

**The Corporation of the Township of
Tarbutt and Tarbutt Additional
Consolidated Financial Statements
For the year ended December 31, 2008**

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Contents

Auditors' Report	2
Consolidated Financial Statements	
Consolidated Statement of Financial Position	3
Consolidated Statement of Financial Activities	4
Consolidated Statement of Cash Flow	5
Summary of Significant Accounting Policies	6 - 8
Notes to Consolidated Financial Statements	9 - 13
Trust Funds Auditors' Report	14
Statement of Financial Position	15
Statement of Continuity	16
Summary of Significant Accounting Policies	17



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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

I have audited the consolidated statement of financial position of The Corporation of the Township of Tarbutt and Tarbutt Additional as at December 31, 2008 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, statement of financial activities and cash flows of The Corporation of the Township of Tarbutt and Tarbutt Additional as at December 31, 2008 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
Chartered Accountant, authorized to practise public accounting by
The Institute of Chartered Accountants of Ontario
Sault Ste. Marie, Ontario
March 16, 2009

**The Corporation of the Township of
Tarbutt and Tarbutt Additional
Consolidated Statement of Financial Position**

As at December 31,	2008	2007
Financial Assets		
Cash and cash equivalents (note 2)	\$ 385,119	\$ 224,576
Taxes receivable	69,239	77,718
Accounts receivable	45,988	77,112
Long-term receivables (note 3)	18,984	23,046
	\$ 519,330	\$ 402,452
Liabilities		
Accounts payable and accrued liabilities	\$ 60,118	\$ 34,840
Deferred revenue (note 4)	39,687	24,486
Landfill site closure liability (note 5)	8,802	8,590
Municipal long-term debt (note 6)	18,984	23,046
	127,591	90,962
Municipal Position		
Reserve and reserve funds (note 7)	391,739	311,490
	\$ 519,330	\$ 402,452

Approved on behalf of council:

_____ Mayor

_____ Clerk - Treasurer

The Corporation of the Township of Tarbutt and Tarbutt Additional Consolidated Statement of Operations and Retained Earnings

Year ended December 31, (with comparative figures for the prior year)

	Budget (Unaudited) 2008	Actual 2008	Actual 2007
Revenues			
Taxation (note 8)	\$ 572,349	\$ 577,521	\$ 565,790
Federal grants	8,418	5,994	4,785
Provincial grants	369,268	403,840	307,579
Other municipalities	40,623	58,889	54,144
Fees and user charges	29,344	39,693	41,878
Other income	14,000	20,623	21,198
	1,034,002	1,106,560	995,374
Expenditures			
Current			
General government	201,363	196,759	182,042
Protection	93,710	87,455	87,455
Transportation services	230,715	234,023	177,223
Environmental services	68,099	77,648	83,525
Health services	19,247	17,780	11,754
Social and family services	344,260	344,260	355,514
Recreation and cultural services	17,201	16,631	14,507
Planning and development	2,096	8,613	8,420
	976,691	983,169	920,440
Capital			
General government	10,000	11,318	1,243
Protection to persons and property	-	-	1,132
Transportation services	40,000	4,300	11,075
Environmental services	15,750	-	-
Health services	-	-	1,750
Social and family services	22,273	22,273	22,273
Recreation and cultural services	3,450	5,250	-
	91,473	43,141	37,473
Total expenditures	1,068,164	1,026,310	957,913
Net revenues (expenditures) for the year	(34,162)	80,250	37,461
Financing and transfers			
Transfers to (from) reserves and reserve funds	34,162	(80,250)	(37,460)
Change in Operating Fund Balances	\$ -	\$ -	\$ 1

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

**The Corporation of the Township of Tarbutt and Tarbutt Additional
Consolidated Statement of Cash Flow**

For the year ended December 31,	2008	2007
Cash flows from operating activities		
Net revenues (expenditures for the year)	\$ 80,250	\$ 37,461
Uses:		
Increase in taxes receivable	-	(23,571)
Sources:		
Decrease in taxes receivable	8,479	-
Decrease in accounts receivable	31,124	16,982
Decrease in prepaid expenses	-	2,366
Increase in deferred revenue	15,200	12,185
Increase in accounts payable	25,279	4,783
Increase in landfill site liability	211	250
	80,293	36,566
Net change in cash and cash equivalents	160,543	50,456
Cash and cash equivalents, beginning of year	224,577	174,121
Cash and cash equivalents, end of year	\$ 385,120	\$ 224,577
Represented by:		
Cash and temporary investments	\$ 385,120	\$ 224,577

The Corporation of the Township of Tarbutt and Tarbutt Additional Summary of Significant Accounting Policies

December 31, 2008

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.

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 Public Health
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.

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.

The Corporation of the Township of Tarbutt and Tarbutt Additional Summary of Significant Accounting Policies

December 31, 2008

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.
Contributed goods and services	Goods and services contributed to the Township are recorded at their fair market value at the time of their occurrence.
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.
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.
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.

The Corporation of the Township of Tarbutt and Tarbutt Additional Summary of Significant Accounting Policies

December 31, 2008

**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.

**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, 2008

1. Financial instruments

The Township's financial instruments consist of cash and temporary investments, taxes receivable, accounts receivable, and accounts payable and accrued liabilities. 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.

2. Cash and cash equivalents

	2008	2007
Unrestricted cash	\$ 142,207	\$ 56,396
Restricted cash (note 4)	39,687	24,486
Temporary investments	203,225	143,694
	<u>\$ 385,119</u>	<u>\$ 224,576</u>

Temporary investments have a market value which approximates its book value. Interest rates on temporary investments range between 2.00% and 2.35%.

3. Long-term receivables

	2008	2007
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	\$ 18,984	\$ 23,046

The Corporation of the Township of Tarbutt and Tarbutt Additional Notes to Consolidated Financial Statements

December 31, 2008

4. Deferred revenue

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 a provincial and municipal legislation restricts how these funds may be used. The balances in the obligatory reserve funds of the Township are summarized below:

	2008	2007
Gasoline tax	\$ 36,343	\$ 21,201
Cash in lieu of parkland	3,344	3,285
	<u>\$ 39,687</u>	<u>\$ 24,486</u>

5. Landfill site closure liability

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 liability 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 \$8,802. This liability represents the estimated total expenditures required for closure and post closure care. 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, 2008, the landfill close and post closure costs have been financed.

6. Municipal long-term debt

	2008	2007
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.	\$ 18,984	\$ 23,046

**The Corporation of the Township of Tarbutt and Tarbutt Additional
Notes to Consolidated Financial Statements**

December 31, 2008

7. Reserves and reserve funds

The total balances of reserves and reserve funds of \$84,430 (2007 - \$84,430) and \$307,309 (2007 - \$227,060) respectively are made up of the following:

	2008	2007
Reserves set aside for specific purposes by Council:		
- working capital	\$ 74,874	\$ 74,874
- recreation	6,199	6,199
- cemetery	3,357	3,357
	\$ 84,430	\$ 84,430
Reserve funds set aside for specific purposes by Council:		
- bridge and equipment	\$ 27,677	\$ 27,194
- fire protection	36,550	34,880
- garbage disposal	19,539	3,723
- office equipment	6,248	15,965
- cemetery	3,858	3,790
- roads capital	37,008	35,380
- health services	19,147	40,697
- general and planning	151,013	60,254
- environmental	5,269	5,177
- legal fees	1,000	-
	307,309	227,060
	\$ 391,739	\$ 311,490

8. Taxation

	2008	2007
Taxation revenue	\$ 699,692	\$ 686,918
Less: Amount levied and remitted to school boards	122,171	121,128
	\$ 577,521	\$ 565,790

The Corporation of the Township of Tarbutt and Tarbutt Additional Notes to Consolidated Financial Statements

December 31, 2008

9. Expenditures by object

	2008	2007
Salaries, wages and employee benefits	\$ 223,406	\$ 225,985
Materials	273,361	220,447
Contracted services	104,013	93,144
Rents and financial expenses	22,880	14,606
Transfer payments	359,508	366,263
	\$ 983,168	\$ 920,445

10. Contributions to unconsolidated joint boards

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

	2008	2007
Algoma District Service Administration Board	\$ 330,671	\$ 341,925
Algoma Public Health	10,248	10,749
Algoma District Homes for the Aged	13,589	13,589
	\$ 354,508	\$ 366,263

11. 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 2008 was \$7,685 (2007 - \$5,547).

12. Trust funds

Trust funds administrated by the Township amounting to \$14,102 (2007 - \$13,211) 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, 2008

13. Public Sector Salary Disclosure Act

No employee was paid an annual salary of \$100,000 or more as defined by the Public Sector Salary Disclosure Act, 1996.

Auditors' Report

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 the Township of Tarbutt and Tarbutt Additional as at December 31, 2008 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 consolidated financial statements present fairly, in all material respects, the financial position of the Trust Funds as at December 31, 2008 and the results of its activities for the year then ended in accordance with Canadian generally accepted accounting principles.



Stefanizzi Professional Corporation
Chartered Accountant, authorized to practise public accounting by
The Institute of Chartered Accountants of Ontario
Sault Ste. Marie, Ontario
March 16, 2009

**The Corporation of the Township of Tarbutt and Tarbutt Additional
Trust Funds
Statement of Financial Position**

As at December 31,

	Cemetery	Actual 2008	Actual 2007
Assets			
Cash	\$ 14,102	\$ 14,102	\$ 13,211
Liabilities			
Accounts payable	1,659	1,659	1,170
Fund balance	\$ 12,443	\$ 12,443	\$ 12,041
	\$ 14,102	\$ 14,102	\$ 13,211

**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)

	Perpetual Care	Actual 2008	Actual 2007
Balance, beginning of year	\$ 12,041	\$ 12,041	\$ 9,627
Revenues			
Interest earned	102	102	364
Plot sales and Monument surcharges	300	300	2,050
	402	402	2,414
Expenditures			
	-	-	-
Balance, end of year	\$ 12,443	\$ 12,443	\$ 12,041

**The Corporation of the Township of Tarbutt and Tarbutt Additional
Trust Funds
Summary of Significant Accounting Policies**

December 31, 2008

**Management
responsibility**

The consolidated 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.

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.