

**The Corporation of the  
Township of Chatsworth  
Financial Information  
For the year ended December 31, 2019**

**The Corporation of the Township of Chatsworth  
Financial Information  
For the year ended December 31, 2019**

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

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

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## Independent Auditor's Report

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

### **Opinion**

We have audited the consolidated financial statements of the Corporation of the Township of Chatsworth ("the Township"), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the 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 Township as at December 31, 2019, and its consolidated results of operations, consolidated changes in net financial assets and 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 Township in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these 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 Township'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 Township or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Township's financial reporting process.



## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 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 Township'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 Township'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 Township to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Township to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants

Owen Sound, Ontario  
October 21, 2020

**The Corporation of the Township of Chatsworth**  
**Consolidated Statement of Financial Position**

<b>December 31</b>	<b>2019</b>	<b>2018</b>
<b>Financial assets</b>		
Cash and temporary investments (Note 1)	\$ 6,114,011	\$ 5,184,912
Taxes receivable	1,133,595	1,195,978
Trade and other receivables	402,224	418,437
Long-term receivables (Note 2)	35,620	2,565
	<u>7,685,450</u>	<u>6,801,892</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	1,088,697	1,231,511
Solid waste landfill closure and post-closure liabilities (Note 3)	194,597	194,597
Deferred revenue (Page 29)	872,806	448,292
Long-term liabilities (Note 4)	515,620	562,565
	<u>2,671,720</u>	<u>2,436,965</u>
<b>Net financial assets</b>	<u>5,013,730</u>	<u>4,364,927</u>
<b>Non-financial assets</b>		
Inventory of supplies	124,216	148,409
Prepaid expenses	16,612	11,928
Tangible capital assets (Note 5)	17,080,425	16,745,549
	<u>17,221,253</u>	<u>16,905,886</u>
<b>Accumulated surplus (Note 6)</b>	<u>\$22,234,983</u>	<u>\$ 21,270,813</u>

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

**The Corporation of the Township of Chatsworth**  
**Consolidated Statement of Operations and Accumulated Surplus**

<b>For the year ended December 31</b>	2019 Budget (Note 8)	2019 Actual	2018 Actual
<b>Revenue</b>			
Taxation	\$ 5,771,230	\$ <b>5,774,768</b>	\$ 5,477,076
Fees and user charges	848,551	<b>1,131,280</b>	1,100,203
Government transfers (Note 9)	1,556,872	<b>1,699,756</b>	1,193,893
Other income (Note 10)	451,150	<b>383,207</b>	531,880
	<u>8,627,803</u>	<u><b>8,989,011</b></u>	<u>8,303,052</u>
<b>Expenses</b>			
General government	1,790,295	<b>1,675,612</b>	1,632,248
Protection services	1,670,764	<b>1,671,672</b>	1,706,984
Transportation services	1,413,221	<b>2,234,458</b>	2,350,977
Environmental services	845,007	<b>1,360,793</b>	1,208,507
Health services	13,718	<b>15,093</b>	13,347
Recreation and cultural services	712,711	<b>976,416</b>	859,725
Planning and development	225,495	<b>90,797</b>	106,473
	<u>6,671,211</u>	<u><b>8,024,841</b></u>	<u>7,878,261</u>
<b>Annual surplus (Note 8)</b>	1,956,592	<b>964,170</b>	424,791
<b>Accumulated surplus, beginning of the year</b>	<u>21,270,813</u>	<u><b>21,270,813</b></u>	<u>20,846,022</u>
<b>Accumulated surplus, end of the year</b>	<u>\$ 23,227,405</u>	<u><b>\$22,234,983</b></u>	<u>\$ 21,270,813</u>

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

**The Corporation of the Township of Chatsworth**  
**Consolidated Statement of Changes in Net Financial Assets**

<b>For the year ended December 31</b>	2019 Budget (Note 8)	2019 Actual	2018 Actual
<b>Annual surplus (Page 6)</b>	\$ 1,956,592	<b>\$ 964,170</b>	\$ 424,791
Acquisition of tangible capital assets	(2,797,450)	<b>(1,775,731)</b>	(2,061,873)
Amortization of tangible capital assets	-	<b>1,182,208</b>	1,164,325
Loss on disposal of tangible capital assets	-	<b>224,129</b>	121,132
Proceeds on disposal of capital assets	-	<b>34,518</b>	-
	<b>(2,797,450)</b>	<b>(334,876)</b>	<b>(776,416)</b>
Use (purchase) of inventories of supplies	-	<b>24,193</b>	24,305
Increase in prepaid expenses	-	<b>(4,684)</b>	(1,018)
	-	<b>19,509</b>	23,287
<b>Increase (decrease) in net financial assets</b>	<b>(840,858)</b>	<b>648,803</b>	<b>(328,338)</b>
<b>Net financial assets, beginning of the year</b>	<b>4,364,927</b>	<b>4,364,927</b>	<b>4,693,265</b>
<b>Net financial assets, end of the year</b>	<b>\$ 3,524,069</b>	<b>\$ 5,013,730</b>	<b>\$ 4,364,927</b>

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

**The Corporation of the Township of Chatsworth**  
**Consolidated Statement of Cash Flows**

<b>For the year ended December 31</b>	<b>2019</b>	<b>2018</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Annual surplus	\$ 964,170	\$ 424,791
Items not involving cash		
Change in solid waste landfill liability	-	78,694
Change in post-employment benefits	-	(10,487)
Amortization	1,182,208	1,164,325
Loss on disposal of capital assets	224,129	121,132
Deferred revenue recognized	(14,910)	(19,246)
	<u>2,355,597</u>	<u>1,759,209</u>
<b>Changes in non-cash working capital balances</b>		
Taxes receivable	62,383	(123,182)
Trade and other accounts receivable	16,213	(180,457)
Prepaid expenses	(4,684)	(1,018)
Inventory of supplies	24,193	24,305
Accounts payable and accrued liabilities	(142,814)	235,132
Deferred revenue received	439,424	253,438
	<u>394,715</u>	<u>208,218</u>
	<u>2,750,312</u>	<u>1,967,427</u>
<b>Capital transactions</b>		
Cash used to acquire capital assets	(1,775,731)	(2,061,873)
Proceeds on disposal of capital assets	34,518	-
	<u>(1,741,213)</u>	<u>(2,061,873)</u>
<b>Investing activities</b>		
Increase in long-term receivables	(34,300)	-
Payments on long-term receivables	1,245	13,147
	<u>(33,055)</u>	<u>13,147</u>
<b>Financing activities</b>		
Proceeds from long-term liabilities	34,300	-
Repayment of long-term liabilities	(81,245)	(95,647)
	<u>(46,945)</u>	<u>(95,647)</u>
<b>Net change in cash and cash equivalents</b>	<b>929,099</b>	<b>(176,946)</b>
<b>Cash and cash equivalents, beginning of the year</b>	<b>5,184,912</b>	<b>5,361,858</b>
<b>Cash and cash equivalents, end of the year</b>	<b>\$ 6,114,011</b>	<b>\$ 5,184,912</b>

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 Township of Chatsworth

## Summary of Significant Accounting Policies

December 31, 2019

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### Management Responsibility

The management of the Corporation of the Township of Chatsworth has prepared and is responsible for the integrity, objectivity and accuracy of the financial information presented in these consolidated financial statements. Council reviews and approves the consolidated financial statements.

### 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 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.

### 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 owned or controlled by Council have been consolidated:

Walter's Falls Community Centre  
Holland Centre Ball Diamond Committee  
Williamsford 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	11.84%

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## The Corporation of the Township of Chatsworth

### Summary of Significant Accounting Policies

December 31, 2019

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#### 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. Estimates are used when accounting for items such as accrued grant receivables, useful life of tangible capital assets, 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.

#### Cash and Cash Equivalents

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

#### Temporary Investments

Temporary investments are recorded at cost, unless the market value of temporary investments has declined below cost, in which case they are written down to market value.

#### Inventory of Supplies

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

#### Long-Term Receivables

Long-term receivables are recorded at cost.

#### 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:

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.

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## The Corporation of the Township of Chatsworth Summary of Significant Accounting Policies

December 31, 2019

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<b>Post-Employment Benefits</b>	The contributions to the Ontario Municipal Employers Retirement System ('OMERS'), a multi-employer defined benefit plan, are expensed when contributions are due.
<b>Solid Waste Landfill Closure and Post Closure Costs</b>	Site closure and post-closure care costs are recognized over the operating life of the landfills based on capacity used. The liability is recorded at its discounted value, based on the average long-term borrowing rate of the municipality.
<b>Liability for Contaminated Sites</b>	A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries. Management has not identified any contaminated sites for which a liability needs to be recognized.
<b>County and School Board</b>	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.
<b>Trust Funds</b>	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.

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## The Corporation of the Township of Chatsworth Summary of Significant Accounting Policies

December 31, 2019

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### Revenue Recognition

Revenues are recognized as follows:

- a) Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.
  - b) Fines and donations are recognized when collected.
  - c) Fees, user charges and other revenues are recorded upon sale of goods or provision of service when collection is reasonably assured.
  - d) Investment income earned on surplus funds (other than obligatory reserve funds) are reported as revenue in the period earned. Investment income earned on obligatory reserve funds is recorded directly to each fund balance and forms part of the respective deferred revenue balances.
  - e) Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.
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**The Corporation of the Township of Chatsworth**  
**Notes to Consolidated Financial Statements**

**December 31, 2019**

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**1. Cash and Temporary Investments**

	<u>2019</u>	<u>2018</u>
Unrestricted cash	<u>\$ 6,114,011</u>	<u>\$ 5,184,912</u>

On December 31, 2019, the municipality had deposits of \$6,058,225 in a chartered Canadian bank earning interest at a rate of prime less 1.9%. The Canadian Deposit Insurance Corporation ensures deposits up to a maximum of \$100,000 per depositor.

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

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**2. Long-Term Receivables**

	<u>2019</u>	<u>2018</u>
Tile drainage loans, 6%, due 2020 to 2029	<u>\$ 35,620</u>	<u>\$ 2,565</u>

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**3. 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 \$194,597 (2018 - \$194,597) 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 100% capacity of the Sullivan landfill used to date and 49% of the Markdale landfill used to date. The total estimated future expenses for closure and post-closure care are \$226,500 leaving an amount to be recognized of \$31,903. There is no estimated remaining capacity at the Sullivan site which was closed in 2019. The estimated remaining capacity at the Markdale site is 251,249 cubic metres, which will be filled in 65 years. Monitoring will continue for a period of 20 years after the landfills are closed.

The Township has a landfill closure and post closure reserve of \$51,000.

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**The Corporation of the Township of Chatsworth**  
**Notes to Consolidated Financial Statements**

**December 31, 2019**

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**4. Long-Term Liabilities**

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

	<u>2019</u>	<u>2018</u>
Tile drainage debentures payable, 6%, due from 2020 to 2029	\$ 35,620	\$ 2,565
Demand loan payable, Bank of Montreal, prime, repayable in monthly instalments of \$6,667 plus interest	<u>480,000</u>	<u>560,000</u>
	<u>\$ 515,620</u>	<u>\$ 562,565</u>

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

2020	\$ 83,923
2021	82,758
2022	82,924
2023	83,099
2024	83,285
Thereafter	<u>99,631</u>
	<u>\$ 515,620</u>

Interest paid relating to the above long-term debt was \$20,734 (2018 - \$22,554).

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**The Corporation of the Township of Chatsworth**  
**Notes to Consolidated Financial Statements**

**December 31, 2019**

**5. Tangible Capital Assets**

	<b>2019</b>				
	Land	Buildings	Equipment and Vehicles	Linear Assets	Total
Cost, beginning of the year	\$ 541,731	\$ 6,940,658	\$ 6,796,758	\$ 32,994,415	\$ 47,273,562
Additions	65,852	-	744,857	965,022	1,775,731
Disposals	-	(491,494)	(313,072)	(378,781)	(1,183,347)
Cost, end of the year	607,583	6,449,164	7,228,543	33,580,656	47,865,946
Opening accumulated amortization	-	3,282,999	3,109,137	24,135,877	30,528,013
Amortization	-	140,746	244,824	796,638	1,182,208
Disposals	-	(321,755)	(545,290)	(57,655)	(924,700)
Closing accumulated amortization	-	3,101,990	2,808,671	24,874,860	30,785,521
Net carrying amount, end of the year	\$ 607,583	\$ 3,347,174	\$ 4,419,872	\$ 8,705,796	\$ 17,080,425

**The Corporation of the Township of Chatsworth**  
**Notes to Consolidated Financial Statements**

**December 31, 2019**

**5. Tangible Capital Assets - (continued)**

					2018
	Land	Buildings	Equipment and Vehicles	Linear Assets	Total
Cost, beginning of the year	\$ 541,731	\$ 7,160,337	\$ 6,754,704	\$ 31,349,366	\$ 45,806,138
Additions	-	28,206	388,618	1,645,049	2,061,873
Disposals	-	(247,885)	(346,564)	-	(594,449)
Cost, end of the year	541,731	6,940,658	6,796,758	32,994,415	47,273,562
Opening accumulated amortization	-	3,237,981	2,969,970	23,629,054	29,837,005
Amortization	-	172,303	485,199	506,823	1,164,325
Disposals	-	(127,285)	(346,032)	-	(473,317)
Closing accumulated amortization	-	3,282,999	3,109,137	24,135,877	30,528,013
Net carrying amount, end of the year	\$ 541,731	\$ 3,657,659	\$ 3,687,621	\$ 8,858,538	\$ 16,745,549

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**The Corporation of the Township of Chatsworth**  
**Notes to Consolidated Financial Statements**

**December 31, 2019**

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**5. Tangible Capital Assets - (continued)**

The net book value of tangible capital assets not being amortized because they are under construction is \$74,264 (2018 - \$200,181).

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

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**6. Accumulated Surplus**

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

	2019	2018
Invested in tangible capital assets		
Tangible capital assets at cost less amortization	\$ 17,080,425	\$ 16,745,549
Unfinanced capital assets	(1,246,567)	(827,343)
Capital assets financed by long-term liabilities and to be funded in future years	(480,000)	(560,000)
Total invested in capital assets	15,353,858	15,358,206
Unfunded solid waste closure and post-closure costs	(194,597)	(194,597)
Recreation, community centres and arenas	61,816	48,966
Environmental	(48,605)	8,481
	15,172,472	15,221,056
Reserves and reserve funds (Note 7)	7,062,511	6,049,757
Accumulated surplus	<b>\$22,234,983</b>	<b>\$ 21,270,813</b>

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**The Corporation of the Township of Chatsworth**  
**Notes to Consolidated Financial Statements**

**December 31, 2019**

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

	2019	2018
<b>Reserves</b>		
Working funds	\$ 1,346,644	\$ 953,024
Current purposes	667,452	95,070
Capital purposes	4,928,065	4,973,576
	6,942,161	6,021,670
<b>Reserve funds</b>		
Current purposes	120,350	28,087
<b>Reserves and reserve funds set aside for specific purpose by Council</b>	<b>\$ 7,062,511</b>	<b>\$ 6,049,757</b>

**8. 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 2019 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.

	2019 Budget	2019 Actual	2018 Actual
Annual surplus (Page 6)	\$ 1,956,592	\$ 964,170	\$ 424,791
Net transfers (to) from reserves	225,858	(533,216)	(8,888)
Capital acquisitions, disposals and write-down	(2,797,450)	(1,517,084)	(1,940,741)
Amortization	-	1,182,208	1,164,325
Debt principal repayments	(80,000)	(80,000)	(82,500)
Change in unfunded liabilities	-	-	78,694
Change in other surpluses	-	44,236	68,700
Change in unfinanced amounts	695,000	419,224	302,467
	-	479,538	6,848
Operating surplus transfers to reserve	-	(479,538)	-
Prior year operating deficit	-	-	(6,848)
	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**The Corporation of the Township of Chatsworth**  
**Notes to Consolidated Financial Statements**

**December 31, 2019**

**9. Government Transfers**

	2019	2019	2018
	Budget	Actual	Actual
<b>Operating</b>			
Province of Ontario			
Ontario Municipal Partnership Fund (OMPF)	\$ 827,100	\$ 827,100	\$ 800,600
Conditional - Roads	-	6,473	6,473
- Sewer and water	2,500	6,757	6,757
- Other	78,100	688,342	208,979
	907,700	1,528,672	1,022,809
Other Municipalities			
- Other	11,614	11,614	11,614
<b>Total operating transfers</b>	<b>919,314</b>	<b>1,540,286</b>	<b>1,034,423</b>
<b>Capital</b>			
Province of Ontario			
Conditional - Roads	135,113	79,052	79,052
- Sewer and water	77,500	75,000	75,000
- Other	18,816	5,418	5,418
	231,429	159,470	159,470
Government of Canada			
Federal Gas Tax	406,129	-	-
<b>Total government transfers</b>	<b>\$ 1,556,872</b>	<b>\$ 1,699,756</b>	<b>\$ 1,193,893</b>

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**The Corporation of the Township of Chatsworth**  
**Notes to Consolidated Financial Statements**

**December 31, 2019**

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**10. Other Income**

	2019	2019	2018
	Budget	Actual	Actual
Penalties and interest on taxation	\$ 175,000	\$ <b>196,779</b>	\$ 181,464
Other fines and penalties	2,200	<b>2,547</b>	2,812
Investment income	55,150	<b>98,160</b>	84,690
Licenses, permits and rents	179,300	<b>160,099</b>	217,251
Donations	10,000	<b>42,848</b>	53,330
Prepaid special charges	-	<b>33,024</b>	26,392
Sale of publications, equipment, etc.	12,500	<b>33,012</b>	40,088
Loss on sale of assets	-	<b>(224,129)</b>	(121,132)
Other	17,000	<b>40,867</b>	46,985
	<b>\$ 451,150</b>	<b>\$ 383,207</b>	<b>\$ 531,880</b>

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**11. Pension Agreements**

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 29 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 2019 was \$131,177 (2018 - \$117,699). The contribution rate for 2019 was 9.0% to 15.8% depending on age and income level (2018 - 9.0% to 15.8%).

OMERS is a multi-employer plan, therefore any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the municipality does not recognize any share of the OMERS pension surplus or deficit. The last available report for the OMERS plan was December 31, 2019. At that time the plan reported a \$3.40 billion actuarial deficit (2018 - \$4.19 billion actuarial deficit), based on actuarial liabilities of \$106.44 billion (2018 - \$99.06 billion) and actuarial assets of \$103.04 billion (2018 - \$94.87 billion). Ongoing adequacy of the current contribution rate will need to be monitored as the fluctuations in the financial markets may lead to increased future funding requirements.

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**The Corporation of the Township of Chatsworth**  
**Notes to Consolidated Financial Statements**

**December 31, 2019**

**12. 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:

	2019	2018
Financial assets	\$ 787,574	\$ 901,628
Liabilities	406,807	406,691
Net financial assets	380,767	494,937
Non-financial assets	2,919,167	3,034,788
Accumulated surplus	\$ 3,299,934	\$ 3,529,725
Revenues	\$ 309,742	\$ 397,866
Expenses	539,533	476,366
Annual deficit	\$ (229,791)	\$ (78,500)

**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 11.84% (2018 - 15.67%) share of revenues and expenditures:

	2019	2018
Revenues	\$ 145,917	\$ 95,625
Expenses	328,374	178,479
Annual deficit	\$ (182,457)	\$ (82,854)

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**The Corporation of the Township of Chatsworth**  
**Notes to Consolidated Financial Statements**

**December 31, 2019**

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**12. Government Business Partnerships - (continued)**

**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:

	<b>2019</b>	<b>2018</b>
Financial assets	\$ 27,734	\$ 27,201
Financial liabilities	26,395	27,201
Net financial assets	1,339	-
Non-financial assets	116,954	155,079
Accumulated surplus	\$ 118,293	\$ 155,079
Revenues	\$ 235,891	\$ 223,601
Expenses	272,677	226,234
Annual deficit	\$ (36,786)	\$ (2,633)

---

**13. 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:

	<b>2019</b>	<b>2018</b>
School boards	\$ 1,583,008	\$ 1,597,682
County of Grey	3,037,888	2,929,295
	\$ 4,620,896	\$ 4,526,977

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**The Corporation of the Township of Chatsworth**  
**Notes to Consolidated Financial Statements**

**December 31, 2019**

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**14. Trust Funds**

The trust funds administered by the municipality amounting to \$107,119 (2018 - \$106,160) have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of financial activities. At December 31, 2019, the trust funds balances are as follows:

	<u>2019</u>	<u>2018</u>
Cemetery Care and Maintenance funds	<u>\$ 107,119</u>	<u>\$ 106,160</u>

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**15. Contractual Commitments**

The Township of Chatsworth has entered into contracts for the provision of garbage pickup and recycling pickup, water system management services and policing.

- a) The Township of Chatsworth has entered into a contract for the provision of waste and recycling services beginning in 2016 for a 10 year term, expiring June, 2026 that includes curbside collection and bin removal at the Sullivan Depot. The budgeted amount is \$288,000 subject to cost of living inflation.
  - b) The Township of Chatsworth has entered into a contract for the provision of management services of water treatment and distribution, beginning 2016 for a 7 year term, expiring December, 2022. The budgeted amount is \$123,488, subject to cost of living inflation.
  - c) The Township of Chatsworth has entered into a contract for the provision of policing services, expiring December, 2020. The budgeted amount is \$1,118,944 subject to annual adjustment.
- 

**16. Contingencies**

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.

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**The Corporation of the Township of Chatsworth**  
**Notes to Consolidated Financial Statements**

**December 31, 2019**

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**17. Community Centre Boards Unfinanced Amounts**

For information purposes the amounts unfinanced are as follows:

	<u>2019</u>	<u>2018</u>
Chatsworth Community Centre	\$ 132,627	\$ 132,627
Sullivan Community Centre (Desboro)	85,409	85,409
Walter's Falls Community Centre	6,583	6,583
Keady Community Centre	<u>97,588</u>	<u>97,588</u>
	<u>\$ 322,207</u>	<u>\$ 322,207</u>

These amounts were incurred to cover capital projects and operating costs of the community centre boards.

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**18. Subsequent Event**

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy increased significantly. As the impacts of COVID-19 continue, there could be further impact on the Township, its citizens, employees, suppliers and other third party business associates that could impact the timing and amounts realized on the Township's assets and future ability to deliver services and projects. At this time, the full potential impact of COVID-19 on the Township is not known. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of disruption and the related financial impact cannot be reasonably estimated at this time. The Township's ability to continue delivering non-essential services and employ related staff will depend on the legislative mandates from the various levels of government. The Township will continue to focus on collecting receivables, managing expenditures, and leveraging existing reserves and available credit facilities to ensure it is able to continue providing essential services to its citizens.

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# The Corporation of the Township of Chatsworth

## Notes to Consolidated Financial Statements

December 31, 2019

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### 19. 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:

#### 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.

#### 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.

#### Transportation

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

#### 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.

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**The Corporation of the Township of Chatsworth**  
**Notes to Consolidated Financial Statements**

**December 31, 2019**

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**19. Segmented Information - (continued)**

**Health**

Health services includes the operations of local cemeteries.

**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.

**Planning and Development**

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

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.

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**The Corporation of the Township of Chatsworth**  
**Notes to Consolidated Financial Statements**

**December 31, 2019**

<b>For the year ended December 31</b>	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	<b>2019 Total</b>
<b>Revenue</b>								
Taxation	\$ 1,039,459	\$1,154,954	\$ 2,309,907	\$ 692,972	\$ -	\$ 461,981	\$ 115,495	\$5,774,768
Fees and user charges	70,992	77,435	59,385	593,638	6,600	292,724	30,506	1,131,280
Specific grants	598,806	14,471	125,126	68,494	-	45,740	20,019	872,656
OMPF grant	148,878	165,420	330,840	99,252	-	66,168	16,542	827,100
Other revenue	302,194	157,633	(7,755)	9,540	25,118	(103,523)	-	383,207
	<b>2,160,329</b>	<b>1,569,913</b>	<b>2,817,503</b>	<b>1,463,896</b>	<b>31,718</b>	<b>763,090</b>	<b>182,562</b>	<b>8,989,011</b>
<b>Expenses</b>								
Salaries and benefits	1,299,332	154,385	290,480	210,859	9,187	260,592	15,992	2,240,827
Interest on debt	-	-	-	-	-	-	154	154
Materials and supplies	364,284	331,589	975,782	473,211	5,906	333,851	40,631	2,525,255
Contracted services	-	1,134,407	99,768	487,967	-	283,168	34,020	2,039,330
Other transfers	-	-	-	-	-	6,058	-	6,058
Rents and financial expenses	726	-	-	20,535	-	9,748	-	31,009
Amortization	11,270	51,291	868,428	168,221	-	82,999	-	1,182,209
	<b>1,675,612</b>	<b>1,671,672</b>	<b>2,234,458</b>	<b>1,360,793</b>	<b>15,093</b>	<b>976,416</b>	<b>90,797</b>	<b>8,024,841</b>
<b>Annual surplus (deficit)</b>	<b>\$ 484,717</b>	<b>\$ (101,759)</b>	<b>\$ 583,045</b>	<b>\$ 103,103</b>	<b>\$ 16,625</b>	<b>\$ (213,326)</b>	<b>\$ 91,765</b>	<b>\$ 964,170</b>

**The Corporation of the Township of Chatsworth**  
**Notes to Consolidated Financial Statements**

**December 31, 2019**

<b>For the year ended December 31</b>	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	<b>2018 Total</b>
<b>Revenue</b>								
Taxation	\$ 985,874	\$1,095,415	\$ 1,752,664	\$ 931,103	\$ -	\$ 657,249	\$ 54,771	\$ 5,477,076
Fees and user charges	67,862	84,850	41,439	606,068	2,649	270,068	27,267	1,100,203
Specific grants	5,000	43,069	85,525	188,993	-	55,949	14,757	393,293
OMPF grant	144,108	160,120	256,192	136,102	-	96,072	8,006	800,600
Other revenue	277,875	229,305	23,269	(81,853)	600	82,684	-	531,880
	<b>1,480,719</b>	<b>1,612,759</b>	<b>2,159,089</b>	<b>1,780,413</b>	<b>3,249</b>	<b>1,162,022</b>	<b>104,801</b>	<b>8,303,052</b>
<b>Expenses</b>								
Salaries and benefits	1,255,078	141,508	248,280	156,685	12,357	154,544	30,312	1,998,764
Interest on debt	-	-	-	-	-	-	943	943
Materials and supplies	364,124	417,717	1,087,291	334,237	990	363,483	41,775	2,609,617
Contracted services	-	1,092,820	161,786	505,035	-	226,850	33,443	2,019,934
Other transfers	-	-	-	35,107	-	17,333	-	52,440
Rents and financial expenses	754	-	-	21,431	-	10,053	-	32,238
Amortization	12,292	54,939	853,620	156,012	-	87,462	-	1,164,325
	<b>1,632,248</b>	<b>1,706,984</b>	<b>2,350,977</b>	<b>1,208,507</b>	<b>13,347</b>	<b>859,725</b>	<b>106,473</b>	<b>7,878,261</b>
<b>Annual surplus (deficit)</b>	<b>\$ (151,529)</b>	<b>\$ (94,225)</b>	<b>\$ (191,888)</b>	<b>\$ 571,906</b>	<b>\$ (10,098)</b>	<b>\$ 302,297</b>	<b>\$ (1,672)</b>	<b>\$ 424,791</b>

**The Corporation of the Township of Chatsworth**  
**Schedule of Deferred Revenue**

**For the year ended December 31, 2019**

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
<b>Obligatory Reserve Funds</b>					
Main Street Funding	\$ 43,537	\$ -	\$ 901	\$ -	\$ 44,438
Parkland dedication	130,449	1,250	2,708	(12,057)	122,350
Gas tax funding	205,954	409,972	7,798	-	623,724
	379,940	411,222	11,407	(12,057)	790,512
<b>Other</b>					
Gravel pit rehabilitation	65,499	-	1,260	-	66,759
Unearned revenue	2,853	15,535	-	(2,853)	15,535
	\$ 448,292	\$ 426,757	\$ 12,667	\$ (14,910)	\$ 872,806

**The Corporation of the  
Township of Chatsworth  
Trust Funds  
Financial Information  
For the year ended December 31, 2019**

**The Corporation of the Township of Chatsworth  
Trust Funds Financial Information  
For the year ended December 31, 2019**

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**The Corporation of the Township of Chatsworth**

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

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

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## Independent Auditor's Report

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

#### Opinion

We have audited the accompanying financial information for the Corporation of the Township of Chatsworth Trust Funds (Trust Funds), which comprise the statement of financial position as at December 31, 2019, the statement of continuity for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial information presents fairly, in all material respects, the financial position of the Trust Funds as at December 31, 2019 and the statement of continuity for the year then ended in accordance with Canadian public sector accounting standards.

#### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Information section of our report. We are independent of the Trust Funds in accordance with the ethical requirements that are relevant to our audit of the financial information in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of Management and Those Charged with Governance for the Financial Information

Management is responsible for the preparation and fair presentation of this financial information in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

In preparing the financial information, management is responsible for assessing the Trust Funds ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust Funds or to cease operations, or has no realistic alternative but to do so.



Those charged with governance are responsible for overseeing the Trust Funds financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Information**

Our objectives are to obtain reasonable assurance about whether the financial information as a whole is 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  
October 21, 2020

The Corporation of the Township of Chatsworth  
Trust Funds  
Statement of Financial Position

December 31, 2019

	St. Mathias Care and Maintenance	Mt. Zion Care and Maintenance	Chatsworth Care and Maintenance	Cedardale Care and Maintenance	Hemstock Care and Maintenance	Desboro Care and Maintenance	Total 2019	Total 2018
<b>Assets</b>								
Cash	\$ 4,021	\$ 16,836	\$ 20,254	\$ 1,623	\$ 3,138	\$ 61,318	\$ 107,190	\$ 99,760
Investments (Note 2)	-	-	-	-	-	1,000	1,000	6,900
	4,021	16,836	20,254	1,623	3,138	62,318	108,190	106,660
<b>Liabilities</b>								
Due to Cemetery Boards	38	159	188	15	31	549	980	500
<b>Fund Balance</b>	\$ 3,983	\$ 16,677	\$ 20,066	\$ 1,608	\$ 3,107	\$ 61,769	\$ 107,210	\$ 106,160

The Corporation of the Township of Chatsworth  
Trust Funds  
Statement of Continuity

For the year ended December 31, 2019

	St. Mathias Care and Maintenance	Mt. Zion Care and Maintenance	Chatsworth Care and Maintenance	Cedardale Care and Maintenance	Hemstock Care and Maintenance	Desboro Care and Maintenance	Total 2019	Total 2018
<b>Balance,</b> beginning of the year	\$ 3,983	\$ 16,677	\$ 20,016	\$ 1,608	\$ 3,107	\$ 60,769	\$ 106,160	\$ 104,583
<b>Receipts</b>								
Investment income	22	93	112	9	17	336	589	383
Perpetual care receipts	-	-	50	-	-	1,000	1,050	1,600
	22	93	162	9	17	1,336	1,639	1,983
<b>Expenditures</b>								
Transfer to Cemetery Boards	22	93	112	9	17	336	589	406
<b>Balance,</b> end of the year	\$ 3,983	\$ 16,677	\$ 20,066	\$ 1,608	\$ 3,107	\$ 61,769	\$ 107,210	\$ 106,160

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**The Corporation of the Township of Chatsworth**  
**Trust Funds**  
**Notes to the Financial Information**

**December 31, 2019**

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**1. Summary of Significant Accounting Policies**

**Management Responsibility** The management of the Corporation of the Township of Chatsworth has prepared and is responsible for the integrity, objectivity and accuracy of the financial information. Council reviews and approves the financial information.

**Basis of Accounting** The financial information has been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of Chartered Professional Accountants of Canada.

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** These trust funds have not been consolidated with the financial statements of the Corporation of the Township of Chatsworth.

**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.

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**2. Investments**

The total investments of \$1,000 (2018 - \$6,900) reported on the statement of financial position at cost have a market value of approximately \$1,000 (2018 - \$7,004) at the end of the year

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