

Consolidated Financial Statements of

**THE CORPORATION OF THE
TOWNSHIP OF CHATSWORTH**

Year ended December 31, 2015

THE CORPORATION OF THE TOWNSHIP OF CHATSWORTH

Consolidated Financial Statements

Year ended December 31, 2015

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Corporation of the Township of Chatsworth as at December 31, 2015, and its consolidated results of operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matter

The financial statements of The Corporation of the Township of Chatsworth as at and for the year ended December 31, 2014 were audited by another auditor who expressed an unmodified opinion on those financial statements on May 6, 2015.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

July 6, 2016
Waterloo, Canada

THE CORPORATION OF THE TOWNSHIP OF CHATSWORTH

Consolidated Statement of Financial Position

December 31, 2015, with comparative information for 2014

	2015	2014
Financial assets:		
Cash and temporary investments (note 2)	\$ 3,002,825	\$ 1,955,846
Taxes receivable	1,323,588	1,337,836
Trade and other receivables	290,462	366,267
Long-term receivables (note 3)	39,815	50,853
	<u>4,656,690</u>	<u>3,710,802</u>
Financial liabilities:		
Accounts payable and accrued liabilities	790,047	600,584
Solid waste landfill closure and post closure liabilities (note 4)	77,179	73,693
Post-employment benefits (note 5)	44,341	71,583
Deferred revenue (schedule)	562,845	683,174
Long-term liabilities (note 6)	847,315	943,353
	<u>2,321,727</u>	<u>2,372,387</u>
Net financial assets	<u>2,334,963</u>	<u>1,338,415</u>
Non-financial assets:		
Inventory of supplies	266,403	104,683
Prepaid expenses	1,940	3,302
Tangible capital assets (note 7)	16,559,711	16,899,827
	<u>16,828,054</u>	<u>17,007,812</u>
Accumulated surplus (note 8)	<u>\$ 19,163,017</u>	<u>\$ 18,346,227</u>

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

THE CORPORATION OF THE TOWNSHIP OF CHATSWORTH

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2015, with comparative information for 2014

	Budget	2015	2014
Revenue:			
Taxation	\$ 4,424,720	\$ 4,378,679	\$ 3,949,815
Fees and user charges	803,505	1,323,805	1,039,249
Government transfers (note 11)	1,021,486	1,320,684	1,107,344
Other income (note 12)	511,940	537,494	488,736
Obligatory reserve fund revenue recognized	-	-	191,311
Total revenue	6,761,651	7,560,662	6,776,455
Expenses:			
General government	688,069	1,360,367	1,151,061
Protection services	1,692,948	1,551,659	1,319,649
Transportation services	2,881,304	1,759,485	1,998,397
Environmental services	806,201	1,158,742	1,204,840
Health services	25,655	22,490	18,452
Recreation and cultural services	573,820	800,970	698,113
Planning and development	93,654	90,159	67,733
Total expenses	6,761,651	6,743,872	6,458,245
Annual surplus (note 14)	-	816,790	318,210
Accumulated surplus, beginning of year	18,346,227	18,346,227	18,028,017
Accumulated surplus, end of year	\$ 18,346,227	\$ 19,163,017	\$ 18,346,227

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

THE CORPORATION OF THE TOWNSHIP OF CHATSWORTH

Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
		Actual
Annual surplus	\$ 816,790	\$ 318,210
Acquisition of tangible capital assets	(822,859)	(901,997)
Amortization of tangible capital assets	1,162,975	1,117,282
Gain on disposal of tangible capital assets	-	(17,750)
Proceeds on disposal of capital assets	-	17,750
	340,116	215,285
Change in inventories of supplies	(161,720)	71,534
Change in prepaid expenses	1,362	(3,302)
	(160,358)	68,232
Increase in net financial assets	996,548	601,727
Net financial assets, beginning of year	1,338,415	736,688
Net financial assets, end of year	\$ 2,334,963	\$ 1,338,415

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

THE CORPORATION OF THE TOWNSHIP OF CHATSWORTH

Consolidated Statement of Cash Flows

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 816,790	\$ 318,210
Items not involving cash:		
Change in solid waste landfill liability	3,486	(1,985)
Change in post-employment benefits	(27,242)	(64,388)
Amortization	1,162,975	1,117,282
Gain on disposal of capital assets	-	(17,750)
Deferred revenue recognized	(342,887)	(195,222)
Net change in non-cash working capital items:		
Taxes receivable	14,248	(86,668)
Trade and other accounts receivables	75,805	(17,538)
Prepaid expenses	1,362	(3,302)
Inventory of supplies	(161,720)	71,534
Accounts payable and accrued liabilities	189,463	13,348
Deferred revenue received	222,558	256,858
	<u>1,954,838</u>	<u>1,390,379</u>
Capital transactions:		
Cash used to acquire capital assets	(822,859)	(901,997)
Proceeds on disposal of capital assets	-	17,750
	<u>(822,859)</u>	<u>(884,247)</u>
Investing activities:		
Payments on long-term receivables	11,038	10,414
Financing activities:		
Repayment of long-term liabilities	(96,038)	(95,414)
Net change in cash and cash equivalents	1,046,979	421,132
Cash and cash equivalents, beginning of year	1,955,846	1,534,714
Cash and cash equivalents, end of year	<u>\$ 3,002,825</u>	<u>\$ 1,955,846</u>

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

THE CORPORATION OF THE TOWNSHIP OF CHATSWORTH

Notes to Consolidated Financial Statements

Year ended December 31, 2015

1. Basis of accounting:

(a) Management Responsibility:

The consolidated financial statements of the Corporation of the Township of Chatsworth are the representation of management. They have been prepared in accordance with Canadian Public Sector Accounting standards established by Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada as prescribed by the Ministry of Municipal Affairs and Housing.

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

(b) Basis of consolidation:

These 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 owned or controlled by Council have been consolidated:

Walter's Falls Community Centre
Holland Centre Ball Diamond Committee
Sullivan Community Centre (Desboro)
Williamsford Community Centre
Keady Community Centre
Chatsworth Cemetery Board
Desboro Cemetery Board
Hemstock Cemetery Board
Mt. Zion Cemetery Board
St. Mathias Cemetery Board

A government partnership exists where the municipality has shared control over the board or entity. The municipality's pro-rata share of the assets, liabilities, revenues and expenses are reflected in the financial statements using the proportionate consolidation method. The municipality's proportionate interest of the following government partnerships are reflected in the consolidated financial statements:

Chesley and District Fire Board	36.80%
Georgian Bluffs Chatsworth Biodigester	50.00%
Markdale Landfill	71.65%

THE CORPORATION OF THE TOWNSHIP OF CHATSWORTH

Notes to Consolidated Financial Statements

Year ended December 31, 2015

1. Basis of accounting (continued):

(c) 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 period. Estimates are used when accounting for items such as accrued grant receivables, accrued liabilities, post-employment benefits, solid waste landfill closure and post-closure costs and taxation revenue. By their nature, these estimates are subject to management uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future.

(d) Cash and cash equivalents:

Cash and cash equivalents include all cash balances and short-term highly liquid investments that are readily convertible into cash.

(e) Temporary investments:

Temporary investments are recorded at cost unless there has been a decline in the market value which is other than temporary in nature in which case the investments are written down to market value.

(f) Inventory of supplies:

Inventory held for consumption is recorded at the lower of cost and replacement cost. Cost is determined at weighted average cost.

(g) Long-term receivables:

Long-term receivables are recorded at cost.

THE CORPORATION OF THE TOWNSHIP OF CHATSWORTH

Notes to Consolidated Financial Statements, (continued)

Year ended December 31, 2015

1. Basis of accounting (continued):

(h) Tangible capital assets:

Tangible capital assets are recorded at cost less accumulated amortization. Costs include 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 Council. The following rates are used:

Asset	Useful Life - Years
Roads - paved	3 to 25 years
Roads - gravel	40 years
Water and other utility systems	40 to 90 years
Buildings	40 years
Bridges and other structures	50 years
Vehicles	5 to 10 years
Equipment	5 to 20 years
IT Infrastructure	3 to 5 years

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

(i) Non-financial assets

Tangible capital and other non-financial assets are accounted for as assets by the organization because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the organization unless they are sold.

(j) Deferred revenue

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 and accumulated surplus in the year in which it is used for the specified purpose.

THE CORPORATION OF THE TOWNSHIP OF CHATSWORTH

Notes to Consolidated Financial Statements, (continued)

Year ended December 31, 2015

1. Basis of accounting (continued):

(k) Post-employment benefits:

The municipality provides for a payout of a portion of the accrued sick days if an employee retires and has a specified number of years of service with the Township. The benefits earned by employees are determined using management's best estimate of expected benefit costs and are expensed as services are rendered.

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

(l) County and School Board:

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

(m) 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.

(n) Revenue recognition:

Revenues are recognized as follows:

- (i) 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. Taxes receivable are recognized net of an allowance for anticipated uncollectible amounts.
- (ii) Fines and donations are recognized when collected.
- (iii) User fees and other revenues are recognized when related goods or services are provided and collectability are reasonably assured.
- (iv) 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.
- (iv) Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

THE CORPORATION OF THE TOWNSHIP OF CHATSWORTH

Notes to Consolidated Financial Statements, (continued)

Year ended December 31, 2015

2. Cash and temporary investments:

	2015	2014
Unrestricted cash	\$ 2,990,132	\$ 1,933,153
Temporary investments	12,693	22,693
	\$ 3,002,825	\$ 1,955,846

The Township of Chatsworth has undrawn credit facility of \$1,000,000 for operating purposes. Interest is calculated at prime minus .75%.

Temporary investments of \$12,693 consist of guaranteed investment certificates, earning interest between 0.75% and 3.91% annually.

3. Long-term receivables:

	2015	2014
Tile drainage loans, 8%, due 2016 to 2020	\$ 39,815	\$ 50,853

4. Solid waste landfill closure and post-closure liabilities:

Solid waste landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, removal of ground water and leachates, and ongoing environmental monitoring, site inspection and maintenance.

The liability for the landfill site is recorded at \$77,179 (2014 – \$73,693) and represents the present value of closure and post-closure costs for the Sullivan site and a 50% share of costs of the Markdale site, using the prime business rate of 3%. The liability is recorded based on 84% capacity of the Sullivan landfill used to date and 45% of the Markdale landfill used to date. The total estimated future expenses for closure and post-closure care are \$173,954 leaving an amount to be recognized of \$96,775. The estimated remaining capacity of the Sullivan site's opened cells are approximately 7,445 cubic metres, which will be filled in approximately 4 years. The estimated remaining capacity at the Markdale site 262,399 cubic metres, which will be filled 70 years. Monitoring will continue for a period of 20 year after the landfills are closed.

The Township has a general landfill reserve of \$51,000.

THE CORPORATION OF THE TOWNSHIP OF CHATSWORTH

Notes to Consolidated Financial Statements, (continued)

Year ended December 31, 2015

5. Post-employment benefits:

In 2014, the Township adopted a policy which provided for a payout of a portion of previously accrued sick days over a period of five years. Previously, the payout was only allowed if an employee retired and had a specified number of years of service with the Township.

	2015	2014
Sick time liability	\$ 44,341	\$ 71,583

During the year \$27,242 was paid to employees.

6. Long-term liabilities:

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

	2015	2014
Long-term debt payable to the Township of Georgian Bluffs, no interest, no specific terms of repayment	\$ 7,500	\$ 12,500
Tile drainage debentures payable, 8% due from 2016 to 2020	39,815	50,853
Demand loan payable, Bank of Montreal, prime, repayable in monthly instalments of \$6,667 plus interest	800,000	880,000
	\$ 847,315	\$ 943,353

In the absence of demand for repayment, estimated principal payments for the next 5 fiscal years and thereafter are as follows:

2016	\$ 91,701
2017	92,403
2018	93,147
2019	81,245
2020	81,319
Thereafter	407,500

Interest paid relating to the above long-term debt was \$26,546 (2015 – \$31,306).

THE CORPORATION OF THE TOWNSHIP OF CHATSWORTH

Notes to Consolidated Financial Statements, (continued)

Year ended December 31, 2015

7. Tangible capital assets:

	Land	Buildings	Equipment and Vehicles	Linear Assets	Total 2015
Cost					
Cost, beginning of year	\$ 474,174	\$ 5,975,469	\$ 7,089,993	\$ 29,853,670	\$ 43,393,306
Additions	-	95,451	245,051	508,005	848,507
Disposals	-	-	(18,089)	(98,931)	(117,020)
Transfers	(200)	968,610	(1,101,254)	132,844	-
Cost, end year	473,974	7,039,530	6,215,701	30,395,588	44,124,793
Opening accumulated amortization					
Amortization	-	2,821,885	2,569,780	21,101,814	26,493,479
Disposals	-	-	(18,089)	(73,283)	(91,372)
Transfers	-	(92,748)	(543,153)	635,901	-
Closing accumulated amortization,	-	2,895,166	2,349,753	22,320,163	27,565,082
Net carrying amount, end of year	\$ 473,974	\$ 4,144,364	\$ 3,865,948	\$ 8,075,425	\$ 16,559,711

THE CORPORATION OF THE TOWNSHIP OF CHATSWORTH

Notes to Consolidated Financial Statements, (continued)

Year ended December 31, 2015

7. Tangible capital assets (continued):

	Land	Buildings	Equipment & Vehicles	Linear Assets	Total 2014
Cost					
Cost, beginning of year	\$ 474,174	\$ 5,932,219	\$ 7,179,059	\$ 29,276,225	\$ 42,861,677
Additions	-	43,250	248,373	610,374	901,997
Disposals	-	-	(337,439)	(32,929)	(370,368)
Cost, end year	474,174	5,975,469	7,089,993	29,853,670	43,393,306
Opening accumulated amortization					
Amortization	-	2,632,741	2,584,783	20,529,041	25,746,565
Disposals	-	-	(337,439)	(32,929)	(370,368)
Closing accumulated amortization,	-	2,821,885	2,569,780	21,101,814	26,493,479
Net carrying amount, end of year	\$ 474,174	\$ 3,153,584	\$ 4,520,213	\$ 8,751,856	\$ 16,899,827

THE CORPORATION OF THE TOWNSHIP OF CHATSWORTH

Notes to Consolidated Financial Statements, (continued)

Year ended December 31, 2015

7. Tangible capital assets (continued):

The net book value of tangible capital assets not being amortized because they are under construction is \$14,189 (2014 - \$25,649).

The municipality has recorded land, infrastructure and building assets at nominal amounts.

8. Accumulated surplus:

Accumulated surplus consists of individual fund surpluses and reserves as follows:

	2015	2014
Invested in tangible capital assets:		
Tangible capital assets at cost less amortization	\$ 16,559,711	\$ 16,899,827
Unfinanced capital assets	(277,356)	(325,317)
Capital assets financed by long-term liabilities and to be funded in future years	(807,500)	(892,500)
Total invested in capital assets	15,474,855	15,682,010
General	45,533	-
Unfunded vested sick leave payable	(16,422)	(43,664)
Unfunded solid waste closure and post-closure costs	(77,179)	(73,693)
Cemeteries	46,303	43,702
Recreation, community centres and arenas	37,632	73,118
Environmental	(204,212)	(230,677)
	15,306,510	15,450,796
Reserves and reserve funds (note 9)	3,856,507	2,895,431
Accumulated surplus	\$ 19,163,017	\$ 18,346,227

9. Reserves and reserve funds set aside for specific purpose by Council:

	2015	2014
Working funds	\$ 1,074,166	\$ 1,008,773
Capital purposes	2,782,341	1,886,658
	\$ 3,856,507	\$ 2,895,431

THE CORPORATION OF THE TOWNSHIP OF CHATSWORTH

Notes to Consolidated Financial Statements, (continued)

Year ended December 31, 2015

10. Budgets:

Under Canadian public sector accounting principles, budget amounts are to be reported on the consolidated statements of operations and accumulated surplus and changes in net financial assets for comparative purposes. The 2015 budget amounts for The Corporation of the Township of Chatsworth approved by Council have been reclassified to conform to the presentation of the consolidated statements of operations and accumulated surplus and changes in net financial assets. The following is a reconciliation of the budget approved by Council.

	2015 Actual	2014 Actual
Annual surplus (page 2)	\$ 816,790	\$ 318,210
Net budget transfers from reserves	(961,076)	(166,498)
Capital acquisitions, disposals and write-down	(822,859)	(901,997)
Amortization	1,162,975	1,117,282
Debt principal repayments	(85,000)	(85,000)
Change in unfunded liabilities	(23,756)	(94,292)
Change in other surpluses	(39,113)	(75,329)
Change in unfinanced amounts	(27,898)	(99,855)
	20,063	12,521
Change in sundry board unfinanced amounts	(20,063)	(12,521)
	\$ -	\$ -

THE CORPORATION OF THE TOWNSHIP OF CHATSWORTH

Notes to Consolidated Financial Statements, (continued)

Year ended December 31, 2015

11. Government transfers:

	2015	2014
Operating:		
Province of Ontario:		
Ontario Municipal Partnership Fund (OMPF):		
Sewer and water	\$ 827,400	\$ 996,800
Other	23,824	4,070
	66,737	94,860
	917,961	1,095,730
Other Municipalities		
Other	11,614	11,614
Total operating transfers	929,575	1,107,344
Capital:		
Government of Ontario:		
Other	48,221	-
Government of Canada:		
Federal gas tax rebate	342,888	-
Total government transfers	\$ 1,320,684	\$ 1,107,344

12. Other income:

	2015	2014
Penalties and interest on taxation	\$ 264,611	\$ 203,886
Other fines and penalties	9,947	7,983
Investment income	21,088	18,142
Licenses, permits and rents	145,939	152,805
Donations	39,924	53,872
Sale of publications, equipment, etc.	20,308	31,580
Other	35,677	20,468
	\$ 537,494	\$ 488,736

THE CORPORATION OF THE TOWNSHIP OF CHATSWORTH

Notes to Consolidated Financial Statements, (continued)

Year ended December 31, 2015

13. Pension agreements:

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 26 members of its staff and councillors. This plan is a defined benefit plan which specifies the amount of the retirement to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan. The amount contributed by the municipality to OMERS for 2015 was \$119,657 (2014 – \$114,099). The contribution rate for 2015 was 9.0% to 15.9% depending on age and income level (2014 – 9.0% to 15.9%).

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 December 31, 2015. At that time, the plan reported a \$7.0 billion actuarial deficit (2014 – \$7.1 billion actuarial deficit), based on actuarial liabilities of \$81.9 billion (2014 - \$76.9 billion) and actuarial assets of \$74.9 billion (2014 - \$69.8 billion). Ongoing adequacy of the current contribution rate will need to be monitored as the fluctuations in the financial markets may lead to increased future funding requirements.

14. Government business partnerships:

The following summarizes the financial position and operations of the government business partnerships which have been reported in these financial statements using the modified equity method:

Georgian Bluffs Chatsworth Biodigester:

The Georgian Bluffs Chatsworth Biodigester is a joint board under the shared control of the Corporation of Township of Chatsworth and the Township of Georgian Bluffs. The consolidated financial statements include the municipality's 50% proportionate interest of the government business partnership:

	2015	2014
Financial assets	\$ 631,481	\$ 550,082
Liabilities	255,229	279,993
Net financial assets	376,252	270,089
Non-financial assets	3,443,443	3,581,609
Accumulated surplus	3,819,695	\$ 3,851,698
Revenues	494,181	\$ 626,002
Expenses	526,184	502,891
Annual surplus	\$ (32,003)	\$ 123,111

THE CORPORATION OF THE TOWNSHIP OF CHATSWORTH

Notes to Consolidated Financial Statements, (continued)

Year ended December 31, 2015

14. Government business partnerships (continued):

Markdale Landfill:

Markdale Landfill is a joint board under the shared control of the Township of Chatsworth and the Municipality of Grey Highlands. The consolidated financial statements include the municipality's 50% proportionate interest in capital items and a 71.65% (2014 - 71.65%) share of revenues and expenditures:

	2015	2014
Revenues	\$ 42,465	\$ 73,058
Expenses	92,344	154,630
Annual deficit	\$ (49,879)	\$ (81,572)

Chesley and District Fire Board:

Chesley and District Fire Board is a joint board under the shared control of the Township of Chatsworth and the Municipality of Arran-Elderslie. The consolidated financial statements include the municipality's proportionate 36.8% interest of the operations. The most recent results available for the Chesley and District Fire Board are as follows:

	2015	2014
Financial assets	\$ 60,726	\$ 46,828
Liabilities	66,329	82,431
Net debt	(5,603)	(35,603)
Non-financial assets	209,277	295,175
Accumulated surplus	\$ 203,674	\$ 259,572
Revenues	178,620	\$ 175,397
Expenses	234,518	190,361
Annual deficit	\$ (55,898)	\$ (14,964)

THE CORPORATION OF THE TOWNSHIP OF CHATSWORTH

Notes to Consolidated Financial Statements, (continued)

Year ended December 31, 2015

15. 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.

	2015	2014
School boards	\$ 1,675,604	\$ 1,648,513
County of Grey	2,696,511	2,711,940
Annual deficit	\$ 4,372,115	\$ 4,360,453

16. Trust funds:

The trust funds administered by the municipality amount to \$86,893 (2014 - \$81,240) 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, 2015, the trust funds balances are as follows:

	2015	2014
Cemetery care and maintenance funds	\$86,893	\$ 81,240

17. Contractual commitments:

The Township of Chatsworth has entered into contracts for the provision of garbage pickup, recycling and water monitoring services. The cost to the municipality will be \$108,900 over the six months ending June 2016.

THE CORPORATION OF THE TOWNSHIP OF CHATSWORTH

Notes to Consolidated Financial Statements, (continued)

Year ended December 31, 2015

18. Contingencies:

- a) The Township of Chatsworth has been named in a lawsuit regarding an incident which took place at one of the community centres. The outcome of this action is undeterminable at this time. Management is of the opinion that the Township maintains adequate and appropriate liability and errors and omissions insurance to protect the municipality against the above claim.
- b) The Township insured errors and omissions and public liability insurance coverage through the Ontario Municipal Insurance Exchange (OMEX) up until December 31, 2006. OMEX is a separate pooling of the public liability insurance risks of its municipal members. All members are subject to assessment for losses, if any, experienced for the years in which they were members.

19. Amounts owing from Community Centre Boards:

In the preparation of the consolidated financial statements of the Township of Chatsworth the amounts receivable by the Township of Chatsworth from the controlled community centre boards were eliminated upon consolidation. For information purposes the amounts owed by the community centres to the Township of Chatsworth are as follows:

	2015	2014
Chatsworth Community Centre	\$ 150,656	\$ 156,648
Williamsford Community Centre	3,331	8,593
Sullivan Community Centre (Desboro)	62,293	73,820
Walter's Falls Community Centre	7,725	8,225
Keady Community Centre	45,283	48,057
	<u>\$ 269,288</u>	<u>\$ 295,343</u>

These amounts were incurred to cover capital projects and operating costs of the community centre boards. These loans have no specified terms of repayment.

20. Segmented information:

The Township of Chatsworth is a diversified municipal government institution that provides a wide range of services to its citizens such as police, fire, sewer and water services, waste collection, disposal and recycling, recreational, library and planning. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

THE CORPORATION OF THE TOWNSHIP OF CHATSWORTH

Notes to Consolidated Financial Statements, (continued)

Year ended December 31, 2015

20. Segmented information (continued):

a) General Government:

This segment includes the revenues and expenses that relate to the governance and operations of the municipality itself and cannot be directly attributed to a specific segment.

b) Protection to Persons and Property:

Protection is comprised of police services, fire protection, conservation, authority, emergency measures, animal control and building and structural inspection. The police services work to ensure the safety and protection of the citizens and their property. The fire department is responsible for providing fire suppression service, fire prevention programs, training and education. The members of the fire department consist of volunteers. The building department provides a number of services including maintenance and enforcement of building and construction codes and review of all property development plans through its application process.

c) Transportation:

Transportation is responsible for construction and maintenance of the municipality's roadways, bridges, and street lighting.

d) Environmental:

Environmental services consists of providing sewer and water services, waste collection, disposal and recycling to its citizens.

Environmental services also include a Biodigester which is a green energy project that digests organic material producing biogas used to run a generator and produce electrical power. The project will produce up to 2400 kWh per day on the power grid. The project includes a biodigester system, pasteurizer, biogas generator and pumphouse as well as associated septage screening, piping, roadways, storage and operation centre.

e) Heath:

Health services includes the operations of local cemeteries.

f) Recreational and cultural services:

This service area provides services meant to improve the health and development of the municipality's citizens. The municipality operates and maintains parks, arenas, and community centres. The municipality also contributes to library services and recreational programs.

g) Planning and development:

This department is responsible for planning and zoning including the Official plan. This service area also includes tile drainage.

THE CORPORATION OF THE TOWNSHIP OF CHATSWORTH

Notes to Consolidated Financial Statements, (continued)

Year ended December 31, 2015

20. Segmented information (continued):

Planning and development (continued):

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. Amounts that are directly attributable to a number of segment have been allocated on a reasonable basis as follows:

Taxation, payments-in-lieu and
penalties and interest

Allocated to those segments that are funded by
these amounts based on the budget for the year.

OMPF grants

Allocated to segments based on the budget for
the year.

THE CORPORATION OF THE TOWNSHIP OF CHATSWORTH

Notes to Consolidated Financial Statements, (continued)

Year ended December 31, 2015

20. Segmented information (continued):

	General Government	Protective Services	Transportation Services	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	Total 2015
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue:								
Taxation	322,872	963,628	2,234,364	463,258	20,586	338,556	35,415	4,378,679
Fees and user charges	58,027	84,289	186,463	604,393	27	341,706	48,900	1,323,805
Specific grants	8,360	6,592	372,975	74,608	-	30,749	-	493,284
OMPF grant	61,010	182,088	422,208	87,538	3,890	63,974	6,692	827,400
Other income	312,797	124,545	11,745	21,670	6,346	57,906	2,485	537,494
Transfers from obligatory reserve	-	-	-	-	-	-	-	-
	763,066	1,361,142	3,227,755	1,251,467	30,849	832,891	93,492	7,560,662
Expenses:								
Salaries and benefits	935,938	254,816	398,241	181,464	14,423	90,854	40,272	1,916,008
Interest on debt	-	-	-	-	-	-	3,051	3,051
Material and supplies	404,178	254,466	533,668	234,991	949	354,625	5,407	1,788,284
Contract services	-	957,377	23,081	571,506	7,118	228,575	41,429	1,829,086
Other transfers	-	-	-	(6,620)	-	15,660	-	9,040
Rents and financial expenses	1,252	-	-	23,451	-	10,725	-	35,428
Amortization	18,999	85,000	804,495	153,950	-	100,531	-	1,162,975
	1,360,367	1,551,659	1,759,485	1,158,742	22,490	800,970	90,159	6,743,872
Annual surplus (deficit)	(597,301)	(190,517)	1,468,270	92,725	8,359	31,921	3,333	816,790

THE CORPORATION OF THE TOWNSHIP OF CHATSWORTH

Notes to Consolidated Financial Statements, (continued)

Year ended December 31, 2015

20. Segmented information (continued):

	General Government	Protective Services	Transportation Services	Environmental Services	Health Services	Recreation and Cultural Services	Recreation and Development	Planning Total 2014
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue:								
Taxation	671,469	829,461	1,816,915	355,483	-	236,989	39,498	3,949,815
Fees and user charges	39,687	89,616	24,027	550,705	25	305,833	29,356	1,039,249
Specific grants	7,124	6,684	4,624	69,498	-	22,614	-	110,544
OMPF grant	169,456	209,328	458,528	89,712	-	59,808	9,968	996,800
Other revenue	225,970	172,570	18,377	8,325	-	61,739	1,755	488,736
Transfers from obligatory reserve	-	-	191,311	-	-	-	-	191,311
	1,113,706	1,307,659	2,513,782	1,073,723	25	686,983	80,577	6,776,455
Expenses:								
Salaries and benefits	775,392	252,158	438,753	202,647	14,479	84,836	33,274	1,801,539
Interest on debt	-	-	-	-	-	-	3,676	3,676
Material and supplies	357,135	218,042	766,147	316,382	1,683	286,169	6,065	1,951,623
Contract services	-	772,482	12,819	498,127	2,290	224,390	24,718	1,534,826
Other transfers	-	-	-	1,783	-	11,982	-	13,765
Rents and financial expenses	634	-	-	27,510	-	7,390	-	35,534
Amortization	17,899	76,968	780,678	158,391	-	83,346	-	1,117,282
	1,151,060	1,319,650	1,998,397	1,204,840	18,452	698,113	67,733	6,458,245
Annual surplus (deficit)	(37,354)	(11,991)	515,385	(131,117)	(18,427)	(11,130)	12,844	318,210

THE CORPORATION OF THE TOWNSHIP OF CHATSWORTH

Schedule of deferred revenue

Year ended December 31, 2015

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Obligatory reserve funds:					
Reserves:					
Recreational land	\$ 109,049	\$ 13,140	\$ 5,043	\$ -	\$ 127,232
Gas tax grant	462,145	186,386	-	(342,888)	305,643
	571,194	199,526	5,043	(342,888)	432,875
Other:					
Gravel pit rehabilitation	62,957	-	2,918	-	65,875
Unearned revenue	49,023	38,896	-	(23,824)	64,095
	111,980	38,896	2,918	(23,824)	129,970
Total	\$ 683,174	\$ 238,422	\$ 7,961	\$ (366,712)	\$ 562,845

Financial Statements of

**THE CORPORATION OF THE
TOWNSHIP OF CHATSWORTH**

Trust Funds

Year ended December 31, 2015

THE CORPORATION OF THE TOWNSHIP OF CHATSWORTH

Trust Funds Financial Statements

Year ended December 31, 2015

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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Corporation of the Township of Chatsworth:

We have audited the accompanying financial statements for the trust funds of the Corporation of the Township of Chatsworth ("the Entity"), which comprise of the balance sheet as at December 31, 2015, the statement of continuity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 financial statements that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the balance sheet for the trust funds of the Corporation of the Township of Chatsworth as at December 31, 2015, and the statement of continuity for the year then ended in accordance with Canadian public sector accounting standards.

Other Matter

The financial statements of The Corporation of the Township of Chatsworth as at and for the year ended December 31, 2014 were audited by another auditor who expressed an unmodified opinion on those financial statements on May 6, 2015.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

July 6, 2016
Waterloo, Canada

THE CORPORATION OF THE TOWNSHIP OF CHATSWORTH

Trust Funds Balance Sheet

Year ended December 31, 2015

	Mt. Zion Care and Maintenance	Chatsworth Care and Maintenance	Cedardale Care and Maintenance	Hemstock Care and Maintenance	Desboro Care and Maintenance	St. Mathias Care and Maintenance	Total 2015	Total 2014
	\$	\$	\$	\$	\$	\$	\$	\$
Assets:								
Cash	14,954	19,222	-	3,039	45,038	4,879	87,132	80,197
Investments, at cost	-	-	1,509	-	-	-	1,509	1,540
Due from Township of Chatsworth	-	-	-	-	-	-	-	-
	14,954	19,222	1,509	3,039	45,038	4,879	88,641	81,737
Liabilities:								
Due to Cemetery Boards	75	202	-	31	445	995	1,748	497
Fund balance	14,879	19,020	1,509	3,008	44,593	3,884	86,893	81,240

THE CORPORATION OF THE TOWNSHIP OF CHATSWORTH

Trust Funds Statement of Continuity

Year ended December 31, 2015

	Mt. Zion Care and Maintenance	Chatsworth Care and Maintenance	Cedardale Care and Maintenance	Hemstock Care and Maintenance	Desboro Care and Maintenance	St. Mathias Care and Maintenance	Total 2015	Total 2014
	\$	\$	\$	\$	\$	\$	\$	\$
Balance, beginning of year	14,779	18,220	1,540	3,008	43,693	-	81,240	66,248
Receipts:								
Investment income	27	34	-	5	79	127	272	269
Perpetual care receipts	100	800	-	-	900	3,884	5,684	14,992
	127	834	-	5	979	4,011	5,956	15,261
Expenditures								
Transfer to Cemetery Boards	27	34	31	5	79	127	303	269
Balance, end of year	14,879	19,020	1,509	3,008	44,593	3,884	86,893	81,240

THE CORPORATION OF THE TOWNSHIP OF CHATSWORTH

Trust Funds
Notes to the Financial Statements

Year ended December 31, 2015

1. Basis of accounting:

(a) Management responsibility:

The financial information of the Corporation of the Township of Chatsworth Trust Funds are the representation of management. They have been prepared in accordance with Canadian Public Sector Accounting standards established by Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada as prescribed by the Ministry of Municipal Affairs and Housing.

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

(b) 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 period. Estimates are used when accounting for items such as accrued grant receivables, accrued liabilities, post-employment benefits, solid waste landfill closure and post-closure costs and taxation revenue. By their nature, these estimates are subject to management uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future.

(c) Basis of consolidation:

These trust funds have not been consolidated with the financial statements of the municipality.