

The Corporation of the
Township of Chatsworth
Financial Information
For the year ended December 31, 2021

The Corporation of the Township of Chatsworth
Financial Information
For the year ended December 31, 2021

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Independent Auditor's Report

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, 2021, 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, 2021, 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
August 16, 2023

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

December 31	2021	2020
Financial assets		
Cash and temporary investments (Note 1)	\$ 9,619,603	\$ 5,086,591
Taxes receivable	904,944	1,178,658
Trade and other receivables	317,237	325,727
Long-term receivables (Note 2)	-	31,698
	<u>10,841,784</u>	<u>6,622,674</u>
Liabilities		
Accounts payable and accrued liabilities	1,540,168	1,046,962
Solid waste landfill closure and post-closure liabilities (Note 3)	257,245	194,597
Deferred revenue (Page 28)	850,490	911,677
Long-term liabilities (Note 4)	1,148,926	431,698
	<u>3,796,829</u>	<u>2,584,934</u>
Net financial assets	<u>7,044,955</u>	<u>4,037,740</u>
Non-financial assets		
Inventory of supplies	124,216	124,216
Prepaid expenses	34,266	53,220
Tangible capital assets (Note 5)	18,826,519	19,108,154
	<u>18,985,001</u>	<u>19,285,590</u>
Accumulated surplus (Note 6)	<u>\$26,029,956</u>	<u>\$ 23,323,330</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

For the year ended December 31	2021 Budget (Note 8)	2021 Actual	2020 Actual
Revenue			
Taxation	\$ 6,238,425	\$ 6,287,358	\$ 5,936,123
Fees and user charges	838,757	959,458	1,019,924
Government transfers (Note 9)	1,637,774	1,789,618	1,524,042
Other income (Note 10)	1,461,018	2,612,401	698,109
	<u>10,175,974</u>	<u>11,648,835</u>	<u>9,178,198</u>
Expenses			
General government	1,942,502	2,284,936	1,873,023
Protection services	1,793,745	1,760,546	1,752,128
Transportation services	1,874,982	2,805,884	2,203,660
Environmental services	812,561	1,236,535	1,333,891
Health services	29,611	15,565	17,727
Recreation and cultural services	778,788	748,189	804,155
Planning and development	193,724	90,554	105,267
	<u>7,425,913</u>	<u>8,942,209</u>	<u>8,089,851</u>
Annual surplus (Note 8)	2,750,061	2,706,626	1,088,347
Accumulated surplus, beginning of the year	23,323,330	23,323,330	22,234,983
Accumulated surplus, end of the year	<u>\$ 26,073,391</u>	<u>\$26,029,956</u>	<u>\$ 23,323,330</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

<u>For the year ended December 31</u>	<u>2021</u>	<u>2021</u>	<u>2020</u>
	Budget (Note 8)	Actual	Actual
Annual surplus (Page 6)	\$ 2,750,061	\$ 2,706,626	\$ 1,088,347
Acquisition of tangible capital assets	(4,621,550)	(1,174,747)	(3,302,492)
Amortization of tangible capital assets	-	1,364,472	1,211,458
(Gain) loss on disposal of tangible capital assets	-	(671,643)	63,305
Proceeds on disposal of capital assets	-	763,553	-
	<u>(4,621,550)</u>	<u>281,635</u>	<u>(2,027,729)</u>
Increase in prepaid expenses	-	18,954	(36,608)
Increase (decrease) in net financial assets	(1,871,489)	3,007,215	(975,990)
Net financial assets, beginning of the year	<u>4,037,740</u>	<u>4,037,740</u>	<u>5,013,730</u>
Net financial assets, end of the year	<u>\$ 2,166,251</u>	<u>\$ 7,044,955</u>	<u>\$ 4,037,740</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 Cash Flows

For the year ended December 31	2021	2020
Cash provided by (used in)		
Operating activities		
Annual surplus	\$ 2,706,626	\$ 1,088,347
Items not involving cash		
Change in solid waste landfill liability	62,648	-
Amortization	1,364,472	1,211,458
(Gain) loss on disposal of capital assets	(671,643)	63,305
Deferred revenue recognized	(549,176)	(232,064)
Contributed capital assets	-	(350,000)
	<u>2,912,927</u>	<u>1,781,046</u>
Changes in non-cash working capital balances		
Taxes receivable	273,714	(45,063)
Trade and other accounts receivable	8,490	76,497
Prepaid expenses	18,954	(36,608)
Accounts payable and accrued liabilities	493,206	(41,735)
Deferred revenue received	487,989	270,935
	<u>1,282,353</u>	<u>224,026</u>
	<u>4,195,280</u>	<u>2,005,072</u>
Capital transactions		
Cash used to acquire capital assets	(1,174,747)	(2,952,492)
Proceeds on disposal of capital assets	763,553	-
	<u>(411,194)</u>	<u>(2,952,492)</u>
Investing activities		
Payments on long-term receivables	31,698	3,922
Financing activities		
Proceeds from long-term liabilities	860,458	-
Repayment of long-term liabilities	(143,230)	(83,922)
	<u>717,228</u>	<u>(83,922)</u>
Net change in cash and cash equivalents	4,533,012	(1,027,420)
Cash and cash equivalents, beginning of the year	<u>5,086,591</u>	<u>6,114,011</u>
Cash and cash equivalents, end of the year	<u>\$ 9,619,603</u>	<u>\$ 5,086,591</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 Summary of Significant Accounting Policies

December 31, 2021

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

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	10.00%

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

December 31, 2021

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	Inventory held for consumption is recorded at the lower of cost and replacement cost. Inventories available for resale are recorded at the lower of cost and net realizable value.																
Long-Term Receivables	Long-term receivables are recorded at cost.																
Tangible Capital Assets	<p>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:</p> <table border="0" style="margin-left: 40px;"> <tr> <td>Roads - paved</td> <td style="text-align: right;">3 to 25 years</td> </tr> <tr> <td>Roads - gravel</td> <td style="text-align: right;">40 years</td> </tr> <tr> <td>Water and other utility systems</td> <td style="text-align: right;">40 to 90 years</td> </tr> <tr> <td>Buildings</td> <td style="text-align: right;">40 years</td> </tr> <tr> <td>Bridges and other structures</td> <td style="text-align: right;">50 years</td> </tr> <tr> <td>Vehicles</td> <td style="text-align: right;">5 to 10 years</td> </tr> <tr> <td>Equipment</td> <td style="text-align: right;">5 to 20 years</td> </tr> <tr> <td>IT Infrastructure</td> <td style="text-align: right;">3 to 5 years</td> </tr> </table> <p>Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.</p>	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
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																
Post-Employment Benefits	The contributions to the Ontario Municipal Employers Retirement System ("OMERS"), a multi-employer defined benefit plan, are expensed when contributions are due.																
Solid Waste Landfill Closure and Post Closure Costs	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.																

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

December 31, 2021

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

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

December 31, 2021

Revenue Recognition

Revenues are recognized as follows:

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

December 31, 2021

1. Cash and Temporary Investments

	<u>2021</u>	<u>2020</u>
Unrestricted cash and temporary investments	\$ 9,619,603	\$ 5,086,591

On December 31, 2021, the municipality had deposits of \$9,372,439 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. Temporary investments consist of \$20,000 in guaranteed investment certificates, earning interest between 0.4% and 2.71% annually. Temporary investments have a market value of \$20,000.

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

2. Long-Term Receivables

	<u>2021</u>	<u>2020</u>
Tile drainage loans, 6%, paid out in 2021	\$ -	\$ 31,698

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 \$257,245 (2020 - \$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 \$508,333 leaving an amount to be recognized of \$251,088. There is no estimated remaining capacity at the Sullivan site which was closed in 2019. The estimated remaining capacity at the Markdale site is 238,807 cubic metres, which will be filled in 31 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.

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

December 31, 2021

4. Long-Term Liabilities

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

	2021	2020
Loan payable, Infrastructure Ontario, 1.99%, repayable semi-annually in instalments of \$38,437, due 2031	\$ 662,426	\$ -
Tile drainage debentures payable, 6%, paid out in 2021	-	31,698
Demand loan payable, Bank of Montreal, prime, repayable in monthly instalments of \$6,667 plus interest, due 2025	320,000	400,000
Payable to Markdale Hospital, due 2027	166,500	-
	\$ 1,148,926	\$ 431,698

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

2022	\$	111,845
2023		112,162
2024		112,482
2025		112,806
Thereafter		699,631
	\$	1,148,926

Interest paid relating to the above long-term debt was \$17,652 (2020 - \$14,422).

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

December 31, 2021

5. Tangible Capital Assets

					2021
	Land and Land Improvements	Buildings	Equipment and Vehicles	Linear Assets	Total
Cost, beginning of the year	\$ 1,785,308	\$ 6,431,578	\$ 7,461,695	\$ 35,196,190	\$ 50,874,771
Additions	-	101,363	297,351	776,033	1,174,747
Disposals	(60,000)	-	(270,298)	(35,776)	(366,074)
Cost, end of the year	1,725,308	6,532,941	7,488,748	35,936,447	51,683,444
Opening accumulated amortization	-	3,221,347	3,136,185	25,409,085	31,766,617
Amortization	22,719	128,354	313,144	900,255	1,364,472
Disposals	-	-	(238,388)	(35,776)	(274,164)
Closing accumulated amortization	22,719	3,349,701	3,210,941	26,273,564	32,856,925
Net carrying amount, end of the year	\$ 1,702,589	\$ 3,183,240	\$ 4,277,807	\$ 9,662,883	\$ 18,826,519

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

December 31, 2021

5. Tangible Capital Assets - (continued)

					2020
	Land and Land Improvements	Buildings	Equipment and Vehicles	Linear Assets	Total
Cost, beginning of the year	\$ 607,583	\$ 6,449,164	\$ 7,228,543	\$ 33,580,656	\$ 47,865,946
Additions	1,177,725	-	404,324	1,720,443	3,302,492
Disposals	-	(17,586)	(171,172)	(104,909)	(293,667)
Cost, end of the year	1,785,308	6,431,578	7,461,695	35,196,190	50,874,771
Opening accumulated amortization	-	3,101,990	2,808,671	24,874,860	30,785,521
Amortization	-	128,768	418,086	664,604	1,211,458
Disposals	-	(9,411)	(90,572)	(130,379)	(230,362)
Closing accumulated amortization	-	3,221,347	3,136,185	25,409,085	31,766,617
Net carrying amount, end of the year	\$ 1,785,308	\$ 3,210,231	\$ 4,325,510	\$ 9,787,105	\$ 19,108,154

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

December 31, 2021

5. Tangible Capital Assets - (continued)

The net book value of tangible capital assets not being amortized because they are under construction is \$45,470 (2020 - \$92,844).

In 2021, \$NIL (2020-\$350,000) in contributed capital assets were recognized in the financial statements during the year.

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

6. Accumulated Surplus

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

	2021	2020
Invested in tangible capital assets		
Tangible capital assets at cost less amortization	\$18,826,519	\$ 19,108,154
Unfinanced capital assets	(39,724)	(733,682)
Unfinanced land for development	-	(817,310)
Capital assets financed by long-term liabilities and to be funded in future years	(982,426)	(400,000)
Total invested in capital assets	17,804,369	17,157,162
Unfunded solid waste closure and post-closure costs	(257,245)	(194,597)
Recreation, community centres and arenas	62,024	60,833
Biodigester joint board	3,905	(93,834)
Unfunded environmental	(190,678)	(190,678)
Unfunded Markdale Hospital contribution	(166,500)	-
	17,255,875	16,738,886
Reserves and reserve funds (Note 7)	8,774,081	6,584,444
Accumulated surplus	\$26,029,956	\$ 23,323,330

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

December 31, 2021

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

	2021	2020
Reserves		
Working funds	\$ 1,288,574	\$ 1,348,234
Tax rate stabilization	45,577	-
Current purposes	448,838	531,009
Capital purposes	6,729,055	4,553,899
	<u>8,512,044</u>	<u>6,433,142</u>
Reserve funds		
Current purposes	262,037	151,302
Reserves and reserve funds set aside for specific purpose by Council	<u>\$ 8,774,081</u>	<u>\$ 6,584,444</u>

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 2021 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.

	2021	2021	2020
	Budget	Actual	Actual
Annual surplus (Page 6)	\$ 2,750,061	\$ 2,706,626	\$ 1,088,347
Net transfers (to) from reserves	1,342,489	(2,119,886)	821,336
Capital acquisitions, disposals and write-down	(4,621,550)	(1,082,837)	(3,239,187)
Amortization	-	1,364,472	1,211,458
Debt proceeds	684,000	693,958	-
Debt principal repayments	(155,000)	(111,532)	(80,000)
Change in unfunded liabilities	-	62,648	-
Change in unfunded Markdale Hospital	-	166,500	-
Change in other surpluses	-	(98,930)	46,212
Unfinanced land for development	-	-	817,310
Change in unfinanced amounts	-	(1,511,268)	(322,207)
	-	69,751	343,269
Operating surplus transfers to reserve	-	(69,751)	(343,269)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

December 31, 2021

9. Government Transfers

	2020	2021	2020
	Budget	Actual	Actual
Operating			
Province of Ontario			
Ontario Municipal Partnership Fund (OMPF)	\$ 879,200	\$ 879,200	\$ 853,700
Safe Restart Funding	38,000	95,043	189,500
Other	158,960	147,486	138,629
	<u>1,076,160</u>	<u>1,121,729</u>	<u>1,181,829</u>
Other Municipalities			
Other	11,614	11,614	11,614
	<u>1,087,774</u>	<u>1,133,343</u>	<u>1,193,443</u>
Total operating transfers			
Capital			
Province of Ontario			
Roads	125,064	125,064	125,064
Other	-	-	535
	<u>125,064</u>	<u>125,064</u>	<u>125,599</u>
Government of Canada			
Canada Community Building Fund	424,936	531,211	205,000
	<u>424,936</u>	<u>531,211</u>	<u>205,000</u>
Total government transfers	<u>\$ 1,637,774</u>	<u>\$ 1,789,618</u>	<u>\$ 1,524,042</u>

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

December 31, 2021

10. Other Income

	2020	2021	2020
	Budget	Actual	Actual
Penalties and interest on taxation	\$ 172,500	\$ 180,124	\$ 93,149
Investment income	67,450	29,689	46,664
Licenses, permits and rents	161,378	186,666	137,498
Donations	10,000	48,902	32,141
Prepaid special charges	940,000	1,395,888	19,999
Sale of publications, equipment, etc.	-	-	21,759
Gain (loss) on sale of assets	-	671,643	(63,305)
Contributed assets (Note 5)	-	-	350,000
Other	109,690	99,489	60,204
	<u>\$ 1,461,018</u>	<u>\$ 2,612,401</u>	<u>\$ 698,109</u>

11. Pension Agreements

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 36 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 2021 was \$135,314 (2020 - \$143,714). The contribution rate for 2021 was 9.0% to 15.8% depending on age and income level (2020 - 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, 2021. At that time the plan reported a \$3.10 billion actuarial deficit (2020 - \$3.2 billion), based on actuarial liabilities of \$119.3 billion (2020 - \$111.8 billion) and actuarial assets of \$116.2 billion (2020 - \$108.6 billion). Ongoing adequacy of the current contribution rates will need to be monitored as declines in the financial markets may lead to increased future funding requirements.

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

December 31, 2021

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:

	2021	2020
Financial assets	\$ 891,917	\$ 705,181
Liabilities	406,132	414,872
Net financial assets	485,785	290,309
Non-financial assets	2,640,211	2,762,417
Accumulated surplus	\$ 3,125,996	\$ 3,052,726
Revenues	\$ 608,459	\$ 281,131
Expenses	535,189	528,339
Annual deficit	\$ 73,270	\$ (247,208)

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 10.00% (2020 - 11.84%) share of revenues and expenditures:

	2021	2020
Revenues	\$ 267,382	\$ 213,191
Expenses	516,957	408,403
Annual deficit	\$ (249,575)	\$ (195,212)

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

December 31, 2021

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:

	2021	2020
Financial assets	\$ 31,917	\$ 11,347
Financial liabilities	9,932	7,110
Net financial assets	21,985	4,237
Non-financial assets	92,938	100,723
Accumulated surplus	\$ 114,923	\$ 104,960
Revenues	\$ 228,076	\$ 214,979
Expenses	218,113	228,312
Annual deficit	\$ 9,963	\$ (13,333)

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:

	2021	2020
School boards	\$ 1,568,554	\$ 1,570,282
County of Grey	3,207,446	3,101,474
	\$ 4,776,000	\$ 4,671,756

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

December 31, 2021

14. Trust Funds

The trust funds administered by the municipality amounting to \$109,564 (2020 - \$109,110) 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, 2021, the trust funds balances are as follows:

	2021	2020
Cemetery Care and Maintenance funds	\$ 109,564	\$ 109,110

15. Contractual Commitments

The Township of Chatsworth has entered into contracts for the capital projects to be completed subsequent to year end. Work remaining on these projects amounts to approximately \$2,408,500.

16. Contingencies

- (a) 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.
 - (b) The municipality has been served with claims as a result of motor vehicle accidents and other claims. The municipality is not aware of any possible settlements in excess of its liability insurance coverage. The outcomes of these claims are not determinable at this time.
-

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

December 31, 2021

17. 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.

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

December 31, 2021

17. 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.
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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, 2021

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2021 Total
Revenue								
Taxation	\$ 943,104	\$ 1,383,219	\$ 2,011,954	\$ 691,609	\$ -	\$ 1,194,598	\$ 62,874	\$ 6,287,358
Fees and user charges	64,785	64,394	33,140	628,649	3,018	89,280	76,192	959,458
Specific grants	100,042	6,034	656,275	98,488	-	11,614	37,965	910,418
OMPF grant	131,880	193,424	281,344	96,712	-	167,048	8,792	879,200
Other revenue	890,367	199,160	1,414,133	7,405	-	101,336	-	2,612,401
	<u>2,130,178</u>	<u>1,846,231</u>	<u>4,396,846</u>	<u>1,522,863</u>	<u>3,018</u>	<u>1,563,876</u>	<u>185,823</u>	<u>11,648,835</u>
Expenses								
Salaries and benefits	1,379,576	203,626	245,183	181,949	13,515	261,572	30,405	2,315,826
Interest on debt	-	-	3,766	11,984	-	-	1,902	17,652
Materials and supplies	683,692	305,776	556,843	265,284	2,050	210,947	12,440	2,037,032
Contracted services	184,845	1,212,073	932,252	596,553	-	199,476	45,807	3,171,006
Other transfers	-	-	-	31,917	-	1,463	-	33,380
Rents and financial expenses	2,130	-	-	-	-	711	-	2,841
Amortization	34,693	39,071	1,067,840	148,848	-	74,020	-	1,364,472
	<u>2,284,936</u>	<u>1,760,546</u>	<u>2,805,884</u>	<u>1,236,535</u>	<u>15,565</u>	<u>748,189</u>	<u>90,554</u>	<u>8,942,209</u>
<i>Annual surplus (deficit)</i>	<u>\$ (154,758)</u>	<u>\$ 85,685</u>	<u>\$ 1,590,962</u>	<u>\$ 286,328</u>	<u>\$ (12,547)</u>	<u>\$ 815,687</u>	<u>\$ 95,269</u>	<u>\$ 2,706,626</u>

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

December 31, 2021

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2020 Total
Revenue								
Taxation	\$ 1,187,225	\$ 1,365,308	\$ 2,255,727	\$ 534,251	\$ -	\$ 534,251	\$ 59,361	\$ 5,936,123
Fees and user charges	57,569	73,975	61,103	609,958	5,567	170,498	41,254	1,019,924
Specific grants	194,500	21,182	330,064	65,918	-	12,149	46,529	670,342
OMPF grant	170,740	196,351	324,406	76,833	-	76,833	8,537	853,700
Other revenue	156,006	167,805	(60,983)	1,136	681	433,464	-	698,109
	<u>1,766,040</u>	<u>1,824,621</u>	<u>2,910,317</u>	<u>1,288,096</u>	<u>6,248</u>	<u>1,227,195</u>	<u>155,681</u>	<u>9,178,198</u>
Expenses								
Salaries and benefits	1,365,581	191,550	265,056	219,796	13,505	287,681	23,835	2,367,004
Interest on debt	-	-	-	-	-	-	2,137	2,137
Materials and supplies	340,322	311,300	411,452	309,580	4,222	225,344	38,260	1,640,480
Contracted services	130,640	1,209,655	606,766	602,521	-	207,805	41,035	2,798,422
Other transfers	-	-	-	31,434	-	4,230	-	35,664
Rents and financial expenses	22,401	-	-	12,285	-	-	-	34,686
Amortization	14,079	39,623	920,386	158,275	-	79,095	-	1,211,458
	<u>1,873,023</u>	<u>1,752,128</u>	<u>2,203,660</u>	<u>1,333,891</u>	<u>17,727</u>	<u>804,155</u>	<u>105,267</u>	<u>8,089,851</u>
<i>Annual surplus (deficit)</i>	<u>\$ (106,983)</u>	<u>\$ 72,493</u>	<u>\$ 706,657</u>	<u>\$ (45,795)</u>	<u>\$ (11,479)</u>	<u>\$ 423,040</u>	<u>\$ 50,414</u>	<u>\$ 1,088,347</u>

The Corporation of the Township of Chatsworth
Schedule of Deferred Revenue

For the year ended December 31, 2021

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Obligatory Reserve Funds					
Main Street Funding	\$ 18,295	\$ -	\$ 109	\$ (17,965)	\$ 439
Parkland dedication	136,808	32,777	-	-	169,585
Canada Community Building Fund	624,364	418,103	-	(531,211)	511,256
	779,467	450,880	109	(549,176)	681,280
Other					
Building Department	49,918	16,066	-	-	65,984
Gravel pit rehabilitation	67,292	-	350	-	67,642
Unearned revenue	15,000	5,000	-	-	20,000
Walters Falls Community Centre	-	15,584	-	-	15,584
	\$ 911,677	\$ 487,530	\$ 459	\$ (549,176)	\$ 850,490

The Corporation of the
Township of Chatsworth
Trust Funds
Financial Information
For the year ended December 31, 2021

The Corporation of the Township of Chatsworth
Trust Funds Financial Information
For the year ended December 31, 2021

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The Corporation of the Township of Chatsworth

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Independent Auditor's Report

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, 2021, 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, 2021 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
August 16, 2023

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

December 31, 2021

	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 2021	Total 2020
Assets								
Cash	\$ 3,999	\$ 16,746	\$ 20,149	\$ 1,615	\$ 3,122	\$ 61,937	\$ 107,568	\$ 107,387
Investments	-	-	-	-	-	-	-	-
Due from Township of Chatsworth	34	431	317	-	-	1,234	2,016	-
	4,033	17,177	20,466	1,615	3,122	63,171	109,584	107,387
Liabilities								
Due to Cemetery Boards	-	-	-	7	13	-	20	(1,723)
Fund Balance	\$ 4,033	\$ 17,177	\$ 20,466	\$ 1,608	\$ 3,109	\$ 63,171	\$ 109,564	\$ 109,110

The accompanying notes are an integral part of this financial information.

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

For the year ended December 31, 2021

	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 2021	Total 2020
Balance, beginning of the year	\$ 3,983	\$ 17,177	\$ 20,066	\$ 1,608	\$ 3,109	\$ 63,171	\$ 109,114	\$ 107,210
Receipts								
Investment income	7	28	34	3	5	103	180	276
Perpetual care receipts	50	-	400	-	-	-	450	1,900
	57	28	434	3	5	103	630	2,176
Expenditures								
Transfer to Cemetery Boards	7	28	34	3	5	103	180	276
Balance, end of the year	\$ 4,033	\$ 17,177	\$ 20,466	\$ 1,608	\$ 3,109	\$ 63,171	\$ 109,564	\$ 109,110

The accompanying notes are an integral part of this financial information.

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

December 31, 2021

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.