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Agenda
Corporate Services Committee

November 6, 2025, 5:30 p.m.

City Hall - 808 2nd Avenue East - Council Chambers

The public can attend meetings in person. Meetings will also be livestreamed on the City's Council and Committee webpage. If there are technical issues with the livestream that can't be fixed within 15 minutes, the meeting will continue, and a recording will be available later, on the webpage or by contacting the City Clerk. People who can't attend the meeting in person for Public Forum, should send their comments to the Recording Secretary one business day before the meeting. These comments will be shared with members and included in the updated agenda.

8.e Human Resources

None.

8.f Information Technology

None.

8.g Parking and By-law Enforcement

None.

8.h Taxes and Revenue

None.

9. MATTERS POSTPONED

There are no matters postponed.

10. MOTIONS FOR WHICH NOTICE WAS PREVIOUSLY GIVEN

There are no motions for which notice was previously given.

11. CORRESPONDENCE PROVIDED FOR INFORMATION

There are no correspondence items being presented for information.

12. DISCUSSION OF ADDITIONAL BUSINESS

13. NOTICES OF MOTION

14. ADJOURNMENT

Minutes

Corporate Services Committee

October 9, 2025, 5:30 p.m.
City Hall - 808 2nd Avenue East - Council Chambers

MEMBERS PRESENT:	Chair Melanie Middlebro' Vice Chair Travis Dodd Member Kelly Carmichael Member David Crane Deputy Mayor Scott Greig Councillor Brock Hamley Member Neil McCutcheon
MEMBERS ABSENT/REGRETS:	Member Meghan Robertson
STAFF PRESENT:	Kate Allan, Director of Corporate Services Michelle Palmer, Senior Manager, Strategic Initiatives and Operational Effectiveness Janet Ashfield, Manager of Human Resources Bradey Carbert, Manager of Corporate Services Mark Giberson, Manager of Information Technology Bethany Chandler, Human Resources Specialist Carly McArthur, Communications Advisor Courtney McDonald, Human Resources Specialist Christina McLean, Committee and Executive Support Coordinator

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1. CALL TO ORDER

Chair Middlebro' called the meeting to order at 5:31 p.m.

2. CALL FOR ADDITIONAL BUSINESS

2.a Chair Middlebro' Re: Committee Applications

3. DECLARATIONS OF INTEREST

3.a Member Crane - Item 8.c.1 Report CR-25-126 Re: 2025 T2 Financial Update

Member Crane declared a conflict of interest due to his personal employment with RBC as it speaks to financial wellness.

4. CONFIRMATION OF MINUTES

4.a Minutes of the Corporate Services Committee meeting held on September 11, 2025

CR-251009-001
Moved by Member Carmichael

"THAT the Corporate Services Committee approves the minutes of the meeting held on September 11, 2025."

Carried.

5. DEPUTATIONS AND PRESENTATIONS

There were no deputations or presentations.

6. PUBLIC FORUM

There were no questions or comments from the public.

7. CORRESPONDENCE RECEIVED FOR WHICH DIRECTION IS REQUIRED

There were no correspondence items presented for consideration.

8. REPORTS OF CITY STAFF

8.a Communications

8.a.1 Report CM-25-025 from the Communications Advisor Re: External Communications Strategy Project Plan

The Communications Advisor provided a PowerPoint presentation on the External Communications Strategy project plan, highlighting key milestones and upcoming community engagement opportunities.

In response to a question from Committee, Ms. McArthur noted that while the size of a City affects communications, the public sector survey displayed that many similar issues exist for public service communications in municipalities of all sizes.

CR-251009-002
Moved by Vice Chair Dodd

"THAT in consideration of Staff Report respecting External Communications Strategy Project Plan, the Corporate Services Committee recommends that City Council receive the report for information purposes."

Carried.

8.b Information Technology

8.b.1 Report CR-25-129 from the Manager of Information Technology Re: Electronic Signature Policy (AF011)

The Manager of Information Technology provided an overview of the report.

The Communications Advisor and Senior Manager, Strategic Initiatives and Operational Effectiveness left the meeting.

CR-251009-003
Moved by Member Carmichael

"THAT in consideration of Staff Report CR-25-129 respecting Electronic Signature Policy (AF011), the Corporate Services Committee recommends that City Council direct staff to bring forward a by-law to adopt Electronic Signatures Policy AF011 as presented in the report."

Carried.

8.c Accounting

8.c.1 Report CR-25-126 from the Director of Corporate Services Re: 2025 T2 Financial Update

The Director of Corporate Services provided an overview of the report.

In response to a question from Committee, Ms. Allan noted that while there are always properties in the tax sale process, payment plans are always the first step before proceeding to the registered tax sale process. She added that various properties on the list are currently listed for sale, and the tax arrears will be received by the City upon sale of the properties.

CR-251009-004
Moved by Deputy Mayor Greig

"THAT in consideration of Staff Report CR-25-126 respecting 2025 T2 Financial Update, the Corporate Services Committee recommends that City Council receive the report for information purposes."

Carried.

8.d Human Resources

8.d.1 Report CR-25-127 from the Human Resources Specialist Re: Joining the Coalition of Inclusive Municipalities

The Human Resources Specialist provided an overview of the report.

In response to a question from Committee, Ms. McDonald noted that there are some neighbouring municipalities in the Coalition. She added that the

Coalition focuses on inclusion both within the organization and within the community as a whole.

In response to a question from Committee, Ms. McDonald clarified that there are no fees to join or receive their resources, and that policy work can be one way to fulfill the initiatives.

CR-251009-005
Moved by Member Carmichael

"THAT in consideration of Staff Report CR-25-127 respecting Joining the Coalition of Inclusive Municipalities, the Corporate Services Committee recommends that City Council endorse the resolution attached to the report."

Carried.

8.d.2 Report CR-25-046 from the Manager of Human Resources Re: Pay and Compensation Update

The Manager of Human Resources provided an overview of the report.

In response to a question from Committee, Ms. Ashfield noted that when looking at comparators, total compensation packages are compared, not just wages. She added that the market review does not look at each role individually but compares the entire pay scale and bands within organizations.

In response to a question from Committee, Ms. Ashfield noted that in 2026 a pay grid will be put in place for unionized staff with comparably valued jobs on the same pay lines.

In response to a question from Committee, Ms. Ashfield added that jobs are placed on a pay line based on the points within the organization, and then compared based on that, as the value of a position to each organization can vary based on internal equity.

CR-251009-006
Moved by Councillor Hamley

"THAT in consideration of Staff Report CR-25-046 respecting Pay and Compensation Compliance, the Corporate Services Committee recommends that City Council receive the report for information purposes."

Carried.

8.d.3 Report CR-25-130 from the Human Resources Specialist Re: Human Resources Metrics

The Human Resources Specialist provided an overview of the report.

In response to a question from Committee, Ms. Chandler noted that there is a mixed response for reasoning of the number of declined offers, including housing considerations in the area, compensation, and job shopping.

In response to a question from Committee, Ms. Chandler noted that exit interviews now occur to gather data following resignations and terminations, and that some of the main reasons provided are opportunities for advancement or opportunities closer to home.

In response to a question from Committee, Ms. Chandler clarified that this overview includes Fire staff and does not include Police or Library staff.

In response to a question from Committee, Ms. Chandler noted that remote work arrangements are up to the discretion of the specific manager and director as per the policy and is up to a maximum of 2.5 days a week for most cases.

In response to a question from Committee, Ms. Chandler noted that feedback collected in exit interviews is presented to the Senior Leadership Team on an annual basis, including information collected pertaining to the relationship between staff and management.

CR-251009-007
Moved by Vice Chair Dodd

"THAT in consideration of Staff Report CR-25-130 respecting Human Resources Metrics Analysis, the Corporate Services Committee recommends that City Council receive the report for information purposes."

Carried.

8.d.4 Report CR-25-118 from the Manager of Human Resources Re: Update on Safety in Council Chambers

The Manager of Human Resources provided an overview of the report.

In response to a question from Committee, the Manager of Corporate Services noted that the proposed barrier system would be comprised of bollards and ropes between the Clerk’s staff and lectern in the Council Chambers.

In response to a question from Committee, Mr. Carbert noted that communication, signage, and staff being aware of controversial items are all additional preventative factors outlined in the risk assessment, and that a physical barrier would serve as a visual cue of the staff's space.

In response to a question from Committee, Mr. Carbert noted that once a safety concern is brought up, a risk assessment must be completed. Ms. Ashfield added that this risk assessment was initiated from a request from Council.

CR-251009-008
Moved by Vice Chair Dodd

"THAT in consideration of Staff Report CR-25-118 respecting Safety in Council Chambers, the Corporate Services Committee recommends that City Council receive the report for information purposes."

Amendment:
CR-251009-009
Moved by Deputy Mayor Greig

"THAT Resolution No. R-251009-008 include "direct staff to remove the $1,300 for the bollard system from the budget."

Carried.

Main Motion:
CR-251009-008
Moved by Vice Chair Dodd

"THAT in consideration of Staff Report CR-25-118 respecting Safety in Council Chambers, the Corporate Services Committee recommends that City Council:

1. **Receive the report for information purposes; and**
2. **Direct staff to remove the $1,300 for the bollard system from the budget."**

Carried.

8.e Clerks

None.

8.f Corporate and Facility Services

None.

8.g Fire

None.

8.h Parking and By-law Enforcement

None.

8.i Taxes and Revenue

None.

9. MATTERS POSTPONED

There were no matters postponed.

10. MOTIONS FOR WHICH NOTICE WAS PREVIOUSLY GIVEN

There were no motions for which notice was previously given.

11. CORRESPONDENCE PROVIDED FOR INFORMATION

There were no correspondence items presented for information.

12. DISCUSSION OF ADDITIONAL BUSINESS

12.a Committee Applications

Chair Middlebro' highlighted that applications are now open for various City Committees, that applications are open until November 7, 2025, and that more information is available at owensound.ca/CommitteeVacancies. She added that other ways to get involved include the public washroom survey that is now open as well as the upcoming Communications Strategy engagement.

13. NOTICES OF MOTION

There were no notices of motion.

14. ADJOURNMENT

The business contained on the agenda having been completed, Chair Middlebro' adjourned the meeting at 6:59 p.m.

Staff Report

Report To:	Corporate Services Committee
Report From:	Christine Gilbert, Deputy Treasurer
Meeting Date:	November 13, 2025
Report Code:	CR-25-134
Subject:	2024 Audited Financial Statements

Recommendations:

THAT in consideration of Staff Report CR-24-126 respecting the 2024 Audited Financial Statements, the Corporate Services Committee recommends that City Council approve the 2024 audited financial statements as presented.

Highlights:

- Municipalities are required under the *Municipal Act, 2001* to prepare annual audited financial statements.
- The City's 2024 audit was conducted by MNP LLP, following the acquisition of BDO Canada's Owen Sound office. The engagement team remains consistent with prior years, providing continuity in audit service.
- MNP has provided a clean (unqualified) audit opinion for the 2024 fiscal year.
- The audited financial statements include the consolidated results of the City of Owen Sound, the North Grey Union Public Library, and the River District Board of Management.

Strategic Plan Alignment:

Strategic Plan Priority: This report supports the delivery of Core Service.

Climate and Environmental Implications:

There are no anticipated climate or environmental impacts.

Previous Report/Authority:

CR-25-024 - 2024 Year End

Background:

Under Section 294.1 of the *Municipal Act, 2001*, municipalities must prepare annual financial statements in accordance with Public Sector Accounting Standards (PSAS) as issued by the Public Sector Accounting Board (PSAB).

The City's budget (municipal levy) is prepared on a cash-basis of accounting, whereas PSAB financial statements follow an accrual-basis. As a result, the two reporting frameworks differ in several key ways:

- **Timing of transactions:** The budget records revenues and expenses when cash is received or paid, while PSAB financial statements record them when they are earned or incurred.
- **Treatment of liabilities and reserves:** The budget accounts for future obligations by setting aside funds in reserves. Under PSAB, reserves are treated as balance sheet items—transfers to or from reserves adjust financial position but are not recognized as revenues or expenses.
- **Capitalization of assets:** Tangible capital assets are recorded as long-term assets and amortized over their useful lives under PSAB, rather than being expensed at the time of purchase.

These differences in accounting treatment explain the variances between the City's PSAB-based financial statements and the levy-based operating budget presented to Council throughout the year.

Analysis:

The City's accumulated surplus increased by $15,790,995, from $244,791,875 in 2023 to $260,582,870 in 2024.

This figure reflects the change in the City's overall financial position under Public Sector Accounting Standards (PSAB) and differs from the operating surplus reported through the City's budget process.

In the 2024 Year-End Report (CR-25-024) presented to Council on March 6, 2025, staff reported an unaudited operating surplus of $335,000. Following completion of the year-end audit, an inventory adjustment increased the surplus by approximately $85,000, resulting in a final audited operating surplus of $420,407. This amount was transferred to the Tax Stabilization Reserve in accordance with the City's Reserve and Reserve Fund Policy.

While the operating surplus reflects the difference between annual revenues and expenditures on a cash or near-cash basis, the PSAB surplus incorporates non-cash accounting adjustments and measures the City's total change in net assets and liabilities.

The principal factors contributing to the 2024 increase in accumulated surplus were:

1. **Increase in the net amount invested in tangible capital assets** – Continued investment in roads, facilities, fleet, and equipment resulted in an increase of approximately $12.6 million in the City's net investment in capital assets, after accounting for amortization, additions, and debt reduction.
2. **Decrease in long-term liabilities and asset retirement obligations (ARO)** – The City's outstanding long-term debt related to capital assets decreased by approximately $2.6 million, and the ARO liability decreased by $161,000, reflecting updated estimates of future remediation obligations.

These changes strengthen the City's overall financial position but do not represent additional cash resources available for operational purposes.

In summary, while the operating surplus of $420,407 represents the variance between budget an and actual net spending, the PSAB surplus of $15.79 million captures broader, non-cash changes associated with the City's long-term capital investment and liability management.

Audit Transition:

For 2024, the City's audit engagement transitioned from BDO Canada LLP to MNP LLP following MNP's acquisition of BDO's Owen Sound office. The audit team, including the engagement partner and senior manager, remained unchanged, ensuring continuity of audit quality and institutional knowledge.

MNP provided an unqualified opinion, confirming that the City's financial statements present fairly, in all material respects, the financial position and results of operations for the year ended December 31, 2024.

Financial Implications:

All financial results and reserve balances reported are consistent with internal year-end financial reports previously presented to Council. Audit testing by MNP confirmed that all reserve, reserve fund, and deferred revenue balances reconciled with City records and supporting documentation.

Communication Strategy:

Once approved by Council, the 2024 Audited Financial Statements will be posted on the City's website

Consultation:

MNP LLP

Attachments:

1. 2024 Draft Financial Statements
2. 2024 Audit Letter to Committee – City of Owen Sound

Recommended by:
Christine Gilbert, Deputy Treasurer
Kate Allan, Director of Corporate Services

Submission approved by:
Tim Simmonds, City Manager

For more information on this report, please contact Christine Gilbert, Deputy Treasurer at cgilbert@owensound.ca or 519-376-4440 ext. 1223.

The Corporation of the
City of Owen Sound
Financial Information
For the year ended December 31, 2024

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The Corporation of the City of Owen Sound
Financial Information
December 31, 2024

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To the Members of Council of the Corporation 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, 2024, 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, 2024, 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.

Other Matter

The consolidated financial statements for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those statements on December 23, 2024.

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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MNP LLP
1717 2nd Avenue East P.O. Box 397, Owen Sound ON, N4K 5P7 T: 519-376-6110 F: 519-376-4741

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.

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	Chartered Professional Accountants
TBD, 2025	Licensed Public Accountants

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

December 31	2024	2023
Financial assets		
Cash (Note 1)	**$ 29,016,897**	$ 26,543,408
Investments (Note 2)	**9,827,700**	9,827,700
Taxes receivable	**3,655,750**	2,795,353
Trade and other receivables	**9,866,199**	5,869,946
Inventory held for resale	**1,050**	5,175
Loans receivable (Note 3)	**75,000**	75,000
	52,442,596	45,116,582
Liabilities		
Accounts payable and accrued liabilities	**10,241,661**	7,789,302
Asset retirement obligation liability (Note 4)	**4,149,397**	4,310,517
Post-employment benefits (Note 16)	**7,735,228**	7,310,653
Deferred revenue (Page 29)	**12,235,687**	12,890,720
Long-term liabilities (Note 6)	**30,512,141**	32,541,369
	64,874,114	64,842,561
Net debt	**(12,431,518)**	(19,725,979)
Non-financial assets		
Inventory of supplies	**792,300**	822,207
Prepaid expenses	**424,777**	1,683,236
Tangible capital assets (Note 7)	**271,797,311**	262,012,411
	273,014,388	264,517,854
Accumulated surplus (Note 8)	**$ 260,582,870**	$244,791,875

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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	2024 Budget (Note 10)	**2024 Actual**	2023 Actual
Revenue			
Taxation	$ 35,162,238	**$ 35,396,533**	$ 33,772,275
Fees and user charges	19,020,921	**19,536,742**	18,323,948
Government transfers (Note 15)	17,365,054	**18,449,422**	9,163,115
Other income (Note 11)	3,620,403	**4,829,151**	4,409,297
	75,168,616	**78,211,848**	65,668,635
Expenses			
General government	5,826,535	**6,129,400**	5,887,785
Protection services	19,364,528	**20,774,169**	19,054,728
Transportation services	6,196,655	**9,255,202**	9,965,266
Environmental services	16,973,149	**12,726,796**	12,215,028
Health services	349,699	**419,911**	390,952
Recreation and cultural services	7,143,432	**11,849,442**	10,843,435
Planning and development	1,147,045	**1,265,933**	1,116,933
	57,001,043	**62,420,853**	59,474,127
Annual surplus (Note 10)	18,167,573	**15,790,995**	6,194,508
Accumulated surplus, beginning of the year	244,791,875	244,791,875	238,597,367
Accumulated surplus, end of the year	$262,959,448	**$ 260,582,870**	$244,791,875

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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	2024 Budget	2024 Actual	2023 Actual
Annual surplus (Page 5)	$ 18,167,573	**$ 15,790,995**	$ 6,194,508
Acquisition of tangible capital assets	(27,183,641)	**(18,646,719)**	(8,467,923)
Amortization of tangible capital assets	-	**8,368,383**	8,182,814
Proceeds on disposal of assets	-	**140,919**	272,783
Loss on disposal of assets	-	**352,517**	443,988
	(27,183,641)	**(9,784,900)**	431,662
Change in prepaid expenses	-	**1,258,459**	(46,669)
Change in inventories of supplies	-	**29,907**	47,591
	-	**1,288,366**	922
(Increase) decrease in net debt	(9,016,068)	**7,294,461**	6,627,092
Net debt, beginning of the year	(19,725,979)	**(19,725,979)**	(26,353,071)
Net debt, end of the year	$ (28,742,047)	**$ (12,431,518)**	$ (19,725,979)

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
Consolidated Statement of Cash Flows

For the year ended December 31	2024	2023
Cash provided by (used in)		
Operating activities		
Annual surplus	**$ 15,790,995**	$ 6,194,508
Items not involving cash		
Amortization	**8,368,383**	8,182,814
Post-employment benefits	**424,575**	299,130
Accretion	**99,141**	104,915
Loss on disposal of assets	**352,517**	443,988
Derecognition of asset retirement obligation	**(73,693)**	-
Deferred revenue recognized	**(8,518,773)**	(2,450,853)
Change in inventory of supplies	**29,907**	47,591
	16,473,052	12,822,093
Changes in non-cash working capital balances		
Taxes receivable	**(860,397)**	(554,271)
Trade and other receivables	**(3,996,253)**	1,124,589
Inventory held for resale	**4,125**	4,868
Accounts payable and accrued liabilities	**2,452,359**	31,629
Deferred revenue received	**7,863,740**	7,468,315
Prepaid expenses	**1,258,459**	(46,669)
	23,195,085	20,850,554
Capital transactions		
Cash used to acquire capital assets	**(18,646,719)**	(8,467,923)
Proceeds on sale of capital assets	**140,919**	272,783
Asset retirement cash outlays	**(186,568)**	(221,121)
	(18,692,368)	(8,416,261)
Investing activities		
Increase in investments	**-**	(1,499,510)
	-	(1,499,510)
Financing activities		
Repayment of long-term liabilities	**(2,029,228)**	(1,961,207)
	(2,029,228)	(1,961,207)
Net change in cash	**2,473,489**	8,973,576
Cash, beginning of the year	**26,543,408**	17,569,832
Cash, end of the year	**$ 29,016,897**	$ 26,543,408

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

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December 31, 2024

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.

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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Financial Instruments

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

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

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

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

Inventory

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

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

Tangible Capital Assets

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

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

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

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Intangible Assets

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

Post-Employment Benefits

The municipality provides post-employment health, dental, life insurance benefits and other benefits to eligible retired employees. The benefits earned by employees are determined using management's best estimate of expected benefit costs and are expensed as services are rendered.

Previously the municipality was an employer included under Schedule II of the Workplace Safety and Insurance Act. It self-insured the entire risk of its own WSIB claims and was individually liable for reimbursing the WSIB for all costs relating to its workers' WSIB claims. The municipality is still liable for claims relating to Schedule II employer status. The cost of the claims are determined using management's best estimate.

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

Asset Retirement Obligations

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

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Liability for Contaminated Sites

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

County and School Boards

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

Trust Funds

Funds held in trust by the municipality, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately on the trust funds statement of continuity and balance sheet.

1. Cash

	2024	2023
Cash and bank	$ 29,016,897	$ 26,543,408

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

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2. Investments

	2024	2023
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 5.63%. Interest is receivable on a semi-annual basis. Investments have a market value of $10,021,176 (2023 - $9,885,816) at the end of the year.

3. Loans Receivable

	2024	2023
Loan, non-interest bearing, due on demand	**$ 75,000**	$ 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 $4,149,397 has been accrued on the balance sheet. This amount was determined based on total undiscounted expenditures of $5,504,045 present valued at a discount rate of 2.37% as follows:

Buildings with asbestos	26 - 41 years
Landfill	8 years

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

	2024	2023
Asset retirement obligation, opening	**$ 4,310,517**	$ 4,426,723
Accretion expense	**99,141**	104,915
Cash outlays	**(186,568)**	(221,121)
Derecognition of asset retirement obligation	**(73,693)**	-
Asset retirement obligation, closing	**$ 4,149,397**	$ 4,310,517

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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, 2024, 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:

	2024	2023
Debentures payable, 1.98% to 4.16%, principal and interest payable semi-annually, due 2031 to 2043	**$ 31,902,687**	$ 34,492,443
Less: Debentures issued internally	**(1,390,546)**	(1,951,074)
	$ 30,512,141	$ 32,541,369

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

2025	$ 2,099,739
2026	2,172,833
2027	2,248,609
2028	2,327,164
2029	2,408,610
Thereafter	19,255,186
	$ 30,512,141

Interest paid during the year on external long-term debt was $1,046,112 (2023 - $1,114,134).

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7. Tangible Capital Assets

	Land	Land Improvement	Buildings and Structures	Vehicles, Machinery and Equipment	Roads and Sidewalks	Bridges and Other Structures	Water and Sewer Infrastructure	Total
								2024
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)

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

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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 $4,885,710 (2023 - $2,928,570).

Interest of $124,183 (2023 - $Nil) 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:

	2024	2023
Invested in tangible capital assets		
Tangible capital assets at cost less amortization	**$ 271,797,311**	$ 262,012,411
Unfinanced capital assets	**(11,399,751)**	(11,630,432)
Capital assets financed by long-term liabilities and to be funded in future years (Note 6)	**(31,902,687)**	(34,492,443)
Total invested in capital assets	**228,494,873**	215,889,536
Unfunded post-employment benefits (Note 16)	**(6,785,884)**	(6,406,030)
Unfunded asset retirement obligation (Note 4)	**(4,149,397)**	(4,310,517)
Unexpended interest on deposits	**105,563**	123,020
Library Adult Learning Centre surplus	**94,128**	79,232
	217,759,283	205,375,241
Reserves and reserve funds (Note 9)	**42,823,587**	39,416,634
Accumulated surplus	**$ 260,582,870**	$ 244,791,875

During the year, the City's operating surplus of $420,407 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

	2024	2023
Reserves		
Working funds	**$ 512,156**	$ 433,864
Tax stabilization	**1,117,374**	696,967
Insurance contingency	**100,000**	50,000
Capital purposes	**3,096,974**	4,257,746
	4,826,504	5,438,577
Reserve funds		
Sick leave	**98,476**	-
Capital purposes	**37,898,607**	33,978,057
	37,997,083	33,978,057
Total reserves and reserve funds	**$ 42,823,587**	$ 39,416,634

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 2024 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.

	2024 Budget	**2024 Actual**	2023 Actual
Annual surplus (Page 5)	$ 18,167,573	**$ 15,790,995**	$ 6,194,508
Net transfers from (to) reserves	11,030,818	**(2,986,546)**	(1,916,773)
Capital acquisitions and disposals	(27,181,135)	**(18,153,283)**	(7,751,152)
Change in capital projects not funded	(12,500)	**(230,681)**	(1,535,924)
Amortization	-	**8,368,383**	8,182,814
Proceeds from long-term debt	585,000	**-**	-
Debt principal repayments	(2,589,756)	**(2,589,756)**	(2,660,117)
Change in unfunded liabilities	-	**218,734**	(162,957)
Change in Art Gallery	-	**-**	(172,206)
Change in other surpluses	-	**2,561**	29,721
	-	**420,407**	207,914
Surplus transfer to reserves	-	**(420,407)**	(207,914)
	$ -	**$ -**	$ -

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11. Other Income

		2024 Budget		**2024 Actual**		2023 Actual
Penalties and interest on taxation	$	350,000	**$**	**520,114**	$	404,129
Other fines and penalties		83,000		**81,687**		89,026
Investment income		354,000		**1,838,160**		1,502,198
Licenses and permits		626,900		**563,939**		423,193
Rents		1,356,329		**1,569,120**		1,414,347
Donations		406,200		**329,617**		466,523
Loss on disposal of capital assets		-		**(352,517)**		(443,988)
Contributions from developers		220,000		**86,340**		110,000
Contributions from non-consolidated entities		18,000		**114,256**		94,314
Other and miscellaneous		205,974		**4,742**		349,555
Derecognition of asset retirement obligation		-		**73,693**		-
	$	3,620,403	**$**	**4,829,151**	$	4,409,297

12. Pension Agreements

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 373 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 2024 by the City was $2,385,975 (2023 - $2,361,981). The contribution rate for 2024 was 9.0% to 15.8% depending on age and income level (2023 - 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, 2024. At that time the plan reported a $2.9 billion actuarial deficit (2023 - $4.2 billion), based on actuarial liabilities of $140.8 billion (2023 - $134.6 billion) and actuarial assets of $137.9 billion (2023 - $130.4 billion). Ongoing adequacy of the current contribution rates will need to be monitored and may lead to increased future funding requirements.

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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 municipality. The Owen Sound District has been consolidated into these financial statements.

	2024	2023
Financial assets	$ 162,769	$ 156,507
Liabilities	15,725	11,713
Net financial assets	147,044	144,794
Accumulated surplus	$ 147,044	$ 144,794
Revenues	$ 289,910	$ 285,414
Expenses	272,815	275,093
Annual surplus	$ 17,095	$ 10,321

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.

	2024	2023
Financial assets	$ 1,174,538	$ 1,225,803
Liabilities	938,845	932,339
Net financial assets	235,693	293,464
Non-financial assets	983,147	998,279
Accumulated surplus	$ 1,218,840	$ 1,291,743
Revenues	$ 2,961,362	$ 2,875,033
Expenses	3,034,265	2,939,930
Annual deficit	$ (72,903)	$ (64,897)

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15. Government Transfers

	2024 Budget	2024 Actual	2023 Actual
Operating			
Province of Ontario			
Ontario Municipal Partnership Fund (OMPF)	$ 2,070,000	$ 2,070,900	$ 1,961,600
- Sewer and Water	140,000	-	84,218
- Other	1,908,169	3,511,907	3,570,364
	4,118,169	5,582,807	5,616,182
Government of Canada			
- Roads	400,000	315,800	970,365
- Other	143,000	91,889	187,685
	543,000	407,689	1,158,050
Other municipalities			
- Library	-	790,862	762,102
- Police	203,435	127,335	123,847
- Roads	130,000	138,734	130,465
- Other	-	92,909	20,000
	333,435	1,149,840	1,036,414
Total operating contributions	4,994,604	7,140,336	7,810,646
Capital			
Province of Ontario			
- Recreation facility	-	35,888	10,736
- Roads	8,917,800	7,077,589	(25,032)
- Sewer and water	1,641,900	1,098,461	-
- Other	242,500	1,903,385	72,198
	10,802,200	10,115,323	57,902
Government of Canada			
- Recreation facility	86,250	-	-
- Roads	262,000	-	-
- Sewer and water	1,200,000	1,200,000	-
- Other	-	(11,837)	646,570
	1,548,250	1,188,163	646,570
Other municipalities			
- Roads and other	20,000	5,600	647,997
	20,000	5,600	647,997
Total capital contributions	12,370,450	11,309,086	1,352,469
Total contributions	$ 17,365,054	$ 18,449,422	$ 9,163,115

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16. Post-Employment Benefits

	2024	2023
Sick leave liability	$ **3,471**	$ 4,400
Vacation pay liability	**1,642,858**	1,514,754
Post-employment benefits	**6,040,899**	5,743,499
WSIB future benefit	**48,000**	48,000
	$ **7,735,228**	$ 7,310,653

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, 2024. Of the balance $949,343 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, 2024 using the assumption of a 4.6% per year borrowing rate and a 4% per year inflation rate. This amount has not been funded. The post-employment benefit shown above is net of unamortized loss of $136,100 (2023 - $283,900).

	2024	2023
Current period benefit cost	$ **300,500**	$ 287,300
Amortization of actuarial loss	**147,800**	147,800
Interest costs	**288,500**	280,900
Total expense for the year	$ **736,800**	$ 716,000

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

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

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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:

	2024	2023
School boards	**$ 6,037,646**	$ 5,793,456
County of Grey	**9,513,765**	8,813,878
	$ 15,551,411	$ 14,607,334

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, 2024, the trust fund balances are as follows:

	2024	2023
Cemetery Care and Maintenance Funds	**$ 1,559,823**	$ 1,514,477
Art Collection and Gallery Building Trust	**138,550**	131,629
	$ 1,698,373	$ 1,646,106

19. Contractual Commitments

The Corporation of the City of Owen Sound has awarded contract totalling $3,400,000 related to a Water Meter Replacement Program. At December 31, 2024, the full balance remains to be spent on the 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 municipality 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.

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21. Financial Instruments

Financial Instrument Risk Management

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

Interest Rate Risk

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

Credit Risk

The City is exposed to credit risk arising from its cash, taxes receivable, trade and other receivables and long-term receivable. On December 31, 2024, the City folds all of it's cash deposits in one Canadian Chartered bank. The Canadian Deposit Insurance Corporation insures deposits up to a maximum of $100,000 per depositor. There is the possibility of non-collection of taxes receivable, trade and other receivables and long-term receivable. The majority of the City's receivables are from ratepayers and government entities. For receivables, the City measures impairment of each receivable type based on how long the amounts have been outstanding. The amounts outstanding at year end, which is the City's maximum exposure to credit risk related to receivables, were as follows:

	0 - 30 days	31 - 90 days	91 - 365 days	1 to 2 years	3 to 10 years
Cash	$ 29,016,897	$ -	$ -	$ -	$ -
Investments	9,827,700	-	-	-	-
Taxes receivable	183,468	843,986	1,578,010	855,237	195,049
Trade and other receivables	5,959,359	1,192,933	1,690,383	882,812	140,712
Long-term receivables	-	-	-	-	75,000
Total	$ 44,987,424	$ 2,036,919	$ 3,268,393	$ 1,738,049	$ 410,761

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21. 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	$ 5,801,493	$ 2,587,880	1,431,588	$ 420,700
Long-term debt	-	2,099,739	9,157,216	19,255,186
Total financial liabilities	$ 5,801,493	$ 4,687,619	10,588,804	$ 19,675,886

22. Comparative Amounts

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

23. Segmented Information

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

Administration Services

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

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23. Segmented Information - (continued)

Operation Services

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

Community Services

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

Parks and Cemeteries

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

Economic Development

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

Protection Services

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

Cultural Services

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

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

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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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For the year ended December 31	Administration Services	Operation Services	Community Services	Parks and Cemeteries	Economic Development	Protection Services	Cultural Services	**2023 Total**
Revenue								
Taxation	$ 8,443,069	$ 4,728,118	$ 1,013,168	$ 2,026,337	$ 1,013,168	$ 15,197,524	$ 1,350,891	$ 33,772,275
Fees and user charges	172,881	14,501,938	805,524	194,951	200	2,452,502	195,952	18,323,948
Specific grants	12,040	2,695,490	30,736	(23,077)	46,053	1,877,382	2,562,891	7,201,515
OMPF grant	490,400	274,624	58,848	117,696	58,848	882,720	78,464	1,961,600
Other revenue	1,461,080	430,102	1,508,536	269,283	5,936	513,452	220,908	4,409,297
	10,579,470	22,630,272	3,416,812	2,585,190	1,124,205	20,923,580	4,409,106	65,668,635
Expenses								
Salaries and benefits	2,567,031	6,390,041	1,598,010	1,488,665	738,690	16,278,377	1,567,382	30,628,196
Interest on debt	134,347	910,126	11,823	14,241	-	130,707	-	1,201,244
Materials and supplies	2,041,127	6,462,954	494,247	833,490	157,950	1,237,119	1,146,151	12,373,038
Contracted services	654,765	3,250,880	447,383	141,461	101,443	513,082	35,969	5,144,983
Other transfers	68,600	-	-	-	90,356	290,967	1,243,376	1,693,299
Rents and financial expenses	25,841	35,276	31,293	6,730	22,329	13,215	10,954	145,638
Amortization	396,074	5,077,859	1,185,944	570,020	6,165	589,803	356,949	8,182,814
Accretion	-	53,158	-	31,021	-	1,458	19,278	104,915
	5,887,785	22,180,294	3,768,700	3,085,628	1,116,933	19,054,728	4,380,059	59,474,127
Annual surplus (deficit)	***$ 4,691,685***	***$ 449,978***	***$ (351,888)***	***$ (500,438)***	***$ 7,272***	***$ 1,868,852***	***$ 29,047***	***$ 6,194,508***

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

For the year ended December 31, 2024

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Obligatory Reserve Funds					
Canada Community-Building Fund	$ 1,075,034	$ 690,028	$ 63,891	$ (315,800)	**$1,513,153**
Provincial Transit Gas Tax	189,004	-	9,937	-	**198,941**
Development charges	1,245,080	488,382	65,502	(69,500)	**1,729,464**
Building development	1	-	15,604	-	**15,605**
Recreational land	264,886	38,746	12,917	(16,840)	**299,709**
Parking in lieu	12,000	-	653	-	**12,653**
	2,786,005	1,217,156	168,504	(402,140)	**3,769,525**
Other					
Other deferred revenues	3,731,198	3,294,194	-	(1,055,561)	**5,969,831**
Ontario Community Infrastructure Fund	6,373,517	2,883,672	300,214	(7,061,072)	**2,496,331**
	$12,890,720	$ 7,395,022	$ 468,718	$ (8,518,773)	**$ 12,235,687**

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The Corporation of the
City of Owen Sound
Trust Funds
Financial Information
For the year ended December 31, 2024

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The Corporation of the City of Owen Sound
Trust Funds Financial Information
For the year ended December 31, 2024

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The Corporation of the City of Owen Sound

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MNP

Independent Auditor's Report

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

Opinion

We have audited the accompanying financial information for the Corporation of the City of Owen Sound Trust Funds (Trust Funds), which comprise the balance sheet as at December 31, 2024, the statement of continuity for the year then ended, and notes to the financial information 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, 2024 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.

Other Matter

The financial information for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those statements on December 23, 2024.

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.

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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
TBD

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MNP LLP
PO Box 397, Third Floor, 1717 2nd Avenue East, Owen Sound ON, N4K 5P7 T: 519.376.6110 F: 519.376.4741

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

December 31, 2024

	Cemetery Care and Maintenance	Art Collection and Gallery Building Trust	Total 2024	Total 2023
Assets				
Cash	$ 1,594,549	$ 138,550	**$1,733,099**	$ 1,677,439
Other				
Due from City of Owen Sound	(34,726)	-	**(34,726)**	(31,333)
	$ 1,559,823	$ 138,550	**$1,698,373**	$ 1,646,106
Fund Balance	$ 1,559,823	$ 138,550	**$1,698,373**	$ 1,646,106

The accompanying notes are an integral part of these financial statements.

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

For the year ended December 31, 2024

	Cemetery Care and Maintenance	Art Collection and Gallery Building Trust	Total 2024	Total 2023
Balance, beginning of the year	$ 1,514,477	$ 131,629	**$1,646,106**	$ 1,594,568
Receipts				
Share of plot sales	45,345	-	**45,345**	44,992
Interest earned	80,071	6,921	**86,992**	82,871
	125,416	6,921	**132,337**	127,863
Expenditures				
Transfer to City of Owen Sound	80,071	-	**80,071**	76,325
Balance, end of the year	$ 1,559,822	$ 138,550	**$1,698,372**	$ 1,646,106

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December 31, 2024

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

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.

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.

Use of Estimates

The preparation of financial information in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial information, and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future.

Basis of Consolidation

These trust funds have not been consolidated with the financial statements of the City of Owen Sound.

Financial Instrument

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

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December 31, 2024

2. Financial Instruments

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

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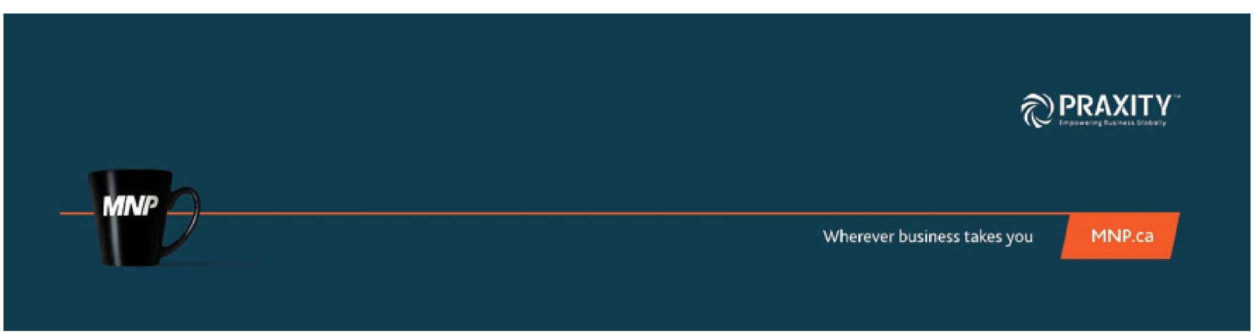
City of Owen Sound

2024 | Audit Findings

Report to the Corporate Services Committee

December 31, 2024

Traci Smith, CPA, CGA, LPA
Phone: (519)-376-6110
Email: traci.smith@mnp.ca



Overview

We are pleased to submit to you this Audit Findings Report (the "Report") for discussion of our audit of the consolidated financial statements of City of Owen Sound (the "City") as at December 31, 2024, and for the year then ended. In this report we cover those significant matters which, in our opinion, you should be aware of as members of the Corporate Services Committee.

As auditors, we report to the members on the results of our examination of the consolidated financial statements of the City as at and for the year ended December 31, 2024. The purpose of this Report is to assist you, as Members of the Committee, in your review of the results of our audit.

This Report is intended solely for the information and use of City of Owen Sound and management and should not be distributed to or used by any other parties than these specified parties.

We appreciate having the opportunity to meet with you and to respond to any questions you may have about our audit, and to discuss any other matters that may be of interest to you.

Engagement Status

We have substantially completed our audit of the consolidated financial statements of the City which has been carried out in accordance with Canadian generally accepted auditing standards and are prepared to sign our Independent Auditor's Report subsequent to completion of the following procedures:

- Approval of the financial statements by the Committee
- Receipt of the signed management representation letter dated as of the final report date
- Receipt of an outstanding legal confirmation
- Subsequent events review through to financial statement approval date

No significant limitations were placed on the scope or timing of our audit.

Independent Auditor's Report

Unless unforeseen complications arise, our Independent Auditor's Report will provide an unmodified opinion. A draft copy of our proposed Independent Auditor's Report has been included with this report.

Audit Reporting Matters

Our audit was carried out in accordance with Canadian generally accepted auditing standards and included a review of all significant accounting and management reporting systems, with each material year end balance, key transaction and other events considered significant to the financial statements considered separately.

Significant Audit, Accounting and Reporting Matters

Area	Comments
Final Materiality	Final materiality used for our audit was $2,000,000 for December 31, 2024.
Identified or Suspected Fraud	While our audit cannot be relied upon to detect all instances of fraud, no incidents of fraud, or suspected fraud, came to our attention in the course of our audit.
Identified or Suspected Non-Compliance with Laws and Regulations	Nothing has come to our attention that would suggest any non-compliance with laws and regulations that would have a material effect on the financial statements.
Financial Statement Disclosures	The disclosures made in the notes to the financial statements appear clear, neutral and consistent with our understanding of the entity and the amounts presented in the financial statements.
Significant Deficiencies in Internal Control	While our review of controls was not sufficient to express an opinion as to their effectiveness or efficiency, no significant deficiencies in internal control have come to our attention.
Matters Arising from Discussions with Management	There were no significant matters discussed, or subject to correspondence, with management that in our judgment need be brought to your attention.
Contingencies/Litigation Proceedings	We have discussed with management and they have indicated there are outstanding claims against the City of Owen Sound. We will also be communicating with the City of Owen Sound's legal counsel. These claims are disclosed in Note 20.

Commitments	There are ongoing significant capital commitments as at December 31, 2024 and are disclosed in Note 19.
Accumulated Surplus	A breakdown of the City's accumulated surplus is included in Note 8. This includes the amount invested in capital assets, unfunded liabilities, reserves and reserve funds.
Financial Instruments	We have discussed with management to ensure all financial instruments were identified and reviewed management's accounting policy to ensure they are appropriately recorded at amortized cost or fair market value, where applicable. See the Significant Accounting Policy for Financial Instruments and further disclosures in Note 21.
Post-Employment Benefits	The City of Owen Sound provides post-employment health and life insurance 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. In order to help estimate the liability for post-employment benefits, City of Owen Sound engaged the services of an actuary.
Asset Retirement Obligations	Management reviewed all capital assets owned by City of Owen Sound or where the City of Owen Sound has a responsibility for an asset to determine if there is a legal obligation associated with the retirement of any of the capital assets. Management identified an asset retirement obligation. In order to help identify and estimate the liability, the City engaged the services of consultants to perform an assessment of designated substances, review of applicable legislation and the services of engineers and other professionals to estimate the abatement, removal and remediation costs.
Unfinanced Capital	The City has $11,399,751 in unfinanced capital projects as of December 31, 2024. We recommend that the plan to finance these assets be reviewed on a regular basis to determine if any adjustments are appropriate.
Taxation Revenue Estimate	In accordance with PS 3510, amounts have been estimated for taxable events that have occurred but have not yet been assessed. The estimate was based on trend analysis by year for supplemental taxation billings and write-offs for the last 3 years; examination of building permits issued in the last two years; and knowledge of potential reassessments.
Police Services Revenue and User Fee Estimate	At yearend, there is a material amount of deferred revenue related to Next Generation 911 (NG911) dispatch revenue. In accordance with Public Sector Accounting Standard 3400 Revenue, for 2024, the estimated NG911 revenue was recognized based on information

	provided by the Police Services Department for implementation costs incurred during the year. Up to December 31, 2024, the total revenue recognized from the deferred balance is not material; however, the revenue to be recognized is expected to increase and become material in the future. To ensure the revenue recognition is accurate, recommend there be a formal process to increase the supporting documentation provided to City finance staff and a recognition policy in regards to both the implementation costs and user fees for NG911 services.

Significant Risk Areas and Responses

Significant Risk Area	Response and Conclusion
Revenue Recognition	To address this risk, we reconciled significant government transfers to their various government funding agreements and letters, reviewed funding agreements for deferred grants and reviewed minutes to ensure grant revenue listed was complete. No issues were noted in regard to grant revenue during our testing.
Control Environment	To address this risk, we developed criteria for unusual journal entries, determined the population of unusual journal entries and obtained corroborating evidence of these journal entries from management as to why the journal entries were made. No inappropriate journal entries were noted. No management override of controls noted in the current period.
Payroll	To address this risk, we reviewed the salaries of those employees who are authorized to change pay rates. No issues were noted in regards to payroll during our testing.

Other Areas

Area	Comments
Auditor Independence	We confirm to the Committee that we are independent of the City of Owen Sound. Our letter to the Committee discussing our independence is included as part of the additional materials attached to this report.
Management Representations	We have requested certain written representations from management, which represent a confirmation of certain oral representations given to us during the course of our audit. This letter, provided by management, has been included as additional material to this report.
Summary of Significant Differences	We identified unadjusted differences in relation to the December 31, 2024 year end that was not material. The unadjusted difference is attached to the representation letter.

We appreciate having the opportunity to meet with you and respond to any questions you may have about our audit, and to discuss any other matters that may be of interest to you.

Sincerely,

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

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Appendix A – Independence Letter

November 6, 2025

Corporate Services Committee
City of Owen Sound
808 - 2nd Avenue East
Owen Sound, ON N4K 2H4

Dear Sirs/Mesdames:

We have been engaged to audit the consolidated financial statements of City of Owen Sound (the "City") as at December 31, 2024 and for the year then ended.

The purpose of this letter is to communicate with you regarding all relationships between the City and MNP LLP and/or its affiliates (collectively, "MNP") that, in our professional judgement, may reasonably be thought to bear on our independence. In determining which relationships to report, we consider the relevant rules and related interpretations prescribed by the appropriate professional accounting body and applicable legislation, covering such matters as:

(a) Holding a financial interest, either directly or indirectly, in a client;
(b) Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client or a related entity;
(c) Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client or a related entity;
(d) Economic dependence on a client; and
(e) Provision of non-assurance services in addition to the audit engagement.

We are aware of the following relationships between the City and MNP that, in our professional judgment, may reasonably be thought to bear on our independence. The following relationships represent matters that have occurred from January 1, 2024 to November 6, 2025.

- We have provided advice and comments to management regarding financial statement measurement, presentation and disclosure matters.
- We have provided assistance in the preparation of the consolidated financial statements, including adjusting journal entries and/or bookkeeping services. These services created a self-review threat to our independence since we subsequently expressed an opinion on whether the consolidated financial statements presented fairly, in all material respects, the financial position, results of operations and cash flows in accordance with Canadian Public Sector Accounting Standards.
- We, therefore, required that the following safeguards be put in place related to the above:
    - Management provided us with a trial balance and draft consolidated financial statements, including notes, prior to completion of our audit.
    - Management created the source data for all the accounting entries.
    - Management developed any underlying assumptions required with respect to the accounting treatment and measurement of the entries.
    - Management reviewed advice and comments provided and undertook their own analysis considering the City's circumstances and generally accepted accounting principles.

- Management reviewed and approved all journal entries prepared by us, as well as changes to financial statement presentation and disclosure.
- Members of our Firm providing bookkeeping services did not participate on the audit engagement team.
- Someone other than the preparer reviewed the proposed journal entries and consolidated financial statements

We hereby confirm that MNP is independent with respect to the City within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of Ontario as of November 6, 2025.

This report is intended solely for the use of the Corporate Services Committee, management and others within the City and should not be used for any other purposes.

Sincerely,

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

Appendix B – Management Representation Letter

Corporation of the City of Owen Sound
808 - 2nd Avenue East
Owen Sound, ON N4K 2H4

November 6, 2025

MNP LLP
1717 2nd Avenue East P.O. Box 397
Owen Sound, Ontario N4K 5P7

To Whom It May Concern:

In connection with your audit of the consolidated financial statements of Corporation of the City of Owen Sound as at December 31, 2024 and for the year then ended, we hereby confirm to the best of our knowledge and belief, the following representations made to you during the course of your audit.

We understand that your audit was made in accordance with Canadian generally accepted auditing standards. Accordingly, the audit included an examination of the accounting system, controls and related data, and tests of the accounting records and such other auditing procedures as you considered necessary in the circumstances, for the purpose of expressing an opinion on the consolidated financial statements. We also understand that such an audit is not designed to identify, nor can it necessarily be expected to disclose, misstatements, non-compliance with laws and regulations, fraud or other irregularities, should there be any.

Certain representations in this letter are described as being limited to matters that are material. An item is considered material, regardless of its monetary value, if it is probable that its omission from or misstatement in the consolidated financial statements would influence the decision of a reasonable person relying on the consolidated financial statements.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated March 3, 2025, for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards.

   We believe these consolidated financial statements are complete and present fairly, in all material respects, the financial position as at December 31, 2024, and the results of its operations and its cash flows, in accordance with Canadian public sector accounting standards.

2. All transactions have been recorded in the accounting records and are reflected in the financial statements, and are reported in the appropriate period.

3. We acknowledge that we are responsible for the accounting policies followed in the preparation of the consolidated financial statements. Significant accounting policies, and any related changes to significant accounting policies, are disclosed in the consolidated financial statements. The selection of accounting policies is appropriate in accordance with the requirements of Canadian public sector accounting standards, and are applied consistently throughout the consolidated financial statements.

4. The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement and/or disclosure that are reasonable in accordance with Canadian Public Sector Accounting Standards.

5. The selection and application of the methods, assumptions and data used in making the accounting estimates are consistent and appropriate.

6. We are aware of and concur with the contents and results of the attached journal entries prepared by you, and accept responsibility for the financial statement effects of the entries.

7. We believe the effects of those uncorrected financial statement differences aggregated by you during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

8. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian public sector accounting standards.

9. All events or transactions that have occurred subsequent to the statement of financial position and for which Canadian public sector accounting standards require adjustment or disclosure have been adjusted or disclosed appropriately in the consolidated financial statements.

10. All plans or intentions that may affect the carrying value or classification of assets and liabilities are appropriately reflected in the consolidated financial statements in accordance with Canadian public sector accounting standards.

11. All liabilities, both known and contingent, requiring recognition or disclosure in the consolidated financial statements in accordance with the requirements of Canadian public sector accounting standards have been adjusted or disclosed as appropriate.

12. All outstanding and possible claims, whether or not they have been discussed with legal counsel, have been disclosed to you and are appropriately reflected in the financial statements.

13. All assets, wherever located, to which satisfactory title was had at the year-end, have been fairly stated and recorded in the consolidated financial statements. The assets are free from hypothecation, liens and encumbrances, except as noted in the consolidated financial statements. We have disclosed the nature and carrying amounts of any assets pledged as collateral. All assets of uncertain value, and restrictions imposed on assets, are appropriately reported in the consolidated financial statements.

14. All aspects of laws, regulations or contractual agreements, including non-compliance, are appropriately reflected in the financial statements.

15. All charges to tangible capital assets represent capital expenditures. No expenditures of a capital nature were charged to operations of the City. Depreciation of tangible capital assets has been recorded according to our best estimates of their useful lives. All events or circumstances giving rise to impairments are appropriately reflected in the consolidated financial statements.

16. All intangible assets have been appropriately recorded in the consolidated financial statements in accordance with the requirements of Canadian public sector accounting standards. All events or circumstances giving rise

to impairments are appropriately reflected in the consolidated financial statements. Where intangible assets are subject to amortization, they are amortized at appropriate rates based on our best estimates of their useful lives.

17. Government transfers have been recognized when the transfer is authorized, and all eligibility criteria have been met.

18. All long-term debt has been appropriately recorded in the consolidated financial statements. All payments and accrued interest have been accounted for. The current portion of long-term debt has been appropriately classified. All terms and conditions have been fully disclosed in the consolidated financial statements. We have provided you with the most current debt and financing agreements.

19. Employee future benefits have been appropriately recorded in the consolidated financial statements according to the requirements of Canadian public sector accounting standards. All actuarial assumptions and valuations have been disclosed to you in full and are appropriate.

20. Revenue from exchange transactions has been recognized when, or as, the City satisfies a performance obligation by providing the promised goods or services to a payor in accordance with the requirements of Public Sector Accounting Standards.

21. Revenue from non-exchange transactions has been recognized, at its net realizable value, when the City has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event that gives rise to an asset in accordance with the requirements of Public Sector Accounting Standards.

22. We have identified all financial instruments, including derivatives, and hedging relationships. These have been appropriately recorded and disclosed in the consolidated financial statements in accordance with the requirements of Canadian public sector accounting standards.

23. We have identified all known or potential contaminated sites and the costs associated with the remediation of these sites have been appropriately accounted for and disclosed in the financial statements in accordance with Canadian public sector accounting standards. There are no contaminated sites within the Scope of PS 3260.

24. We conducted an annual review of the public works and waterworks inventory recorded in General Ledger accounts 11-2421-0000-15120 and 11-0000-0000-15110 and have concluded that for December 31, 2024 the ending balances have decreased an estimated combined total of $105,000.

Information Provided

1. We have responded fully to all inquiries made to us and have made available to you:

    - A complete record of all financial records that are relevant to the preparation and presentation of the consolidated financial statements;
    - Additional information that you have requested from us for the purpose of your audit;
    - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

2. We acknowledge management's responsibility for the design, implementation and operation of controls that have been designed to prevent and detect fraud.

3. Where the impact of any frauds or suspected frauds, and non-compliance or possible non-compliance with laws and regulations, has a material effect on the financial statements, we have disclosed to you all known significant facts relating thereto, including circumstances involving management, employees having significant roles over controls, and others. We have made known to you any allegations of fraud or suspected fraud communicated by employees, former employees, analysts, regulators and others. The effects of such events, if any, are properly presented in the consolidated financial statements.

4. We have disclosed to you all deficiencies in the design or operation of internal controls over financial reporting of which we are aware.

5. We have disclosed to you all aspects of laws, regulations or contractual agreements that may affect the consolidated financial statements, including non-compliance.

6. We have disclosed to you the identities of all related parties and all related party relationships and transactions of which we are aware.

7. We have no knowledge of side agreements (contractual or otherwise) with any parties that have not been disclosed to you.

Professional Services

1. We acknowledge the engagement letter dated March 3, 2025, which states the terms of reference regarding your professional services.

2. We are not aware of any reason why MNP LLP would not be considered independent of the City of Owen Sound for purposes of the audit.

Sincerely,

City of Owen Sound

Signature ______________________ Title ______________________

City of Owen Sound
Summary of Unadjusted Misstatements
12/31/2024

Description of Misstatement	Identified Misstatements	Projections of Identified Misstatements	Estimates	Proposed Adjustments Assets Dr(Cr)	Liabilities Dr(Cr)	Opening R/E Dr(Cr)	Income Dr(Cr)
Waterworks Inventory understated			100,652	100,652			(100,652)
Prior period error carried fwd: Amortization			450,000	(450,000)		450,000	
Interest accrual for LTD remains over trivial at 12/31/2024.	227,574				(227,574)		227,574
Estimated revenue understated per PS 3400			148,000		(148,000)		148,000
Investments understated			100,447	100,447			(100,447)
Interest on investments not accrued			98,264	98,264			(98,264)
Estimated future taxes payable overstated in CY			155,000		155,000		(155,000)
Deferred Revenue overstated	528,053			(528,053)	528,053		
3 days of 27th PP payroll accrual overstated -	293,653				293,653	(225,323)	(68,330)
Current year payroll accrual understated			220,000		(220,000)		220,200
Likely Aggregate Misstatements Before Effect of Previous Year's Errors and Estimates	1,049,280	-	1,272,363	(678,690)	381,132	224,677	73,081
Effect of Previous Year's Errors				-	-	-	-
Likely Aggregate Misstatements				(678,690)	381,132	224,677	73,081

Details of why no adjustment has been made to the financial statements for the above items:

Number	Date	Name	Account No	Reference	Amount	Recurrence
1	31/12/2024	TAX STABILIZATION	11-0000-0000-33102	SS, REC	-82,217.27	
1	31/12/2024	TO RESERVES	11-0104-0150-65610	SS, REC	82,217.27	
		To transfer the general surplus to Tax Stabalization reserve.				
2	31/12/2024	MISC ACCOUNTS RECEIVABLE	11-0000-0000-12602	SS.36	2,200,000.00	
2	31/12/2024	WTP - TREAT-UNFINANCED	12-2422-8522-19010	SS.36	-2,200,000.00	
2	31/12/2024	PROVINCIAL GRANT	12-2422-8522-73110	SS.36	-1,000,000.00	
2	31/12/2024	FOR FUTURE FINANCING	12-2422-8522-81200	SS.36	2,200,000.00	
2	31/12/2024	CANADA GRANT	12-2426-8868-74110	SS.36	-1,200,000.00	
		To record the ICIP grant receivable related to the water treatment plant capital project and reduce unfinanced capital. Used old Federal Grant Environmental account for FS mapping purposes.				
					0.00	

Net Income (Loss) **0.00**

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At MNP we're proud to be the national accounting, consulting and tax firm that is 100% Made in Canada.

Our history defines who we are and our approach to business. Being a Canadian firm has helped shape our values, our collaborative approach, and the way we work with our clients, engaging them every step of the way.

We have a unique perspective. Our decisions are made here – decisions that drive Canadian business and help us all achieve success — and we know the impact that our choices have on the cities and towns we call home.

Throughout our six decades of work, we've seen our communities are more than just a place we do business in. They're a place where our families live, play, and thrive, and we work to make them the best places they can be.

Being 100% Canadian is something we wear proudly. This country provides us with great opportunities, and we're here to help our clients seize the opportunities so we can create a brighter future for the generations to come.

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