



# Township of Georgian Bluffs & Township of Chatsworth BioGRID Joint Board of Management Agenda

June 20, 2022, 9:00 a.m.

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**Pages**

**1. Call to Order**

**2. Land Acknowledgement Statement**

We acknowledge with respect, the history, spirituality, and culture of the Anishinaabek: The People of the Three Fires known as Ojibway, Odawa, and Pottawatomi Nation, who have inhabited this land from time immemorial. And further give thanks to the Chippewas of Saugeen, and the Chippewas of Nawash, now known as the Saugeen Ojibway Nation, as the traditional keepers of this land. We also recognize, the Metis and Inuit whose ancestors shared this land and these waters. May we all, as Treaty People, live with respect on this land, and live-in peace and friendship with all its diverse peoples.

**3. Approval of Agenda/Additions to the Agenda**

**Recommendation:**

That the agenda be approved as presented.

**4. Declaration of Pecuniary Interest**

**5. Minutes of Previous Meetings**

5.1. March 18, 2022

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**Recommendation:**

That the minutes of the March 18, 2022 meeting of the BioGRID Joint Board of Management be approved.

**6. Delegations**

6.1. BDO - 2021 Audited Financial Statements

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**Recommendation:**

That the 2021 draft audited financial statements, as presented by BDO, be approved.

7. **Correspondence**

Nil

8. **Staff Reports**

8.1. 2022 Draft Budget

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**Recommendation:**

That the 2022 draft Biodigester Joint Board of Management Budget be approved, and

That the draft Budget be referred to both ownership Councils for final approval.

9. **Public Question Period**

Please email questions for consideration of the Board to the Clerk at [bdrury@georgianbluffs.ca](mailto:bdrury@georgianbluffs.ca).

10. **Unfinished Business**

10.1. Follow-Up re Direction from Georgian Bluffs and Chatsworth Councils  
Verbal update from both Township CAOs.

11. **New Business**

Nil

12. **Closed Session**

Nil

13. **Date of Next Regular Meeting/Adjournment**

To be determined by the Board.



# Township of Georgian Bluffs & Township of Chatsworth

## BioGRID Joint Board of Management Minutes

**March 18, 2022, 9:00 a.m.**

Members Present: Mayor Dwight Burley  
Deputy Mayor Sue Carleton  
Mayor Scott Mackey (Township of Chatsworth)  
Deputy Mayor Brian Gamble (Township of Chatsworth)

Staff Present: Brittany Drury, Director of Corporate Services/Clerk  
Steven Dollmaier, Director of Operations  
Carly Craig, Deputy Clerk  
Samantha Buchanan, Treasurer  
Cynthia Fletcher, Chief Administrative Officer  
Patty Sinnamon, Chief Administrative Officer/Clerk (Township of Chatsworth)

**This document can be made available in other accessible formats or with communications supports as soon as practicable and upon request.**

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**1. Call to Order**

Mayor Dwight Burley called the meeting to order at 9:01 a.m.

**2. Land Acknowledgement Statement**

Mayor Dwight Burley opened the meeting with the land acknowledgement statement.

**3. Approval of Agenda/Additions to the Agenda**

Moved By: Mayor Scott Mackey

Seconded By: Deputy Mayor Sue Carleton

**That the agenda be approved as presented.**

Approved

**4. Declaration of Pecuniary Interest**

None declared.

**5. Minutes of Previous Meetings**

**5.1 Biodigester Joint Board of Management - January 17, 2022**

Moved: Deputy Mayor Brian Gamble

Seconded: Mayor Scott Mackey

**That the minutes of the Biodigester Joint Board of Management meeting held on January 17, 2022, be approved.**

Approved

**6. Delegations**

Nil.

**7. Correspondence**

**7.1 BDO - Audit Planning Report**

Received for information.

**8. Staff Reports**

**8.1 OPS2022-09 - Biogas Feasibility Study**

Mayor Scott Mackey moved that the motion be split into two parts, dividing the questions.

The Board discussed the Township of Chatsworth's concern regarding investing more funding into the facility. The group discussed scheduling a joint Council meeting to discuss potential changes in the partnership. It was noted that this meeting is intended to take place in the second week of April.

Moved: Deputy Mayor Sue Carleton  
Seconded: Deputy Mayor Brian Gamble

**That, the study report titled Source Separated Organics Availability, Digestion Technologies, and Beneficial Use of Biogas Study, attached to this report as Appendix “A”, be received; and**

**That the information contained within the appended study report be referenced for the review of requirements to support Option 1B of the report; and**

**That the information contained within the appended study form the basis of future planning purposes for the Biodigester.**

Deferred

Moved By: Mayor Scott Mackey  
Seconded By: Deputy Mayor Sue Carleton

**That the BioGRID Joint Board of Management direct staff to enter negotiations with Ontario Clean Water Agency (OCWA) to operate the Derby BioGRID facility for up to a five- year term, with an option to renew for an additional five-year term at the discretion of the Joint Board; and**

**That the agreement be reviewed by legal counsel.**

Approved

**9. Public Question Period**

The Director of Corporate Services/Clerk noted that no public questions had been received for consideration of the Board.

**10. Unfinished Business**

Nil.

**11. New Business**

Nil.

**12. Closed Session**

Nil.

**13. Date of Next Regular Meeting/Adjournment**

To be called at the discretion of the Chair.

Moved By: Deputy Mayor Brian Gamble

Seconded By: Deputy Mayor Sue Carleton

**That the meeting be adjourned at 9:39 a.m.**

Approved

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Mayor, Dwight Burley

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Clerk, Brittany Drury



# GEORGIAN BLUFFS CHATSWORTH BIODIGESTER

## AUDIT FINAL REPORT TO THE JOINT BOARD OF MANAGEMENT

June 20, 2022





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## To the Members of the Joint Board of Management

We are pleased to provide you with the results of our audit of Georgian Bluffs Chatsworth Biodigester (the "Biodigester") financial statements for the year ended December 31, 2021.

The enclosed final report includes our approach to your audit, including: significant risks identified and the nature, extent, and results of our audit work. We also report any significant internal control deficiencies (if any) identified during our audit and reconfirm our independence.

During the course of our audit, management made certain representations to us, in discussions and in writing. We documented these representations in the audit working papers.

We look forward to discussing our audit conclusions with you. In the meantime, please feel free to contact us if you have any questions or concerns.

Yours truly,

Chartered Professional Accountants, Licensed Public Accountants



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## EXECUTIVE SUMMARY

### Status of the Audit

As of the date of this report, we have substantially completed our audit of the 2021 financial statements pending the completion of the items highlighted below. These items will need to be completed prior to issuance of our final audit report on the financial statements:

- ▶ Approval of financial statements by the Board
- ▶ Receipt of signed management representation letter dated as of the final report date
- ▶ Subsequent events review through to financial statement approval date

We conducted our audit in accordance with Canadian generally accepted auditing standards. The objective of our audit was to obtain reasonable, not absolute, assurance about whether the financial statements are free from material misstatement.

The scope of the work performed was substantially the same as that described in our Planning Report to the Joint Board of Management dated February 4, 2022.

### Independence

We have identified relationships between Georgian Bluffs Chatsworth Biodigester and our Firm that may reasonably be thought to have influenced our independence. These are further discussed in [Appendix C](#).

### Materiality

As communicated to you in our Planning Report to the Joint Board of Management preliminary materiality is \$13,000. Final materiality remained unchanged from our preliminary assessment.

### Fraud Discussion

We are not aware of any fraud affecting the Biodigester. If you have become aware of changes to processes or are aware of any instances of actual, suspected or alleged fraud since our discussions held at planning, please let us know.

## AUDIT FINDINGS

Our audit strategy and procedures focused on the risks specific to the Biodigester and key accounts as outlined in our Planning report to the Joint Board of Management. There were no changes to our planning procedures. No additional risks were identified during the audit.

Significant Risks of Material Misstatement	Audit Findings
Control Environment	To address this risk we developed criteria for unusual journal entries, determined the population of unusual journal entries and obtained corroborating evidence of these journal entries from management as to why the journal entries were made. No inappropriate journal entries were noted. No management override of controls noted in the current period.
Revenue Recognition	There is an inherent risk that revenue may not be completely recorded. To address this risk we ensured the revenue recognition policies complied with client's accounting policies and Public Sector Accounting Standards. Revenue was appropriately recorded and accrued and agreed to subsequent revenue receipts.

As part of our ongoing communications with you, we are required to have a discussion on our views about significant qualitative aspects of the Biodigester’s accounting practices, including accounting policies, accounting estimates and financial statement disclosures.

Management is responsible for determining the significant accounting policies. *Significant accounting policies have been disclosed in the financial statements.* The choice between accounting policy alternatives can have a significant effect on the financial position and results of the Biodigester. The application of those policies often involves significant estimates and judgments by management. Based on the audit work that we have performed, it is our opinion that the estimates are in accordance with the requirements of Canadian public sector accounting standards and have been consistently applied. A summary of the key discussion points are as follows:

Significant Financial Statement Disclosures	Audit Findings
Accumulated Surplus	A breakdown of the Biodigester’s accumulated surplus is included in Note 3. This includes the amount invested in capital assets, reserves and also the general surplus (deficit) which is required to be carried forward to the next year’s budget.
Economic Dependence	Economic dependence on the Township of Chatsworth and the Township of Georgian Bluffs is disclosed in Note 7.
Uncertainty due to COVID-19	Due to the global pandemic’s impact on almost all businesses, disclosure relating to COVID-19 is made in Note 8.
Significant Estimates and Judgements	Audit Findings
Useful life of assets	No concerns were noted.

## INTERNAL CONTROL MATTERS

During the course of our audit, we performed the following procedures with respect to the Biodigester's internal control environment:

- ▶ Documented operating systems to assess the design and implementation of control activities that were relevant to the audit.
- ▶ Discussed and considered potential audit risks with management.
- ▶ Tested the operating effectiveness of controls in the purchase and payroll transaction stream.

The results of these procedures were considered in determining the extent and nature of substantive audit testing required.

We are required to report to you in writing, significant deficiencies in internal control that we have identified during the audit. A significant deficiency is defined as a deficiency or combination of deficiencies in internal control that, in the auditor's professional judgment, is of sufficient importance to merit the attention of those charged with governance.

### Budget Approval

It is our understanding that a 2021 budget was not approved. The budget provides management with guidance and an approved level of expenditures and assists the Board with operating oversight. Public sector accounting standards also require the budget to be reported in the financial statements. Note disclosure has been made that the budget reported in the financial statements was not approved by the Board or member municipalities. We recommend the annual budget be reviewed, adjusted where necessary, and approved by the Board each year prior to March 1 and forwarded to the Council of both the Township of Georgian Bluffs and the Township of Chatsworth for their review and approval.

## Revenue Recognition

During the course of our audit we were not able to obtain audit evidence over the completeness of revenues in regards to the tipping and sewage fees. Both of these sources of revenue are invoiced based on information provided by external contractors. There does not appear to be corroborative evidence to support the information supplied by the contractors. As such, we propose the following wording in regards to the basis for qualification of our audit report:

## Basis for Qualification

Inherent in their nature, tipping and sewage fees are not susceptible to complete audit verification. Accordingly, our verification of these fees was limited to the amounts recorded in the records of the Georgian Bluffs Chatsworth Biodigester. Therefore, we were not able to determine whether any adjustments might be necessary to assets as at December 31, 2021 and 2020, the accumulated surplus as at January 1 and December 31 for both the 2021 and 2020 years, and tipping and sewage fee revenue, annual surplus and cash flows for the years ended December 31, 2021 and 2020. Our audit opinion on the financial statements for the year ended December 31, 2020 was modified accordingly because of the possible effects of this limitation in scope. We would encourage the Board and management to continue to investigate controls which may be able to be put in place.

The audit expresses an opinion on the Biodigester's financial statements. As a result, it does not cover every aspect of internal control - only those relevant to preparing the financial statements and designing appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.

## ADJUSTED AND UNADJUSTED DIFFERENCES

We have disclosed all significant adjusted and unadjusted differences and disclosure omissions identified through the course of our audit engagement. Each of these items has been discussed with management.

We did not identify any unadjusted differences or disclosure omissions over the course of the audit.

APPENDIX A: INDEPENDENT AUDITOR'S REPORT



Georgian Bluffs Chatsworth Biodigester  
Financial Statements  
For the year ended December 31, 2021

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Georgian Bluffs Chatsworth Biodigester  
Financial Statements  
For the year ended December 31, 2021

Contents

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Financial Statements

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## Independent Auditor's Report

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To the Members of Council, Inhabitants, and Ratepayers of the  
Township of Georgian Bluffs and the Township of Chatsworth

### Qualified Opinion

We have audited the accompanying financial statements of the Georgian Bluffs Chatsworth Biodigester, which comprise the statement of financial position as at December 31, 2021, and the 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, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Georgian Bluffs Chatsworth Biodigester as at December 31, 2021, and its results of operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Qualified Opinion

Inherent in their nature, tipping and sewage fees are not susceptible to complete audit verification. Accordingly, our verification of these fees was limited to the amounts recorded in the records of the Georgian Bluffs Chatsworth Biodigester. Therefore, we were not able to determine whether any adjustments might be necessary to assets as at December 31, 2021 and 2020, the accumulated surplus as at January 1 and December 31 for both the 2021 and 2020 years, and tipping and sewage fee revenue, annual surplus and cash flows for the years ended December 31, 2021 and 2020. Our audit opinion on the financial statements for the year ended December 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

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 Statements* section of our report. We are independent of the Entity 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 qualified audit opinion.

## Responsibilities of Management and Those Charged with Governance for the 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization'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 organization'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 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 organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent 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  
June 20, 2022

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Georgian Bluffs Chatsworth Biodigester  
Statement of Financial Position

December 31	2021	2020
<b>Financial assets</b>		
Cash (Note 1)	\$ 354,194	\$ 186,182
Accounts receivable	35,159	26,023
Due from Chatsworth - Current	16,392	10,000
Due from Chatsworth - Future Capital	238,988	238,988
Due from the Township of Georgian Bluffs - Current	8,196	5,000
Due from the Township of Georgian Bluffs - Future Capital	238,988	238,988
	891,917	705,181
<b>Liabilities</b>		
Accounts payable and accrued liabilities	47,798	62,750
Due to the Township of Georgian Bluffs	208,334	202,122
Loan from the Township of Georgian Bluffs	75,000	75,000
Loan from the Township of Chatsworth	75,000	75,000
	406,132	414,872
<b>Net financial assets</b>	485,785	290,309
<b>Non-financial assets</b>		
Tangible capital assets (Note 2)	2,640,211	2,762,417
<b>Accumulated surplus (Note 3)</b>	\$ 3,125,996	\$ 3,052,726

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

**Georgian Bluffs Chatsworth Biodigester  
Statement of Operations and Accumulated Surplus**

For the year ended December 31	2021 Budget (Note 4)	2021 Actual	2020 Actual
<b>Revenue</b>			
Contributions			
Township of Chatsworth	\$ 98,350	\$ 192,184	\$ 60,000
Township of Georgian Bluffs	98,350	192,184	60,000
Other revenues			
Hydro generation	40,000	46,171	7,752
Commercial sewage fees	85,000	71,698	64,214
Residential sewage fees	17,000	12,048	10,775
Tipping fees	60,000	92,903	75,959
Interest	-	1,271	2,431
Recoveries and other revenue	3,000	-	-
	<u>401,700</u>	<u>608,459</u>	<u>281,131</u>
<b>Expenses</b>			
Amortization	-	143,978	141,773
Commercial haulage contracts	45,000	35,727	36,772
Digestate disposal	60,000	61,936	57,633
Insurance	17,000	16,349	15,054
Office expenses	-	39	-
Operational expenses	33,700	18,429	3,085
Professional fees	41,000	36,788	42,731
Repairs and maintenance	-	3,092	9,001
Service contracts	120,000	108,100	106,938
Utilities	47,000	45,089	48,588
Wages and benefits	38,000	52,658	23,308
	<u>401,700</u>	<u>522,185</u>	<u>484,883</u>
Loss on disposal of tangible capital assets	-	13,004	43,456
	<u>401,700</u>	<u>535,189</u>	<u>528,339</u>
Annual surplus (deficit) (Note 4)	-	73,270	(247,208)
Accumulated surplus, beginning of the year	3,052,726	3,052,726	3,299,934
<b>Accumulated surplus, end of the year</b>	<b>\$ 3,052,726</b>	<b>\$3,125,996</b>	<b>\$ 3,052,726</b>

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

Georgian Bluffs Chatsworth Biodigester  
Statement of Changes in Net Financial Assets

For the year ended December 31	2021 Budget (Note 4)	2021 Actual	2020 Actual
Annual surplus (deficit) (Page 6)	\$ -	\$ 73,270	\$ (247,208)
Acquisition of tangible capital assets	-	(34,776)	(28,479)
Amortization of tangible capital assets	-	143,978	141,773
Loss on disposal of tangible capital assets	-	13,004	43,456
<b>Increase (decrease) in net financial assets</b>	-	195,476	(90,458)
Net financial assets, beginning of the year	-	290,309	380,767
<b>Net financial assets, end of the year</b>	<b>\$ -</b>	<b>\$ 485,785</b>	<b>\$ 290,309</b>

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Georgian Bluffs Chatsworth Biodigester  
Statement of Cash Flows

For the year ended December 31	2021	2020
Cash provided by (used in)		
Operating activities		
Annual surplus (deficit)	\$ 73,270	\$ (247,208)
Items not involving cash		
Amortization	143,978	141,773
Loss on disposal of tangible capital assets	13,004	43,456
	230,252	(61,979)
Changes in non-cash working capital balances		
Accounts receivable	(9,136)	62,980
Due from supporting municipalities	(9,588)	-
Accounts payable and accrued liabilities	(14,952)	27,537
	196,576	28,538
Capital transactions		
Cash used to acquire capital assets	(34,776)	(28,479)
Financing activities		
Due to the Township of Georgian Bluffs	6,212	(19,472)
Net change in cash	168,012	(19,413)
Cash, beginning of the year	186,182	205,595
Cash, end of the year	\$ 354,194	\$ 186,182

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

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## Georgian Bluffs Chatsworth Biodigester Summary of Significant Accounting Policies

December 31, 2021

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**Management Responsibility** Management of Georgian Bluffs Chatsworth Biodigester has prepared and is responsible for the integrity, objectivity and accuracy of the financial information presented in these financial statements. The Board reviews and approves the financial statements.

**Basis of Accounting** The financial statements of the Georgian Bluffs Chatsworth Biodigester are the representations of management. They have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, as prescribed by the Ontario Ministry of Municipal Affairs and Housing.

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

The accompanying financial statements have been prepared on a going-concern basis which contemplates the realization of assets and the satisfaction of liabilities and commitments in the ordinary course of business. The entity's ability to continue as a going-concern is dependent upon its ability to obtain funding from the Township of Georgian Bluffs and the Township of Chatsworth.

**Basis of Consolidation** The Georgian Bluffs Chatsworth Biodigester has been proportionately consolidated in the financial statements of the Corporations of the Township of Georgian Bluffs and the Township of Chatsworth.

**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 liabilities, and useful lives of tangible capital assets. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future.

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Georgian Bluffs Chatsworth Biodigester  
Summary of Significant Accounting Policies

December 31, 2021

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Revenue Recognition

Revenues are recognized as follows:

- a) 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.
- b) Fees, user charges and other revenues are recorded upon sale of goods or provision of service when collection is reasonably assured.

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 is not aware of any contaminated sites.

Tangible Capital Assets

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

Buildings and accessories	50 years
Vehicles and equipment	20 years
Other	20 to 100 years

Georgian Bluffs Chatsworth Biodigester  
Notes to Financial Statements

December 31, 2021

1. Cash

	2021	2020
General	\$ 354,194	\$ 186,182

On December 31, 2021, the Georgian Bluffs Chatsworth Biodigester had deposits of \$176,182 in a Canadian Chartered bank, earning interest at a rate of prime less 1.7%. The Canadian Deposit Insurance Corporation insures deposits up to a maximum of \$100,000 per depositor.

2. Tangible Capital Assets

					2021
	Land	Buildings and Accessories	Vehicles and Equipment	Other	Total
Cost, beginning of the year	\$ 2,000	\$ 1,960,940	\$ 2,070,188	\$ 138,310	\$ 4,171,438
Additions	-	-	34,776	-	34,776
Disposals	-	-	(21,741)	-	(21,741)
Cost, end of the year	2,000	1,960,940	2,083,223	138,310	4,184,473
Accumulated amortization, beginning of the year	-	385,459	984,414	39,148	1,409,021
Amortization	-	39,652	103,261	1,065	143,978
Disposals	-	-	(8,737)	-	(8,737)
Accumulated amortization, end of the year	-	425,111	1,078,938	40,213	1,544,262
Net carrying amount, end of the year	\$ 2,000	\$ 1,535,829	\$ 1,004,285	\$ 98,097	\$ 2,640,211

Georgian Bluffs Chatsworth Biodigester  
Notes to Financial Statements

December 31, 2021

2. Tangible Capital Assets - (continued)

	2020				
	Land	Buildings and Accessories	Vehicles and Equipment	Other	Total
Cost, beginning of the year	\$ 2,000	\$ 1,960,940	\$ 2,107,978	\$ 138,310	\$ 4,209,228
Additions	-	-	28,479	-	28,479
Disposals	-	-	(66,269)	-	(66,269)
Cost, end of the year	2,000	1,960,940	2,070,188	138,310	4,171,438
Accumulated amortization, beginning of the year	-	345,699	906,282	38,080	1,290,061
Amortization	-	39,760	100,945	1,068	141,773
Disposals	-	-	(22,813)	-	(22,813)
Accumulated amortization, end of the year	-	385,459	984,414	39,148	1,409,021
Net carrying amount, end of the year	\$ 2,000	\$ 1,575,481	\$ 1,085,774	\$ 99,162	\$ 2,762,417

The net book value of tangible capital assets not being amortized because they are under construction is \$Nil (2020 - \$33,200).

No contributed capital assets were recognized in the financial statements during the current or previous year.

3. Accumulated Surplus

	2021	2020
Invested in tangible capital assets	\$ 2,640,211	\$ 2,762,417
General surplus (deficit) (Note 4)	7,809	(187,667)
Future capital reserve - held by participating municipalities	477,976	477,976
	\$ 3,125,996	\$ 3,052,726

Georgian Bluffs Chatsworth Biodigester  
Notes to Financial Statements

December 31, 2021

4. Budgets

Under Canadian public sector accounting standards, budget amounts are to be reported on the consolidated statement of operations and accumulated surplus and changes in net financial assets for comparative purposes. A budget was not approved by the Board and the member Municipalities. The following is a reconciliation of the general deficit.

	2021	2021	2020
	Budget	Actual	Actual
Annual surplus (deficit) (Page 6)	\$ -	\$ 73,270	\$ (247,208)
Amortization	-	143,978	141,773
Capital asset disposals	-	13,004	43,456
Contribution for prior year general deficit	-	(187,667)	-
	-	42,585	(61,979)
Capital acquisitions	-	(34,776)	(28,479)
Current year surplus (deficit)	-	7,809	(90,458)
Prior year deficit not funded	-	-	(97,209)
Accumulated general surplus (deficit) (Note 3)	\$ -	\$ 7,809	\$ (187,667)

5. Economic Dependence

The Georgian Bluffs Chatsworth Biodigester's primary source of income is from the Township of Chatsworth and the Township of Georgian Bluffs. The Biodigester's ability to continue to operate is dependent on this funding.

The Biodigester is also dependent on the Township of Chatsworth and the Township of Georgian Bluffs to provide financing to ensure sufficient cash flows for daily operations. The Township of Georgian Bluffs has provided a loan of \$75,000 and an additional \$208,344 in temporary financing at December 31, 2021. The Township of Chatsworth has provided a loan of \$75,000 in temporary financing at December 31, 2021.

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Georgian Bluffs Chatsworth Biodigester  
Notes to Financial Statements

December 31, 2021

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6. Impact of COVID-19

The impact of COVID-19 in Canada and on the global economy has increased significantly. As the impacts of COVID-19 continue, there could be further impact on Georgian Bluffs Chatsworth Biodigester (the Biodigester) that could impact the timing and amounts realized on its assets and future ability to deliver its services. At this time, the full potential impact of COVID-19 on the Biodigester is not known. Given the dynamic nature of these circumstances and the duration of disruption, the related financial impact cannot be reasonably estimated at this time. The Biodigester will continue to focus on its operations, collecting receivables and managing expenditures.

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APPENDIX B: OPERATING SURPLUS(DEFICIT) AND FUTURE CAPITAL RESERVE



	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Operating Revenues</b>											
Georgian Bluffs	98,350	60,000	60,000	60,000	60,000	95,000	60,000	60,000	60,000	121,421	76,813
Chatsworth	98,350	60,000	60,000	60,000	60,000	95,000	60,000	60,000	60,000	121,421	76,813
Hydro	46,171	7,752	43,322	78,658	82,146	46,926	56,842	62,639	68,987	81,785	59,558
Sewage	83,746	74,988	85,678	89,954	81,792	85,305	84,810	94,817	77,299	70,457	76,727
Tipping Fees	92,903	75,959	56,847	52,479	59,931	49,801	51,558	49,465	34,422	59,810	34,814
Other	1,271	2,431	3,895	8,687	2,030	768	971	429	933	630	11,058
Selenium expense recovery	-	-	-	-	-	25,000					
Susglobal operating expense recovery	-	-	-	-	45,604	19,072					
	<u>420,791</u>	<u>281,131</u>	<u>309,742</u>	<u>349,777</u>	<u>391,502</u>	<u>416,872</u>	<u>314,182</u>	<u>327,350</u>	<u>301,641</u>	<u>455,524</u>	<u>335,784</u>
<b>Operating Expenses</b>											
Operations	535,189	528,339	539,533	476,366	551,462	636,376	526,185	360,285	425,973	502,948	310,194
Less: Amortization	(143,978)	(141,773)	(148,821)	(143,549)	(143,549)	(143,651)	(143,213)	-	-	-	-
Less: Loss on disposal of assests	(13,004)	(43,456)	-	-	-	(44,175)	-	-	-	-	-
Add: Capital funded by operations	34,776	28,479	33,200	-	-	-	-	-	(5,680)	-	-
	<u>412,983</u>	<u>371,589</u>	<u>423,912</u>	<u>332,817</u>	<u>407,913</u>	<u>448,550</u>	<u>382,972</u>	<u>360,285</u>	<u>420,293</u>	<u>502,948</u>	<u>310,194</u>
<b>Current Year Operating Surplus (deficit)</b>	<u>7,808</u>	<u>(90,458)</u>	<u>(114,170)</u>	<u>16,960</u>	<u>(16,411)</u>	<u>(31,678)</u>	<u>(68,790)</u>	<u>(32,935)</u>	<u>(118,652)</u>	<u>(47,424)</u>	<u>25,590</u>
<b>Capital Revenues</b>											
Georgian Bluffs	-	-	-	-	-	-	90,000	90,000	90,000	10,570	170,320
Chatsworth	-	-	-	-	-	-	90,000	90,000	90,000	10,570	170,320
Contribution of Capital	-	-	-	-	-	-	-	-	-	-	3,774,054
Other	34,776	28,479	33,200	-	-	66,269	-	-	-	-	-
	<u>34,776</u>	<u>28,479</u>	<u>33,200</u>	<u>-</u>	<u>-</u>	<u>66,269</u>	<u>180,000</u>	<u>180,000</u>	<u>180,000</u>	<u>21,140</u>	<u>4,114,694</u>
<b>Capital Expenses</b>	<u>34,776</u>	<u>28,479</u>	<u>33,200</u>	<u>-</u>	<u>-</u>	<u>66,269</u>	<u>5,046</u>	<u>13,908</u>	<u>37,389</u>	<u>21,140</u>	<u>4,092,859</u>
<b>Operating amounts funded by Capital</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,680</u>	<u>-</u>	<u>-</u>
	<u>34,776</u>	<u>28,479</u>	<u>33,200</u>	<u>-</u>	<u>-</u>	<u>66,269</u>	<u>5,046</u>	<u>13,908</u>	<u>43,069</u>	<u>21,140</u>	<u>4,092,859</u>
<b>Current Year Capital Surplus (deficit)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>174,954</u>	<u>166,092</u>	<u>136,931</u>	<u>0</u>	<u>21,835</u>

Operating Accumulated Surplus (Deficit)											
Operating Surplus (Deficit), Beginning of Year	(187,667)	(97,209)	16,961	(48,089)	(31,678)	(101,725)	(32,935)	(118,652)	(0)	47,424	-
Contributions to fund deficit	187,668	-	-	48,089	-	101,725	-	118,652	-	-	-
Current year operating surplus (deficit)	7,808	(90,458)	(114,170)	16,960	(16,411)	(31,678)	(68,790)	(32,935)	(118,652)	(47,424)	47,424
Ending balance	7,809	(187,667)	(97,209)	16,961	(48,089)	(31,678)	(101,725)	(32,935)	(118,652)	(0)	47,424
Reserve for Future Capital											
Beginning balance	477,977	477,977	477,977	477,977	477,977	477,977	303,023	136,931	0	-	-
Net transfers to reserve	-	-	-	-	-	-	174,954	166,092	136,931	0	-
Ending balance	477,977	477,977	477,977	477,977	477,977	477,977	477,977	303,023	136,931	0	-
Invested in Tangible Capital Assets	2,640,211	2,762,418	2,919,169	3,034,790	3,178,338	3,321,886	3,443,443	3,581,609	3,710,307	3,815,236	3,936,204
Total Accumulated Surplus	3,125,996	3,052,728	3,299,936	3,529,727	3,608,226	3,768,185	3,819,695	3,851,697	3,728,586	3,815,236	3,983,628

APPENDIX C: INDEPENDENCE UPDATE

May 10, 2022

Members of The Joint Board of Management  
The Georgian bluffs chatsworth biodigester

Dear Members of the Joint Board of Management:

We have been engaged to audit the financial statements of the Georgian bluffs chatsworth biodigester (the "Biodigester") for the year ended December 31, 2021.

Canadian generally accepted auditing standards require that we communicate at least annually with you regarding all relationships between the Biodigester and our Firm that, in our professional judgment, may reasonably be thought to bear on our independence.

In determining which relationships to report, the standards require us to consider independence rules and interpretations of the CPA profession and relevant legislation.

We have prepared the following comments to facilitate our discussion with you regarding independence matters arising since February 4, 2022, the date of our last letter.

We are aware of the following relationships between the Biodigester and us that, in our professional judgment, may reasonably be thought to have influenced our independence. The following relationships represent matters that have occurred from February 4, 2022 to May 10, 2022.

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

This letter is intended solely for the use of the Joint Board of Management, management and those charged with governance of the Biodigester and should not be used for any other purpose.

Yours truly,

Chartered Professional Accountants, Licensed Public Accountants

TS:mh

## APPENDIX D: REPRESENTATION LETTER

Georgian Bluffs Chatsworth Biodigester  
C/O Township of Georgian Bluffs  
RR3, 177964 Grey Road 18  
Owen Sound On N4K 5N5

June 20, 2022

BDO Canada LLP  
Chartered Professional Accountants  
BDO Building, 1717 2nd Avenue East  
Suites 200, 203 & 300 P.O. Box 397  
Owen Sound Ontario  
N4K 5P7

This representation letter is provided in connection with your audit of the financial statements of Georgian Bluffs Chatsworth Biodigester for the year ended December 31, 2021, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Canadian Public Sector Accounting Standards.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

### Financial Statements

We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated December 1, 2021, for the preparation of the financial statements in accordance with Canadian Public Sector Accounting Standards; in particular, the financial statements are fairly presented in accordance therewith.

- The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement and/or disclosure that are reasonable in accordance with Canadian Public Sector Accounting Standards.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian Public Sector Accounting Standards.
- All events subsequent to the date of the financial statements and for which Canadian Public Sector Accounting Standards require adjustment or disclosure have been adjusted or disclosed.
- The financial statements of the entity use appropriate accounting policies that have been properly disclosed and consistently applied.
- We have reviewed and approved all journal entries recommended by the practitioners during the audit. A list of the journal entries is attached to the representation letter.

### Information Provided

- We have provided you with:
  - access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
  - additional information that you have requested from us for the purpose of the audit; and
  - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

- We are responsible for the design, implementation and maintenance of internal controls to prevent, detect and correct fraud and error, and have communicated to you all deficiencies in internal control of which we are aware.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

## Fraud and Error

- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
  - management;
  - employees who have significant roles in internal control; or
  - others where the fraud could have a material effect on the financial statements.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators, or others.

## General Representations

- Where the value of any asset has been impaired, an appropriate provision has been made in the financial statements or has otherwise been disclosed to you.
- There have been no plans or intentions that may materially affect the recognition, measurement, presentation or disclosure of assets and liabilities (actual and contingent).
- The nature of all material uncertainties have been appropriately measured and disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.
- There were no direct contingencies or provisions (including those associated with guarantees or indemnification provisions), unusual contractual obligations nor any substantial commitments, whether oral or written, other than in the ordinary course of business, which would materially affect the financial statements or financial position of the entity, except as disclosed in the financial statements.

## Other Representations Where the Situation Exists

- We have informed you of all known actual or possible litigation and claims, whether or not they have been discussed with legal counsel. Since there are no actual, outstanding or possible litigation and claims, no disclosure is required in the financial statements.



- To the extent that our normal procedures and controls related to our financial statement close process at any of our location were adversely impacted by the COVID-19 outbreak, we took appropriate actions and safeguards to reasonably ensure the fair presentation of the financial statements in accordance with Canadian public sector accounting standards.

Yours truly,

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Signature

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Position

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Signature

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Position

**Georgian Bluffs Chatsworth Biodigester**

Year End: December 31, 2021

**Journal Entries**

Date: 01/01/2021 To 12/31/2021

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
1	12/31/2021	Change in Tangible Capital Assets	04-0150-9998	U.03			122,207.84		
1	12/31/2021	Biodigester - Invest in TCA	04-0300-1500	U.03		122,207.84			
To record change in TCA 2021									
2	12/31/2021	Accumulated Surplus/Deficit	04-0300-9999	SS.02			187,667.00		
2	12/31/2021	Change in Revenue Fund	04-9999-9996	SS.02		187,667.00			
To record the municipal contributions to fund the opening accumulated deficit.									
3	12/31/2021	Accumulated Surplus/Deficit	04-0300-9999				7,809.67		
3	12/31/2021	Change in Revenue Fund	04-9999-9996			7,809.67			
To record the general change for the year									
4	12/31/2021	Accts Pay - Y/E Accrual	04-0200-2400				1,192.00		
4	12/31/2021	Heat & Hydro	04-1062-1242			1,192.00			
To accrue Dec 16 to Dec 31 hydro									
						<b>318,876.51</b>	<b>318,876.51</b>		
<b>Net Income (Loss)</b>			<b>0.00</b>						

Prepared by	Detail Rev	Gen Rev	Quality Rev
4th Level Rev	Tax Rev	IS Audit Rev	Other Rev

## APPENDIX E: BDO RESOURCES FOR PUBLIC SECTOR ENTITIES

Sector insights to shape the Biodigester

Our public sector leaders are thinking about the big questions facing the sector—from staying compliant with regulation to updates on changing financial reporting standards. Our team combines sector-leading assurance, advisory, and tax expertise to bring you key insights.

PSAS Accounting Knowledge Centre

<https://www.bdo.ca/en-ca/services/assurance-and-accounting/a-a-knowledge-centre/psas/>

Public Section Accounting Standards Update 2021

<https://www.bdo.ca/en-ca/insights/assurance-accounting/psas/public-sector-accounting-standards-update-2021/>

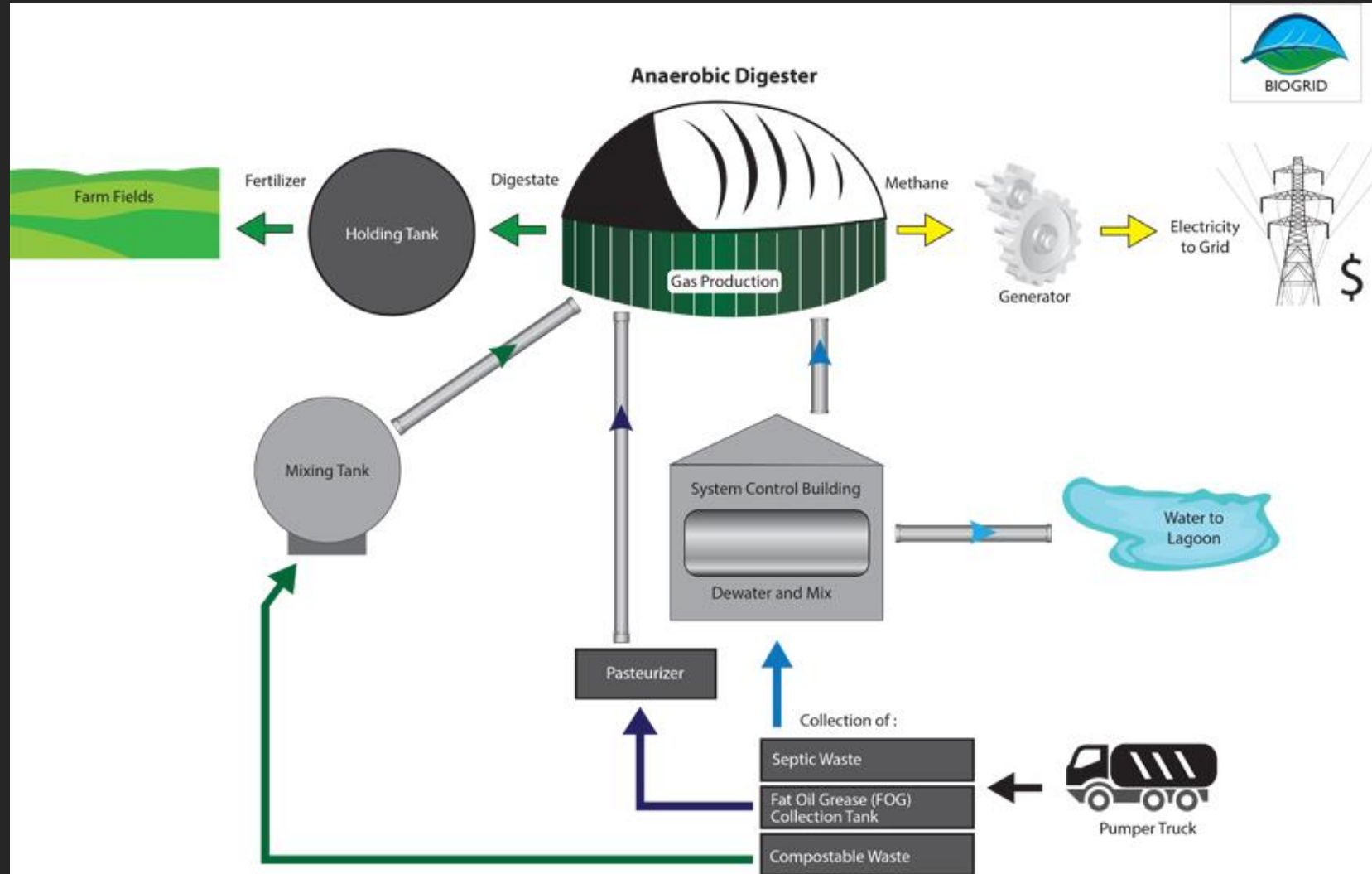
The BDO Local & Municipal Governments Resource Centre

<https://www.bdo.ca/en-ca/industries/public-sector/local-government/>

For more on these and other key issues facing your business, please reach out to your engagement partner. They will be happy to put you in touch with the BDO professional who can best help you.

# Georgian Bluffs Chatsworth Biodigester

2022 Draft Budget  
June 20, 2022



# 2022 Budget Summary - Expenses

- ❖ Decrease in administration due to personnel changes at the facility
- ❖ Increase in professional fees due to OCWA operating agreement
- ❖ 2022 capital consists of mixer and clean out

Description	2021 Budget (Unapproved)	2021 Actual (Unaudited)	Proposed 2022 Budget	Proposed Budget + / -
Administration	\$ 45,700	\$ 71,126	\$ 3,200	- \$ 42,500
Utilities	\$ 31,000	\$ 30,549	\$ 35,950	+ \$ 4,950
Audit Fees	\$ 9,000	\$ 5,830	\$ 10,000	+ \$ 1,000
Professional Fees	\$ 197,000	\$ 174,785	\$ 224,550	+ \$ 27,550
Insurance	\$ 17,000	\$ 16,349	\$ 19,000	+ \$ 2,000
Repairs & Maintenance	\$ 26,000	\$ 3,092	\$ 20,000	- \$ 6,000
Digestate Disposal	\$ 60,000	\$ 61,936	\$ 70,000	+ \$ 10,000
Property Taxes	\$ 16,000	\$ 13,348	\$ 15,000	- \$ 1,000
Capital	\$ 119,000	\$ NIL	\$ 89,500	- \$ 29,500
<b>Total</b>	<b>\$ 520,700</b>	<b>\$ 377,015</b>	<b>\$ 487,200</b>	<b>- \$ 33,500</b>

# 2022 Budget Summary – Revenues

- ❖ Proposing no changes to Chatsworth or Georgian Bluffs annual operating contributions
- ❖ Used a five year average of actuals for variable revenue

Description	2021 Budget	2021 Actual (Unaudited)	Proposed 2022 Budget	Proposed Budget + / -
Tipping Fees	\$ 60,000	\$ 92,903	\$ 65,000	+ \$ 5,000
Sunset Strip Sewage	\$ 85,000	\$ 71,698	\$ 70,000	- \$ 15,0000
Hauled Sewage	\$ 20,000	\$ 12,048	\$ 14,000	- \$ 6,000
Hydro Generating	\$ 40,000	\$ 46,171	\$ 50,000	+ \$ 10,000
Miscellaneous	\$ NIL	\$ 1,271	\$ 2,000	+ \$ 2,000
Chatsworth - Operating	\$ 98,350	\$ 98,352	\$ 98,350	+ \$ NIL
Georgian Bluffs - Operating	\$ 98,350	\$ 98,352	\$ 98,350	+ \$ NIL
Transfer from Reserves	\$ 119,000	\$ NIL	\$ 89,500	- \$ 29,500
<b>Total Revenues</b>	<b>\$ 520,700</b>	<b>\$ 420,795</b>	<b>\$ 487,200</b>	<b>- \$ 33,500</b>