

**THE CORPORATION OF THE TOWNSHIP OF
TARBUTT AND TARBUTT ADDITIONAL
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006**

Contents

AUDITORS' REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	2
Consolidated Statement of Financial Activities	3
Consolidated Statement of Cash Flows	4
Schedule of Taxation	5
Summary of Significant Accounting Policies	6-7
Notes to Consolidated Financial Statements	8-10
TRUST FUNDS	
AUDITORS' REPORT	11
Statement of Financial Position	12
Statement of Continuity	13
Notes to Financial Statements	14



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AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of
The Corporation of The Township of Tarbutt and Tarbutt Additional

We have audited the consolidated statement of financial position of The Corporation of Township of Tarbutt and Tarbutt Additional as at December 31, 2006 and the consolidated statement of financial activities and cash flows for the year then ended. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position, statement of financial activities and cash flows of The Corporation of The Township of Tarbutt and Tarbutt Additional as at December 31, 2006 and the results of its activities for the year then ended in accordance with accounting principles recommended for government by the Canadian Institute of Chartered Accountants.

Stefanizzi Professional Corporation

Stefanizzi Professional Corporation
Chartered Accountant, authorized to practise public accounting by
The Institute of Chartered Accountants of Ontario
Sault Ste. Marie, Ontario
April 4, 2007

**THE CORPORATION OF THE TOWNSHIP OF
TARBUTT AND TARBUTT ADDITIONAL
CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS AT DECEMBER 31,	2006	2005
FINANCIAL ASSETS		
Cash and temporary investments	\$ 174,121	\$ 52,095
Taxes receivable	54,147	48,311
Accounts receivable	94,094	178,264
Prepays	2,366	-
	324,728	278,670
LIABILITIES		
Accounts payable and accrued liabilities	30,057	35,743
Deferred revenue (note 3)	9,087	-
Landfill site closure liability (note 5)	8,340	8,078
	47,484	43,821
MUNICIPAL POSITION		
Reserves and reserve funds (note 6)	277,244	234,849
	\$ 324,728	\$ 278,670

APPROVED ON BEHALF OF COUNCIL:

_____ Mayor

_____ Clerk/Treasurer

**THE CORPORATION OF THE TOWNSHIP OF
TARBUTT AND TARBUTT ADDITIONAL
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**

YEAR ENDED DECEMBER 31, (with comparative figures for the prior year)

	Budget (Unaudited) 2006	Actual 2006	Actual 2005
Revenues			
Net taxation (schedule 1)	\$ 539,583	\$ 552,484	\$ 513,089
Government of Canada	1,223	1,222	80,262
Province of Ontario	296,887	355,602	447,310
Penalties and interest	10,000	10,186	13,182
Investment income	1,000	5,270	4,532
User charges	18,142	15,881	76,558
Other municipalities	33,259	50,638	36,391
Other	-	-	23,751
	900,094	991,283	1,195,075
Expenditures			
Current			
General government	166,520	168,615	189,478
Protection to persons and property	89,228	79,015	66,028
Transportation services	186,400	163,412	182,871
Environmental services	57,581	58,685	60,257
Health services	16,079	14,043	14,963
Social and family services	331,801	331,791	322,696
Recreation and cultural services	18,311	18,205	15,481
Planning and development	7,868	3,574	3,828
	873,788	837,340	855,602
Capital			
General Government	1,500	1,377	4,013
Protection to persons and property	-	3,886	22,936
Transportation services	104,600	105,722	331,115
Health	2,500	2,534	1,396
Recreational and cultural services	-	116	-
Total capital	108,600	113,635	359,460
Total Expenditures	982,388	950,975	1,215,062
Net revenues (expenditures) for the year	(82,294)	40,308	(19,987)
Financing and transfers			
Debenture proceeds	50,000	-	-
Transfers (to) from reserves and reserve funds	32,294	(40,308)	31,289
Change in Current Fund	\$ -	\$ -	\$ 11,302

**THE CORPORATION OF THE TOWNSHIP OF
TARBUTT AND TARBUTT ADDITIONAL
CONSOLIDATED STATEMENT OF CASH FLOWS**

YEAR ENDED DECEMBER 31,	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Net revenues (expenditures)	\$ 42,657	\$ (19,987)
Uses:		
Increase in prepaids	(2,366)	-
Decrease in accounts payable	(5,686)	-
Increase in taxes receivable	(5,836)	-
Increase in accounts receivable	-	(161,954)
	(13,888)	(161,954)
Sources:		
Decrease in accounts receivable	84,170	-
Increase in deferred revenue	9,087	-
Decrease in taxes receivable	-	40,743
Increase in accounts payable	-	26,652
	93,257	67,395
Net change in cash and cash equivalents	122,026	(114,546)
Cash and cash equivalents, beginning of year	52,095	166,641
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 174,121	\$ 52,095
Represented by:		
Cash and temporary investments	\$ 174,121	\$ 52,095

**THE CORPORATION OF THE TOWNSHIP OF
TARBUTT AND TARBUTT ADDITIONAL
SCHEDULE OF TAXATION**

Schedule 1

YEAR ENDED DECEMBER 31, (with comparative figures for the prior year)

	Budget (Unaudited) 2006	Actual 2006	Actual 2005
TAXATION			
Residential and farm taxation	\$ 636,783	\$ 653,278	\$ 617,980
Commercial, industrial and managed forest taxation	23,000	22,737	22,737
Taxation from other governments	800	996	833
	660,583	677,011	641,550
Deduct amounts received or receivable for school boards	121,000	124,527	128,461
	\$ 539,583	\$ 552,484	\$ 513,089

THE CORPORATION OF THE TOWNSHIP OF TARBUTT AND TARBUTT ADDITIONAL SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DECEMBER 31, 2006

MANAGEMENT RESPONSIBILITY

The consolidated financial statements of The Corporation of The Township of Tarbutt and Tarbutt Additional are the representation of management, prepared in accordance with local government accounting standards established by the Public Sector Accounting and Auditing Board of the Canadian Institute of Chartered Accountants. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgement.

The focus of these financial statements is on the financial position of the municipality and the changes thereto. The consolidated statement of financial position includes all the assets and liabilities of the municipality. Financial assets are those assets which could provide recourse to discharge existing liabilities or finance future operations. Municipal position represents the financial position and is the difference between assets and liabilities. This provides information about the municipality's overall future revenue requirements and its ability to finance activities and meet its obligations.

BASIS OF CONSOLIDATION

CONSOLIDATED ENTITIES

These consolidated statements reflect the assets, liabilities, sources of financing and expenditures of the revenue fund, capital fund, reserve funds and reserves and include the activities of all committees of the Council.

All interfund assets and liabilities and sources of financing and expenditures have been eliminated.

NON-CONSOLIDATED ENTITIES

The following local boards, joint local boards and municipal enterprises are not consolidated:

- Algoma District Services Administration Board
- Algoma Health Unit
- Algoma District Homes for the Aged

ACCOUNTING FOR SCHOOL BOARD TRANSACTIONS

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards are not reflected in the municipal fund balances of these consolidated financial statements. As a result of the province wide reform of the tax system overlevies (underlevies) are reported on the consolidated statement of financial position as current liabilities or (current assets).

TRUST FUNDS

Trust funds and their related operations administered by the Municipality are not consolidated, but are reported separately on the Trust Funds Statement of Continuity and Statement of Financial Position.

**THE CORPORATION OF THE TOWNSHIP OF
TARBUTT AND TARBUTT ADDITIONAL
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

DECEMBER 31, 2006

PRINCIPAL AND INTEREST CHARGES

Sources of financing and expenditures are reported on the accrual basis of accounting with the exception of principal charges on long term liabilities which are charges against operations in the periods in which they are paid.

ACCRUAL 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.

CAPITAL ASSETS

The historical cost and accumulated amortization for capital assets are not recorded for municipal purposes. Capital assets are reported as an expenditure on the Consolidated Statement of Financial Activities.

AMOUNTS TO BE RECOVERED

Amounts to be recovered are reported in the municipal position on the consolidated statement of financial position. The balance represents future expenditures not yet levied on the ratepayers.

FINANCIAL INSTRUMENTS

The Township's financial instruments consist of cash and temporary investments, taxes and accounts receivable, accounts payable and accrued liabilities and municipal debt. Unless otherwise noted, it is management's opinion that the Township is not exposed to significant interest, currency or credit risks arising from these financial instruments.

**THE CORPORATION OF THE TOWNSHIP OF
TARBUTT AND TARBUTT ADDITIONAL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

DECEMBER 31, 2006

1. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

The following contributions were made by the Township to these boards:

	2006	2005
Algoma District Services Administration Board	\$ 316,248	\$ 309,432
Algoma Health Unit	13,579	13,693
Algoma District Homes for the Aged	15,543	13,264
	\$ 345,370	\$ 336,389

The Township is contingently liable for its share of any accumulated deficits of the above boards as well as long term liabilities issued by other Municipalities for these boards.

2. TRUST FUNDS

Trust funds administrated by the Township amounting to \$10,797 (2005 - \$10,670) have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Financial Activities".

3. DEFERRED REVENUE

The Township receives funding under the federal gas tax revenue sharing program. These funds are reflected as deferred revenue until such time as that they are utilized for qualifying municipal road projects.

**THE CORPORATION OF THE TOWNSHIP OF
TARBUTT AND TARBUTT ADDITIONAL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

DECEMBER 31, 2006

4. NET LONG TERM LIABILITIES

- (a) The balance of the net long term liabilities reported on the Consolidated Statement of Financial Position is made up of the following:

	2006	2005
Total long term liabilities incurred by the Township and outstanding at the end of the year amount to:	\$ 28,996	\$ 34,506
Of the long term liabilities shown above, the responsibility for payment of principal and interest charges for tile drainage and shoreline property assistance loans has been assumed by individuals. At the end of the year, the outstanding principal amount of this liability is:	28,996	34,506
	\$ -	\$ -

- (b) Approval of the Ontario Municipal Board has been obtained for the long term liabilities in (a) issued in the name of the Township.
- (c) The Township is contingently liable for long term liabilities with respect to tile drainage loans and shoreline property assistance loans.

5. LANDFILL SITE CLOSING AND POST CLOSING COSTS

Effective January 1, 2001, the Township adopted accounting recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants with respect to landfill site closing and post-closing costs. As a result, the consolidated statement of financial position now reflects a reserve for anticipated future costs related to the closing and monitoring of the existing landfill site. The waste site closure and post closure cost liability has been estimated at \$8,078. This estimated liability was generated from external consultants who have experience with landfill construction and closure work. For purposes of the above calculation, the landfill has an estimated remaining life of 32 years. Once closed, this landfill site will be monitored for an estimated period of 10 years. A discount rate has been used that is equal to the rate available to the government long term borrowing rate. As at December 31, 2006, the landfill closure and post closure costs have been financed.

**THE CORPORATION OF THE TOWNSHIP OF
TARBUTT AND TARBUTT ADDITIONAL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

DECEMBER 31, 2006

6. MUNICIPAL POSITION

The total balances of reserves and reserve funds of \$84,430 (2005 - \$81,627) and \$189,599 (2005 - \$150,049) respectively are made up of the following.

	2006	2005
Reserves set aside for specific purposes by Council		
- working capital	\$ 74,874	\$ 72,071
- recreation	6,199	6,199
- cemetery	3,357	3,357
	\$ 84,430	\$ 81,627
Reserve funds set aside for specific purposes by Council:		
- bridge and equipment	\$ 26,603	\$ 26,264
- fire protection	32,068	27,096
- garbage disposal	3,642	3,595
- office equipment	10,727	10,590
- cemetery	1,714	1,692
- roads capital	33,633	10,509
- health services	51,553	41,023
- general	24,594	24,280
- environmental	5,065	5,000
	189,599	150,049
Reserve funds set aside for specific purposes by legislation, regulation or agreement:		
- recreation land	3,214	3,173
	\$ 277,243	\$ 234,849

7. RELATED PARTY TRANSACTIONS

At December 31, 2006 taxes receivable amounting to \$4,408 (2005 - \$3,947) were due from council members and officers of the Municipality.

8. PENSION AGREEMENTS

The Township makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of three members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The amount contributed on behalf of Township employees in 2006 was \$6,341 (2005 - \$6,481).

AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of
The Corporation of The Township of Tarbutt and Tarbutt Additional

We have audited the statement of financial position of the Trust Funds of The Corporation of Township of Tarbutt and Tarbutt Additional as at December 31, 2006 and the statement of continuity of Trust Funds for the year then ended. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust Funds as at December 31, 2006 and the results of its financial activities for the year then ended in accordance with accounting principles disclosed in the summary of significant accounting policies.



Stefanizzi Professional Corporation
Chartered Accountant, *authorized to practise public accounting by*
The Institute of Chartered Accountants of Ontario
Sault Ste. Marie, Ontario
April 4, 2007

**THE CORPORATION OF THE TOWNSHIP OF
TARBUTT AND TARBUTT ADDITIONAL
TRUST FUNDS
STATEMENT OF FINANCIAL POSITION**

AS AT DECEMBER 31, (with comparative figures for the prior year)

	Cemetery	2006 Actual	2005 Actual
ASSETS			
Cash	\$ 10,797	\$ 10,797	\$ 10,670
LIABILITIES			
Accounts payable	1,170	1,170	1,170
	1,170	1,170	1,170
CAPITAL	9,627	9,627	9,500
	\$ 10,797	\$ 10,797	\$ 10,670

**THE CORPORATION OF THE TOWNSHIP OF
TARBUTT AND TARBUTT ADDITIONAL
TRUST FUNDS
STATEMENT OF CONTINUITY**

YEAR ENDED DECEMBER 31, (with comparative figures for the prior year)

	Cemetery		2006 Actual		2005 Actual	
BALANCE, BEGINNING OF YEAR	\$	9,500	\$	9,500	\$	9,500
REVENUE						
Interest earned		127		127		233
Plot sales and						
		127		127		233
EXPENDITURES						
Administration fee		233		-		233
BALANCE, END OF YEAR	\$	9,627	\$	9,627	\$	9,500

**THE CORPORATION OF THE TOWNSHIP OF
TARBUTT AND TARBUTT ADDITIONAL
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Corporation of The Township of Tarbutt and Tarbutt Additional Trust Funds are the representation of management prepared in accordance with local government accounting standards established by the Public Sector Accounting and Auditing Board of the Canadian Institute of Chartered Accountants. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgement.

2. BASIS OF ACCOUNTING

Revenue 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.