

The Corporation of the
Township of Chatsworth
Financial Information
For the year ended December 31, 2022

The Corporation of the Township of Chatsworth
Financial Information
For the year ended December 31, 2022

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

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

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, 2022, 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 consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Township as at December 31, 2022, 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 consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of 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
January 12, 2024

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

December 31	2022	2021
Financial assets		
Cash and temporary investments (Note 1)	\$ 7,191,346	\$ 9,619,603
Taxes receivable	879,415	904,944
Trade and other receivables	892,156	317,237
	<u>8,962,917</u>	<u>10,841,784</u>
Liabilities		
Accounts payable and accrued liabilities	2,443,505	1,540,168
Solid waste landfill closure and post-closure liabilities (Note 2)	257,245	257,245
Deferred revenue (Page 27)	585,264	850,490
Long-term liabilities (Note 3)	969,918	1,148,926
	<u>4,255,932</u>	<u>3,796,829</u>
Net financial assets	<u>4,706,985</u>	<u>7,044,955</u>
Non-financial assets		
Inventory of supplies	243,227	124,216
Prepaid expenses	35,834	34,266
Tangible capital assets (Note 4)	21,953,952	18,826,519
	<u>22,233,013</u>	<u>18,985,001</u>
Accumulated surplus (Note 5)	<u>\$26,939,998</u>	<u>\$ 26,029,956</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	2022 Budget (Note 8)	2022 Actual	2021 Actual
Revenue			
Taxation	\$ 6,467,214	\$ 6,455,173	\$ 6,287,358
Fees and user charges	909,835	945,340	959,458
Government transfers (Note 8)	1,869,871	1,842,183	1,789,618
Other income (Note 9)	1,289,356	906,446	2,612,401
	<u>10,536,276</u>	<u>10,149,142</u>	<u>11,648,835</u>
Expenses			
General government	2,098,702	2,216,855	2,284,936
Protection services	1,894,494	1,811,018	1,760,546
Transportation services	1,913,607	3,006,531	2,805,884
Environmental services	803,957	1,209,502	1,236,535
Health services	45,937	17,306	15,565
Recreation and cultural services	887,664	911,025	748,189
Planning and development	97,937	66,863	90,554
	<u>7,742,298</u>	<u>9,239,100</u>	<u>8,942,209</u>
Annual surplus (Note 7)	2,793,978	910,042	2,706,626
Accumulated surplus, beginning of the year	<u>26,029,956</u>	<u>26,029,956</u>	<u>23,323,330</u>
Accumulated surplus, end of the year	<u>\$ 28,823,934</u>	<u>\$26,939,998</u>	<u>\$ 26,029,956</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

For the year ended December 31	2022 Budget (Note 7)	2022 Actual	2021 Actual
Annual surplus (Page 6)	\$ 2,793,978	\$ 910,042	\$ 2,706,626
Acquisition of tangible capital assets	(7,341,454)	(4,609,270)	(1,174,747)
Amortization of tangible capital assets	-	1,433,491	1,364,472
(Gain) loss on disposal of tangible capital assets	-	14,173	(671,643)
Proceeds on disposal of capital assets	-	34,173	763,553
	<u>(7,341,454)</u>	<u>(3,127,433)</u>	<u>281,635</u>
Use of inventories of supplies	-	(119,011)	-
Increase in prepaid expenses	-	(1,568)	18,954
	<u>-</u>	<u>(120,579)</u>	<u>18,954</u>
Increase (decrease) in net financial assets	(4,547,476)	(2,337,970)	3,007,215
Net financial assets, beginning of the year	<u>7,044,955</u>	<u>7,044,955</u>	<u>4,037,740</u>
Net financial assets, end of the year	<u>\$ 2,497,479</u>	<u>\$ 4,706,985</u>	<u>\$ 7,044,955</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	2022	2021
Cash provided by (used in)		
Operating activities		
Annual surplus	\$ 910,042	\$ 2,706,626
Items not involving cash		
Change in solid waste landfill liability	-	62,648
Amortization	1,433,491	1,364,472
(Gain) loss on disposal of capital assets	14,173	(671,643)
Deferred revenue recognized	(532,601)	(549,176)
	<u>1,825,105</u>	<u>2,912,927</u>
Changes in non-cash working capital balances		
Taxes receivable	25,529	273,714
Trade and other accounts receivable	(574,919)	8,490
Prepaid expenses	(1,568)	18,954
Inventory of supplies	(119,011)	-
Accounts payable and accrued liabilities	903,337	493,206
Deferred revenue received	267,375	487,989
	<u>500,743</u>	<u>1,282,353</u>
	<u>2,325,848</u>	<u>4,195,280</u>
Capital transactions		
Cash used to acquire capital assets	(4,609,270)	(1,174,747)
Proceeds on disposal of capital assets	34,173	763,553
	<u>(4,575,097)</u>	<u>(411,194)</u>
Investing activities		
Payments on long-term receivables	-	31,698
Financing activities		
Proceeds from long-term liabilities	-	860,458
Repayment of long-term liabilities	(179,008)	(143,230)
	<u>(179,008)</u>	<u>717,228</u>
Net change in cash and cash equivalents	(2,428,257)	4,533,012
Cash and cash equivalents, beginning of the year	<u>9,619,603</u>	<u>5,086,591</u>
Cash and cash equivalents, end of the year	<u>\$ 7,191,346</u>	<u>\$ 9,619,603</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, 2022

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	16.00%

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

December 31, 2022

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, 2022

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, 2022

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, 2022

1. Cash and Temporary Investments

	<u>2022</u>	<u>2021</u>
Unrestricted cash	\$ 7,171,346	\$ 9,599,603
Temporary investments	20,000	20,000
	<u>\$ 7,191,346</u>	<u>\$ 9,619,603</u>

On December 31, 2022, the municipality had deposits of \$7,130,811 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 3.75% and 4.8% 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. 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 (2021 - \$257,245) 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 53% 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 \$30,745. There is no estimated remaining capacity at the Sullivan site which was closed in 2019. The estimated remaining capacity at the Markdale site is 233,690 cubic metres, which will be filled in 30 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, 2022

3. Long-Term Liabilities

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

	<u>2022</u>	<u>2021</u>
Loan payable, Infrastructure Ontario, 1.99%, repayable semi-annually in instalments of \$38,437, due 2031	\$ 598,418	\$ 662,426
Demand loan payable, Bank of Montreal, prime, repayable in monthly instalments of \$6,667 plus interest, due 2025	240,000	320,000
Payable to Markdale Hospital, minimum payable \$33,600 annually, due 2026		
	<u>131,500</u>	<u>166,500</u>
	<u>\$ 969,918</u>	<u>\$ 1,148,926</u>

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

2023	\$ 178,888
2024	180,194
2025	181,525
2026	99,984
2027	70,669
Thereafter	<u>258,658</u>
	<u>\$ 969,918</u>

Interest paid relating to the above long-term debt was \$24,334 (2021 - \$17,652).

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

December 31, 2022

4. Tangible Capital Assets

	2022				
	Land	Buildings	Equipment and Vehicles	Linear Assets	Total
Cost, beginning of the year	\$ 1,725,308	\$ 6,532,941	\$ 7,488,748	\$ 35,936,447	\$ 51,683,444
Additions	12,338	331,373	379,616	3,885,943	4,609,270
Disposals	(19,973)	(47,886)	(184,278)	(117,022)	(369,159)
Cost, end of the year	1,717,673	6,816,428	7,684,086	39,705,368	55,923,555
Opening accumulated amortization	22,719	3,349,701	3,210,941	26,273,564	32,856,925
Amortization	22,719	121,862	173,284	1,115,626	1,433,491
Disposals	-	(47,281)	(184,278)	(89,254)	(320,813)
Closing accumulated amortization	45,438	3,424,282	3,199,947	27,299,936	33,969,603
Net carrying amount, end of the year	\$ 1,672,235	\$ 3,392,146	\$ 4,484,139	\$ 12,405,432	\$ 21,953,952

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

December 31, 2022

4. Tangible Capital Assets - (continued)

					2021
	Land	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, 2022

4. Tangible Capital Assets - (continued)

The net book value of tangible capital assets not being amortized because they are under construction is \$159,600 (2021 - \$45,470).

In 2022, \$NIL (2021-\$NIL) 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.

5. Accumulated Surplus

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

	2022	2021
Invested in tangible capital assets		
Tangible capital assets at cost less amortization	\$21,953,952	\$ 18,826,519
Unfinanced capital assets	(691,299)	(39,724)
Capital assets financed by long-term liabilities and to be funded in future years	(838,418)	(982,426)
Total invested in capital assets	20,424,235	17,804,369
Unfunded solid waste closure and post-closure costs	(257,245)	(257,245)
Recreation, community centres and arenas	60,955	62,024
Biodigester joint board	(53,525)	3,905
Unfunded environmental	(190,678)	(190,678)
Unfunded Markdale Hospital contribution	(131,500)	(166,500)
	19,852,242	17,255,875
Reserves and reserve funds (Note 6)	7,087,756	8,774,081
Accumulated surplus	\$26,939,998	\$ 26,029,956

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

December 31, 2022

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

	2022	2021
Reserves		
Working funds	\$ 839,568	\$ 1,288,574
Tax rate stabilization	45,577	45,577
Current purposes	211,956	448,838
Capital purposes	5,627,849	6,729,055
	<u>6,724,950</u>	<u>8,512,044</u>
Reserve funds		
Current purposes	<u>362,806</u>	<u>262,037</u>
Reserves and reserve funds set aside for specific purpose by Council	<u>\$ 7,087,756</u>	<u>\$ 8,774,081</u>

7. 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 2022 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.

	2022	2022	2021
	Budget	Actual	Actual
Annual surplus (Page 6)	\$ 2,793,978	\$ 910,042	\$ 2,706,626
Net transfers (to) from reserves	3,779,265	1,849,203	(2,119,886)
Capital acquisitions, disposals and write-down	(7,341,454)	(4,560,924)	(1,082,837)
Amortization	-	1,433,491	1,364,472
Debt proceeds	911,751	-	693,958
Debt principal repayments	(143,540)	(144,008)	(111,532)
Change in unfunded liabilities	-	-	62,648
Change in unfunded Markdale Hospital	-	(35,000)	166,500
Change in other surpluses	-	58,499	(98,930)
Change in unfinanced amounts	-	651,575	(1,511,268)
	-	162,878	69,751
Operating surplus transfers to reserve	-	(162,878)	(69,751)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

December 31, 2022

8. Government Transfers

	2022	2022	2021
	Budget	Actual	Actual
Operating			
Province of Ontario			
Ontario Municipal Partnership Fund (OMPF)	\$ 908,600	\$ 908,600	\$ 879,200
Safe Restart Funding	-	508	95,043
Other	100,500	110,314	127,486
	<u>1,009,100</u>	<u>1,019,422</u>	<u>1,101,729</u>
Other Municipalities			
Other	31,614	20,000	31,614
	<u>1,040,714</u>	<u>1,039,422</u>	<u>1,133,343</u>
Total operating transfers			
Capital			
Province of Ontario			
Roads	277,591	278,191	125,064
Other	80,000	-	-
	<u>357,591</u>	<u>278,191</u>	<u>125,064</u>
Government of Canada			
Canada Community-Building Fund	471,566	524,570	531,211
	<u>829,157</u>	<u>802,761</u>	<u>656,275</u>
Total capital transfers			
Total government transfers	<u>\$ 1,869,871</u>	<u>\$ 1,842,183</u>	<u>\$ 1,789,618</u>

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

December 31, 2022

9. Other Income

	2022	2022	2021
	Budget	Actual	Actual
Penalties and interest on taxation	\$ 174,000	\$ 147,104	\$ 180,124
Investment income	32,200	121,145	29,689
Licenses, permits and rents	188,500	207,383	186,666
Donations	10,000	83,623	48,902
Prepaid special charges	797,700	188,761	1,395,888
Gain (loss) on sale of assets	5,000	(14,173)	671,643
Other	81,956	172,603	99,489
	<u>\$ 1,289,356</u>	<u>\$ 906,446</u>	<u>\$ 2,612,401</u>

10. Pension Agreements

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 34 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 2022 was \$149,530 (2021 - \$135,314). The contribution rate for 2022 was 9.2% to 15.8% depending on age and income level (2021 - 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, 2022. At that time the plan reported a \$6.7 billion actuarial deficit (2021 - \$3.1 billion), based on actuarial liabilities of \$128.8 billion (2021 - \$119.3 billion) and actuarial assets of \$128.8 billion (2021 - \$116.2 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, 2022

11. 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:

	2022	2021
Financial assets	\$ 854,444	\$ 891,917
Liabilities	483,518	406,132
Net financial assets	370,926	485,785
Non-financial assets	2,515,819	2,640,211
Accumulated surplus	\$ 2,886,745	\$ 3,125,996
Revenues	\$ 308,699	\$ 608,459
Expenses	547,950	535,189
Annual surplus (deficit)	\$ (239,251)	\$ 73,270

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 16% (2021 - 10%) share of revenues and expenditures:

	2022	2021
Revenues	\$ 253,823	\$ 267,382
Expenses	577,138	516,957
Annual deficit	\$ (323,315)	\$ (249,575)

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

December 31, 2022

11. 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 surplus (deficit)	\$ 9,963	\$ (13,333)

12. 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:

	2022	2021
School boards	\$ 1,568,630	\$ 1,568,554
County of Grey	3,334,853	3,207,446
	\$ 4,903,483	\$ 4,776,000

13. Contractual Commitments

The Township of Chatsworth has entered into an agreement to purchase a Light Rescue Truck for \$234,000 plus applicable taxes.

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

December 31, 2022

14. Trust Funds

The trust funds administered by the municipality amounting to \$254,252 (2021 - \$109,564) 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, 2022, the trust funds balances are as follows:

	2022	2021
Cemetery Care and Maintenance funds	\$ 254,252	\$ 109,564

15. 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 Township has been served with various claims as a result of motor vehicle accidents and other incidents. The outcomes of these claims are not determinable at this time.
-

16. 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, 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.

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

December 31, 2022

16. Segmented Information - (continued)

Transportation

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

Environmental

Environmental services consists of providing 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.

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.

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

December 31, 2022

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2022 Total
Revenue								
Taxation	\$ 1,355,586	\$ 1,484,690	\$ 1,678,345	\$ 451,862	\$ -	\$ 1,420,138	\$ 64,552	\$ 6,455,173
Fees and user charges	51,647	54,243	16,250	568,189	17,147	198,313	39,551	945,340
Specific grants	508	14,143	802,761	96,171	-	-	20,000	933,583
OMPF grant	190,806	208,978	236,236	63,602	-	199,892	9,086	908,600
Other revenue	551,480	209,287	(11,157)	1,201	1,733	153,902	-	906,446
	<u>2,150,027</u>	<u>1,971,341</u>	<u>2,722,435</u>	<u>1,181,025</u>	<u>18,880</u>	<u>1,972,245</u>	<u>133,189</u>	<u>10,149,142</u>
Expenses								
Salaries and benefits	1,521,414	222,624	348,392	161,878	8,837	359,057	16,409	2,638,611
Interest on debt	-	-	7,017	17,165	-	-	152	24,334
Materials and supplies	560,767	339,100	950,192	206,139	8,469	260,005	17,838	2,342,510
Contracted services	103,941	1,210,811	567,924	621,591	-	226,166	32,464	2,762,897
Other transfers	-	-	-	32,249	-	2,656	-	34,905
Rents and financial expenses	1,629	-	-	-	-	723	-	2,352
Amortization	29,104	38,483	1,133,006	170,480	-	62,418	-	1,433,491
	<u>2,216,855</u>	<u>1,811,018</u>	<u>3,006,531</u>	<u>1,209,502</u>	<u>17,306</u>	<u>911,025</u>	<u>66,863</u>	<u>9,239,100</u>
<i>Annual surplus (deficit)</i>	<u>\$ (66,828)</u>	<u>\$ 160,323</u>	<u>\$ (284,096)</u>	<u>\$ (28,477)</u>	<u>\$ 1,574</u>	<u>\$ 1,061,220</u>	<u>\$ 66,326</u>	<u>\$ 910,042</u>

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

December 31, 2022

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	261,573	30,405	2,315,827
Interest on debt	-	-	3,766	11,984	-	-	1,902	17,652
Materials and supplies	683,692	305,776	556,843	265,284	2,050	189,372	12,440	2,015,457
Contracted services	184,845	1,212,073	932,252	596,553	-	221,050	45,807	3,192,580
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
Schedule of Deferred Revenue

For the year ended December 31, 2022

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Obligatory Reserve Funds					
Main Street Funding	\$ 439	\$ -	\$ 94	\$ -	\$ 533
Parkland dedication	169,585	29,802	3,631	-	203,018
Canada Community- Building Fund	511,256	210,271	21,320	(524,570)	218,277
	681,280	240,073	25,045	(524,570)	421,828
Other					
Building Department	65,984	-	848	(8,031)	58,801
Gravel pit rehabilitation	67,642	-	1,409	-	69,051
Unearned revenue	20,000	-	-	-	20,000
Walters Falls Community	15,584	-	-	-	15,584
	\$ 850,490	\$ 240,073	\$ 27,302	\$ (532,601)	\$ 585,264

The Corporation of the
Township of Chatsworth
Trust Funds
Financial Information
For the year ended December 31, 2022

The Corporation of the Township of Chatsworth
Trust Funds Financial Information
For the year ended December 31, 2022

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

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

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, 2022, 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, 2022 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
January 12, 2024

The Corporation of the Township of Chatsworth
Care and Maintenance Trust Funds
Statement of Financial Position

December 31, 2022

	Berkeley	Shiloh	St. Mathias	Mt. Zion	Chatsworth	Cedardal	Hemstock	Desboro	Total 2022	Total 2021
Assets										
Cash	\$ 100	\$ 2,696	\$ 4,085	\$ 17,601	\$ 20,833	\$ 1,629	\$ 3,149	\$ 65,305	\$ 115,398	\$ 107,568
Investments	-	139,578	-	-	-	-	-	-	139,578	-
Due from Township of Chatsworth	-	-	-	276	133	-	-	666	1,075	2,016
	100	142,274	4,085	17,877	20,966	1,629	3,149	65,971	256,051	109,584
Liabilities										
Due to Cemetery Boards	-	1,736	2	-	-	21	40	-	1,799	20
Fund Balance	\$ 100	\$ 140,538	\$ 4,083	\$ 17,877	\$ 20,966	\$ 1,608	\$ 3,109	\$ 65,971	\$ 254,252	\$ 109,564

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

The Corporation of the Township of Chatsworth
Care and Maintenance Trust Funds
Statement of Continuity

For the year ended December 31, 2022

	Berkeley	Shiloh	St. Mathias	Mt. Zion	Chatsworth	Cedardal	Hemstock	Desboro	Total 2022	Total 2021
Balance, beginning of the year	\$ -	\$ -	\$ 4,033	\$ 17,177	\$ 20,466	\$ 1,608	\$ 3,109	\$ 63,171	\$109,564	\$ 109,114
Receipts										
Investment income	-	1,736	52	224	267	21	40	834	3,174	180
Perpetual care receipts	100	960	50	700	500	-	-	2,800	5,110	450
Transfer from community cemetery board	-	139,578							139,578	-
	100	142,274	102	924	767	21	40	3,634	147,862	630
Expenditures										
Transfer to Cemetery Boards	-	1,736	52	224	267	21	40	834	3,174	180
Balance, end of the year	\$ 100	\$ 140,538	\$ 4,083	\$ 17,877	\$ 20,966	\$ 1,608	\$ 3,109	\$ 65,971	\$254,252	\$ 109,564

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, 2022

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.

2. Trust Funds Assumed

During 2022, there were two trust funds assumed. Shiloh Care and Maintenance was assumed on May 25, 2022 with a transfer of \$136,882. Berkeley Care and Maintenance was assumed on September 7, 2022 with no initial transfer funds.
