64,712,870
Annual surplus (deficit)	***$ 5,850,827***	***$ 2,960,394***	***$ 433,948***	***$ (231,574)***	***$ (229,729)***	***$ 2,559,477***	***$ 1,265,237***	***$ 12,608,580***

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For the year ended December 31	Administration Services	Operation Services	Community Services	Parks and Cemeteries	Economic Development	Protection Services	Cultural Services	2024 Total
Revenue								
Taxation	$ 7,787,237	$ 6,371,377	$ 1,415,861	$ 2,123,792	$ 1,061,896	$ 15,220,509	$ 1,415,861	$ 35,396,533
Fees and user charges	183,311	15,096,397	814,452	235,900	300	2,615,085	591,297	19,536,742
Specific grants	126,394	10,445,004	35,888	-	-	3,828,337	1,942,899	16,378,522
OMPF grant	455,598	372,762	82,836	124,254	62,127	890,487	82,836	2,070,900
Other revenue	2,156,887	277,708	1,339,749	228,161	4,270	631,391	190,985	4,829,151
	10,709,427	32,563,248	3,688,786	2,712,107	1,128,593	23,185,809	4,223,878	78,211,848
Expenses								
Salaries and benefits	2,479,081	6,349,655	1,761,894	1,706,704	821,151	17,468,987	1,600,773	32,188,245
Interest on debt	126,475	843,220	7,729	13,387	-	117,800	-	1,108,611
Materials and supplies	2,349,214	6,278,640	1,370,904	851,775	165,031	2,328,511	712,069	14,056,144
Contracted services	647,147	3,187,873	635,526	34,345	211,471	(135,957)	29,150	4,609,555
Other transfers	68,600	-	-	-	46,594	304,808	1,333,414	1,753,416
Rents and financial expenses	29,174	97,139	32,969	21,955	17,521	28,632	9,968	237,358
Amortization	413,783	5,194,016	1,201,845	548,444	4,164	659,930	346,201	8,368,383
Accretion	-	47,384	-	31,021	-	1,458	19,278	99,141
	6,113,474	21,997,927	5,010,867	3,207,631	1,265,932	20,774,169	4,050,853	62,420,853
Annual surplus (deficit)	***$ 4,595,953***	***$10,565,321***	***$ (1,322,081)***	***$ (495,524)***	***$ (137,339)***	***$ 2,411,640***	***$ 173,025***	***$ 15,790,995***

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

For the year ended December 31, 2025

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Obligatory Reserve Funds					
Canada Community-Building Fund	$ 1,513,153	$ 707,796	$ 46,743	$ (1,686,937)	**$ 580,755**
Provincial Transit Gas Tax	198,941	-	6,567	-	**205,508**
Development charges	1,729,464	216,244	53,561	-	**1,999,269**
Building development	15,605	619,074	3,047	-	**637,726**
Recreational land	299,709	416,953	9,709	-	**726,371**
Parking in lieu	12,653	36,000	410	-	**49,063**
Municipal Accommodation Tax	-	169,990	-	(19,845)	**150,145**
	3,769,525	2,166,057	120,037	(1,706,782)	**4,348,837**
Other					
Other deferred revenues	5,969,831	951,768	-	(1,330,239)	**5,591,360**
Ontario Community Infrastructure Fund	2,496,331	3,316,224	97,658	(20,250)	**5,889,963**
Municipal Housing Infrastructure Program	-	1,139,756	-	(4,800)	**1,134,956**
	$12,235,687	$ 7,573,805	$ 217,695	$ (3,062,071)	**$ 16,965,116**

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