

**THE CORPORATION OF THE TOWNSHIP OF  
TARBUTT AND TARBUTT ADDITIONAL  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

Contents

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## AUDITOR'S REPORT

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

I have audited the consolidated statement of financial position of The Corporation of the Township of Tarbutt and Tarbutt Additional as at December 31, 2007 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. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 my opinion, these consolidated financial statements present fairly, in all material respects, the financial position, of the Township as at December 31, 2007 and the results of its financial activities and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*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, 2008

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

<b>AS AT DECEMBER 31,</b>	<b>2007</b>	<b>2006</b>
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (note 1)	\$ 224,577	\$ 174,121
Taxes receivable	77,718	54,147
Accounts receivable	77,112	94,094
Prepays	-	2,366
Long term receivables (note 2)	23,046	28,996
	<u>\$ 402,453</u>	<u>\$ 353,724</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 34,840	\$ 30,057
Deferred revenue (note 5)	24,487	12,301
Landfill site closure liability (note 6)	8,590	8,340
Municipal debt (note 7)	23,046	28,996
	<u>90,963</u>	<u>79,694</u>
<b>MUNICIPAL POSITION</b>		
Reserves and reserve funds (note 8)	311,490	274,030
	<u>\$ 402,453</u>	<u>\$ 353,724</u>

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)**

	<b>Budget (Unaudited) 2007</b>	<b>Actual 2007</b>	<b>Actual 2006</b>
<b>Revenues</b>			
Taxation (note 11)	\$ 564,468	\$ 565,790	\$ 552,484
Canada grants	4,925	4,785	1,222
Ontario grants	311,855	307,579	355,602
Fees and user charges	20,800	45,211	44,016
Other municipalities	42,895	50,811	22,503
Other income	11,000	21,198	15,456
	<b>955,943</b>	<b>995,374</b>	<b>991,283</b>
<b>Expenditures</b>			
<b>Current</b>			
General government	185,694	184,100	168,615
Protection services	89,581	87,455	79,015
Transportation services	181,800	177,223	163,412
Environmental services	71,369	83,525	58,685
Health services	16,249	11,754	14,043
Social and family services	355,541	355,514	331,791
Recreation and cultural services	18,349	14,507	18,205
Planning and development	5,710	6,363	3,574
	<b>924,293</b>	<b>920,441</b>	<b>837,340</b>
<b>Capital</b>			
General government	1,000	1,243	1,377
Protection services	5,000	1,132	3,886
Transportation services	10,650	11,075	105,722
Health services	-	1,750	2,534
Social and family services	22,000	22,273	116
<b>Total capital</b>	<b>38,650</b>	<b>37,473</b>	<b>113,635</b>
<b>Total expenditures</b>	<b>962,943</b>	<b>957,914</b>	<b>950,975</b>
<b>Net revenues (expenditures) for the year</b>	<b>(7,000)</b>	<b>37,460</b>	<b>40,308</b>
<b>Financing and transfers</b>			
Transfers to (from) reserves and reserve funds	\$ 7,000	\$ (37,460)	\$ (40,308)

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

<b>YEAR ENDED DECEMBER 31,</b>	<b>2007</b>	<b>2006</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Net revenues (expenditures)</b>	\$ 37,460	\$ 40,308
<b>Uses:</b>		
Increase in prepaids	-	(2,366)
Decrease in accounts payable	-	(5,686)
Increase in taxes receivable	(23,571)	(5,836)
	(23,571)	(13,888)
<b>Sources:</b>		
Decrease in accounts receivable	16,982	84,170
Increase in deferred revenue	12,186	9,087
Decrease in prepaids	2,366	-
Increase in accounts payable	4,783	-
Increase in landfill site liability	250	-
	36,567	93,257
<b>Net increase in cash flows from operations</b>	<b>50,456</b>	<b>119,677</b>
<b>Net change in cash and cash equivalents</b>	<b>50,456</b>	<b>122,026</b>
Cash and cash equivalents, beginning of year	174,121	52,095
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 224,577</b>	<b>\$ 174,121</b>
Represented by:		
Cash and temporary investments	\$ 224,577	\$ 174,121

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

**DECEMBER 31, 2007**

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**MANAGEMENT RESPONSIBILITY**

The consolidated financial statements of The Corporation of The Township of Tarbutt and Tarbutt Additional are the representation of management. 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.

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

**REVENUE RECOGNITION**

Revenues and expenditures are reported on the accrual basis of accounting. Expenditures are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due. Revenues are recognized as follows.

- a) Tax revenue is recognized in the calendar year to which the tax assessment applies and the assessment is known.
- b) Fines and donations are recognized when collected.

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

**DECEMBER 31, 2007**

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**DEFERRED REVENUE**

Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the consolidated statement of financial position. The revenue is reported on the consolidated statement of financial activities in the year in which it is used for the specified purpose.

**RESERVES AND RESERVE FUNDS**

Certain amounts, as approved by council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

**GOVERNMENT TRANSFERS**

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, and eligibility criteria have been met and reasonable estimates of the amounts can be made.

**USE OF ESTIMATES**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions 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. Actual results could differ from management's best estimates as additional information becomes available in the future.

**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.

**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.

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

**DECEMBER 31, 2007**

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**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 in the period of acquisition.

**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 fair value of these financial instruments approximate their carrying value.

**FUTURE CHANGE IN ACCOUNTING POLICIES**

Beginning with the fiscal year 2009, the Township must report on their tangible capital assets and move from modified to full accrual accounting as mandated by the Public Sector Accounting Board. The township has taken steps to ensure their tangible capital assets will be properly reported on their 2009 fiscal year statements.



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

**DECEMBER 31, 2007**

**1. CASH**

	<b>2007</b>	<b>2006</b>
Unrestricted cash	\$ 200,090	\$ 161,820
Restricted cash (obligatory reserves of \$24,487 (note 3))	24,487	12,301
	<b>\$ 224,577</b>	<b>\$ 174,121</b>

Cash includes temporary investments in the amount of \$168,180 (2006 - \$86,133) with a fair market value which approximates its book value. Interest rates on the temporary investments range between 3.05% and 3.10%.

**2. LONG-TERM RECEIVABLES**

	<b>2007</b>	<b>2006</b>
Long-term receivables from benefiting land owners, which have various maturity dates and interest rates ranging from 2010 to 2011 and 7% and 8% respectively.	\$ 23,046	\$ 28,996

**3. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS**

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

	<b>2007</b>	<b>2006</b>
Algoma District Services Administration Board	\$ 341,925	\$ 316,248
Algoma Health Unit	10,749	13,579
Algoma District Homes for the Aged	13,589	15,543
	<b>\$ 46,990</b>	<b>\$ 12,301</b>

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.

**4. TRUST FUNDS**

Trust funds administrated by the Township amounting to \$13,211 (2006 - \$10,797) have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Financial Activities".

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

**DECEMBER 31, 2007**

**5. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS:**

A requirement of the public sector accounting principles of the Canadian Institute of Chartered Accountants is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial and municipal legislation restricts how these funds may be used. The balances in the obligatory reserve funds of the Township are summarized below:

	<b>2007</b>	<b>2006</b>
Gasoline Tax	\$ 21,201	\$ 9,087
Cash in lieu of parkland	3,286	3,214
	<b>\$ 24,487</b>	<b>\$ 12,301</b>

**6. 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 \$12,551. 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 25 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, 2007, the landfill closure and post closure costs have been financed.

**7. MUNICIPAL DEBT**

	<b>2007</b>	<b>2006</b>
Debenture debt incurred by the municipality is incurred on behalf of benefiting land owners. The debt has maturity dates between 2010 and 2011 and interest rates ranging from 7% to 8%, and is included in long-term receivables under financial assets.	\$ 23,046	\$ 28,996

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

**DECEMBER 31, 2007**

**8. MUNICIPAL POSITION**

The total balances of reserves and reserve funds of \$84,430 (2006 - \$84,431) and \$227,060 (2006 - \$189,599) respectively are made up of the following.

	2007	2006
Reserves set aside for specific purposes by Council		
- working capital	\$ 74,874	\$ 74,875
- recreation	6,199	6,199
- cemetery	3,357	3,357
	<b>\$ 84,430</b>	<b>\$ 84,431</b>

Reserve funds set aside for specific purposes by Council:		
- bridge and equipment	\$ <sup>E</sup> 27,194	\$ 26,603 <sup>E</sup>
- fire protection	<sup>A</sup> 34,880	32,068 <sup>A</sup>
- garbage disposal	<sup>B</sup> 3,723	3,642 <sup>B</sup>
- office equipment	<sup>F</sup> 15,965	10,727 <sup>F</sup>
- cemetery	<sup>C</sup> 3,790	1,714 <sup>C</sup>
- roads capital	<sup>E</sup> 35,380	33,633 <sup>E</sup>
- health services	<sup>C</sup> 40,697	51,553 <sup>C</sup>
- general and planning	<sup>F</sup> 60,254	24,594 <sup>F</sup>
- environmental	<sup>D</sup> 5,177	5,065 <sup>D</sup>
	227,060	189,599
	<b>\$ 311,490</b>	<b>\$ 274,030</b>

**9. EXPENDITURES BY OBJECT**

	2007	2006
Salaries, wages and employee benefits	\$ 225,985	\$ 202,707
Materials	220,447	208,330
Contracted services	93,144	61,292
Rents and financial expenses	14,606	19,639
Transfer payments	366,263	345,370
	<b>\$ 920,445</b>	<b>\$ 837,338</b>

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

**DECEMBER 31, 2007**

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**10. 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 2007 was \$5,547 (2006 - \$6,341).

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**11. TAXATION**

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	<b>2007</b>	<b>2006</b>
Taxation revenue	\$ 686,918	\$ 677,011
Amount levied and remitted to School Boards	(121,128)	(124,527)
	<b>\$ 565,790</b>	<b>\$ 552,484</b>

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## AUDITOR'S' REPORT

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

I 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, 2007 and the statement of continuity of Trust Funds for the year then ended. These financial statements are the responsibility of the Township's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 my opinion, these financial statements present fairly, in all material respects, the financial position of the Trust Funds as at December 31, 2007 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, 2008

**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)**

	<b>Cemetery</b>		<b>2007 Actual</b>		<b>2006 Actual</b>
<b>ASSETS</b>					
Cash	\$ 13,211	\$	13,211	\$	10,797
<b>LIABILITIES</b>					
Accounts payable	1,170		1,170		1,170
<b>CAPITAL</b>					
	12,041		12,041		9,627
	\$ 13,211	\$	13,211	\$	10,797

**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)**

	<b>Cemetery</b>	<b>2007 Actual</b>	<b>2006 Actual</b>
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 9,627	\$ 9,627	\$ 9,500
<b>REVENUE</b>			
Interest earned	364	364	127
Plot sales and monument surcharges	2,050	2,050	-
	<u>2,414</u>	<u>2,414</u>	<u>127</u>
<b>EXPENDITURES</b>			
Administration fee	-	-	-
<b>BALANCE, END OF YEAR</b>	<u>\$ 12,041</u>	<u>\$ 12,041</u>	<u>\$ 9,627</u>

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

**DECEMBER 31, 2007**

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**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.